



SustainAbility™

Reporting on Human Rights 2005

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The views expressed in this report are not derived from any one particular stakeholder or SustainAbility itself, but rather they are the composite view of multiple stakeholder groups.

Table of Contents

1	Introduction	4
2	Defining Human Rights in the Business Context.....	5
3	Stakeholder Expectations	7
	Risk Assessment	7
	Industry Relevance	8
	Information needs	8
4	Trends on Reporting on Human Rights.....	10
	Landscape and Trends	10
	Challenges	11
	The Business Case.....	11
	Audience	12
5	Reporting on Specific Human Rights Issues.....	13
6	Framework for Reporting on Human Rights.....	21
	6.1 General Corporate Context for Human Rights Risks and Actions	22
	6.2 Equal Opportunity and Non-Discriminatory Treatment	23
	6.3 Engagement in or Benefit from War Crimes	24
	6.4 Security Arrangements.....	25
	6.5 Forced & Compulsory Labour	26
	6.6 Child Labour.....	27
	6.7 Safe and Healthy Working Environment	28
	6.8 Remuneration	29
	6.9 Freedom of Association and Collective Bargaining.....	30
	6.10 Local, National and International Laws and Social and Cultural Norms.....	31
	6.11 Bribery	32
	6.12 Economic, Social, and Cultural Rights	33
	6.13 Consumer Protection.....	34
	6.14 Protection of the Environment	35
7	Interviewees and Information Sources.....	36
	Corporate Practitioners.....	36
	Human Rights Experts.....	36
	Corporate Sustainability Reports Reviewed	36

1 Introduction

The recent debate and discussion on the *Draft UN Norms for Transnational Corporations and Other Business Enterprises with Regard to Human Rights*¹ (henceforth referred to as the Draft UN Norms) and the subsequent appointment of a Special UN Representative to focus business and human rights is a clear signal that human rights are seen at the very heart of the Corporate Responsibility (CR) agenda. Despite differing views on the extent to which companies are responsible for human rights violations and what role other stakeholders, especially governments, play, companies are beginning to act on these concerns.

As stakeholder pressure increases and companies face human rights situations at their operations around the world, companies are developing and implementing human rights policies and codes. The focus ranges from labour conditions (e.g., Ford, Nike, and Gap) to corruption and security (e.g., Shell and BP) to issues of privacy (e.g., Novo Nordisk and BT) and e-inclusion (e.g., HP).

While developing human rights policy can be a difficult task in itself, there are added challenges with implementation, measurement, and reporting on performance. SustainAbility does not underestimate the challenges companies face in coming to grips with this vast and changing agenda, let alone reporting on it, and does see indications that leaders in the CR field are tackling human rights issues and reporting on their efforts.

In this context, we offer this thought piece to spur discussion on how companies can report on their human rights initiatives. Specifically, this white paper aims to:

- Explore the expectations of stakeholders with regard to corporate reporting on human rights;
- Investigate trends in reporting around specific human rights issues;
- Examine the current state of corporate reporting on human rights; and
- Provide a framework for companies to use to review their current and future approach to reporting on human rights.

We look forward to conversations with practitioners on these issues.

¹ <http://www1.umn.edu/humanrts/links/NormsApril2003.html>

2 Defining Human Rights in the Business Context

Human rights campaigning largely grew up in relation to civil and political rights, such as the right to life and liberty, freedom of movement, the right to vote, and freedom of speech. These rights were often highlighted through their infringement by oppressive regimes (as during the apartheid era in South Africa), the persecution of minorities, and imprisonment or execution without trial.

In recent decades, the human rights agenda has focused more on the cultural, social, and economic dimensions of the UN Declaration on Human Rights, such as the right to equality, right to work, right to education, freedom of opportunity, and the right to religious expression.

Scrutiny of business initially surfaced specific human rights concerns in the workplace. These included issues such as equal opportunity, non-discrimination, fair wages and benefits, adequate working conditions, the use of security forces, bonded and child labour in the supply chain, and operations in countries with oppressive regimes and conflict zones such as Myanmar, Sierra Leone, and The Congo. Many companies have developed policies, systems, and practices that address these concerns; however the human rights agenda is vast and ever changing.

The main challenge currently for the human rights agenda as it relates to business is one of definition. At its broadest, human rights impacts of business could encompass the full range of CR issues – social, environmental, and economic. At its narrowest it could be used to refer only to concerns including state repression, torture, and extra-judicial killings.

For the purpose of this paper we have based our definition on the Draft UN Norms which look at business and human rights in the broadest terms, and include issues that are not traditionally included in the purview of human rights (e.g., environmental protection, consumer protection).²

It is worth noting though that there is a difference between the CR and human rights perspectives on certain issues. The human rights perspective is about approaching the issues from a rights-based and access perspective (e.g., right to a clean environment, right to healthcare, access to water). While this may appear to be a nuance, it is in fact an important distinction and one that should help companies expand the current discussion on CR issues to one that looks at societal rights.

² While currently there is recognition of concerns with regard to the Draft UN Norms, there was a sense among the human rights experts interviewed that the Draft UN Norms provide the most holistic overview of human rights issues. As one expert stated, “[the Draft UN Norms] are a good proxy to use to move the debate forward rather than continuing to debate whether they are complete.”

This does not however mean that companies need to re-design their corporate responsibility activities to fit the human rights definition. But we do hope that companies will re-align their efforts and reporting to make the links between CR and human rights.

Based on the Draft UN Norms, we looked at the following areas of concern. The Framework included in Section 6 includes definitions and expected levels of reporting and transparency for each area of concern.

General Obligations

- Respect, Ensure Respect and Protect Human Right

Right to Equal Opportunity and Non-Discriminatory Treatment

- Equal Opportunity and Non-Discriminatory Treatment

Right to Security

- War Crimes
- Security Arrangements

Right of Workers

- Forced and Compulsory Labour
- Child Labour
- Safe, Healthy Working Environment
- Remuneration
- Freedom of Association and Collective Bargaining

Respect for National Sovereignty and Human Rights

- Local, National, International Laws and Social, Economic and Cultural Policies
- Bribery
- Economic, Social, and Cultural Rights

Obligations with Regard to Consumer Protection

- Consumer Protection

Obligations with Regard to Environmental Protection

- Environmental Protection

3 Stakeholder Expectations

Increasingly, stakeholders expect companies to commit to both understanding and acting on human rights issues throughout their global operations. There is an expectation that companies will work with suppliers, local communities, other companies, industry bodies, and governments to ensure that human rights are protected. Linked to this expectation for corporate action is the need for transparency and accountability on human rights.

The main message that surfaced during our interviews is that it is difficult to set specific reporting indicators against which all companies should report (although there may be standards within a particular industry). Instead, stakeholders stated that human rights risks depend upon the company's operating context at the local level and that reporting should be tailored to account for context-specific concerns and issues.

Risk Assessment

The human rights experts interviewed for this report indicated that the key to reporting was the identification and prioritization of the key human rights risks that companies face across their operations. For example, companies should:

- Identify and prioritize risks and illustrate how the company is positioned to address them.
- Articulate how human rights concerns could affect the company's strategy, assessing the likelihood and potential impact of such concerns.

In conducting human rights risk assessments, companies should consider the following factors:

- *Location.* Companies encounter different human rights concerns when conducting business in particular operating locations.
- *History.* When human rights violations take place at a company operation the company should focus specifically on that location and provide details of their current actions and the management procedures they have developed to mitigate future risks.
- *Industry.* While the type and significance of specific human rights concerns vary by industry, companies can learn from other industries how human rights issues have evolved and how company responses have developed in response.
- *Supply Chain.* Stakeholders increasingly hold companies responsible for the human rights activities of their suppliers and business partners. Companies should consider the potential risks associated with their suppliers and partners and describe how they manage these risks.
- *Products and Services.* Companies should consider the human rights implications across the life cycle of its products and services.

Select Resources for Human Rights Risk Assessment

- *Business and Human Rights: Geography of Corporate Risk*, Amnesty International and The Prince of Wales International Business Leaders Forum (IBLF). “A series of seven detailed world maps, which depict where human rights abuses and violations exist and where leading North American and European multinational companies are at risk of being associated with them. The suite of maps covers the extractive, food and beverages, pharmaceutical and chemical, infrastructure and utilities, heavy manufacturing and defence, and IT Hardware and telecommunications sectors.”
www.humanrightsrisk.com/csr/csrwebassist.nsf/content/b1f2.html
- *Human Rights Compliance Assessment (HRCA)* by the Danish Institute for Human Rights. “A diagnostic tool designed to promote corporate social responsibility by providing companies with useful information about how to avoid human rights violations in all aspects of their operations...The full check of the HRCA contains approximately 350 questions and 1000 indicators, but the computer programme allows the company to select relevant checks for its particular operations or to run a Quick Check version of the tool. After completing the HRCA checklist, the company receives a computerized report from the programme, which can be used to review and track performance year to year and to assign tasks for follow-up.” <https://hrca.humanrightsbusiness.org/>

Industry Relevance

While each company must undertake its own human rights risk assessment, stakeholders acknowledged that there are some common risks (and related stakeholder expectations) within industries. For example, security arrangements appear to be an important focus for the extractive sector, forced and compulsory labour is most important in the apparel sector, and ‘the right to health’ is important in the pharmaceutical industry.

In order to help frame these industry trends, we asked the human rights experts and companies with which we spoke to provide feedback on the relative importance of reporting on 13 human rights issues (as identified in the Draft UN Norms) across five industries. The results are depicted in Table 1 on the next page.

Information needs

Once a company has analysed its key human rights risks it should provide the following information relating to each of the main risks:

- *Context*. Provide information regarding how the company views the scale, relevance, and nature of the company’s human rights impacts within the specific identified category of human rights risk. Context should include a clear policy and statement of corporate goals.
- *Management*. Detail processes for ensuring its internal systems are aligned to support its human rights intentions on specific issues and locations of operation. In addition, provide information on how the company exerts external influence (such as industry or public policy influence) to support its human rights intention.
- *Performance*. Present data (quantifiable metrics and key performance indicators) that track the company’s performance. This should include an interpretation of the company’s actual progress against stated goals as well as any future plans for achieving or maintaining goals.

Table 1: Priorities for Reporting on Human Rights Issues by Industry

Human Rights Issues	Industry Priorities				
	Apparel	Automotive	Extractive	Food and Beverage	Pharmaceutical
Equal Opportunity and Non-Discriminatory Treatment	Medium	Medium	Medium	Medium	Low
War Crimes	Low	Low	High	Medium	Low
Security Arrangements	Low	Medium	High	Medium	Low
Forced and Compulsory Labour	High	Low	Medium	Medium	Medium
Child Labour	High	Low	Low	High	Medium
Safe, Healthy Working Environment	Medium	High	High	High	High
Remuneration	Low	Medium	Low	Medium	Medium
Freedom of Association and Collective Bargaining	High	High	Medium	High	Low
Local, National, International Laws and Social, Economic and Cultural Policies	High	High	High	High	High
Bribery	Low	High	High	Medium	High
Economic, Social, and Cultural Rights	Low	High	High	Low	High
Consumer Protection	Low	High	Low	High	High
Environmental Protection	High	Medium	Medium	High	Medium

Key: Shading represents three levels of stakeholder expectation for reporting on human rights: low (white), medium (light grey), and high (dark grey).

Note: This table is based on interviews with a small sample of human rights experts and corporate practitioners. It is not intended to be quantitative or definitive, but rather it is intended to provide a rough benchmark of relative priorities for reporting across industries and human rights issues.

4 Trends on Reporting on Human Rights

To better understand the current state of corporate reporting on human rights, SustainAbility interviewed stakeholders and experts that are focused on human rights and companies that are currently reporting on human rights. We also reviewed more than 35 company sustainability reports (see Section 5 for additional detail). The current trends, challenges, and opportunities with respect to human rights reporting are outlined in this section.

Landscape and Trends

In general, both stakeholders and companies agree that reporting on human rights has advanced significantly in the past three to five years. While many companies explained that their management systems for human rights have been in place for some time, most started reporting on their performance externally only in the past few years. The advancements among leading reporters include:

- The breadth of reporting on human rights has expanded beyond some of the primary issues such as diversity and workplace issues;
- The depth of reporting is moving beyond policy statements and codes of conduct to performance data and results (especially in the area of labor standards);
- The number of industries reporting on human rights has increased;
- There is more location-specific reporting; and
- The comparability across company reports is slowly increasing.

Human Rights and the Global Reporting Initiative

The next version of the Global Reporting Initiative guidelines contains significant changes in the area of human rights and labor. According to one stakeholder who has been active in a GRI sub-committee working on human rights *“There will be more detail on the management systems and performance areas, consistent with the other environmental and social issues. The hope is that this additional guidance will increase the comparability of human rights reporting across multiple corporate sustainability reports.”*

www.globalreporting.org/G3/

However, interviewees also acknowledged that there is still significant room for improvement, particularly beyond the leading echelon of reporters. According to one stakeholder, *“Reporting [on human rights] is still primarily in the phase of intent and awareness rather than factual figures and statistics.”* Similarly, SustainAbility’s survey of 35 company sustainability reports found that:

- There is still relatively little reporting on human rights compared to other issues commonly discussed in sustainability reports. For example, most companies provide only policy statements that reference human rights and do not include performance related data.
- Reporting seems to be skewed towards ease of reporting rather than importance of the issue for the company or industry. In the interviews, corporate practitioners stated

that it is easiest to report on issues that have clear quantifiable metrics (e.g., equal opportunity and the environment) compared to those that have more qualitative components (e.g., Respect for Laws and Norms.)

Looking forward, we can expect many of the ‘average’ reporters to adopt the leading trends outlined above, resulting in deeper coverage of human rights issues, including quantifiable indicators, goals, and performance tracking.

Challenges

Reporting on human rights has been slow to take off because there are some fundamental challenges and a steep learning curve that companies must overcome. The companies with which we spoke articulated four key barriers to reporting on human rights:

- *The breadth of the human rights agenda.* How does a company decide which issues are human rights issues, how should they prioritise material issues for them to address and, among these, which require reporting?
- *Spheres of influence.* Where does a company draw its boundaries for human rights influence and impacts (operations, supply chain, local community)?
- *Quantitative indicators.* In an area that has traditionally been described qualitatively, how does a company develop or transition to management systems that incorporate performance indicators (qualitative or quantitative), particularly ones that can be understood both internally and externally? Without such indicators, setting targets and evaluating performance are difficult.
- *Local vs. global issues.* Human rights issues are often very location-specific. How does a global company ‘roll up’ its human rights reporting at the corporate level in a meaningful way?

The Business Case

Despite the challenges, the corporate representatives acknowledged a growing interest within their organizations with regards to human rights reporting. The most frequently cited benefits of human rights reporting include:

- *Building reputation and brand value.* Reporting on human rights impacts in a candid manner helps readers to understand both the challenges a company faces and its efforts to make progress. This understanding, when complimented by appropriate action, builds trust and credibility over time.
- *Developing relations with stakeholders.* An open communication channel can help to pre-empt criticism and misunderstanding as well as manage expectations. One company stated “*Reporting encourages NGOs to bounce ideas off us before taking action.*”
- *Improving performance.* Increased transparency and robust data collection lead to improved understanding of human rights performance, allowing for better management and improved performance.

- *Generating intelligence.* The reporting process forces a company to look at issues differently, uncovering emerging issues, priorities, and trends, and yielding valuable business intelligence. Not only is this information useful internally, but it also provides valuable data to respond to benchmarking and rating surveys from analysts and others.

Audience

Similar to the audience for general sustainability reporting, the audience for human rights reporting is both fairly small (in terms of the numbers of readers) and also fairly fragmented (in terms of the types of readers.) According to the companies and external stakeholders we interviewed:

- The most commonly cited audience for human rights reporting information was the socially responsible investment (SRI) community.
- In addition, there appears to be increasing interest from mainstream investors, particularly with regards to risk management.
- Human rights groups, unions, and special interest NGOs are also common consumers of this information. However, they are also likely to call the company directly to ask specific questions, rather than relying exclusively on a printed report. They are also calling for greater comparability across companies and over time and asking for standardized frameworks for reporting.
- Due to the geographic nature of human rights impacts, many interviewees noted interest coming from supply chain partners, including direct suppliers, purchasers, and business partners / joint ventures.
- The interest of government procurement officers and UN agencies in human rights appears to be increasing.
- Employees were also referenced as an interested audience, particularly where human rights infractions have tarnished a company reputation. In such cases, reporting has helped boost external reputation and improve employee morale.

5 Reporting on Specific Human Rights Issues

To better understand the current state of corporate reporting on human rights SustainAbility analysed reports from 35 companies. Reports were chosen from companies that had been acknowledged externally (either through awards or general press) for an aspect of their reporting in the area of human rights.

The detail provided on human rights in corporate sustainability reports varies by issue. For example, issues such as *Non-discrimination and Equal Opportunity*, *Environmental Protection*, and *Workers' Rights* are generally covered with a high level of detail. By contrast, reporting on issues such as *Security*, *Respect for Local, National, and International Laws and Norms*, and *Consumer Protection* is much scarcer.

Table 2 provides an overview of how companies are currently reporting on human rights issues. Additional commentary on reporting trends associated with each issue is included below.

Table 2: Corporate Reporting on Human Rights Issues by Industry

Human Rights Issues	Industry Priorities (# of corporate reports reviewed)				
	Apparel (4)	Automotive (3)	Extractive (12)	Food and Beverage (10)	Pharmaceutical (4)
Equal Opportunity and Non-Discriminatory Treatment					
War crimes					
Security Arrangements					
Forced and Compulsory Labour					
Child Labour					
Safe, Healthy Working Environment					
Remuneration					
Freedom of Association					
Local, National, International Laws and Social Policies					
Bribery					
Economic, Social, and Cultural Rights					
Consumer Protection					
Environmental Protection					

Key: Darker shading indicates a higher percentage of reports (within an industry) with coverage of the issue.

General Corporate Context for Human Rights Risks and Actions

Trends

General context for human rights risks is rarely included in company reports. However, as mentioned earlier, stakeholders cite this as *the* most important component for human rights reporting, and urge companies to build the rest of their reporting from this initial context.

Company Examples

- **Shell:** Sets the context for its priorities by stating which human rights components it is directly responsible for versus those it views as the responsibility of governments. In addition, the company describes its partnership with the Danish Institute to develop a systemic process for identifying human rights risks.
- **Statoil:** Uses the BLIHR matrix to outline its priorities in human rights aligned by the UN Norms. The company assigns priorities to its obligations to provide the reader with greater context for its priorities.

Equal Opportunity and Non-Discriminatory Treatment

Trends

Companies have a high level of comfort reporting on this issue and many companies report on their performance against specific indicators. This is one of the few human rights issues on which most companies provide comprehensive information with regard to their management and performance.

Company Examples

- **HP:** Provides data regarding its diversity policies and the training, benefits, and mentor programs in place to implement them. Provides employee data by ethnic and gender minority, as well as by region. Also details information regarding diversity among suppliers.
- **Anglo American:** Provides breakdown of employee numbers by region. Details training and apprentice programs for nationals using both quantitative data and case studies.
- **Total:** Establishes specific goals (e.g., reserving three out of four training and promotion opportunities for non-white employees) and describes plan for achieving them. Provides historical statistics regarding percentage of black employees in management, as well as training days by gender.
- **Baxter:** Provides information regarding efforts to expand supplier diversity.
- **Abbott:** Provides information regarding supplier diversity.

War Crimes

Trends

No company reports surveyed contained information on this category, perhaps due to the types of industries covered in the survey. Company interviews indicate that they do not report on this component because they believe they do not face concerns with violating it.

Company Examples

- **N / A:** Reporting is generally limited to a policy statement or code of conduct prohibiting any benefit from war crimes.

Security Arrangements

Trends

There is limited reporting on this issue due to its sensitive political nature. Most companies provide only policy statements. Companies in the extractives industry generally give the most detail regarding their security policies and arrangements. While human rights experts indicated that they were primarily concerned regarding security arrangements for extractive companies, they are also interested in the activities of companies in the apparel, automotive, and food and beverage industries.

Company Examples

- **Shell:** Provides transparency into its security concerns, including incident data. Discusses company's management to reorganise its security department to address these concerns.
- **BP:** Describes the spectrum of the company's security concerns. The report also provides a case study for its security concerns at a specific location.

Forced and Compulsory Labour

Trends

Most companies provide policy statements stating that they do not employ forced labour. This category usually does not have expansive coverage beyond inclusion in companies' auditing procedures and audit data. The majority of reports discuss concerns regarding forced and compulsory labour within the supply chain and audits that are conducted on suppliers.

Company Examples

- **Gap:** Refers to the company's code of conduct for information regarding its labour and operating standards. The report provides detailed results from its audit aligned by country of operation and including forced labour (as well as other workers' rights issues).

- **GM:** Provides the company's policy regarding forced labour. Also details means for employees to report grievances and complaints as well as statistics from audits.

Child Labour

Trends

Most companies reporting on this category provide only a policy statement. Companies that provide greater detail tend to come from the apparel industry, where they discuss management and performance components to their child labour policies.

Company Examples

- **Nike:** Provides context for its child labour policies and discusses its greatest concern regarding non-compliance (i.e., improper age documentation). Provides data regarding non-compliance with company standards resulting from audits.

Safe and Healthy Working Environment

Trends

Most companies report on the number of accidents occurring annually. Leading reporters detail the potential on-the-job risks to employees and provide detail regarding their systems to mitigate these risks. These companies also provide accident and risk data by region and / or job function.

Company Examples

- **Chiquita:** Chiquita provides information regarding the variety of potential health risks to employees. The company details its training and management programs for suppliers to mitigate these risks and provides data regarding its compliance audits. The company also reports injury data for its major operating regions.
- **Premier Oil:** Provides injury data by region as well as by average number of working hours per week.

Remuneration

Trends

Most companies provide a policy statement regarding fair compensation practices. Leading reporters discuss systems for measurement of worker hours to ensure for paid overtime and processes for determining fair living wages.

Company Examples

- **Chiquita:** Discusses its process to ensure it pays fair living wage in its international operations. The report provides detail regarding the one area where the company was not compliant and steps taken to remedy the problem.
- **Nike:** Provides context regarding why paying fair wages is a concern for the company. The company discusses processes for tracking fair wages, the percentage of audits where suppliers did not comply, and steps the company took to remedy the problem.

Freedom of Association and Collective Bargaining

Trends

Most companies provide either a policy statement regarding their support for freedom of association, or statistics regarding the number of employees with union membership. Many companies report that this component is one of the most difficult to report against because of differing country laws.

Company Examples

- **Nike:** Discusses the challenges to guaranteeing freedom of association in some of its countries of operation. The company includes some statistics regarding union representation, but also discusses the limits to these statistics. The company does discuss alternative processes for grievance management in countries of operation that prohibit union membership by workers.

Local, National and International Laws and Norms

Trends

Most companies do not report on this issue, possibly because of the challenge in collecting and aggregating information which differs so widely by geography and also as complying with law is the basic minimum requirement. Those that do, typically discuss instances of non-compliance, their political positions, and lobbying activities.

Company Examples

- **Anglo American:** Reports its tax and salary payments by area of operation. The company also discusses its efforts to involve local communities in multiple aspects of the organization.
- **Suncor:** Discusses its relationship with local aboriginal communities. The company provides information regarding its efforts to partner with the community and respect its customs and institutions.

Bribery

Trends

Most companies have a policy statement against bribery, but do not describe systems for preventing bribery or provide performance data.

Company Examples

- **N / A:** No specific examples from this survey are available. Reporting is generally limited to a policy statement or code of conduct prohibiting acceptance or offering of bribes. Some leading companies are starting to report on bribery.

Economic, Social, and Cultural Rights

Trends

Companies report efforts to improve local community development through philanthropy, job creation, support for local businesses, or tax payments. More advanced reporting in this area contains detail regarding the amount of money devoted to each social cause and results of these efforts.

Company Examples

- **Anglo American:** Provides a breakdown of the regional distribution of its corporate social investment as well as the contribution by business unit. The company provides context for why it donates money to specific social causes and the impact that these causes have on its local employees and communities.

- **Novo Nordisk:** Addresses access to healthcare, an issue most stakeholders view as the primary social human rights issue for the pharmaceutical industry. The company provides context regarding the challenges it faces in addressing the issue as well as its programs to achieve progress.
- **Diageo:** Details breakdown of company's corporate giving by area of social cause.
- **Cadbury Schweppes:** Provides breakdown of community investment by theme, type, and region.

Consumer Protection

Trends

Most company reports do not address this area. Companies that cover consumer protection tend to discuss efforts to encourage safe use of products. In addition, consumer right to privacy is an emerging area of increasing importance.

Company Examples

- **BT:** Provides context for the consumer human rights concerns associated with its products, such as abuse of the internet, ensuring freedom of expression, child protection, and consumer privacy. The company discusses its efforts to mitigate the risks in each area.
- **Diageo:** Discusses the primary concerns related to the use of its product and its efforts to promote responsible drinking. The company addresses its programs to encourage responsible consumption through its marketing efforts and responsible serving training for bartenders.
- **Abbott Laboratories:** Discusses pricing considerations and patient advocacy efforts.

Protection of the Environment

Trends

Most companies provide detail on both corporate environmental management systems and performance in the areas of energy use, water use, waste, air emissions, and climate change impact. Leading reporters provide breakdowns by business unit and location (which is particularly relevant from the human rights perspective) and discuss how environmental impacts relate to business strategy.

Company Examples

- **Nippon Oil:** Describes how its management systems are integrated into the company as a whole, identifying the persons responsible and their roles. The report lists the dates on which sites were certified to ISO 14001.
- **Coca-Cola:** Discusses its Global Water Initiative which includes a global risk assessment of water-related risks. The report contains data on water use and discharge since 2002, with breakdowns for plants and type of operation.

- **Transalta:** Provides data on NO_x, SO₂, mercury and particulate emissions. The report also describes efforts to set targets for industry-wide emissions reduction and partnerships with local community groups to monitor air quality.

6 Framework for Reporting on Human Rights

Based on the information and analysis presented in the preceding chapters, SustainAbility developed the framework detailed in this chapter to help companies increase their transparency and accountability with respect to human rights.

Detailed here for each category of human rights impacts is the expected level of reporting and transparency. The human rights issues which form the foundation of the framework are based on the Draft UN Norms. Each issue is broken down into three types of information: *context, management, and performance* as outlined in Chapter 2. We take compliance with law as the minimum requirement for any company and present some other aspects that companies could consider. These considerations are not exhaustive but indicative.

As companies review their reporting against this framework we suggest that they look through the lens of materiality. Based on a company's activities, operations, and products, some of these concerns will be more relevant than others – the company should focus on the relevant issues. The aim is not to generate a lot of data but to focus on meaningful information that results in genuine change and contributes to sustainable development.

Sources for this framework include:

- *The UN Human Rights Norms for Business: Towards Legal Accountability*, Amnesty International, 2004
- *Issue Briefs*, BSR 2005
- *Report #1: Building Understanding*, Business Leaders Initiative on Human Rights, 2003.
- Danish Centre. <https://hrca.humanrightsbusiness.org/>
- CCRS. *Transnational Corporations and Human Rights: The Business Implications*.
- The OECD Guidelines for Multinational Enterprises (Revisions 2000)
- The UN Global Compact

6.1 General Corporate Context for Human Rights Risks and Actions

Definition: *Provide context for the overall human rights risks the company faces due to corporate activities and operating regions. The company should provide a general overview of operations as well as its processes for identifying potential human rights risks.*

Corporate reporting should include detail in the following areas:

- Countries in which the company operates
- Types of company operations within each country
- Priority of human rights risks within each country as a result of countries of operation and activities
- Process for identifying and defining human rights risks
- Priority human rights issues identified for action and reporting
- Definition of responsibility for human rights, including subscription to international or industry-specific treaties and / or norms

6.2 Equal Opportunity and Non-Discriminatory Treatment

Definition: *Ensure that employment decisions are based solely on an individual's ability to perform her or his duties – including all terms and conditions of employment, including hiring, job assignment, training, promotion, discipline, and termination of employment – and not discriminate on ground such as race, colour, sex, language, religion, political opinion, national or social origin, social status, indigenous status, disability.*

Where relevant, corporate reporting should include indicators such as:

Context	Management	Performance
<ul style="list-style-type: none"> – Interpretation of diversity – Diversity and harassment policies (e.g., equal opportunity, maternity leave, adoption, family leave, employing Nationals) – Diversity and harassment challenges in specific regions of operation (e.g., female employees, AIDS-infected workers) – Impact of company's policies on employees or the community in each major region of operation – Statement of diversity goals – Discussion of any concerns or failure to meet goals 	<ul style="list-style-type: none"> – Description of HR systems for ensuring diversity – Description of HR systems for monitoring instances of discrimination and harassment – Training and development of employees – Incentive systems to reward improvements – Accountability systems for managers or senior-level employees (particularly if tied to compensation) – Encouraging diversity initiatives through the supply chain – Process for ensuring benefits are distributed in a non-discriminatory manner – Discussion of progress, milestones, and challenges 	<ul style="list-style-type: none"> – Ethnic and gender mix of the company (at different levels within the organization) – Pay levels by gender and ethnicity – Data regarding age, gender, and ethnic mix of any business restructuring/layoffs – Breakdown of employee characteristics in relation to diversity in local areas – Activities provided to address diversity challenges (e.g., training efforts to prepare and promote disadvantaged groups, forums to promote diversity and gender balance, initiatives to attract minority employees) – Discussion of corrective actions taken (if applicable) – Legal disputes and resolution – Indications of reasonable accommodations made to employ disabled persons – Training on discrimination policies for managers

6.3 Engagement in or Benefit from War Crimes

Definition: *Do not directly engage in or monetarily benefit from war crimes or other violations of humanitarian law including torture; forced disappearance; forced or compulsory labour; hostage-taking; extrajudicial, summary or arbitrary executions. This includes monitoring the sales of products to ensure they are not used to commit war crimes.*

Where relevant, corporate reporting should include indicators such as:

Context	Management	Performance
<ul style="list-style-type: none"> – Indication of company risks in this category by country of operation – Policy regarding war crimes – Description of product types, linking them to potential usage in war crimes – Markets where product sales are prohibited due to high levels of war crime activities – Statement of goals – Discussion of any concerns or failure to meet goals 	<ul style="list-style-type: none"> – System for monitoring use of products to ensure proper distribution – Process for ensuring compliance with humanitarian law (including whistle-blowing procedures) 	<ul style="list-style-type: none"> – Examples of product use or sale violations – Discussion of any instances of corrective action in response to violations of humanitarian law

6.4 Security Arrangements

Definition: *Ensure that security arrangements observe international laws and professional standards and are used only for preventive or defensive services and do not harm the community.*

Where relevant, corporate reporting should include indicators such as:

Context	Management	Performance
<ul style="list-style-type: none"> – Security personnel roles and responsibilities – Security personnel hiring policy – Statement of compliance with relevant norms³ – Company risks aligned by country of operation – Goals for security personnel hiring policies and activities – Discussion of any concerns or failure to meet goals 	<ul style="list-style-type: none"> – Criteria in contracts for security services – Monitoring systems in place (particularly systems for employees to report violations) – Partnership with government law enforcement – Consultation with governments, NGOs, communities concerning impact of security on communities – Process for managing security personnel that commit offences 	<ul style="list-style-type: none"> – Statistics regarding the number of security personnel employed – Training undertaken for security personnel – Information regarding conflicts involving security personnel (if applicable) – Results of monitoring, including number of employee complaints

³ For example : The Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment of Punishment; The Rome Statute of the International Criminal Court; the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials, the UN Code of Conduct for Law Enforcement Officials

6.5 Forced & Compulsory Labour

Definition: *Ensure that workers perform voluntarily without threat or penalty. Examples of violations may include bonded labour (working without compensation to pay off a debt incurred by another party), indentured labour (an employer forbids a worker to leave employment), or prison labour.*

Where relevant, corporate reporting should include indicators such as:

Context	Management	Performance
<ul style="list-style-type: none"> – Policy to prevent forced and compulsory labor – Information regarding company or industry operations in countries where this is a concern – Challenges to eliminating forced labour, with country context as appropriate – Goals regarding elimination of forced labour – Discussion of any concerns or failure to meet goals 	<ul style="list-style-type: none"> – Monitoring systems (particularly within the supply chain if relevant) – Process for resolving violations – Description of alternate methods to solicit employee feedback in areas without unions 	<ul style="list-style-type: none"> – Extent to which policy is visibly stated and applied – Results of monitoring – Examples of corporate withdrawal from countries where forced labor is prevalent – Training provided (either direct employees or those within supply chain)

6.6 Child Labour

Definition: *Respect the rights of children to be protected from economic exploitation. Economic exploitation of children encompasses work by children under the age of 12; work by children under the age of 15 that prevents school attendance; and work by children under the age of 18 that is hazardous to the physical or mental health of the child.*

Where relevant, corporate reporting should include indicators such as:

Context	Management	Performance
<ul style="list-style-type: none"> – Policy excluding child labor as defined by the ILO Convention 138 – Potential hazards to young workers within company's operations – Key issues and context surrounding child labor issue by location of operation and business line – Goals regarding elimination of child labor – Discussion of any concerns or failure to meet goals 	<ul style="list-style-type: none"> – Monitoring systems (particularly within the supply chain) – Process for resolving violations 	<ul style="list-style-type: none"> – Extent to which policy is visibly stated and applied – Results of monitoring systems – Number of violations and corrective actions taken – Training provided (either direct employees or those within supply chain)

6.7 Safe and Healthy Working Environment

Definition: *Provide a safe and healthy working environment for employees and contractors and work with suppliers to ensure their employees enjoy a safe and healthy working environment.*

Where relevant, corporate reporting should include indicators such as:

Context	Management	Performance
<ul style="list-style-type: none"> – Health and safety policy or code of conduct that complies with industry, national, and international standards – Identification of health and safety risks categorized by region of operation, identifying challenges by location – Identification of challenges to achieving health and safety goals – Health and safety goals – Discussion of any concerns or failure to meet goals 	<ul style="list-style-type: none"> – System for monitoring working environment and production processes, as well as health of workers – Description of health programs, particularly in areas of high HIV / AIDS prevalence – Process ensuring policies are available and understandable for all employees 	<ul style="list-style-type: none"> – Compliance with codes of conduct / policies – Extent of use of personal protective clothing / measures / equipment – Recordable injuries, lost days, and absentee rates – Investment per worker in illness and injury prevention – Provision of non-work related medical care (e.g., HIV / Aids) – Number of hours of health & safety training – Training for workers and managers to ensure safe work practices and that overtime is voluntary

6.8 Remuneration

Definition: *Provide workers with remuneration that ensures an adequate standard of living for them and their families by meeting their basic needs (e.g., food, housing, education, transportation, and healthcare) and aim for progressive improvement of standard of living.*

Where relevant, corporate reporting should include indicators such as:

Context	Management	Performance
<ul style="list-style-type: none"> – Corporate policy for wages – Standard work week and policy for compensating for additional hours (overtime) – Explanation of wage concerns by region (including industry standards) – Clear definition of employee context (region, employment type, family size) – Remuneration goals – Discussion of any concerns or failure to meet goals 	<ul style="list-style-type: none"> – Process for assessing or defining 'living wage' or description of challenges to doing so – Process for ensuring living wage is paid, especially within supply chain – Process for tracking worker hours and compensating appropriately – Accountability for remuneration at management level – Engagement with employee representatives and / or community on issue – System for monitoring work time and ensuring proper compensation for overtime 	<ul style="list-style-type: none"> – Actual wages and 'living wage' (by region, employment type) – Discussion of actions taken to bridge the gap – Breakdown of types of wages paid to different levels of employees – Description of corrective actions and repercussions in instances of violation of policy

6.9 Freedom of Association and Collective Bargaining

Definition: *Ensure freedom of association and effective recognition of the right to collective bargaining by protecting the right of workers to establish and join organizations of their own choosing. This includes the rights of workers to choose freely whether to unite as a group or union in order to facilitate the joint promotion of their welfare as provided by relevant ILO conventions. .*

Where relevant, corporate reporting should include indicators such as:

Context	Management	Performance
<ul style="list-style-type: none"> – Freedom of Association policy and / or policies to ensure employee voice is obtained and considered – Description of challenges faced in worker association – Context in countries of operation – Approach in areas where trade unions do not exist, or locations where only state authorized organizations are allowed – Freedom of association goals – Discussion of any concerns or failure to meet goals 	<ul style="list-style-type: none"> – Description of programs or procedures to ensure freedom of association – Process for engagement with unions – Statement or process for making copies of collective bargaining agreements available to workers' representatives – Alternate methods to solicit employee feedback in areas without unions 	<ul style="list-style-type: none"> – Extent of application of policy, independent of local labor laws – Membership numbers of unions – Percentage of factories with unions – Examples and numbers of employee grievances, particularly in countries that outlaw unions

6.10 Local, National and International Laws and Social and Cultural Norms

Definition: *Recognize and respect applicable norms of international law; national laws; regulations; administrative practices; the rule of law; the public interest; development objectives; social, economic, and cultural policies including transparency, accountability, and prohibition of corruption; and authority of the countries in which the enterprises operate.*

Where relevant, corporate reporting should include indicators such as:

Context	Management	Performance
<ul style="list-style-type: none"> – Commitment to understand and respond to social norms – Social norm challenges depending on region of operation – Compliance with local reporting requirements – Alignment with relevant standards, such as Tribal Peoples Convention, 1989 (No.169) – Policy regarding soliciting local community feedback – Goals related to community norms and regulations – Discussion of any concerns or failure to meet goals – Discussion of company principles if compromised by local laws 	<ul style="list-style-type: none"> – Compliance monitoring and auditing systems – Process for notifying community of potential decisions – Process for including community norms and input in business decisions – Methods for communicating jointly - managed community grievance processes – Systems to ensure policies and standards are implemented 	<ul style="list-style-type: none"> – Expansion of economic opportunities – Payment for use of natural resources – Decisions made with community input – Past or arising legal concerns – Application of intellectual property rights in a manner that contributes to the promotion of technological transfer – Discussion of relocation and eviction of indigenous people

6.11 Bribery

Definition: *Do not engage in the offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust, in the conduct of the enterprise's business⁴.*

Where relevant, corporate reporting should include indicators such as:

Context	Management	Performance
<ul style="list-style-type: none"> – Company risks by region, by business sector and by products / services – Policy or code of conduct against bribery and corruption based on the risk assessment – Goals related to the elimination of corruption – Discussion of any concerns or failure to meet goals 	<ul style="list-style-type: none"> – Whistle blower protection system – Cooperation with state authorities on managing corruption – Guidelines for employees regarding how to deal with bribery and corruption – Process for managing meetings in countries which have a high corruption index by Transparency International 	<ul style="list-style-type: none"> – Communication of bribery instances – Training on compliance – Surveys and monitoring – Actual breaches of corruption/bribery policy – Remediation actions taken – Participation in anti-corruption initiatives – Application or alignment to anti-bribery codes – Sanctions – Publication of political donations – Reporting of all payments to governments

⁴ As defined by in the Business Principles for Countering Bribery developed by Transparency International in co-operation with leading multinationals and other non-corporate stakeholders

6.12 Economic, Social, and Cultural Rights

Definition: *Respect civil, cultural, economic, political, and social rights, and contribute to their realization, in particular the rights to development, adequate food and drinking water, health, housing, privacy, education, freedom of thought, and religious and personal freedom.*

Where relevant, corporate reporting should include indicators such as:

Context	Management	Performance
<ul style="list-style-type: none"> – Policies regarding economic and social development – Commitment to promoting the right to food, housing, and health – Alignment with the International Covenant on Economic, Social, and Cultural rights – Policies regarding changes in operations which would have major effects upon the livelihood of employees (if applicable) – Goals related to economic, social, and cultural rights – Discussion of any concerns or failure to meet goals 	<ul style="list-style-type: none"> – Indication for how company establishes its charitable giving priorities – Community investment strategy focused on human rights issues – Monitoring system against social goals – Process for managing changes in operations, indicating notification of both employees and governments in advance and discussion of cooperation with employee representatives and governments (if applicable) 	<ul style="list-style-type: none"> – Local economic impact including on local enterprise, job creation, communities, government, customers, consumers – Development of products and services that meet development needs – Changing business practices to ensure that they have a positive impact on local development – Results from social development efforts – Charitable giving amounts and distribution

6.13 Consumer Protection

Definition: *Act in accordance with fair business, marketing, and advertising practices and take necessary steps to ensure the safety and quality of the goods and services provided. Not produce, distribute, market, or advertise potentially harmful or harmful products for use by consumers.*

Where relevant, corporate reporting should include indicators such as:

Context	Management	Performance
<ul style="list-style-type: none"> – Policy regarding ensuring consumer safety, fair business, marketing, or advertising practices – Indication of company risks regarding product safety, fair business, marketing, or advertising practices – Identification of human rights risks associated with product use – Goals related to product safety, fair business, marketing, or advertising practices – Discussion of any concerns or failure to meet goals 	<ul style="list-style-type: none"> – System for ensuring product safety – New product development systems – Examples of consumer outreach regarding product safety including product packaging – Accountability for fair business, marketing, or advertising practices – Procedures for monitoring fair business, marketing, or advertising practices 	<ul style="list-style-type: none"> – Development of new products / services that are environmentally safe and / or result in social development – Results of monitoring systems – Data regarding product failures or recalls

6.14 Protection of the Environment

Definition: *Act in accordance with national and international laws, regulations, administrative practices relating to the environment and generally conduct activities in a manner contributing to the protection of the environment. Ensure that production processes, product use, and disposal do not endanger the natural environment and human life.*

Context	Management	Performance
<ul style="list-style-type: none"> – Policy regarding environmental protection practices – Indication of potential or current risks to the environment caused by company operations, particularly those effecting local communities – Land management policy (specifically regarding environmental protection) – Goals related to sustainable impact on the environment – Discussion of any concerns or failure to meet goals – Discussion of relative environmental burden of different phases of product or service life cycle. 	<ul style="list-style-type: none"> – Environmental hazard monitoring system – System notifying local community of environmental hazards and emergencies – Measures to manage industrial accidents – Process for managing local resources – Development of new eco-friendly products 	<ul style="list-style-type: none"> – Results of monitoring systems – Data regarding environmental hazards and cleanup efforts – New product launches of eco-friendly products

7 Interviewees and Information Sources

Corporate Practitioners

- Adidas Saloman, Frank Henke
- BT, Georgina Combes
- Ford, David Berdish
- Gap, Monica Oberkofler
- Statoil, Natalja Altermark
- Novo Nordisk, Susanne Stormer

Human Rights Experts

- Amnesty International, Filippa Bergen
- Business and Human Rights Resource Centre, Annabel Short
- Danish Centre, Rasmus Abildgaard Kristensen
- SRI, Kirsty Jenkinson
- Transparency International, Susan Cote-Freeman

Corporate Sustainability Reports Reviewed

Apparel

- Adidas-Salomon
- Gap
- Nike
- Reebok

Automotive

- Ford
- General Motors
- Volkswagen

Extractive

- Alcan
- AngloAmerican
- BHP Billiton
- BP
- Premier Oil
- Rio Tinto
- Sasol
- Shell
- Statoil
- Suncor
- Tata Steel
- Total

Food and Beverage

- British American Tobacco
- Cadbury Schweppes
- Chiquita
- Diageo
- Natura
- Nestle
- Proctor and Gamble
- SABMiller
- Starbucks
- Unilever

Pharmaceutical

- Baxter
- Bristol-Myers Squibb
- Novartis
- Novo Nordisk