



# Towards Social Impact

A multi-stakeholder perspective on corporate human rights performance and reporting





## Garment factory in Cambodia

Photo: CNV



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Authors: CNV Internationaal, ICCO Cooperation, PwC and Dutch Association of Investors for Sustainable Development (VBDO)

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**Colophon**

**Authors :** Wim Hart (ICCO Cooperation), Giuseppe van der Helm (VBDO), Robert van der Laan (PwC), and Pieter de Vente (CNV Internationaal)  
**Editors:** Toyah Rodhouse (VBDO) and Annemieke Reijngoud (VBDO)  
**PR and Communications:** Sigi Simons

**Concept:** Store of Images

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A worker on a sugar cane plantation in Guatemala

Photo: CNV

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Workers in a garment factory  
in Cambodia.

Photo: Eugène Litamahuputty / CNV

# Executive Summary

This publication offers a useful framework for companies to work ‘towards social impact’ and to report on the progress made. We distinguish four phases in this transition: Storytelling, Do no Harm, Do Good, and Create Shared Value. In each phase, open and continuing dialogue with the company’s stakeholders is pivotal. We describe the generic expectations of three selected stakeholders towards companies: local communities (by ICCO Cooperation), employees (by CNV Internationaal), and responsible investors (by VBDO).

ICCO expects companies to include community engagement in their company policy, to identify affected communities, to establish a grievance mechanism, and to report about the company’s impact on the rights of local communities with regards to, e.g., access to natural resources, access to land, provision of security and taxes.

VBDO expects companies to formulate a publicly available commitment reflecting the respect for human rights, to perform human rights due diligence, and to report transparently, and with a mixture of quantitative and qualitative information, on the results.

CNV Internationaal expects companies to effectively implement all key labour standards: freedom of association and collective bargaining, elimination of forced or compulsory labour, abolition of child labour, non-discrimination in respect of employment and occupation, and living wage.

In the final chapter PwC offers companies a starting point to implement and report on these expectations. Each expectation is matched to an existing reporting guideline from the GRI G4 and/or the UNGP Reporting Framework, with a recommendation for implementation.

# 1 Introduction

-By PwC-

The first copy of this publication was presented at the fourth Conference on Human Rights and Business, hosted by VBDO, ICCO Cooperation, CNV Internationaal and PwC. The theme of this conference was 'Towards Social Impact'. This theme reflects the long-term ambitions and expectations of the organising parties and the stakeholders they represent: it reflects the ambition that companies, as part of the communities and environments in which they operate, could and should work towards adding positive value while minimizing their negative impact.

With this publication, we want to offer a useful framework for working 'towards social impact'. The framework builds on the transition model outlined below. It is a roadmap towards value creation through the measuring and management of impacts. The four phases of the transition model - Storytelling, Do no Harm, Do Good and Create Shared Value - are explained below.

For each of the phases described in the transition model, stakeholders hold expectations with regard to the company's performance. This publication specifically includes the expectations of local communities (represented by ICCO Cooperation), employees (represented by CNV Internationaal) and responsible investors (represented by the VBDO) on social impact. In the last chapter, these expectations are translated into performance indicators that will support those involved in human rights implementation in their measuring, reporting and accounting of social impact.



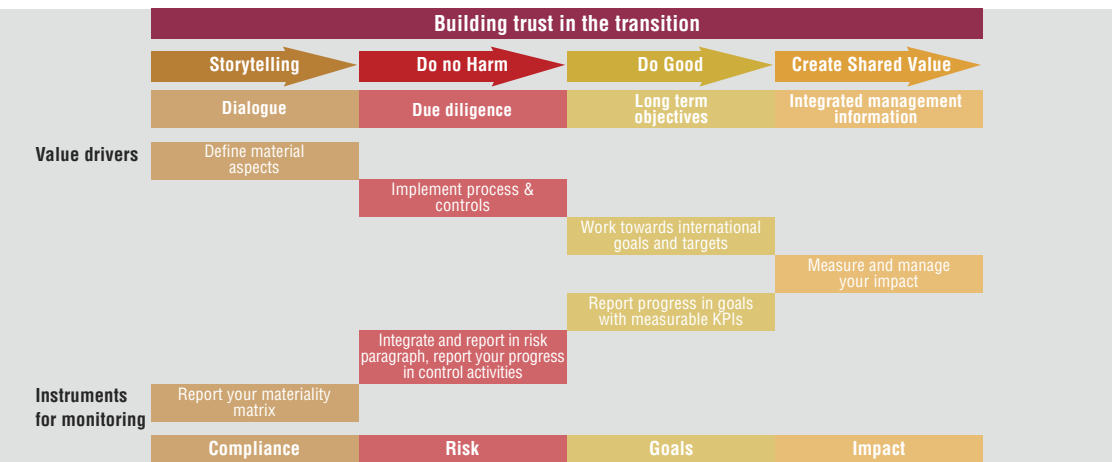


Figure 1: The transition model

## Phase I: Storytelling

Over the last decade, corporate (social) responsibility has become more embedded in company strategy, performance and reporting. Reporting criteria have expanded from sole financial issues towards environmental, social and governance areas, proving that the impact and responsibilities of companies relate to more than shareholder interests only. In particular, this publication will explore the recent developments in understanding, measuring and reporting impacts on one of these non-financial areas – human rights.

Human rights in particular represent an area in which stakeholder engagement is key. The first step for any organisation implementing human rights is to define which stakeholder groups are of importance to the organisation. Stakeholder groups include, among others, shareholders, employees, suppliers, clients, to service organisations, NGOs, unions and the communities affected by your business operations.

The next step is to determine what issues are material, or significant for management and reporting purposes. Based on an open dialogue with stakeholders, companies can develop a materiality matrix. Such a matrix provides insights on the topics that are considered material

for the business and its stakeholder groups. This will affect the way in which the organisation is managed, and defines the scope of reporting to stakeholders following sustainability reporting guidelines such as the Global Reporting Initiative G4.



Figure 2. Example of a Materiality Matrix of KPN (Annual Report KPN 2014)

**Fulfill a leading role**

- 1 Financial performance
- 2 Sustainable employment
- 3 Privacy & Security
- 4 Climate & Energy
- 5 Impact of ICT applications on societal issues
- 6 Diversity
- 7 Innovation & Investments
- 8 Indirect economic impacts
- 9 Restructuring
- 10 Compliance

**Take responsibility**

- 11 Training
- 12 Customer loyalty
- 13 Safe customer behaviour
- 14 Sustainable suppliers
- 15 Electromagnetic fields of radiation
- 16 Human rights and discrimination
- 17 Digital participation
- 18 Healthy & Vitality
- 19 Equal remuneration
- 20 Ethical complaints procedure
- 21 Marketing communications
- 22 Resource use
- 23 Car fleet

While dialogue with stakeholders forms the basis of the materiality matrix, proper reporting on using the materiality matrix and other international sustainability guidelines will likewise be the basis for a continuing stakeholder engagement.

It is important to note that the exercise of setting up a materiality matrix relates to a detailed mapping of a number of sustainability topics, and in this exercise human rights might not necessarily be labelled material. However, this does not mean companies then should not implement human rights or report on them. In these instances, the matrix serves as the starting point for discussion: why are human rights not seen as material to the company's stakeholders and/or its senior management? Are there other issues identified as material that have a strong human rights dimension (for example labour rights, privacy and security, diversity and equal employment terms, complaints procedures, etc)? And, what is the difference between the company's 'salient' human rights issues and its material human rights issues?

While the materiality matrix is the basis of an organisation's sustainability report, a company that wants to report on its human rights impacts should also identify so-called "salient human rights issues" across its operations and business relationships. To fully appreciate the difference between these two approaches, we encourage our readers to take a look at the GRI guidelines for sustainability reporting (and specifically at the human rights elements therein) and at the UNGP Reporting Framework. We will briefly introduce the latter below.

## Phase II: **Do no Harm**

The materiality matrix will indicate which human rights or human rights related issues are material to the company and/or to its stakeholders. If a company is serious about understanding and managing its human rights impacts, there is a clear need to conduct human rights due diligence as described in the UN Guiding Principles on Business and Human Rights (UNGPR).

The UNGPR, adopted in 2011, sanctions the existence of a corporate responsibility to respect human rights. This responsibility exists alongside states' duty to protect against human rights abuses by third parties and the need for greater access to effective remedy for victims of abuse. In operational terms, the corporate responsibility to respect means that companies should assess and address the human rights risks that may be associated with their activities, operations and relationships.

Despite the key position of human rights due diligence in the Business & Human Rights arena, many companies are still coming to grips with what due diligence really means in practice.

While human rights may be a new area for many companies, the method for conducting human rights due diligence is not dissimilar to the due diligence undertaken in other ESG areas, such as ‘Know Your Customer’ or anti-money laundering due diligence. The heart of the matter is risk - a notion companies are familiar with - and the novelty here is defining what constitutes human rights risk. For us, human rights risk is understood as all forms of harm (or potential harm) to people that may result in adverse impacts on these people’s internationally recognized human rights.

A solid human rights due diligence process builds upon the demand that a company ‘does no harm’ to the rights of others, i.e. that the company does not negatively impact the ability of others to enjoy their internationally recognized human rights. Yet, human rights due diligence goes above and beyond basic preventive measures and calls on companies to be proactive: they should engage in a thorough exercise to identify new potential human rights risks as they keep going with their business activities. To be truly effective, due diligence needs to be ongoing and should reflect the very dynamic reality of human rights risks across different supply chains and geographies.

Broken down into four key steps, this is how a UNGP-aligned due diligence process looks like:



**Figure 3.** The UNGP-aligned due diligence process

To ensure that human rights due diligence prevents companies from ‘doing harm’ and leads to better risk-management, there must be an integration of the due diligence findings into control risk frameworks and a mitigation of negative impacts. Integration and mitigation, as connected in the due diligence process, should also be mentioned in reporting so that stakeholders can see how the company is tackling its human rights impacts and risks.

## Phase III: Do Good

When the company has passed the stage of 'do no harm', it could consider to actively contribute to the improvement of the human rights of its key stakeholders. Reasons to do so might be, among others, for the purpose of competitive advantage, for a better relationship with the company's stakeholders, for an ongoing social license to operate, or for a more pleasant work environment and employee satisfaction and loyalty.

The first step towards 'doing good' is setting inspirational ambitions and targets. In this publication, several of such goals are formulated. For now, one example of such an inspirational goal is given by Marks & Spencer, who have the goal to pay adequate cost prices. This goes beyond compliance with minimum wage requirements, and contributes to the realisation of the employees their human right to an adequate standard of living.

To go from inspiration towards realisation, it is key to monitor and report on the progress made by use of concrete Key Performance Indicators on inputs, outputs, outcomes for the specific stakeholder and impacts on the broader community. Initiatives such as the GRI provide guidance on standard disclosures for a number of human rights areas including investment, non-discrimination, freedom of association and collective bargaining, child labour, and human rights grievance mechanisms. The UNGP Reporting Framework based on the UNGP is being taken up by a growing number of companies (Unilever, Ericsson, H&M and Nestle are among early adopters that are now involved in the pilot of the Framework) and in the near future will provide insights on reporting on salient human rights issues.

Indicators on human rights do not have much meaning unless the story behind them is clear. Reporting on the total hours of employee training on human rights policies or procedures does not tell the reader how effective this training was and how the knowledge gained is implemented in practice (your actual impact). Or as Marks & Spencer include in their Plan A 2014 report, taking into account a fair living wage in setting the cost price did not automatically result in factories paying a fair living wage, an issue they are trying to address now. In short, for the indicators to reflect actual impact, they must be supported by the underlying story.

## Phase IV: Create Shared Value

One frequent critique is that ‘doing good’ is one thing, but what does the company get in return for going beyond compliance and ‘do no harm’? ‘Doing good’ becomes more interesting for companies if there is also an actual return for them, i.e. if not only the community benefits but also the company. The question then is, how can companies create shared value?

In finding the answer, companies need to *know* how their activities lead to the creation (or destruction) of economic, social and environmental value. The traditional assumption was that to create one type of value, for example financial value, this would involve a trade-off, i.e. a diminishment of social and/or environmental value. However, more recently it is recognized that companies actually can make financial profits while at the same time solving social and environmental problems and adding value. For example, having a safer work environment and avoiding accidents often makes the company more profitable: safe work environments can lead to more effective processes that increase profits. The health of employees is also a social or human rights issue that companies could support, and which in turn will benefit them because their employees become more productive, less absent and more reliable. Providing (secondary) education in the local communities surrounding the company could improve the standard of living, while in the long run also provide the company with a locally present, adequately trained workforce.

Creating value also involves taking stakeholders’ needs and expectations into account; there is strong, though still emerging evidence, that such engagement does give the company value in return<sup>1</sup>. For example, incorporating your stakeholders’ needs could lead to improved or new products and services, to increasing efficiency of production, and to a better reputation and credibility.

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<sup>1</sup> PwC. *Corporate performance: What do investors want to know? Powerful stories through integrated reporting*, 2014.



**Figure 4:** The impact value chain

To create social value, the company must become aware of its impact and get insights in how to steer and manage that impact in the right direction. The development and adoption of effective impact measurement and management practices will contribute to gaining such insights<sup>2</sup>.

By now, we have discussed the implementation of human rights due diligence, the setting of inspirational targets and the identification of opportunities for shared value; we also discussed the subsequent development of KPIs and the measurement of the company’s social and human rights impacts. Through these ways, human rights information is integrated in your management dashboards. This will help your organisation in steering on your human rights impact through your normal business operations. Reporting on all these efforts will at the same time ensure that the company is accountable to its stakeholders and is willing to engage with them, which will strengthen its creation of shared value.

### Wrap-up

Creating shared value, thus, requires understanding the expectations of stakeholders. What do they strive for? What makes a business model and value creation successful in their eyes? And what are the key issues they want companies to report on?

In the next chapters, different stakeholder perspectives - that of the local community, the employees, and (responsible) investors - are offered by ICCO Cooperation, CNV Internationaal and the VBDO on the issue of ‘Do no Harm’, ‘Do Good’ and ‘Create Shared Value’.

<sup>2</sup> PwC. *Measuring total impact – A new language for business decisions*, 2013.



A young man carrying a bag  
of fertilizers in the Philippines

Photo: ICCO Investments



## 2 Business and Human Rights from a Local Community Perspective

-By ICCO Cooperation-

Appealing to people's strength: that is what ICCO's development work is based on. ICCO seeks parties that share its ideas of creating a world without poverty and injustice. For five decades ICCO has dedicated itself to foster change makers and to bring communities to their full potential by securing their rights and enabling them to improve their livelihoods. ICCO is a global player, rooted in Africa, Asia, South and Central America and Europe. ICCO cooperates with the private sector by for example joint programmes developing sustainable value chains by linking and training producer organisations and (women) cooperatives to companies.

In this chapter, ICCO will highlight the rights of local communities as part of the corporate responsibility to respect human rights.

### **Long-term ambition**

In the long term, care for local communities should be an integral part of responsible business conduct. For us, caring means understanding the interests and needs of communities, as major stakeholder groups for the company, and integrating these in the company's strategic targets. ICCO expects companies to enter into an open and meaningful dialogue with communities, which at a minimum deals with 'do no harm' but should also surpass to 'do good' and 'create shared value'.

ICCO would want to see corporate stakeholder engagement to move beyond information sharing and consultation towards a stage in which the engagement is meaningful; i.e. a stage in which dialogue with communities is part of the human rights due diligence, is based on respectful, equal, iterative and free negotiations, and revolves around creating value. What is more, it is a stage in which communities are fully involved and have a say in the future development of business activities that might have a significant impact on the community or on human rights issues that are considered to be salient by them. Engagement with local communities, therefore, is one of the first steps of a company's activities on human rights: it is a key step while developing the materiality matrix, but should continue during all four phases of the transition model.

ICCO envisions engagement in which companies work towards shared initiatives with the communities affected by their business operations. Such initiatives can take many forms but have in common that they all focus on creating shared social and economic value. They include, among others, educational programs for community youth and women, the creation of jobs benefitting the community, local procurement of products, goods and services to stimulate economic development, or even supporting communities in acquiring formal land-titles.<sup>3</sup> Benefit sharing, in which local communities receive a percentage of the project revenues is an initiative that reflects a strong equal relationship between community and company. It is ICCO's ambition to see community and company become partners with a continuing relationship and a common goal towards long-term social value creation.

With particular regard to indigenous peoples, ICCO would like to see companies to develop a policy commitment to Free, Prior and Informed Consent (FPIC)<sup>4</sup>, referring to the rights of local communities, particularly indigenous peoples, to participate in decision making about issues impacting them. FPIC implies that a company should, before initiating new business activities, enter into open dialogue with the indigenous peoples concerned and let them freely and fully informed join in all discussions on environmental, social, economic, and human rights issues that potentially might affect them, without force, intimidation and pressure.

### Short-term expectations

In terms of 'do no harm', a first step for companies is to identify how they negatively impact on communities, i.e. in terms of human rights: to become aware of the ways in which the company affects the ability of the community and its members to enjoy their internationally recognized human rights. Companies can negatively impact the rights of local communities in many ways. Examples of negative impacts that contain severe human rights risks are:

- *Access to natural resources*: Excessive use of water for production, or pollution of water due to excess nutrients, pesticides and other pollutants affects the availability of drinking water and jeopardize the right to water of local communities.<sup>5</sup> Exploitation of natural resources can result in tensions between the company and the local community, putting community members and company employees at risk.

<sup>3</sup> United Nations Global Compact. *Community Engagement and Investment to Advance Human Rights in Supply Chains*, 2012, p 8.

<sup>4</sup> This principle is most clearly stated in the United Nations Declaration on the Rights Indigenous Peoples (UNDRIP), article 10: 'Indigenous peoples shall not be forcibly removed from their lands or territories. No relocation shall take place without the free, prior and informed consent of the indigenous peoples concerned and after agreement on just and fair compensation and, where possible, with the option of return.' Other international accepted standards are the 'International Finance Corporation Performance Standard 7 and the International Labour Organisation No.169.

<sup>5</sup> BSR Insight. *Four human rights issues every food and agriculture company needs to understand*, No date, p 3.

- *Access to land*: Large-scale land acquisition for business development purposes entails a number of human rights risks. The land might be used or be important for the livelihoods and food security of local communities, or serve environmental or cultural purposes. Ignoring these risks will lead to an infringement of the community's right to survive as a distinct culture, a right that includes their political and economic institutions, use of water, and land use patterns and religious (cultural heritage) practices.<sup>6</sup>
- *Provision of security*: It might be necessary for companies to secure their operations and installations. In some cases, the government provides the security staff to protect the company property. However, especially in contexts with a history of conflict or authoritarianism, the company should take into account the risks stemming from the use of force against workers and local communities. Companies should be especially aware that their payments are not used to finance actions that could lead to the abuse of human rights.<sup>7</sup>
- *Taxes*: as companies often want to minimize costs and remain competitive, they - and especially MNCs - might search for means to minimize the amount of tax they have to pay. However, failing to pay (local) taxes might significantly impact the capacity of the local and national governments to fulfil their state duty to uphold and enforce human rights.

Open dialogue with local communities is the important first step to prevent 'doing harm', but also is needed to translate the needs and interests of the community in actual realisation of their human rights. Building goodwill with affected communities, engaging them on the basis of policies and practices that respect human rights, is crucial to gain and keep social licenses to operate. Reversely, failing to take into account the needs and interests of local communities can lead to violent protests and subsequently unsafe work environments, delays of production, destruction of company property, the blocking of access roads to the companies operations or projects, and the actual loss of legal licenses with consequentially less credibility, a damaged reputation, a diminished competitive position and, in the end, significant financial losses.<sup>8</sup>

Companies are expected to develop a specific local engagement strategy as part of their broader stakeholder engagement strategy.. Such a community engagement strategy should include key moments for consultations and engagement, but also consider very practical aspects such

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<sup>6</sup> SAI. *United Nations Guiding Principles on Business and Human Rights: A Six-Step Approach to Supply Chain Implementation*, 2012, p. 172.

<sup>7</sup> <http://unefi.org/humanrightstoolkit/community.php>

as the human and financial resources to carry them out, and how the company will keep track of community engagement. Key moments at which extra attention needs to be given to local community engagement are: when identifying and assessing actual and potential human rights impacts, when tracking and reporting on company efforts to prevent and manage those impacts, and when designing effective grievance mechanisms and remediation processes<sup>9</sup>. The KPIs the company should develop to assess the effectiveness of its engagement strategy and to assist in monitoring could revolve around number of consultations, reporting of outcomes, issues agreed on, and number of formal and contractual partnerships with local communities. Again, these KPIs must be supported by qualitative data, highlighting the intricate nature of the engagement and relationship and the content discussed in the dialogues.

There are a number of pitfalls to avoid and good practices to follow when engaging with local communities. Four of these ICCO would like to highlight in particular:

- *Local context and culture and internal community relations*: An important pitfall when engaging with local communities is to fail to appreciate a community's diversity and other structures to society that can undermine otherwise effective community engagement efforts. Even relatively small communities can be extremely diverse and be composed of various ethnicities and interests, speaking different languages, practicing several religions etc. A company should gather sufficient knowledge of the local context and internal relations within the community. Working with intermediaries, such as local NGOs, can help to mitigate the risk of overlooking internal diversity and only engaging with an unrepresentative sample.<sup>10</sup>
- *Vulnerable individuals and groups*: Particular attention should be paid to potentially vulnerable individuals and groups such as children, women, minorities, indigenous peoples, migrant workers, or persons with disabilities.<sup>11</sup> These marginalized groups might not be adequately represented in the decision-making structures of local communities. One option is to integrate additional consultations with women or other marginalized groups. In the case of indigenous peoples, companies should respect their Right to Free, Prior and Informed Consent (FPIC).
- *Transparency*: Engagement and transparency should go hand in hand. The engagement process can only function properly if stakeholders have adequate and timely access to all relevant information, in a language that is understandable to all. Without the necessary information, stakeholders cannot become properly involved in discussions.<sup>12</sup>

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<sup>8</sup> Idem, p 4.

<sup>9</sup> Shift. *Putting Principles into Practice: Bringing a Human Rights Lens to Stakeholder Engagement*, Workshop Report No. 3, 2013, p 3.

<sup>10</sup> United Nations Global Compact. *Community Engagement and Investment to Advance Human Rights in Supply Chains*, 2012, p 4.

<sup>11</sup> Idem, p 3-4.

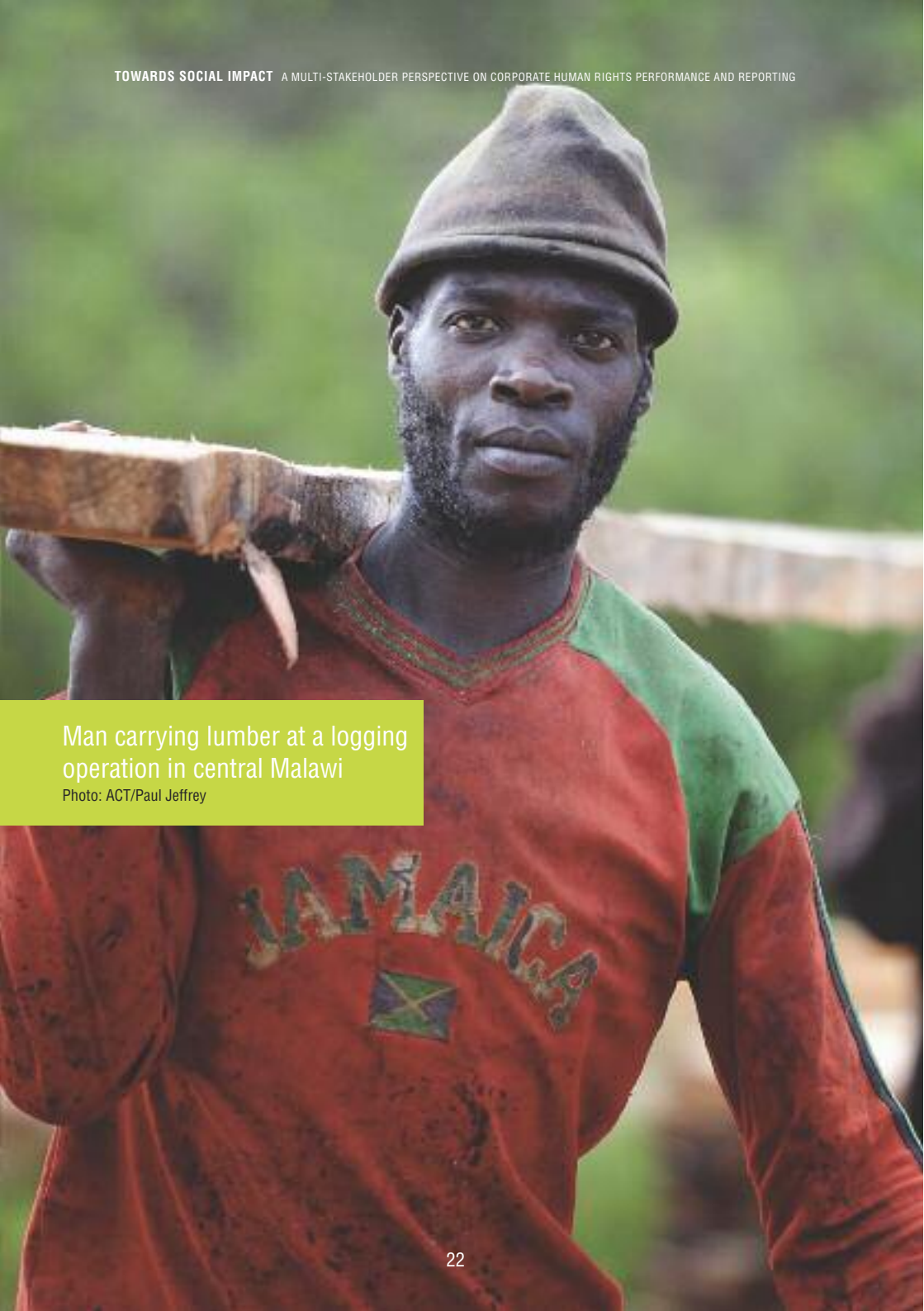
<sup>12</sup> Aim for Human Rights. *Guide to Corporate Human Rights Impact Assessment Tools*, 2009, p 10.

- *Grievance mechanism:* Any community engagement should also include the establishment of a grievance mechanism where people can turn to for complaints. Such a grievance mechanism should be designed through effective consultation of the affected community. Remediation, to make good a specific adverse impact to victims, could consist of apologies, rehabilitation or financial or non-financial compensation. Remedy is important for those affected and may have an important preventive effect.

## RNF creates shared value: land rights Philippines

RNF, a multibillion-peso wood manufacturing company in the Philippines, has assisted the Manobo people (probably the most numerous group of the indigenous people of the Philippines) by financing their efforts to legally acquire their ancestral land. RNF benefitted as well. RNF and ICCO's partner Task Force Mapalad (TFM), a peasant federation, have assisted the Manobo people in obtaining their legal ancestral property documents. RNF and the Manobo people had agreed on mutual benefits from the land through its commercial development after all legal documents had been settled.

With the help of ICCO and its local partner TFM the Manobo people were able not only to acquire their ancestral land, but also to empower themselves by learning their rights, and to improve their skills in transparent negotiation with a business entity like RNF and government policy makers. As a result, the Manobo people will soon be able to develop their 15,500 hectares of timberland, to increase their incomes and to secure their future livelihood through their partnership with RNF, which is contributing to the rights of minorities and to the right to an adequate standard of living.



Man carrying lumber at a logging operation in central Malawi

Photo: ACT/Paul Jeffrey

# 3 Business and Human Rights from a Responsible Investor Perspective

-By VBDO-

The Dutch Association of Investors for Sustainable Development (VBDO) is a not-for-profit organisation that aims to create a sustainable capital market in which not only financial criteria are considered but also environmental and social criteria. This means that companies as well as investors aim to generate financial return while adding environmental and social value.

This chapter reflects the expectations of the VBDO, as the representative body of responsible investors in the Netherlands, on social impact and business and human rights.

## Long-term ambition for investors

In the long term, the VBDO expects investors to measure the financial, environmental and social performance of their investment portfolios and to develop a strategy to improve on these aspects. Dutch investors already show a growing interest to invest in companies whose core business relates to 'creating shared value'. An increasing number of insurance companies and pension funds are engaged in impact investing or investing in green and social bonds<sup>13</sup>. This trend should ultimately result in investment portfolios that consist entirely of investments with a positive social or environmental impact. An example could be a 'fair living wage' investment portfolio in which all companies included have implemented mechanisms to assure their employees - and those working for their direct suppliers - receive a fair living wage.

## Short-term expectations for investors

Four years after the establishment of the UNGP, the VBDO expects investors to acknowledge that the responsibility to respect extends to the entire value chain of the company; the investor is part of this value chain. Oxfam Novib Impact Investing, for example, excludes all companies that are involved in child labour, forced labour or land grabbing. Other investors, such as PNO Media, Robeco and Syntus Achmea, as well are working with exclusion lists of companies or governments that are associated with gross human rights violations.

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<sup>13</sup> VBDO. *Benchmark Responsible Investment by Insurance Companies in the Netherlands*, 2014; and VBDO. *Benchmark Responsible Investment by Pension Funds in the Netherlands*, 2014.

The VBDO sees that investors increasingly enter into dialogue with companies on human rights implementation. Syntrus Achmea is an example. “If a company is associated with a human rights violation then that company will be added to our engagement program. The specific company will be encouraged to fully address the alleged breaches, and to improve its policies and management systems to prevent future breaches. SMART targets are set for the company and progress on these targets is monitored at regular intervals. If after two years still no adequate measures have been taken and violations are still observed, exclusion is considered.” (Dennis Teijse, Syntrus Achmea).

Investors should continue to identify potential human rights risks in their lending operations, assess the materiality of these risks, determine their degree of influence and leverage, and identify possible ways to mitigate these risks through cooperation with other key stakeholders.<sup>14</sup>

### **Long-term ambition for companies**

In the long run, the VBDO expects companies to have an integrated approach that combines financial, environmental, social and governance aspects in strategy, performance and reporting. The VBDO promotes the implementation of a Social and Environmental Profit & Loss Account (SEP&L), which provides stakeholders with a quantitative or even monetary overview of the hidden social, environmental and financial impacts of a company. Some companies have already taken steps towards an SEP&L; see for example the annual report 2014 of NS (social impact analysis) and the annual report 2014 of AkzoNobel (pilot study of a 4-dimensional Profit & Loss Account). Note that such quantitative reporting should be accompanied by a qualitative interpretation to be useful for share- and stakeholders: context is very important in assessing human rights due diligence processes.

### **Short-term expectations for companies**

#### *Strategy*

Four years after the establishment of the UNGP, the VBDO expects that companies have formulated a publicly available policy commitment reflecting their respect for human rights; preferably, the company has committed itself to internationally acknowledged standards, such as the UNGP, UN Global Compact, the OECD Guidelines for Multinational Enterprises, or the ILO Tripartite Declaration.

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<sup>14</sup> UNEP Finance Initiative. *Human Rights Guidance Tool*. Retrieved at <http://www.unepfi.org/humanrightstoolkit/index.php> on 04/22/15.



Additionally, the VBDO encourages companies to identify the specific human rights, based on the materiality index, to which they can add most value given their core business. This does not mean a company should choose which human rights to respect; in terms of ‘do no harm’ all human rights are significant. Nevertheless, in terms of ‘do good’ companies should align their core business and strategy more with specific social and human rights targets. Strategic social KPIs can then complement the more standard indicators on financial, customer, employee and environmental performance. Examples of such strategic social KPIs are:

- H&M: “Our goal is for H&M strategic suppliers to have pay structures in place to pay a fair living wage by 2018. By then, this will affect around 850,000 textile workers.”<sup>15</sup>
- Unilever: “Our goal is to advance opportunities for women by empowering 5 million women in 2020.”<sup>16</sup>

#### *Performance: transparency and engagement*

Investors do not yet require perfect scores on social and human rights performance. However, they do want transparency on the company’s human rights due diligence, they want to know ‘what went wrong’ in the process, and what the strategy for improvement is. “Not sharing what went wrong, why your company underperforms on social or human rights issues, or what human rights issues you face, only leads to distrust with investors.” (Daniëlle Essink, Robeco). Investors, particularly those who have adopted the Principles for Responsible Investment, want to see corporate willingness to engage on material human rights issues. “Exclusion based on poor human rights performance is our very last resort. We prefer engagement. Once you give up your shareholder position, you also give up your position to talk.” (Edgar Eijking, PNO Media)

#### *Reporting on human rights*

While corporate reporting on social and human rights issues has improved considerably over the past decade<sup>17</sup>, the information shared is not always of such nature that it is relevant for investors’ strategies and decision-making. “For me, the information that is currently shared on human rights performance is a bit too marketing-driven. Many social reports only contain success stories and pictures of healthy, happy people. But that is just one side of the story. There is no form of external assurance and there is no context given. The other side of the story is often given by NGOs and other non-profit organisations. Most likely the truth lies somewhere in between.” (Edgar Eijking, PNO Media)

<sup>15</sup> H&M. [www.sustainability.hm.com](http://www.sustainability.hm.com). Retrieved on 04/15/15.

<sup>16</sup> Unilever. *Unilever Sustainable Living Plan*. Retrieved at <http://www.unilever.com/sustainable-living-2014/> on 04/15/15.

<sup>17</sup> KPMG International. *The KPMG Survey of Corporate Responsibility Reporting*, 2013.

Deloitte. *Integrated Reporting in the Netherlands*, 2014.

Responsible investors ask for transparency and comparable reporting on social and human rights performance. Global initiatives such as the UNGP Reporting Framework and the Corporate Human Rights Benchmark provide an answer to this question. Companies are encouraged to collaborate with these initiatives.

## Stakeholder dialogue for ABN AMRO

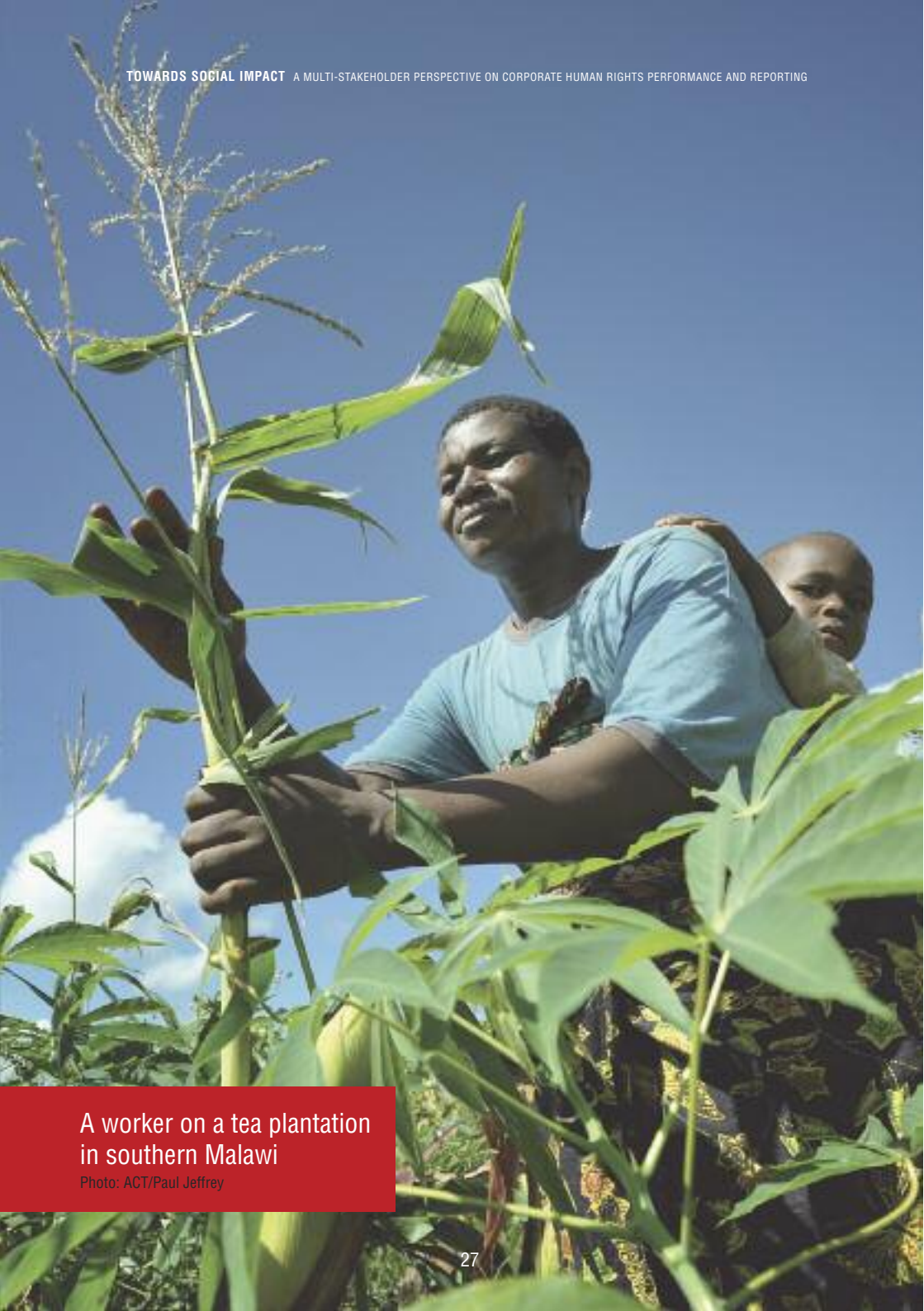
In 2014 and 2015, ABN AMRO undertook a materiality analysis in collaboration with the VBDO to identify those topics that might have a direct or indirect impact on the organisation's ability to create economic, environmental and social value for itself, its stakeholders and society at large.

VBDO facilitated a stakeholder engagement process with the bank's internal and external stakeholders. External stakeholders ranked a list of issues on their medium or long-term materiality. The external rating was followed by a dialogue between a wide range of stakeholders, such as retail and corporate clients, knowledge institutions, service providers, financial institutions and trade associations.

Internal stakeholders subsequently ranked various issues based on their materiality for ABN AMRO, and explained their priorities during a dialogue with senior managers from different business lines. The material issues for ABN AMRO as identified in the two separate rounds of engagement were: (i) safeguarding human rights, health and safety and environment in the projects in which ABN AMRO invests, (ii) offering sustainable products and services to ABN AMRO's clients, and (iii) ESG/ESE integration in financing and investment. At last, all material issues were linked to ABN AMRO's long-term sustainability strategy.<sup>18</sup>

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<sup>18</sup> ABN AMRO, *Sustainability Report 2014*, 2014.



A worker on a tea plantation  
in southern Malawi

Photo: ACT/Paul Jeffrey

## 4 Business and Human Rights from an Employee Perspective

-By CNV Internationaal-

Improving labour rights -a specific subset of our human rights- is a worldwide goal for trade union CNV Internationaal and its partner organisations. Specifically, CNV Internationaal has the objective to reduce poverty and to contribute to Decent Work in developing countries based on international solidarity, own responsibility, social dialogue and pluralism. This is why trade unions focus on the living and working conditions of the workers in the production chain when discussing the social impact in responsible chain management.

In this chapter, CNV Internationaal describes the expectations of employees towards companies.

### **Long-term ambition**

CNV encourages companies to move past the 'do no harm' phase of the transition model towards 'do good' and 'creating shared value'. In relation to a company's employees, 'creating shared value' means creating mutually beneficial situations.

CNV Internationaal wants companies to be aware of the positive effects of respecting and enforcing the rights of their employees for them. CNV Internationaal wants to move towards shared value by use of effective social impact measurement and management practices. Social impact measurement will reveal important management information for a company: it reveals what the actual added social value is of the company's corporate social responsibility strategies.

In the area of labour rights, the company's positive social value could be related to workplace safety, fair wage and working hours, employment conditions or social security, all of which in the long run will improve the lives and wellbeing of the employees and their families. The company will benefit from more satisfied and motivated employees: working in a safe environment and for a decent wage will lead employees to be less absent and more loyal to the company. Furthermore, satisfied employees in general will contribute to peace and stability on the work floor, which shall lead to growth in production and improve the quality of the products and/or services delivered.

CNV Internationaal would like to see that companies structurally work together with local trade unions and use their feedback, experience and knowledge about the local impact of the company's activities for the continuous development of their CSR strategy. One example of this is JJH Textiles, a company in Bangladesh that on a regular basis discusses social issues and their potential social value creation for the lives of workers in their factories with BSSF, a local trade union.

### **Short-term expectations**

CNV expects companies to have made an explicit policy commitment to internationally accepted labour standards. There is a wide range of international human and labour rights instruments, but CNV Internationaal specifically refers to the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles. In general, key labour rights are:

- Freedom of association and the effective recognition of the right to collective bargaining
- Elimination of all forms of forced or compulsory labour
- Effective abolition of child labour
- Elimination of discrimination in respect of employment and occupation
- Living wage

To comply with the corporate responsibility to respect, i.e. to 'do no harm', compliance with these internationally recognized labour standards is crucial. Freedom of association gives a voice to employees. A voice to speak about important issues that can bring real social change in their lives, such as a fair living wage, a safe work environment, social security systems, and increased employability. In this sense, freedom of association should be your first step in initiating your stakeholder dialogue and in allowing your stakeholders to share their organised perspectives on their needs and interests with you. It is the first step in providing for effective feedback for your materiality matrix.

Using (products produced with) forced or compulsory labour or child labour, allowing for discrimination of employees on whatever grounds, and underpaying your employees are key practices that should be abandoned by any company, no matter what its context is. Ask yourself and your suppliers within the value chain three key questions:

- Do workers throughout the value chain enjoy the right of freedom of association?

- How do suppliers make sure there are no forms of forced or compulsory labour in their businesses?
- Do employees earn a fair living wage?

If any of these questions is answered insufficiently, companies should make it their primary strategic human rights target, and develop a mitigation mechanism and supporting KPIs to solve the issue as soon as possible.

Furthermore, companies should ask themselves whether their strategic goals are formulated as such to mitigate risks, or also to generate positive and measurable impact on the societies in which they operate. Any company, no matter its size, that considers its human rights performance part of its strategic business activities, benefits from investing in implementation, measurement and monitoring mechanisms to realise its policies. These mechanisms are essential for steering and understanding the social impact the company has: how are policies and strategic goals implemented in practice, and how do the company's corporate social responsibility activities actually contribute to the achievement of these goals, for example when it comes to labour law compliance? This relates back to the transition model: do not only focus on input and output, but also measure the outcome. Do workers actually benefit from an improved social security system? And if not, what are the obstacles you must overcome? How can you measure your actual improvement on the issue? The fourth question you should consequently ask yourself is:

- How do your policies contribute (positively or negatively) to an increase in actual social value for society?

CNV Internationaal recommends companies to use the instrument of meaningful stakeholder dialogues in establishing and measuring their social impact. Local trade unions, for example, can be a highly useful source of information on local labour laws because they check compliance with labour laws regularly and they often contribute to national discussions on mitigation and prevention of labour rights violations. With this knowledge, their local network and their specific skills, local trade unions can help companies to arrive step wise at a structural approach for creating social value through their business activities.

Also, local trade unions can support local suppliers throughout the value chain in monitoring to assure implementation of human rights is more than a box-ticking exercise. In other words, because of their knowledge and position in the local society trade unions are good partners for external assurance.

### **SMEs vs. MNCs - different expectations?**

Every organisation can measure its social impact. It should not be reserved to social enterprises or multinationals only. Small and medium-sized businesses can start with 1 or 2 social KPIs. Define the different steps for the company's social value ambition based on the company's core business and the specific context in which the company could create value. An example of the step-by-step approach could be:

By 2016 freedom of association should be discussed with all suppliers in all countries where companies produce their goods. In 2016 the wages throughout the production chain should be mapped out. In 2017 policies and implementation phases are formulated for countries x and y to move from the current wage levels towards a negotiated living wage in 2020 by a phased approach.

As you can see, you can add other KPIs over time; thus, also smaller companies can start working on creating social value on their own level and in their own geographies.

## **The role of trade unions in conflict resolution in Honduras**

CGT, the partner organisation of CNV Internationaal in Honduras, is experienced in providing input on corporate social value creation. CGT represents workers within a local Adidas supplier, where the relationship with management used to be difficult. CNV Internationaal and CGT decided to get in touch with Adidas. By now, a local dialogue is taking place regularly between CGT and the Adidas supplier.

Also, a training focusing on conflict resolution techniques and positive industrial relations was held in Honduras. Partly based on employee input and regular dialogues with the trade union the sports brand created more sustainable labour relations in the factory. The local supplier is now a designated strategic supplier to the Adidas Group.

This creates job security for workers. In total 77 workers previously fired due to less production have been rehired as soon as production went up again. Adidas now has a more consistent and reliable supplier, while the workers, their families, and their communities benefit from economic development.



A worker on a sugar cane  
plantation in Guatemala

Photo: CNV



# 5 Incorporating Stakeholder Expectations in Corporate Performance and Reporting

-By PwC-

In the first chapter we introduced our transition model consisting of four phases: 'Storytelling', 'Do no Harm', 'Do Good' and 'Create Shared Value'. With these four phases, we describe the transition that companies go through while establishing and managing their human rights risks, incorporating their stakeholders' needs and interests, and identifying the business opportunities for shared value creation. In each phase, open and continuing dialogue with the company's key stakeholder groups is key to be able to perform according to their expectations, and to report on issues significant to them.

In the following three chapters, we discussed the expectations of communities (ICCO), employees (CNV Internationaal) and responsible investors (VBDO) with regard to business and human rights. In particular, the short-term expectations revolve around the corporate responsibility to respect, around 'Do No Harm' and stakeholder engagement for appropriate human rights risk management. Also, the different stakeholder groups expressed what they see as corporate 'Do Good', i.e. what they need from companies in terms of human rights. The long-term ambitions were on 'Creating Shared Value' and included structural cooperation, engagement and partnerships, full integration of environmental, social and governance issues - among which are human rights - in business conduct and reporting, and alignment of human rights with the company's core business.

In this chapter, we want to offer companies a starting point to implement and report on these expectations. For that purpose, we match the expressed stakeholder expectations to existing reporting guidelines and see if these provide an adequate space to address all stakeholders' concerns. The current international reporting initiatives the GRI G4 and the UNGP Reporting Framework match quite well to the expectations set above by the different stakeholders.

Nevertheless, many stakeholders still believe that there is a gap to bridge, that the journey has just started, and that the abovementioned initiatives still have some flaws. First of all, reporting on human rights is still voluntary, albeit encouraged by a 'report or explain' approach that invites companies to be more open and show what they are doing to implement the UNGP.

Secondly, even reports qualified as comprehensive under GRI do not seem to show the progress made by organisations, nor do they explain how the company is going through the transition phase or state their aims and inspirational goals. Even when a company reports on all the applicable KPIs, it does not feel like the full and comprehensive story has been shared.

For these reasons, the authors of this report have decided to share recommendations that could help companies bridge the gap between performing in line with stakeholder expectations and reporting on this.

Our suggestions for a better alignment of performance and reporting are laid down in four key recommendations. In our opinion, you should:

1. Explain that the company is in a phase of transition and trying to come to grapple with the complexities that surround human rights risks and impacts. Even though the transition towards embedding human rights is at its earliest stage, the company should be willing to share the dilemmas it faces - on anything ranging from understanding the issues to implementing control mechanisms to manage them.
2. State and explain the company's ambitions and inspirational goals. What is the company aiming at? While human rights due diligence cannot happen overnight, a set of ambitions and inspirational goals can help in ensuring that the direction of travel is good.
3. Share with your stakeholders what human rights risk management and impact mitigation mechanisms you have developed. Also show how the company intends to create value in cooperation or partnership with its stakeholders.
4. Show the progress the company has made towards its long-term social ambitions. This needs to happen in a transparent way, through a report that can help readers assess and track the steps already taken while at the same time looking at the road ahead and gauging the extent to which progress is being made.

In the table below, we provide an overview of stakeholder expectations as discussed in the previous chapters, the KPIs that we would recommend for each expectation, and their reporting context. A report built along those lines will equip the company's stakeholders in monitoring the company's activities, which will support the company in building trust during its transition phase.

Interestingly, as all companies are still in the midst of this phase, the story and progress behind the KPIs can actually be more relevant than the KPIs themselves. Although many stakeholder expectations can be linked to existing KPIs, we do want to stimulate companies to look beyond the indicators and elaborate on the story behind them. Reporting on the KPIs that are material to the company (as identified by the materiality matrix) and complementing them with the relevant qualitative information can help to engage readership and keep track of progress as the company goes through the transition phase. This will set the context for an enabling environment, where the company and its stakeholders can work on building trust in each other's decisions. Taking it one step further, and integrating this information into the company's management dashboard will help manage corporate impact, i.e. avoiding the negative consequences of the company's activities, services or products and stimulating the positive ones, so that eventually the company is able to create shared value.

## Expectations of ICCO Cooperation

<b>Include community engagement in your company policy and identify affected communities</b>	
<b>Reporting guidelines:</b>	<ul style="list-style-type: none"> <li>• UNGP Reporting Framework C2 - What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?</li> <li>• G4-SO1 - Percentage of operations with implemented local community engagement, impact assessments, and development programs</li> </ul>
<b>Recommendation:</b>	<ul style="list-style-type: none"> <li>• Include your strategy and process for realising meaningful community engagement in your report in order to be transparent and to involve your stakeholders in the discussion. Provide context on the community engagement performed by including the topics discussed, the process of selecting significant and/or affected communities, and actions undertaken based on community engagement.</li> </ul>
<b>Establish a grievance mechanism</b>	
<b>Reporting guidelines:</b>	<ul style="list-style-type: none"> <li>• UNGP Reporting Framework C6 - How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?</li> <li>• G4-HR12 - Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms</li> </ul>
<b>Recommendation:</b>	<ul style="list-style-type: none"> <li>• Do not just report on the numbers but also include how the grievance mechanism has been designed by describing the consultations held with the community and the process established to deal with grievances. Besides, try to include information on how communities were involved in addressing these grievances.</li> </ul>
<b>Report about the impact you have on the rights of local communities with regards to, for example, access to natural resources, access to land, provision of security and taxes</b>	
<b>Reporting guidelines:</b>	<ul style="list-style-type: none"> <li>• UNGP Reporting Framework B1 - Statement of salient issues</li> <li>• UNGP Reporting Framework C3 - How does the company identify any changes salient human rights issue over time?</li> <li>• G4-HR7 - Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations</li> <li>• G4-HR8 - the total number of incidents of violations involving rights of indigenous people and actions taken</li> <li>• G4-SO2 - Operations with significant actual or potential negative impacts on local communities</li> </ul>
<b>Recommendation:</b>	<ul style="list-style-type: none"> <li>• Simply reporting on the total hours of employee training on human rights policies or procedures does not tell the reader how effective this training was and how the knowledge gained is implemented in practice (your actual impact). Make sure you include this area or project where you see the greatest (actual or potential) human rights impacts on local communities.</li> </ul>

## Expectations of VBDO

<b>Formulate a publicly available commitment reflecting the respect for human rights</b>	
<b>Reporting guidelines:</b>	<ul style="list-style-type: none"> <li>• UNGP Reporting Framework A1 - Policy commitment</li> <li>• UNGP Reporting Framework A2 - How does the company demonstrate the importance it attached to the implementation of its human rights commitment?</li> <li>• G4-15 - List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses</li> </ul>
<b>Recommendation:</b>	<ul style="list-style-type: none"> <li>• Explain how the commitment is related to your own core business, approved at the most senior level, and internalized into your operations and processes. Simply stating that you commit to respect human rights will not be sufficient to show that you are willing and able to translate it into practice.</li> </ul>
<b>Perform human rights due diligence and report transparently, and with a mixture of quantitative and qualitative information, on the results</b>	
<b>Reporting guidelines:</b>	<ul style="list-style-type: none"> <li>• UNGP Reporting Framework C3.1 - During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?</li> <li>• G4-HR10 - Percentage of new suppliers that were screened using human rights criteria</li> </ul>
<b>Recommendation:</b>	<ul style="list-style-type: none"> <li>• C3.1 can help you in showing to the reader how you are committed to conducting ongoing human rights due diligence, whereas G4-HR10 shows a tangible example of a human rights risk-management action, i.e. the percentage of new suppliers screened. However, you also have to make sure you share sufficient information on how the screening was conducted, and how that addresses your human rights risks, i.e. when conducting due diligence you should identify the main human rights risks and then design a screening process that reflects your findings. Make sure that your readership sees the connection between these two steps.</li> </ul>

## Expectations of CNV Internationaal

### Elimination of discrimination in respect of employment and occupation

<b>Reporting guidelines:</b>	<ul style="list-style-type: none"> <li>• UNGP Reporting Framework C4 - How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?</li> <li>• UNGP Reporting Framework C5 - How does the company know if its efforts to address each salient human rights issue are effective in practice?</li> <li>• G4-HR3 - Total number of incidents of discrimination and corrective actions taken</li> </ul>
<b>Recommendation:</b>	<ul style="list-style-type: none"> <li>• By not only including the numbers but also including information on the process, you are being more transparent to your stakeholders. Include how employees can report on an issue of discrimination, how an incident is reviewed, remediation plans are developed and implemented and on the results achieved.</li> </ul>

### Freedom of association and effective recognition of the right to collective bargaining

<b>Reporting guidelines:</b>	<ul style="list-style-type: none"> <li>• UNGP Reporting Framework C4 - How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?</li> <li>• UNGP Reporting Framework C5 - How does the company know if its efforts to address each salient human rights issue are effective in practice?</li> <li>• G4-HR4 - Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights</li> </ul>
<b>Recommendation:</b>	<ul style="list-style-type: none"> <li>• Report the scope and level of analysis and report on the total workforce covered by Collective Labour Agreements. Include qualitative information on the topic, as having the right to does not necessarily mean that organisations and their employees are having productive conversations. Report about the cooperation with local trade unions in preventing labour rights abuses, so that readers can track your progress in this area.</li> </ul>

### Effective abolition of child labour

<b>Reporting guidelines:</b>	<ul style="list-style-type: none"> <li>• UNGP Reporting Framework C4 – How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?</li> <li>• UNGP Reporting Framework C5 – How does the company know if its efforts to address each salient human rights issue are effective in practice?</li> <li>• G4-HR5 - Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour</li> </ul>
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<b>Recommendation:</b>	<ul style="list-style-type: none"> <li>• Be transparent about the risk assessments performed and the process of supplier identification. Not only report about the measures taken but also about the effects of these measures and how they fit into your broader business strategy. Efforts to mitigate human rights risks should not stand in isolation, but rather be embedded in the way you do business. Make sure that this is sufficiently clear in your report.</li> </ul>
<b>Elimination of all forms of forced or compulsory labour</b>	
<b>Reporting guidelines:</b>	<ul style="list-style-type: none"> <li>• UNGP Reporting Framework C4 - How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?</li> <li>• UNGP Reporting Framework C5 - How does the company know if its efforts to address each salient human rights issue are effective in practice?</li> <li>• G4-HR6 - Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour</li> </ul>
<b>Recommendation:</b>	<p>Be transparent about the risk assessments performed and the process of supplier identification. Not only report about the measures taken but also about the effects of these measures and how they fit into your broader business strategy. Efforts to mitigate human rights risks should not stand in isolation, but rather be embedded in the way you do business. Make sure that this is sufficiently clear in your report.</p>
<b>Living wage</b>	
<b>Reporting guidelines:</b>	<ul style="list-style-type: none"> <li>• UNGP Reporting Framework C4 - How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?</li> <li>• UNGP Reporting Framework C5 - How does the company know if its efforts to address each salient human rights issue are effective in practice?</li> <li>• G4-DMA-b Employment - Describe actions taken to determine and address situations where work undertaken within the organisation's supply chain is inadequately remunerated</li> <li>• G4-EC5 - Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation</li> </ul>
<b>Recommendation:</b>	<ul style="list-style-type: none"> <li>• Having a long-term ambition on living wages for employees is the ultimate goal but on the short term it is more realistic to aim for a negotiated wage. Quantifying a 'living wage' is subject to many challenges, such as countries having no minimum wage to support the dialogue and the definition to choose as a basis for living wage. Follow the example of M&amp;S and include the challenges you face and the ways you plan to address them in your report.</li> </ul>

## 6. Further Reading

### Business and Human Rights

- International standards:
- UN Guiding Principles on Business and Human Rights: implementing the United Nations 'Protect, Respect and Remedy' Framework (2011)
  - United Nations Global Compact. The Ten Principles (2013)  
<http://www.unglobalcompact.org/aboutthegc/thetenprinciples>
  - ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, 4<sup>th</sup> edition (2014)
  - OECD Guidelines for Multinational Enterprises (2011)
- Other sources:
- MVO Sector Risico Analyse: aandachtspunten voor dialoog. KPMG, in opdracht van de Minister van Buitenlandse Handel en Ontwikkelingssamenwerking en de Minister van Economische Zaken (2014)

### Investment and Human Rights

- Principles for Responsible Investment (2006)
- United Nations Environment Programme Finance Initiative (1992) [www.unepfi.org](http://www.unepfi.org)
- On materiality and sustainability: the value of disclosure in the capital market. Initiative for responsible Investment (2012)
- Investing the rights way: a guide for investors on Business and Human Rights. Institute for Human Rights and Business (2013)

### Human Rights Due Diligence & Social Impact Assessment

- Websites:
- [www.ihrb.org](http://www.ihrb.org)
  - [www.business-humanrights.org](http://www.business-humanrights.org)



- Publications:
- The state of play of human rights due diligence. Institute for Human Rights and Business (2011)
  - Business and human rights impacts: identifying and prioritizing human rights risks. Shift & Social and Economic Council (2014)
  - Scaling up action on Human Rights. World Business Council for Sustainable Development (2014)
  - Social Impact Assessment: guidance for measuring and managing the social impacts of projects. International Association for Impact Assessment (2014)
  - Brief report on Multidimensional Profit and Loss Measurement. True Price (2015)

## Grievance Mechanisms

- Websites:
- [www.grievancemechanisms.org](http://www.grievancemechanisms.org)
  - <http://business-humanrights.org/en/grievance-mechanisms-non-judicial>
- Publications:
- Access to remedy in context of business and human rights: improving the effectiveness of non-judicial grievance mechanisms. ACCESS (2014)
  - A guide to designing and implementing grievance mechanisms for development projects. The Office of the Compliance Advisor/Ombudsman for the IFC Multilateral Investment Guarantee Agency (MIGA) (2008)

## Reporting

- International initiatives:
- Global Reporting Initiative G4 (2013)  
[www.globalreporting.org](http://www.globalreporting.org)
  - UN Reporting and Assurance Framework Initiative (2014)  
[www.ungpreporting.org](http://www.ungpreporting.org)

# Glossary

<b>‘Do Good’</b>	Reflects the opportunities for companies to actively contribute to the improvement of the human rights of their stakeholders. In this publication, ‘Do Good’ also refers to the third phase of the Transition Model.
<b>‘Do no Harm’</b>	Reflects the responsibility of companies not to negatively impact the ability of others to enjoy their internationally recognized human rights. In this publication, ‘Do no Harm’ also refers to the second phase of the Transition Model.
<b>Grievance Mechanism</b>	Operational-level complaint processes that provide access to remedy for all affected stakeholders and address all human rights harms that the company may have caused or contributed to, or which may be linked via a business relationship to their operations, products and services.
<b>Human Rights</b>	All internationally recognized rights and freedoms inherent to all human beings, without exception of any kind, as expressed and guaranteed in treaties, customary international law, general principles of law and jurisprudence.
<b>(Human Rights) Due Diligence</b>	An ongoing and evolving risk management process to identify, prevent, mitigate and account for how it addresses its adverse human rights impacts.
<b>Human Rights Risks</b>	All forms of harm (or potential harm) to people that may result in adverse impacts on these people’s internationally recognized human rights.
<b>Key Performance Indicator</b>	A measurable value that demonstrates how effectively a company is achieving its business objectives.
<b>Labour Rights</b>	The specific sub-set of human rights that governs the employer-employee relationship, such as the right to organise and the freedom to collective bargaining, protection from discrimination, wages, and health and safety.

<b>Materiality</b>	A threshold used to determine what information a company will disclose in its formal reporting.
<b>Salient Human Rights Issues</b>	Those human rights that are at risk of the most severe negative impacts through a company's activities or business relationships.
<b>Social Impact</b>	The effect of a company's activities or business relationships on the lives of individuals, social structure and welfare of communities and society at large.
<b>Stakeholder</b>	Any individual or organisation that may affect, or be affected by a company's actions and decisions.



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