



VALUING RESPECT
— BY **Shift** —

The Current Use of Metrics in Human Rights Disclosure in the ICT Sector

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Valuing Respect is a global collaborative platform, led by Shift, to research and co-create better ways of evaluating business respect for human rights. Our aim is to develop tools and insights that can help both companies and their stakeholders focus their resources on actions that effectively improve outcomes for people. Valuing Respect is generously funded by the Ministry of Foreign Affairs Finland, the Norwegian Ministry of Foreign Affairs, and Norges Bank Investment Management.

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INTRODUCTION

The [Valuing Respect project](#) is a global collaborative platform, led by Shift, to research and co-create better ways of evaluating business respect for human rights: that is, how effectively companies address risks to people's human rights connected to their own operations and value chains. The project's aim is to develop tools and insights that can help both companies and their stakeholders focus their resources on actions that effectively improve outcomes for people.

Building evidence for how businesses *currently* track the progress and effectiveness of their efforts to respect human rights is an important starting point for the Valuing Respect project. It is part of ensuring that the project's research and future products are grounded in an empirical understanding of existing business practice, challenges and innovations.

This fact-sheet summarizes findings from research conducted by the University of Fordham Law Clinic into the current use of metrics in the human rights reporting of **12 companies in the Internet and Communications (ICT) sector included in the UN Guiding Principles Reporting Database**. The research was conducted from mid-2018 to early 2019. It has informed the direction and focus of the Valuing Respect project.

Company disclosures regarding human rights, specifically in the format of public sustainability reports, offer some access to the types of indicators and metrics that companies currently use to track their own performance. They do not necessarily reveal the full gamut of data and information that companies track, just the subset of metrics that feature in reporting. Nonetheless, public reports are the best available source of evidence, especially when seeking to draw conclusions at some level of scale.

To this end, in 2018, project partners conducted analyses of the human rights disclosures of over 500 listed companies around the world and across diverse sectors. The research teams sought to answer the following questions:

- What types of indicator appear **most typically** in companies' human rights related disclosure? Do companies use indicators of inputs, activities, outputs, or outcomes?
- Are efforts to address certain human rights issues **more evolved** than others in terms of the quantitative and qualitative information used to substantiate progress?
- Are there examples of **less typical indicators**, data or metrics in companies' human rights related disclosure that offer interesting or novel insight into companies' human rights performance?

In order to answer the research questions, the research team from the University of Fordham Law Clinic applied the following methodology:

STEP ONE: Researchers identified the primary means through which companies in the [UNGP Reporting Database](#) report on issues relevant to their human rights performance (e.g. through an integrated report or through a sustainability report.)

STEP TWO: Researchers read the primary sources of disclosure and any relevant written resources that were directly referenced to identify excerpts concerning how the company *assesses the effectiveness* of one or more aspects of its human rights performance. In other words, researchers **highlighted instances where the company used qualitative or quantitative information** to signal change over time.

STEP THREE: The teams inserted the highlighted content into an XL database and tagged the information based on whether: a) the indicator being used is an input, activity, output, practice/behavior, outcome for people or outcome for business indicator (see table below); and b) the information provided quantitative or qualitative.

- **Inputs:** The financial, human and material resources used for an activity or set of activities.
- **Activities:** Actions undertaken or work performed through which inputs are mobilized to produce specific outputs or outcomes. These may be, but need not be, part of a formal process or system.
- **Outputs:** The tangible and intangible products that result from the activities.
- **Practices/ Behaviors:** The effect of the activities or outputs on the behaviors of people that are relevant to the achievement of outcomes.
- **Outcomes for People:** The positive or negative effects on affected rights holders that flow from practices and behaviors.
- **Outcome for Business:** The positive or negative effects on the business that flow from: a) the outcomes for people; or b) practices and behaviors.

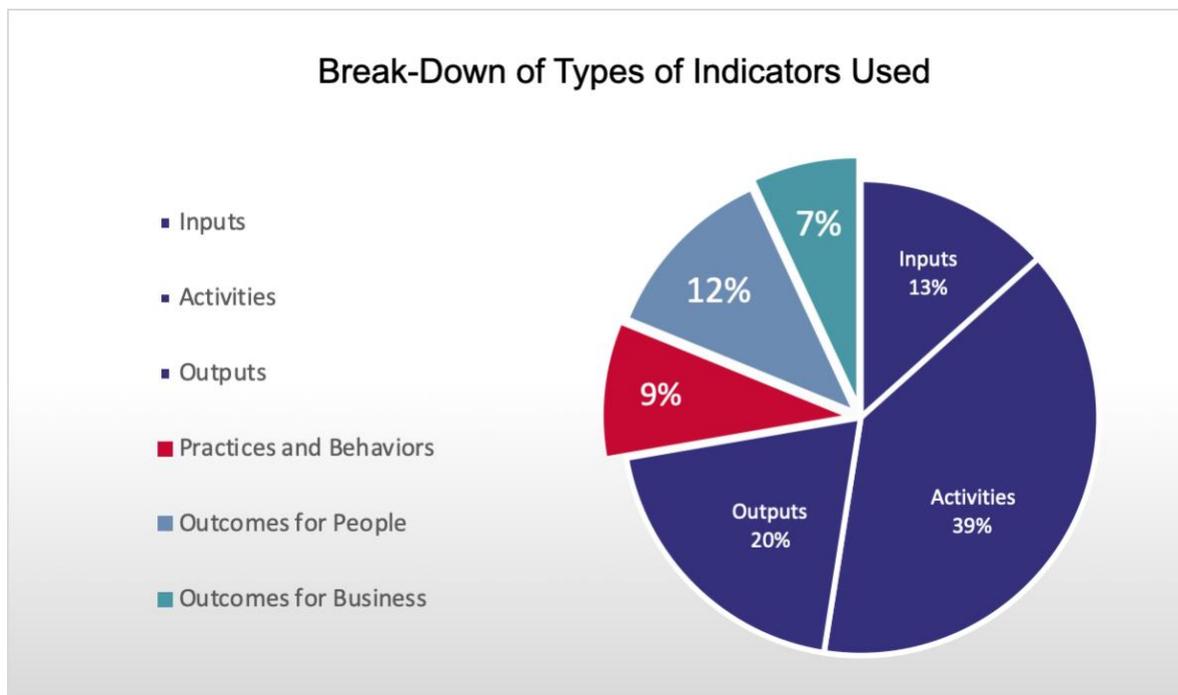
STEP FOUR: Once the databases had been completed, reviewed and updated, researchers then sought to address the research questions by identifying:

- The types of information most prevalent in the disclosure;
- Any patterns or trends in the types of information disclosed (e.g., related to the type of issue or industry sector)
- Types of information that are less typical, but provide some valuable insight into the company's human rights performance.



Overview

After reviewing the disclosures of 12 ICT companies in the database, the analysis revealed that **inputs, activities, and outputs were the most frequently reported types of indicator**. This was the case in a number of areas such as employee training on social responsibility, information security as well as supplier audit results for code of conduct compliance. Some information was disclosed to provide insight into *practices and behaviors*, such as responses to copyright and government information requests. Other information addressed *outcomes for people*, usually derived from employee surveys. *Outcomes for business* was the least reported indicator type among the companies reviewed.





Observation One: Reporting about training on social responsibility and related issues is dominated by indicators of activities having taken place, and not the results of those activities.

Almost all of the ICT companies reviewed reported data on training their own employees as well as their suppliers' employees on human rights or other topics such as health and safety or labor conditions. Some metrics disclosed include total training hours, employees trained, and number of training sessions, which are all indicators of *activities*. Two of the companies also offered metrics on “train the trainer” sessions, in which suppliers are empowered to train their own organizations. However, very few companies disclosed the *outputs* of their training *activities*. None of the companies reviewed reported evidence on the related *inputs, practices and behaviors* and their *outcomes for people or for business*.

Observation Two: A small number of the reviewed companies reported data around government requests or demands for privacy information.

Some of the reviewed companies provided information on the number of requests or demands from governments to produce information. The metrics in this trend, the percentage or total number of requests for data about users that were met with some information or rejected, fell under *outputs*. None of the companies disclosed evidence on the related *inputs, activities or practices and behaviors*, or their *outcomes for people or business*.

Observation Three: Data is provided on the requests received from copyright owners to remove content.

Nearly half of the ICT companies reviewed disclosed total content or copyright owner requests to remove their content. Generally, the reported information focused around indicators of *activities*, like the number of requests processed within a disclosure period, and outputs in the form of the results of such requests. None of the companies disclosed evidence on *input, outputs, practices and behaviors* or *outcomes for people or business*.

Observation Four: Reporting on supplier audits tends to use output indicators, with little disclosure on the impact of such audits' insight.

A majority of the companies reviewed reported on audits in their supply chain. Generally, supplier audit data focused around *output* indicators, and included the total number of suppliers found in conformance with code of conduct requirements on labor conditions or other criteria. None of the companies disclosed evidence on related *inputs, activity, practices and behaviors*, or *outcomes for people or business*.



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Observation Five: One ICT company reported about its sanction mechanism for noncompliance with its standards and policies. This reporting was around input, activity, and output indicators, with some examples of practice.

Apple reported on its specific sanction mechanism in case of noncompliance with its standards, which fall under the categories of *input, activity, output and practice*. Apple reported that: “Nikko Liao, an auditor from Apple, was sent to change things from the inside. Nikko focused on establishing a responsibility team and management system to implement new policies, procedures, and tools to drive internal improvement. These included new ways of controlling work hours, a revised internal audit procedure, an updated recruiting policy, and improved labeling and storage of chemicals”.

Observation Six: One company disclosed the number of companies that it was able to galvanize to take collective action. These are outputs from an activity not often reported.

This excerpt from Microsoft discusses efforts to protect customer information stored in Ireland against demands from the U.S. government, with support from over 24 technology and media companies in the legal challenge. “Throughout FY15, we engaged in an ongoing legal challenge to the US government’s attempt to mandate that we turn over a customer’s email content stored in our datacenter located in Ireland. We **have gained support from more than two dozen leading technology and media companies** to argue that digital information must be afforded the same legal protections as physical documents and correspondence. Beyond addressing this specific case, we have also advocated about the ways to best protect privacy, ensure that governments keep people safe, and respect national sovereignty while preserving the global nature of the Internet.”¹

¹ (Microsoft 2015 Citizenship Report, p. 43. <https://www.microsoft.com/about/csr/transparencyhub/citizenship-reporting>)

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