



Report

“Case Studies for Shift’s program *Advancing Corporate Human Rights Reporting as a Driver of Improved Performance*”

Submitted by

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to

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Acronyms

ABN AMRO	ABN AMRO Group N.V.
DBA	Dutch Banking Sector Agreement on Human Rights
DfID	United Kingdom Department for International Development
ING	ING Group
Novo Nordisk	Novo Nordisk A/S
JGG	Just Governance Group Ltd.
RATE	Responsible and Transparent Enterprises
Teck	Teck Resources Limited
TOC	Theory of Change
UNGPs	United Nations Guiding Principles on Business and Human Rights

Preface

Shift is the leading center of expertise on the United Nations Guiding Principles on Business and Human Rights (UNGPs). Shift's global team of experts works across all continents and sectors to challenge assumptions, push boundaries, and redefine corporate practice, in order to build a world where business gets done with respect for people's dignity. Shift is a non-profit, mission-driven organization, headquartered in New York City.

Shift, together with the auditing and accountancy firm Mazars, launched the United Nations Guiding Principles Reporting Framework in 2015 to address a clear gap in company-facing guidance on how to develop meaningful human rights disclosure. Since then the Reporting Framework has been used by companies to support their non-financial reporting, has proven itself as a company engagement tool for institutional investors and civil society, and has been endorsed by government entities and international organizations as a resource that can help companies both disclose on, and manage, their human rights risks. In 2016, Shift developed the UN Guiding Principles Reporting Database as a public-facing tool by which stakeholders can assess company reports on human rights.

While analytics tools shed light on use of the Reporting Framework and Reporting Database, the free-to-access nature of the tools means that Shift doesn't track the details of users. To understand what impact the tools are having, and to inform future offerings and work, Shift commissioned an external agency – Just Governance Group - to independently gather deeper insights from a number of known RF and RD users within both the corporate and the institutional investor worlds. Of particular interest to Shift is understanding the extent to which this insight supports Shift's human rights reporting theory of change: that human rights reporting, when done well, can lead to improved company behaviors and decision-making, that in the long term will lead to improved management of human rights issues and risks.

Shift would like to thank Just Governance Group for their dedication to delivering a very useful report, and is grateful for the generous participation of the four companies and two institutional investors (both of whom requested anonymity) through this process.



This report was generously supported by the UK Department for International Development.

Conclusions

The Reporting Framework has improved companies' capability and motivation to produce meaningful human rights reporting. There is evidence of improvements to the interviewed companies' human rights disclosure which were either triggered or influenced by the Reporting Framework. Overall, it was established that the Reporting Framework has been adopted by all the interviewed companies as the authoritative guide for implementation of the UNGPs. The four companies interviewed have enhanced their disclosure at different levels. The four companies interviewed have focused their disclosure on salient issues identified. Two companies publish stand-alone human rights reports that align to all the sections in the Reporting Framework while the other two have integrated key sections of the Reporting Framework to varying degrees into their annual/sustainable reports or corporate websites. Companies whose human rights disclosures are fully aligned to the Reporting Framework had greater understanding of deficits in their human rights management systems and stronger motivation to improve their practices. This conclusion is consistent with the Theory Of Change (TOC).

The interviewed companies and institutional investors processes have used the Reporting Database information to a limited degree in their internal research. Although all the companies and institutional investors have accessed the Reporting Database in search of client companies' reporting and management practices, most companies and both institutional investors reported limited use of this tool over time. Companies generally mentioned that this is because, either they were not able to find as many relevant companies in their sector, or because searching for companies' practices was more important to them at the beginning when they started to work on their own human rights reporting. Most companies mentioned that they usually conduct their own analysis of other companies' human rights practices, independent of the Reporting Database. Both institutional investors mentioned that they do not currently use the Reporting Database because either the companies they engage with are not being mapped or because the links to the companies' websites are out of date. This finding is partly consistent with the TOC which posits that the Reporting Database is expected to improve the capability of companies to produce meaningful reporting and improve institutional investors understanding of companies' human rights performance.

Companies' improvements in human rights reporting lead to improvements in companies' human rights risk management practices. Improvement in human rights reporting consistent with the Reporting Framework is one of the many factors influencing this outcome. All interviewed companies have recently improved their management of human rights risks. These changes include strengthening human rights policies and governance structures, revision of risk assessments and data collection tools to include salient human rights issues, and engagement with company stakeholders on salient issues. Three companies acknowledged that this is because, by identifying salient issues, they are in a better position to prioritize resources, and prevent or mitigate human rights risks. It is important to note though that not all changes in companies' human rights management practices can be directly attributed to the application of the Reporting Framework. The interviewed companies noted other tools, standards and responsibilities

under sector agreements that have also motivated them. The DBA sector agreement was identified as an important factor for the two banks to commit to better reporting and management of human rights issues. This finding is consistent with the TOC.

The Reporting Framework has improved institutional investors' understanding of companies' human rights reporting and management. The case studies revealed that institutional investors use the Reporting Framework in order to assess companies' human rights reporting and management of human rights risks. Both institutional investors use the Reporting Framework as the guiding tool to understand what is expected from companies as articulated within the UNGPs. The tool also provides guidance in formulating relevant questions to assess companies' performance on human rights. Institutional investors indicated that other tools are also being used in combination with the Reporting Framework. This finding is consistent with the TOC.

Investors use of the Reporting Framework to assess company disclosure helps inform their corporate engagements. Institutional investors cannot attribute improved companies' practices solely to the Reporting Framework. Institutional investors reported that they assess companies' reporting and management practices using the Reporting Framework. This analysis is used to inform their engagement plans with companies. In the case of one institutional investor, the Reporting Framework is very useful to set engagement goals and objectives as well as for tracking progress. As previously mentioned, institutional investors indicated that they use the Reporting Framework in combination with other tools to inform engagement plans with companies. Only one of the two institutional investors provided concrete examples of companies that improved their human rights reporting and management practices. However, the institutional investor believes that such outcomes cannot solely be attributed to its engagement with them nor to the Reporting Framework. This finding is consistent with the TOC.

Reduced negative impacts on rightsholders are difficult to measure and to attribute to improved human rights risk management practices by companies. There is also a significant lag time before those improvements will be observed. None of the companies or institutional investors interviewed were able to provide examples of reduced negative impacts on rightsholders as a result of companies' improved management practices of human rights risks. They all indicated that it is already very difficult for them to measure such changes and that it is even more complicated to attribute those changes, if any, to companies' management practices. Moreover, they all confirmed that it takes significant time before they can observe reduced negative impacts. Reduced negative impacts are more likely to occur after 2-3 years of implementation (for companies) or advocacy for the implementation (for institutional investors) of the Reporting Framework. Most companies reported that during this time they have dedicated more time advocating for changes, revising policies, and updating procedures than actual management of salient human rights risks.

The greatest risk to people approach has helped prioritize resources and mitigate risks more effectively for most companies. Institutional investors have adopted the approach because it is already consistent with their mission statements. The identification of salient human rights issues inherently facilitates the "greatest risk to people" approach and helps

companies move away from the greatest risk to business approach. When companies identify salient human rights issues, they are focusing on the issues or risks with actual or potential impacts on people. In turn, the risk assessment, data collection and tracking processes concentrate efforts on the greatest risks to people. When the risk management processes adjust to this “risk to rightsholders” approach companies’ resources are prioritized and allocated to the mitigation of risks to people. In conclusion, the Reporting Framework has enhanced this approach and contributed to more meaningful engagement with internal and external stakeholders. Institutional investors reported that they adopted the “greatest risk to people approach” because it is in line with their principles or mission for the respect of human rights. Only one of the two institutional investors was able to provide concrete examples of companies that have improved their management practices because of this approach. This is consistent with the TOC. Neither the companies nor the institutional investors were able to provide examples of reduced negative impacts on rights holders as a result of this approach.

Capacity building and tools need to be supported by ongoing engagement. All companies interviewed indicated that training workshops and tools provided by Shift were very useful. They emphasized the important contribution of their ongoing engagement with Shift to seek guidance on implementation of the tools and feedback on their human rights practices. JGG observed that companies with a stronger engagement with Shift appear to also have better reporting and knowledge of their human rights management systems. This is consistent with the TOC.

Section I: Consolidated Report

1. Introduction

1.1 Background

The program, *Advancing Corporate Human Rights Reporting as a Driver of Improved Performance* (Reporting Program), has been implemented by Shift between July 2016 and June 2019. During this time, the Reporting Program has been funded by the United Kingdom Department for International Development (DfID) under its Responsible and Transparent Enterprises (RATE) initiative. The purpose of Shift's reporting work is to inspire improvements in corporate human rights reporting and risk management practices that will ultimately reduce negative human rights impacts and lead to positive outcomes for rights holders. The Reporting Program consists of three main work streams implemented by Shift:

- 1) *Company capacity-building on human rights reporting* – capacity-building workshops with companies to improve their human rights disclosure using the United Nations Guiding Principles Reporting Framework (Reporting Framework) developed by Shift;
- 2) *Analysis and trends of current human rights reporting* – using Shift's maturity methodology to assess the extent to which corporate human rights reporting meets the expectations of the UNGPs, and publication of corporate human rights disclosure in the Reporting Database;
- 3) *Human Rights Reporting Outreach* – engagement with other organizations that have developed human rights reporting benchmarks and indexes to achieve coherence among approaches and to raise awareness about the Reporting Framework.

To support the Monitoring and Evaluation process of the Reporting Program, Shift contracted the Just Governance Group (JGG) as an external consultant to research and develop case studies to supplement anecdotal evidence on the program outcomes. JGG is an international network of professionals working on democratic governance and human rights issues, including business and human rights. The JGG team that conducted the study included:

- Kimberly Inksater, JGG Executive Director - Advisor and Quality Assurance
- José Miguel López, JGG Staff Consultant - Evaluator
- Torwoli S. Dzuali, JGG Consultant - Evaluator

JGG has conducted evaluation, monitoring and applied research assignments on business and human rights and corporate social responsibility in Latin America, Turkey and Canada (<http://www.justgovernancegroup.org>).

1.2 Objective of the case studies

The case studies focused on companies and institutional investors. Shift selected the following four companies and two institutional investors for the case studies:

Companies	Institutional investors
<ul style="list-style-type: none"> • ABN AMRO Group N.V. (ABN AMRO) • ING Group (ING) • Novo Nordisk A/S (Novo Nordisk) • Teck Resources Limited (Teck) 	<ul style="list-style-type: none"> • US Faith based investor (anonymous) • UK organization (anonymous)

For companies, Shift’s Theory of Change (TOC) expects that a combination of capacity-building, insights and the application of Shift tools, in particular the Reporting Framework and Reporting Database, will enhance the ability and motivation of companies to improve their human rights disclosure. This should lead to further improvements in the management of human rights risks related to a company’s operations. For institutional investors, the TOC expects that providing them with Shift tools and human rights disclosure insights will equip them to engage more effectively with companies on the subject of human rights. A more effective engagement should lead to better investor decision-making, improved behaviours of companies, and ultimately improve the human rights performance of companies. The case studies focused on exploring the use of Shift tools, namely the Reporting Framework and Reporting Database, by both companies and institutional investors.

The objectives of the case studies were to:

1. Establish evidence of changes in companies’ practices and behaviours with respect to disclosing on and managing their human rights risks that are triggered by their use of Shift’s tools;
2. Establish evidence of improved institutional investor engagement with companies, and their identification of related improved practices that are triggered by the use of Shift’s tools;
3. Analyze and report lessons learned from case study participants as a result of using Shift’s tools, along with the implications for stakeholders’ decision-making;
4. Examine the effects of a focus on the greatest risks to people – rather than risks to the business – in companies’ human rights disclosure, and evidence of benefits for companies and institutional investors of adopting this focus.

The findings from the case studies are organized according to objectives 1, 2 and 4. Lessons learned form a separate section following the findings.

1.3 Methodology

1.3.1 Approach

The case studies were developed using a combination of a theory-based evaluation¹ and a formative evaluation approach.

- During the inception phase, JGG reviewed the TOC of the Reporting Program. This review and further consultations with Shift helped draft the evaluation interview questions to address each of the objectives set out in section 1.2 above.²
- JGG collected qualitative data through semi-structured interviews with the 4 companies and 2 institutional investors and the review of program documents. The TOC was compared to empirical data collected through interviews and document review to determine if the logical sequence of results occurred, the major assumptions held, and the expected outcome level changes occurred after the Shift tools were used by the participating companies and investors.
- A formative evaluation approach was integrated by focusing on documenting lessons learned. Lessons learned were identified during the interviews and document review by applying “appreciative inquiry.”³ This technique focuses on identifying strengths, shortfalls and challenges to implementation.

The described approach allowed JGG to assess changes in companies’ and institutional investors’ practices and behaviors in human rights reporting and risk management, and to document lessons learned.

1.3.2 Data Collection

As mentioned above, Shift identified four companies and two institutional investors to participate in the case studies. The main criterion for the selection of companies was that they had used the Reporting Framework for human rights reporting and/or risk management. With respect to institutional investors the criterion was that they used the Reporting Framework and/or Reporting Database in their engagement with companies on human rights issues.

The following data sources and methods were used to collect data:

1. *Primary sources:* JGG conducted semi-structured interviews with one representative from each company and institutional investor. In each case, the representative was a person involved in human rights reporting/management and with knowledge of the company’s/institution’s use of Shift’s tools. Interview questions were shared with the representative beforehand, allowing them to prepare and substantiate their responses. Following the interviews, JGG

¹ Centre of Excellence for Evaluation (n.d.). Theory-Based Approaches to Evaluation: Concepts and Practices. Retrieved from: <https://www.canada.ca/en/treasury-board-secretariat/services/audit-evaluation/centre-excellence-evaluation/theory-based-approaches-evaluation-concepts-practices.html#toc4>

² See Annex A for Companies Interview Guide and Annex B for Investors Interview Guide

³ Better Evaluation (n.d.). *Appreciative Inquiry*. Retrieved from: https://www.betterevaluation.org/en/plan/approach/appreciative_inquiry

continued communication with the representatives to clarify or confirm information. The interview guides for companies and investors can be found in Annexes A and B, respectively.

2. *Secondary sources:* JGG reviewed documents of the selected companies and institutional investors before and after the interviews. Documents reviewed included: annual corporate reports, human rights reports, policies and directives, risk management frameworks and other relevant information available on the companies'/institutional investors' websites. The review of documents provided JGG with background on the company/institutional investor to prepare for the interview, and for verification of information after the interview.

1.3.3 Data Analysis

Data collected from the interviews and document reviews was analysed against Shift's TOC. JGG explored whether the use of Shift's tools enhanced the ability and motivation of companies to improve their human rights disclosure, and if this in turn led to improvements in the management of their human rights risks. For investment institutions, JGG's analysis considered whether use of Shift's tools and human rights disclosure insights allowed them to engage more effectively with companies on human rights issues, and if this engagement led to improvements in companies' human rights performance. For both, JGG also analyzed how the adoption of the greatest risk to people approach has benefited them. In-depth case studies were developed for each company and institutional investor, outlining key findings and evidence of any changes in their practices and behaviors. JGG compiled this consolidated report with analysis on overall findings, lessons learned, conclusions and recommendations. Given the limited sample, findings, lessons learned, and conclusions should be taken as indicative and not conclusive.

2. Findings

The four companies interviewed were asked about their human rights reporting and human rights risk management practices triggered or motivated by the Reporting Framework and the Reporting Database. Institutional investors were asked to describe changes resulting from the use of Shift tools: changes in their engagements with companies and the changes they have observed in the companies they engage with. Finally, both companies and institutional investors were encouraged to comment on the benefits of implementing (in the case of companies) or advocating for (in the case of institutional investors) the greatest risk to people approach.

As mentioned above, the findings are organized according to the study's objectives. The general findings from the case studies are summarized at the beginning of each sub-section and examples to support the general statement, drawn from the case studies, are presented in a coloured font.

2.1 Changes in companies' practices and behaviours

The case studies revealed that all interviewed companies have recently changed their practices and behaviours regarding the disclosure and management of human rights risks. In terms of disclosure, the four companies interviewed demonstrated enhanced ability in human rights reporting at different levels. The four companies interviewed have focused their disclosure on salient human rights issues identified. Two companies have published stand-alone human rights reports consistent with all the sections in the Reporting Framework. The other two companies partially address sections of the Reporting Framework in their annual/sustainability reports or corporate websites.

With regards to management of human rights risks, all companies interviewed reported recent changes in risk management practices so as to mitigate adverse human rights impacts. All the interviewed companies made efforts to strengthen their human rights policy framework and governance structure to better address human rights risks. They all undertook extensive consultations with internal stakeholders to identify salient human rights risks. The companies' consultation process involved engagement with different departments and operations across the globe to identify and prioritise risks with the most severe human rights impacts. Through this dialogue each company observed increased awareness of salient human rights issues (or risks), and improved understanding of potential impacts on people. The identification of salient human rights issues has also contributed to more refined data collection tools that focus on salient risks and support performance monitoring in key areas of the Reporting Framework. All interviewed companies indicated that data collected on salient human rights risks is systematically reported to senior management and the reporting process has contributed to greater transparency in the discussion of human rights issues. All of these enhancements to policies, processes and the identification and/or management of issues are expected to result in improved human rights disclosure in the future for the four companies.

All companies indicated, however, that these changes are partially the result of having identified salient human rights issues. They also attribute changes to the use of other standards or their responsibilities under sector agreements.

2.1.1 Human Rights Reporting

All four companies interviewed have recognized the Reporting Framework as the accepted standard for human rights reporting. The companies indicated that the Reporting Framework improved their human rights reporting by providing structure, appropriate terminology and guidance on what to disclose. The interviewed companies appreciate the Reporting Framework's alignment with the UNGPs and the practical guidance it provides. All four companies demonstrated enhanced ability in human rights reporting at different levels. All the companies interviewed have focused their disclosure on salient human rights issues identified. Two out of the four companies interviewed now publish a stand-alone human rights report consistent with all the sections and guidance of the Reporting Framework. Although the other two companies do not fully address all the sections of the Reporting Framework, they have integrated some of its key aspects to varying degrees into their broader annual/sustainability reports or corporate websites and plan to use it in future reporting cycles.

ABN AMRO and ING are required by the *Dutch Banking Sector Agreement on Human Rights* (DBA) to produce reports that align with the Reporting Framework, covering its eight overarching questions.⁴ ABN AMRO was the first bank to have committed to report according to the Reporting Framework.⁵ ABN AMRO's 2016 report was the first comprehensive human rights report the bank published, followed by the 2018 report. The 2017 report was an update rather than a new comprehensive report. ING produced its first human rights report in 2018.⁶ The human rights reports of both banks focus on salient human rights issues and address all the sections and key questions of the Reporting Framework.⁷ Prior to producing annual human rights reports, the banks' disclosure on human rights issues was fragmented as the information was provided on the website and in general corporate annual reports.

⁴ *Dutch Banking Sector Agreement on Human Rights*, article 6.4(a); Retrieved from: <https://friendsoftheoecdguidelines.files.wordpress.com/2016/10/dutch-banking-sector-agreement1.pdf>

⁵ ABN AMRO Group, N.V. (2015, June 23). *ABN AMRO first financial institution to report on human rights efforts*. Retrieved from: <https://www.abnamro.com/en/newsroom/press-releases/2015/abn-amro-first-financial-institution-to-report-on-human-rights-efforts.html>

⁶ ING Group (n.d). *Human Rights Report 2018*. Retrieved from: <https://www.ing.com/sustainability/our-stance/human-rights.htm>

⁷ See References section in Human Rights Report 2016 (https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2016/ABN_AMRO_Human_Rights_Report_2016.pdf) and 2018 (https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2018/ABN_AMRO_Human_Rights_Report_2018.pdf).

While Novo Nordisk and Teck do not produce a stand-alone human rights report, salient human rights issues are integrated in the annual reports and other corporate reports. They also both have a dedicated human rights section on their websites, which provides more detailed information.⁸ Both companies noted that their use of the Reporting Framework has primarily focused on management of human rights risks, rather than reporting. Novo Nordisk uses the Reporting Framework to establish a common language to strengthen management of human rights risks. It was also used to build transparency and consensus on human rights risks among internal stakeholders, and for annual review and work planning. At Teck, the Reporting Framework has provided clear language and direction on salient human rights risks to improve grievance mechanisms and tracking of human rights impacts.

Although all companies perceive the Reporting Framework as practical, three companies noted that the tool requires guidance to understand how to effectively apply it. The accompanying documents published by Shift have been very helpful in this regard for the following companies.

ING mentioned that the *Reporting Framework with Implementation Guidance* was helpful. Novo Nordisk found the *Reporting Framework: Assurance of Human Rights Performance and Reporting* to be helpful. Teck has noted the value of reviewing Shift's report *Human Rights Reporting: Are Companies Telling Institutional Investors What They Need to Know?*⁹

Additionally, all companies noted their ongoing engagement with Shift and stressed that the support and feedback received from Shift has been beneficial, and essential, to enhance their implementation of the Reporting Framework.

In addition to the Reporting Framework and the accompanying guidance documents, the four companies mentioned that the Reporting Database was useful when they initially started to report on salient human rights issues. They consulted the Reporting Database to inform their human rights reporting efforts and management practices. However, most of the companies indicated that they do not currently use the database because they now conduct their own analyses of peer companies' human rights performance and share information on best practices through various sector-specific platforms and associations.

⁸ Novo Nordisk (n.d.). *Human Rights*. Retrieved from: <https://www.novonordisk.com/sustainable-business/performance-on-tbl/responsible-business-practices/human-rights.html>; Teck (n.d.) *Human Rights*: <https://www.teck.com/icmm/human-rights/human-rights>

⁹ Shift (2016). *UNGP Reporting Framework with Implementation Guidance*. Retrieved from: https://www.ungpreporting.org/wp-content/uploads/UNGPRFReportingFramework_withguidance2017.pdf

Shift (2017). *UNGP Reporting Framework: Assurance of Human Rights Performance and Reporting*. Retrieved from: https://www.ungpreporting.org/wp-content/uploads/UNGPRF_AssuranceGuidance.pdf

Shift (2017). *Human Rights Reporting: Are Companies Telling Investors What They Need to Know?*. Retrieved from: https://www.shiftproject.org/media/resources/docs/Shift_MaturityofHumanRightsReporting_May2017.pdf

ING, Novo Nordisk and Teck previously used the Reporting Database to research other companies' reporting and management efforts; however, they have not used it recently. ABN AMRO occasionally uses the Reporting Database to see how other companies are reporting on human rights issues.

Most companies mentioned that the volume of information in the Reporting Database can be overwhelming and requires analysis and context for users to understand how to interpret the data. Additionally, respondents suggested that the information in the Reporting Database could be streamlined to only include examples of good practices and indicate how companies are complying with their responsibilities under the UNGPs.

2.1.2 Governance

The four companies reported that they have recently made changes to their governance structures to better manage human rights risks. Internal discussions that have arisen from the overarching questions in the Reporting Framework have contributed to positive changes in the companies.

ABN AMRO's Sustainable Banking Department is responsible for managing the bank's human rights program. This entails guiding the bank in defining salient human rights issues, reporting and communications. Since the department falls under the responsibility of ABN AMRO's Chief Executive Officer (CEO), salient issues are directly discussed with him. In addition, the CEO generally writes the introductory message for the human rights reports. The executive board discusses and provides feedback on policy statements, governance structure, reporting efforts on human rights and the bank's human rights program in general.¹⁰

In 2016, ING established a human rights Steering Committee with senior level members (e.g. ING's CFO and Management Board Banking member; the head of Regulatory and International Affairs; the global heads of Sustainability and Corporate Communications) to oversee implementation of the DBA.¹¹ ING also established a multi-disciplinary human rights working group, with members from different departments (e.g. Environmental and Social Risk, Human Resources, and Group Compliance). The working group supports the Steering Committee and is responsible for the day-to-day implementation of human rights practices under the DBA. Both bodies use the Reporting Framework for guidance on best practices in human rights risk management.

¹⁰ ABM AMRO Group, N.V. (n.d.). Human Rights Report 2019, p. 8. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2016/ABN_AMRO_Human_Rights_Report_2016.pdf

¹¹ *Dutch Banking Sector Agreement on Human Rights*. Retrieved from: <https://friendsoftheoecdguidelines.files.wordpress.com/2016/10/dutch-banking-sector-agreement1.pdf>

In 2018, Novo Nordisk moved responsibility for human rights management from its Sustainability Office to the Business Ethics Compliance Office. The Business Ethics Committee oversees human rights management in all corporate risk assessments. The move significantly enhanced the company's human rights mandate and strengthened human rights management. The Reporting Framework and the *Assurance Guidance* were instrumental in influencing this decision.

Teck has established a Human Rights Working Group with senior officials from different units, including: Risk, Security and Insurance; Health and Safety; Environment; Legal Counsel; Community and Government Relations and Corporate Affairs.¹² The working group oversees implementation of Teck's Human Rights Policy and management of salient human rights risks by applying principles from the Reporting Framework.

All four companies reported that they increase employees' understanding of human rights issues through ongoing training on human rights impacts and management. The training engages personnel from different units, including senior management and front office staff, at company operations across the globe.

ABN AMRO implements training programs on salient issues for employees at all levels, including senior management. ABN AMRO's training to investment advisers and relationship managers has been particularly important. These employees are in direct contact with clients and can therefore flag potential or current human rights issues in a client's supply chain. In 2017, ABN AMRO launched general human rights training for Dutch employees and in 2018 it launched human rights training for senior management. In 2019, investment advisers and relationship managers were trained on sustainable investment, including human rights risks.¹³

All ING employees are required to complete training on the Orange Code, the company's ethics standards applying to all business conduct. The training includes human rights issues and guides employees on their interactions with clients, shareholders, and impacted communities and individuals.¹⁴

¹² Teck Resources Limited (2019, March). *Our Approach to Human Rights*. Retrieved from: https://www.teck.com/media/teck_approach_to_human_rights.pdf

¹³ ABM AMRO Group, N.V. (n.d.). Human Rights Report 2018, p. 50, 63. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2018/ABN_AMRO_Human_Rights_Report_2018.pdf

¹⁴ ING Group (n.d.). *Human Rights Report 2018*. Retrieved from: <https://www.ing.com/sustainability/our-stance/human-rights.htm>

Novo Nordisk has trained over 100 global Legal and Compliance professionals and executives, including the CEO, Chief Legal Officer and Chief Compliance Officer, who have participated in education sessions on the overall business responsibility to respect human rights and the UNGPs. In January 2020, the guidance *Corporate Requirements on Human Rights* guidance will be launched within Novo Nordisk globally. This guidance is expected to set employee expectations about standards of behaviours and business conduct with regard to human rights. The Reporting Framework and *Assurance Guidance*¹⁵ provided substantive inspiration in drafting this guideline.

Teck established, in October 2017, training site teams in Canada, United States, Chile and Peru to support the identification and management of site-specific human rights risks. Human rights awareness training was conducted with senior managers (at country offices and Vancouver headquarters) who actively participated in Teck's salient human rights review process.

2.1.3 Management of Human Rights Risks

All interviewed companies reported some recent improvements in their management of human rights risks. Three companies acknowledged that such improvement is, at least in part, the result of having identified salient human rights risks which, in turn, has helped them to better prioritize their resources for the prevention and mitigation of impacts from the salient issues. The other company considers that the Reporting Framework has helped it identify which new management practices are needed, and the company has started to make changes accordingly. The changes could not be attributed only to the Reporting Framework, however. All four companies noted other motivations for the improvements and indicated that further standards, tools and platforms have influenced their human rights practices, in addition to the Reporting Framework. This subsection provides details about the most relevant enhancements of companies' human rights risk management practices identified through the research. Information is organized according to the subsections in the management section of the Reporting Framework.

Human Rights Policies

All interviewed companies have revised their policies to include salient human rights issues identified through the use of the Reporting Framework. As mentioned previously, the identification of salient human rights issues has also led to changes in risk assessments and tracking.

ABN AMRO has aligned its policy framework with the UNGPs. This framework includes the Bank's Human Rights Statement, the Sustainability Risk Management Framework for clients, the Exclusion List, the Supplier Code of Conduct and other international policies.¹⁶

¹⁵ Shift (2017). *UNGP Reporting Framework: Assurance of Human Rights Performance and Reporting*. Retrieved from: https://www.ungpreporting.org/wp-content/uploads/UNGPRF_AssuranceGuidance.pdf

¹⁶ ABM AMRO Group, N.V. (n.d.). *Human Rights Report 2018*, p. 32-33. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2018/ABN_AMRO_Human_Rights_Report_2018.pdf

ING has updated its Environmental Social Risk (ESR) Framework.

Novo Nordisk confirmed that the Reporting Framework contributed to revisions made to the *Business Ethics Code of Conduct*, with human rights considerations now embedded in all corporate risk assessments.

Teck has also updated its Social Management and Responsibility at Teck (SMART) Framework to include salient human rights risks identified.

Engagement with Stakeholders

The Reporting Framework has contributed to strengthening the interviewed companies' engagement with internal and external stakeholders by providing guidance on UNGPs requirements and concepts for meaningful dialogue on human rights. All interviewed companies reported engagement with staff, contractors and clients through training, communications, and direct dialogue on their respective management of their salient human rights risks.

ABN AMRO has undertaken consultations on salient human rights issues with internal and external stakeholders, including experts. Internal consultations with employees across all departments have been undertaken in order to identify the bank's salient issues. Consultation with external stakeholders (e.g. NGOs, government, academia, businesses and other experts) was held to discuss salient issues and inform the bank's strategies to address them. ABN AMRO may also conduct due diligence on specific corporate clients, which are informed by the views of local communities.

ING has adopted two new approaches to engage with clients at risk of adversely impacting human rights: 1) *Risk-based Client Engagement* – ING works directly with at-risk clients to strengthen their human rights due diligence through a series of meetings and site visits to observe operations. This client engagement is carried out by ING account managers, product specialists, members of the ESR team and/or independent consultants. Weaknesses in the client's human rights practices are identified and an action plan is developed to address deficits. ING monitors the client's remedial actions and re-examines the nature of its business relationship based on the client's progress in addressing human rights risks. 2) *Proactive Client Engagement* – ING started a new program in October 2018 to increase dialogue with clients on potential human rights issues in their operations and to better understand a client's risk management processes and challenges. Over 30 clients have been proactively engaged so far, and lessons learned will be used to further strengthen ING's human rights practices.¹⁷

¹⁷ ING Group (n.d.). *Human Rights Report 2018*, p.70-75. Retrieved from: <https://www.ing.com/sustainability/our-stance/human-rights.htm>

Novo Nordisk engages with patient representatives across the globe to identify issues affecting patients and the best approaches to address potential negative impacts.

Teck engages with communities affected by its activities at all stages of the mining operations cycle to ensure meaningful dialogue on management of human rights risks. Teck also engages with Indigenous communities when projects are proposed or modified to comply with indigenous peoples' right to free, prior and informed consent (FPIC).

Tracking performance

The four companies interviewed indicated that they have made efforts to improve tracking of their own human rights performance; however, they all consider that this is still a work in progress.

ABN AMRO has conducted a self-assessment to determine to what extent the bank and its suppliers comply with the International Framework Agreement on basic labour rights, which is one of the bank's salient issues.

Novo Nordisk uses the Reporting Framework for annual work planning. Annual targets are set for each salient human rights issue and action plans for how risks will be managed. At the end of the year the manager responsible for each salient issue reports on whether targets have been met. Progress is reviewed and improvements are considered.

Teck's Social Management and Responsibility at Teck (SMART) Framework is designed to identify, assess and address actual and potential impacts on people. Human rights impacts are now systematically tracked and included in quarterly reporting to senior management.

Most companies also emphasized that it is very difficult to attribute changes in human rights performance or reduced negative impact on rights holders to the management actions they themselves have implemented. This becomes even more difficult when the companies have multiple and global supply chains. For example, ABN AMRO claims that it can rarely be sure that there is a causal connection between its engagement efforts to improve the human rights performance of corporate lending clients and the actions taken by these client companies. This is because ABN AMRO would often be one of many actors who pursue the same objective through different mechanisms. Some companies acknowledged that performance tracking will require more sophisticated evaluation methodologies that establish the causal connection between the companies' strategies and the outcomes obtained.

Remediation

All the interviewed companies have established grievance mechanisms whereby internal and external stakeholders can report potential human rights impacts. The mechanisms have been recently updated and strengthened by incorporating the companies' salient human rights issues.

ING and AMBN AMRO have sections on their websites that explain how a complaint can be filed. Complaints can be filed on the website itself, by e-mail, phone, postal mail, or in the bank’.

Novo Nordisk has a *compliance hotline* available in 50 languages where incidents can be filed through an online form or by phone. Complainants are provided with an access number and able to track the progress of their complaint.¹⁸

Teck has established a site-based feedback mechanism at all of its operations. Complaints are made through local office staff, who are required to investigate the matter to determine the cause, implement appropriate actions and report back to the complainant. When asked for details about the outcomes of remediation measures, the companies acknowledged weaknesses in their follow up or tracking procedures.

For the two banks interviewed, additional challenges exist in their role as a service provider, given that the salient human rights risks exist in their clients’ operations. The banks acknowledge that it is difficult to obtain information from clients on human rights impacts and outcomes. All four companies indicated that tracking the effectiveness of remediation is an area they are strengthening.

2.2 Changes in institutional investors engagements and in companies engaged

The case studies revealed that institutional investors participating in this study use the Reporting Framework to advocate for the implementation of the UNGPs in their engagement with companies. Specifically, the Reporting Framework has informed institutional investors’ engagement plans with companies. While the research was focused on a very limited sample size, the case studies revealed that only one of the two institutional investors interviewed was able to provide concrete examples of changes in companies’ practices for human rights reporting and management. However, these changes cannot be solely attributed to the Reporting Framework given that institutional investors confirmed the use of this tool, in combination with others, to elaborate their engagement plans with companies.

2.2.1 Institutional investors: Understanding Companies’ Human Rights Performance

The Reporting Framework has provided both institutional investors interviewed with a tool to better understand human rights reporting and management practices expected from companies. Institutional investors have used this knowledge to assess the degree to which companies’ reporting align with the expectations of the UNGPs. For example, they have assessed companies’

¹⁸ Novo Nordisk. *Compliance Hotline*. Retrieved from: <https://app.convercent.com/en-us/LandingPage/20bef56a-3051-e711-80dd-000d3ab1117e>

governance of respect for human rights, the definition of salient issues and the management practices to address those issues. This analysis informs their subsequent engagement with companies.

The UK Organization provided three examples in which they assessed companies' alignment with the Reporting Framework: a financial company, a construction company, and an oil and gas company. In the three cases, the UK organization assessed either their reporting quality, their human rights governance or management practices. The outcomes of the assessment informed the engagement plans by setting clear engagement objectives in accordance with the Reporting Framework. Subsequent performance was then tracked against the engagement plan. The UK organization indicated that they recommend companies adopt the Reporting Framework for subsequent reports.

The US faith based investor also provided examples of their application of the Reporting Framework to understand companies' human rights performance. They mentioned the case of an airline company in which The US faith based investor identified a lack of policy commitment for the respect of human rights and the case of a hotel chain of whom they requested that sexual exploitation be addressed in the company's report. In both cases The US faith based investor referred the companies to the Reporting Framework and Shift's website for supporting materials.

Although the two institutional investors are aware that the Reporting Database contains companies' reporting practices that could be beneficial for understanding companies' human rights performance, they have not used it consistently.

The UK organization indicated that they previously used the Reporting Database but decided to start accessing companies' full reports instead because links to companies' websites did not always function. The US faith based investor reviewed the contents of the Reporting Database but could not use it to support engagement of their companies it engages since they are not included in the database.

2.2.2 Observed companies' improved practices and behaviors

The two institutional investors were asked to share improvements in companies' practices and behavior they have observed as a result of their engagement on human rights guided by the Reporting Framework. Institutional investors mentioned that although they have witnessed some changes, they cannot solely attribute such changes to the Reporting Framework. They confirmed that they have used the Reporting Framework in combination with other tools.

The US faith based investor observed that companies embraced the concept of salient human rights, particularly companies in the extractive industries.

The UK organization has witnessed improvements not only in companies' reporting but also in their human rights' due diligence. Among the three companies mentioned by the UK organization in the previous section, the company in the financial sector is the most advanced. As a result of

the engagement with the UK organization, the company has adopted the Reporting Framework to disclose its salient human rights risks. The company has also conducted human rights assessments at seven of its major subsidiaries and at 24 partner companies. In addition, the company now leverages its market position to improve the practices of its suppliers. In the case of the two companies in construction and oil and gas sectors, the UK organization witnessed significant improvements in their reporting and management practices from one year to another.

2.3 Effects of focus on greatest risk to people

The company case studies revealed that the adoption of the greatest ‘risk to people’ approach has helped them prioritize resources to mitigate impacts of human rights risks more effectively. The case studies for institutional investors revealed that they adopted the “greatest risk to people approach” because it is in line with their mission to respect human rights. One of the two institutional investors was able to provide concrete examples of companies that have improved their management practices because of this approach. Neither companies nor institutional investors were yet able to identify reduced negative impacts on rights holders as a result of this approach.

2.3.1 Companies

All companies interviewed have embraced the concept of salient human rights, which requires them to focus on the most severe negative human rights impacts associated with the company’s activities or business relationships. This approach emphasizes risks to people, rather than risks to the business. All interviewed companies undertook extensive consultations with company stakeholders to identify salient human rights issues. The list of issues identified for each company is available within the company’s case study. For most companies this approach has been useful to allocate resources more effectively to address their respective salient issues.

ABN AMRO and ING clarified that the emphasis on risks to people is a new approach which has impacted the way human rights risks are considered and addressed in their business activities and relationships. They both emphasized that this approach has allowed them to prioritize resources for the mitigation of impacts of their salient issues. Novo Nordisk and Teck reported that they have held a long-standing human rights-based approach to business activities that focuses on impacts to people. Both Novo Nordisk and Teck agreed that the Reporting Framework has enhanced this approach and contributed to more meaningful engagement with internal and external stakeholders.

The effects of focusing on the greatest risks to people are reflected in the improvements reported by companies’ identification of salient human rights risks. All companies have embedded salient human rights impacts into their corporate risk assessments. As a result, business activities and relationships are being routinely screened for potential negative impacts on rights holders.

ABN AMRO and ING proactively engage with clients operating in high risk business on their management of salient human rights issues. The banks use their leverage to require clients to improve

their processes to minimize negative impacts on people. Clients' progress on mitigating human rights risks and implementing remedial actions is monitored. Depending on the progress, the banks will determine whether to: 1) continue business relationships with clients when engagement objectives are achieved; 2) continue engagement, before taking action, when objectives are not fully achieved but progressing; 3) place financing restrictions on the operations with higher risk in the client's business, or 4) terminate the relationship when engagement objectives are not achieved and there is no progress.

Novo Nordisk identified the use of human biosamples as a risk with potential severe impacts on rights holders. To mitigate this risk, policies and procedures were developed to ensure employees, suppliers and external collaborators comply with global ethical standards on the use of human biosamples. Novo Nordisk screens suppliers for responsible sourcing of biosamples and works with them to improve their practices.¹⁹

Teck emphasises engagement with communities and stakeholders as a business priority across all operations. This engagement aims to advance mutual benefits and sustainable development and mitigate potential socioeconomic, environmental, safety, health and human rights impacts.

2.3.2 Institutional investors

Both institutional investors are committed to respecting human rights. Therefore, the risk to people approach is considered consistent with their values as social justice-focused institutional investors.

At the UK organization, one of the responsible ownership principles states that one of the conditions for companies to be sustainable in the long-term is that they commit to the respect and dignity of the people. This includes people that work for them or may be affected by them either directly by the company's business operations or indirectly through its supply chain.

The US faith based investor engages with companies in a manner consistent with their values, which includes concern for the well-being of people. They promote the respect of human rights through active shareholder advocacy and engagement with companies.

The greatest risk to people approach was mentioned to be beneficial for both institutional investors to engage with companies on issues of concern. Only one of the two institutional investors provided concrete examples of companies it engaged with in the past for which the approach was beneficial. This is the case of three companies engaged by the UK organization in the financial, oil and gas, and construction sectors which improved their human rights reporting and

¹⁹ Novo Nordisk (n.d.). *Communication on Progress*, p.6. Retrieved from: <https://www.novonordisk.com/content/dam/Denmark/HQ/sustainablebusiness/performance-on-tbl/more-about-how-we-work/Integrated%20reporting/NN-COP17.pdf>

management. More specifically, the company in the financial sector reported to have conducted human rights assessments in its subsidiaries and to use its market leverage to improve human rights practices of its supplier. The institutional investor noted, however, that these outcomes cannot solely be attributed to the Reporting Framework as they use other tools to inform their engagements with companies.

3. Lessons learned

The following lessons emerged from JGG's analysis of interview responses and supporting documents provided by companies and institutional investors:

Shift tools benefit from being supplemented with capacity building, engagement and insight. The TOC posits that a combination of capacity building, insights and tools will enhance the ability and motivation of companies to improve their human rights disclosure and risk management. Although Shift requested that this study focus on the use of Shift's tools, it was evident that, consistent with the TOC, a combination of capacity building, insights and tools led to the companies having the optimal internal capacity and motivation to improve their human rights disclosure. It was noted, however, that the Reporting Framework and guidance can be used by companies, without engagement with Shift, to get started on the path to improved disclosure consistent with the UNGPs. All companies interviewed emphasized the added value of their ongoing engagement with Shift for guidance on implementation of the tools and feedback on their human rights practices.

The Reporting Database would benefit from enhancements in order to increase stakeholders' use and learning. The TOC assumes that mapping and narrative analysis of companies' human rights reporting will lead to increased understanding of their human rights performance for those who use the Reporting Database, particularly institutional investors. While the interviewed institutional investors and companies have previously used the Reporting Database for research, most of them reported that they have not continued to refer to it. Companies and institutional investors have found some challenges in using the Reporting Database, including difficulty navigating large amounts of data, lack of context on companies' reporting efforts, specific companies not being mapped or difficulty accessing web-links. Shift should consider a review of the Reporting Database content and methodology in order to improve on these issues to increase use of the Reporting Database. Increased use of the Reporting Database may ultimately lead to increased understanding of companies' human rights performance as anticipated in the TOC.

Using the Reporting Framework is not a tick-the-box exercise; it requires time, internal collaboration and resource allocation. Some companies and institutional investors noted that fully aligning with the Reporting Framework cannot be done overnight. Although the questions in the Reporting Framework are simply framed and straightforward, being able to provide coherent and meaningful answers to them will take time, resources and focused attention by a cross-group of internal stakeholders. These resources should to be allocated at the outset.

Salient issues identified will require ongoing refinement to design effective concrete actions. Although all companies interviewed agree that identifying salient human rights issues is the first step to effectively address human rights, some of them believe that salient issues identified using the Reporting Framework can remain too broad to be actionable. For example, they may identify “labour rights” as a salient issue but a specific right within the broader category of labour rights may be more useful and relevant within a particular context or geography or part of the business. Some companies learned that they need to continue refining salient issues in order to better understand them and consequently implement more effective actions to prevent or mitigate their impacts. The Reporting Framework should emphasize that identifying generic categories of salient human rights issues may not support effective action.

4. Conclusions

The Reporting Framework has improved companies’ capability and motivation to produce meaningful human rights reporting. There is evidence of improvements to the interviewed companies’ human rights disclosure which were either triggered or influenced by the Reporting Framework. Overall, it was established that the Reporting Framework has been adopted by all the interviewed companies as the authoritative guide for implementation of the UNGPs. The four companies interviewed have enhanced their disclosure at different levels. The four companies interviewed have focused their disclosure on salient issues identified. Two companies publish standalone human rights reports that align to all the sections in the Reporting Framework while the other two have integrated key sections of the Reporting Framework to varying degrees into their annual/sustainable reports or corporate websites. Companies whose human rights disclosures are fully aligned to the Reporting Framework had greater understanding of deficits in their human rights management systems and stronger motivation to improve their practices. This conclusion is consistent with the TOC.

The interviewed companies and institutional investors processes have used the Reporting Database information to a limited degree in their internal research. Although all the companies and institutional investors have accessed the Reporting Database in search of client companies’ reporting and management practices, most companies and both institutional investors reported limited use of this tool over time. Companies generally mentioned that this is because, either they were not able to find as many relevant companies in their sector, or because searching for companies’ practices was more important to them at the beginning when they started to work on their own human rights reporting. Most companies mentioned that they usually conduct their own analysis of other companies’ human rights practices, independent of the Reporting Database. Both institutional investors mentioned that they do not currently use the Reporting Database because either the companies they engage with are not being mapped or because the links to the companies’ websites are out of date. This finding is partly consistent with the TOC which posits that the Reporting Database is expected to improve the capability of companies to produce meaningful reporting and improve institutional investors understanding of companies’ human rights performance.

Companies' improvements in human rights reporting lead to improvements in companies' human rights risk management practices. Improvement in human rights reporting consistent with the Reporting Framework is one of the many factors influencing this outcome.

All interviewed companies have recently improved their management of human rights risks. These changes include strengthening human rights policies and governance structures, revision of risk assessments and data collection tools to include salient human rights issues, and engagement with company stakeholders on salient issues. Three companies acknowledged that this is because, by identifying salient issues, they are in a better position to prioritize resources, and prevent or mitigate human rights risks. It is important to note though that not all changes in companies' human rights management practices can be directly attributed to the application of the Reporting Framework. The interviewed companies noted other tools, standards and responsibilities under sector agreements that have also motivated them. The DBA sector agreement was identified as an important factor for the two banks to commit to better reporting and management of human rights issues. This finding is consistent with the TOC.

The Reporting Framework has improved institutional investors' understanding of companies' human rights reporting and management.

The case studies revealed that institutional investors use the Reporting Framework in order to assess companies' human rights reporting and management of human rights risks. Both institutional investors use the Reporting Framework as the guiding tool to understand what is expected from companies as articulated within the UNGPs. The tool also provides guidance in formulating relevant questions to assess companies' performance on human rights. Institutional investors indicated that other tools are also being used in combination with the Reporting Framework. This finding is consistent with the TOC.

Investors use of the Reporting Framework to assess company disclosure helps inform their corporate engagements. Institutional investors cannot attribute improved companies' practices solely to the Reporting Framework.

Institutional investors reported that they assess companies' reporting and management practices using the Reporting Framework. This analysis is used to inform their engagement plans with companies. In the case of one institutional investor, the Reporting Framework is very useful to set engagement goals and objectives as well as for tracking progress. As previously mentioned, institutional investors indicated that they use the Reporting Framework in combination with other tools to inform engagement plans with companies. Only one of the two institutional investors provided concrete examples of companies that improved their human rights reporting and management practices. However, the institutional investor believes that such outcomes cannot solely be attributed to its engagement with them nor to the Reporting Framework. This finding is consistent with the TOC.

Reduced negative impacts on rightsholders are difficult to measure and to attribute to improved human rights risk management practices by companies. There is also a significant lag time before those improvements will be observed.

None of the companies or institutional investors interviewed were able to provide examples of reduced negative impacts on rightsholders as a result of companies' improved management practices of human rights risks. They all indicated that it is already very difficult for them to measure such changes and that it is even more complicated to attribute those changes, if any, to companies' management practices. Moreover,

they all confirmed that it takes significant time before they can observe reduced negative impacts. Reduced negative impacts are more likely to occur after 2-3 years of implementation (for companies) or advocacy for the implementation (for institutional investors) of the Reporting Framework. Most companies reported that during this time they have dedicated more time advocating for changes, revising policies, and updating procedures than actual management of salient human rights risks.

The greatest risk to people approach has helped prioritize resources and mitigate risks more effectively for most companies. Institutional investors have adopted the approach because it is already consistent with their mission statements. The identification of salient human rights issues inherently facilitates the “greatest risk to people” approach and helps companies move away from the greatest risk to business approach. When companies identify salient human rights issues, they are focusing on the issues or risks with actual or potential impacts on people. In turn, the risk assessment, data collection and tracking processes concentrate efforts on the greatest risks to people. When the risk management processes adjust to this “risk to rightsholders” approach companies’ resources are prioritized and allocated to the mitigation of risks to people. In conclusion, the Reporting Framework has enhanced this approach and contributed to more meaningful engagement with internal and external stakeholders. Institutional investors reported that they adopted the “greatest risk to people approach” because it is in line with their principles or mission for the respect of human rights. Only one of the two institutional investors was able to provide concrete examples of companies that have improved their management practices because of this approach. This is consistent with the TOC. Neither the companies nor the institutional investors were able to provide examples of reduced negative impacts on rights holders as a result of this approach.

Capacity building and tools need to be supported by ongoing engagement. All companies interviewed indicated that training workshops and tools provided by Shift were very useful. They emphasized the important contribution of their ongoing engagement with Shift to seek guidance on implementation of the tools and feedback on their human rights practices. JGG observed that companies with a stronger engagement with Shift appear to also have better reporting and knowledge of their human rights management systems. This is consistent with the TOC.

5. Recommendations

The following recommendations were made by companies and institutional investors on ways to enhance use of Shift’s tools:

1. *Develop further guidance to the Reporting Framework for companies and institutional investors:*
 - Develop further guidance for companies with different reporting maturity levels to facilitate alignment with the Reporting Framework. In this guidance, sub questions from overarching questions in the Reporting Framework could be formulated for different

level of reporters (e.g. beginner, medium, advanced) according to their reporting strengths.

- Develop more training videos for companies to explain important elements of the implementation of the Reporting Framework.
- Develop further guidance for institutional investors on how to accurately assess companies' human rights disclosure and management using the Reporting Framework. Institutional investors could use this information in order to ensure that the conclusions they draw from their analysis of companies' reporting and management practices are not misleading and consequently engagement with companies is more effective. The "Reporting Framework: Assurance of Human Rights Performance and Reporting" could be a good reference.

2. *Streamline the Reporting Database:*

- Highlight good practices in companies' human rights disclosure and risk management.
- Provide analysis of companies' application of the Reporting Framework and more context around companies reporting efforts so that database users can understand the quality of a company's human rights reporting.

3. *Increase outreach on the Reporting Framework:*

- Improve dissemination efforts of relevant guidance documents and reports already developed by Shift among companies and investors. Although the following guidance documents and reports were found to be useful by some companies, they were not equally known among all them:
 - Reporting Framework with Implementation Guidance
 - Reporting Framework: Assurance of Human Rights Performance and Reporting
 - Human Rights Reporting: Are Companies Telling Institutional Investors What They Need to Know?
- Increase coordination with other bodies that provide benchmarks on human rights so that the Reporting Framework could be integrated or adopted within their benchmark guidelines.

Section II: Case Studies

1. Companies

ABN AMRO Group N.V.

Organizational overview

ABN AMRO Group N.V. (ABN AMRO) is a multinational bank headquartered in Amsterdam. The bank's primary focus is in Northwest Europe with additional presence in Asia, the USA, Brazil and Australia. ABN AMRO offers a wide range of services and products. For their clients in retail banking, ABN AMRO provides savings, loans, investments, mortgages and insurance services. ABN AMRO also offers wealth management services to clients through private banking. The bank also offers and facilitates loans to medium-sized and large corporates and institutions through their business lines Commercial Banking and Corporate & Institutional Banking.

"Banking for better, for generations to come" is ABN AMRO's purpose. ABN AMRO manages and mitigates environmental, social and ethical (ESE) risks, including risks in the realm of human rights. ABN AMRO considers their human rights responsibilities from the following perspectives:

- As a service provider with over 5 million clients in retail banking.
- As an employer with around 20,000 employees worldwide, including people working through employment agencies and outsourcing contracts.
- As a lender with over 500,000 corporate clients in different sectors.
- As an investment and service provider to asset investment on behalf of clients.

The Executive Board, whose chairman is ABN AMRO's chief executive officer (CEO), is ultimately responsible for ABN AMRO's human rights programme. ABN AMRO's Sustainable Banking Department manages the programme, which involves representing the bank in external forums and working groups on human rights as well as taking the lead in defining the bank's human rights risks, coordination and communication efforts.²⁰

²⁰ ABN AMRO (n.d.). Human Rights Report 2018. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2018/ABN_AMRO_Human_Rights_Report_2018.pdf

Use of Shift's tools

a) Reporting Framework

Respecting human rights is central to ABN AMRO, so the bank has voluntarily endorsed the United Nations Guiding Principles on Business and Human Rights (UNGPs).²¹ In 2015, ABN AMRO was the first financial institution to commit to using the Reporting Framework to report on their human rights efforts.²² Further, in 2016, ABN AMRO signed the Dutch Banking Sector Agreement on Human Rights (DBA) and confirmed their commitment to conduct human rights reporting in line with the Reporting Framework.²³ Since then, ABN AMRO has produced two stand-alone human rights reports for the years of 2016 and 2018, that align to the Reporting Framework. For 2017, the bank published an update report describing how salient issues are addressed in practice.

ABN AMRO identified Shift's advice and guidance as a key factor for the bank to commit to the adoption of the Reporting Framework as well as the production of their first human rights report. ABN AMRO also reflected on the usefulness of collaborating with other companies through the reporting process.

b) Reporting Database

The ABN AMRO staff occasionally use the Reporting Database to identify other banks' and companies' reporting practices. The Reporting Database has become more useful for the team over time as the number of companies being uploaded to it has increased.

Benefits of using Shift's tools

a) Human Rights Reporting

ABN AMRO confirmed that using the Reporting Framework has been useful in a number of ways which is summarized in the following statement:

²¹ ABN AMRO (n.d.). Sustainability Risk Policy. Retrieved from: https://www.abnamro.com/en/images/010_About_ABN_AMRO/030_In_society/010_Sustainable_banking/Links_en_documenten/Documenten/Beleid_-_Sustainability_Risk_Policy_EN.pdf

²² ABN AMRO Group, N.V. (2015, June 23). ABN AMRO first financial institution to report on human rights efforts. Retrieved from: <https://www.abnamro.com/en/newsroom/press-releases/2015/abn-amro-first-financial-institution-to-report-on-human-rights-efforts.html>

²³ Dutch Banking Sector Agreement on Human Rights. (n.d.). Art 6.4(a). Retrieved from: <https://friendsoftheoecdguidelines.files.wordpress.com/2016/10/dutch-banking-sector-agreement1.pdf>

“This report is ABN AMRO’s first formal Human Rights Report. It is a first step towards demonstrating how ABN AMRO manages its impact on human rights. 2015 marked the start of our reporting journey on human rights. In that year, ABN AMRO announced that it would be reporting on its ongoing efforts to implement policies and practices to respect human rights by applying the Reporting Framework. This framework helps us to do so in a transparent manner, while at the same time acting as a management tool to identify gaps, set priorities and continuously improve the management of our salient human rights issues. The report will also serve as a basis for further engagement with our stakeholders”.²⁴ (ABN AMRO, 2016)

ABN AMRO also confirmed that the Reporting Framework has been a valuable tool to pose quality questions on salient issues to employees throughout the departments and external stakeholders. This information has been used to assess human rights risks and to inform the bank’s strategies to prevent them or mitigate their impact. The two human rights reports (2016 and 2018) produced so far by ABN AMRO are attributed to the Reporting Framework. Both reports focus on the bank’s salient issues and address the key questions in the Reporting Framework. Before the human rights reports, ABN AMRO used to disclose human rights issues in their annual report, which would omit many relevant aspects.

b) Governance of Respect for Human Rights

For ABN AMRO, human rights reporting has played an important role in strengthening the bank’s respect for human rights. The reports have facilitated the interaction of the Sustainable Banking Department with senior management and managing board (including the CEO) on ABN AMRO’s Human Rights programme. Senior management and board members are also engaged in case of severe human rights risks related to the bank’s four roles. [e.g. discussing privacy complaints or progress on Environmental, Social and Governance (ESG) engagements].

Day-to-day responsibility for embedding human rights into the bank’s operations lies within various Departments. In the bank’s role as an employer, the Human Resources International and Diversity & Inclusion teams focus on the salient issues concerning direct employees while Procurement deals with indirect employees. In bank’s role as a service provider, the Privacy Office and Compliance deals with salient issues in the Retail Banking and Private Banking. In the bank’s role as a lender, Commercial Banking and Corporate & Institutional Banking hold the responsibility, depending on the turnover of corporate clients. Within this same bank’s role, Compliance, Risk Management and the Sustainable Banking Department assess sustainability risks in the client

²⁴ ABM AMRO Group, N.V. (n.d.). Human Rights Report 2016, p. 6. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2016/ABN_AMRO_Human_Rights_Report_2016.pdf

acceptance and credit approval processes as independent parties. In the bank's role as an investment services provider, Private Banking and ABN AMRO Investment Services lead the bank's human rights initiatives. As previously mentioned, the Sustainable Banking Department leads ABN AMRO's human rights programme. Finally, the Ethics Committee plays an important role with regards to moral issues that need to be addressed.

Employees are made aware of how their decisions and actions may impact the bank's salient issues through internal communication and training. ABN AMRO organizes internal awareness-raising sessions on various human rights topics and informative sessions to communicate the content of the human rights reports. In 2017, ABN AMRO started a general human rights training for Dutch employees. Human rights training addresses the salient issues. Relevant training examples include a compulsory e-learning course, an open course for interested employees and an internal e-learning app for employees specifically on clients' data privacy. Relationship managers and investment advisers have also received training on sustainable investment, including salient issues identified in the lender and investment services provider roles.²⁵

c) Human Rights Management

By using the Reporting Framework, ABN AMRO has been able to identify gaps in their management of human rights risks and take concrete actions to prevent them or mitigate their adverse impact. The following are some selected examples of how ABN AMRO is working towards a better management of their risks to people.

The bank has an extensive policy framework that guides their actions regarding human rights (e.g. the Bank's Human Rights Statement, the Sustainability Risk Management Framework for existing or prospective corporate clients, the Exclusion List, the Supplier Code of Conduct and other internal policies to prevent discrimination throughout the bank and protect data). Over the last years, ABN AMRO has been working to further align their policies with the UNGP and the bank's salient issues.

ABN AMRO has engaged with both internal and external stakeholders in identifying, understanding and monitoring progress on their salient issues. Employees and external stakeholders participated in the identification of the bank's salient issues. Employees have also been further consulted through surveys in relation to aspects such as the bank's compliance with basic labour rights as envisioned in the International Framework Agreement (IFA) or tracking the banks' performance towards the non-discrimination based on sexual orientation.²⁶ ABN AMRO also

²⁵ ABM AMRO Group, N.V. (n.d.). Human Rights Report 2018, p. 50, 63. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2018/ABN_AMRO_Human_Rights_Report_2018.pdf

²⁶ ABN AMRO (n.d.). Human Rights Report 2018, p. 25 and 28. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2018/ABN_AMRO_Human_Rights_Report_2018.pdf

undertakes regular conversations with external stakeholders to inform their strategies to address human rights risks. Some examples are the 2018 symposium on vulnerable client groups from retail banking, workshops on corporate clients with human rights challenges, the annual International Human Rights Conference and the DBA. In addition to that, ABN AMRO organizes meetings with external stakeholder to solicit opinion on the progress of their human rights programme and on themes related to transparency.

ABN AMRO has several grievance mechanisms in place. Any existing or potential client or rightsholders affected by the bank or their corporate clients can file a complaint. This can be done through the website, by e-mail, at one of the bank's branches or through the call center. In 2019, ABN AMRO is expected to take a first step towards establishing an independent bank-level grievance mechanism open to affected rightsholders and their legitimate representatives.²⁷ ABN AMRO also has grievance mechanisms for employees including independent confidential counsellors within the Netherlands and whistleblowing systems, which do not distinguish among salient human rights issues.²⁸

Risk to people approach

In 2015, ABN AMRO identified their salient human rights issues with the support of Shift. Experts from different business lines and support departments representing the whole bank participated in internal workshops. In addition, feedback from external stakeholders, such as non-governmental organizations (NGOs) and human rights experts, further helped identify the salient issues.²⁹ ABN AMRO's salient human rights issues by role are as follows: i) privacy and equal access to financial services for their role as a service provider; ii) labour rights and non-discrimination in the workplace for their role as an employer; and iii) labour rights and land-related human rights for their role as both, lender and investment services provider. In 2019, the bank is considering further refining their salient issues to better prioritize resources and address where ABN AMRO faces the biggest risk of negatively impacting people.³⁰

Using the lens of the "risk to people" in ABN AMRO's day-to-day work has been mind-shifting for the entire organization. The bank has expended great effort to raise awareness on human rights issues among their staff and to build their capacity to detect warnings of adverse human rights impacts within the bank's operations.

²⁷ Ibid, p. 66.

²⁸ ABM AMRO Group, N.V. (n.d.). Human Rights Report 2016, p. 39. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2016/ABN_AMRO_Human_Rights_Report_2016.pdf

²⁹ ABM AMRO Group, N.V. (n.d.). Human Rights Report 2016, p. 8. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2016/ABN_AMRO_Human_Rights_Report_2016.pdf

³⁰ ABM AMRO Group, N.V. (n.d.). Human Rights Report 2018, p. 64. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2018/ABN_AMRO_Human_Rights_Report_2018.pdf

The Sustainable Banking Department has noted that there is more awareness among colleagues as to how their jobs have an impact on people's rights. The 2017 Human Rights Update describes how ABN AMRO's staff advocates for the protection of human rights in practice. Examples include: assessing human rights risk in corporate lending for the energy sector, ensuring banking is available for vulnerable populations (e.g. refugees, people with disabilities and sex workers), fighting human trafficking with financial traces and ABN AMRO's Employee Council watching for decent working conditions.

“Our clients are active in numerous sectors, and their business operations and supply chains span the globe. As their bank, we have a responsibility to identify actual or potential adverse human rights impacts. Assessing risks is fundamental to any financial institution. But unlike market or credit risk, the risk of adverse human rights can never offset by higher rewards. Human rights are not about risks to the bank, but about risks to people. I sometimes hear that banks are concerned about human rights because they fear bad publicity. My response is that it's not about reputation but about respect.” (Kees van Dijkhuizen, Chief Executive Officer and Chairman of the Executive Board of ABN AMRO).³¹

Finally, by focusing the attention on the most severe risks to people, ABN AMRO has been able to prioritize its resources. The identification of salient issues does not mean that the bank ignores other human rights. If an ABN AMRO corporate client fails to respect other human rights, the bank raises this as a concern, and this could lead to a formal engagement procedure with that company.³²

Challenges

ABN AMRO has found several challenges in adopting the Reporting Framework whether they are related to reporting, implementing management practices or measuring progress towards results.

a) Definition of salient human rights issues

ABN AMRO understands that the first step towards the effective management of human rights risks depends on their correct identification within their own operations and across their global value chains. ABN AMRO believes that the identified salient human rights issues for their four roles remain very broad. For example, it believes that “labour rights” and “land-related human rights” in their role as a lender and investment services provider require more specificity in order

³¹ ABN AMRO (n.d.) Human Rights Update 2017, p. 4-5. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2018/ABN_AMRO_Human_Rights_Update_2017.pdf

³² ABN AMRO (n.d.). Human Rights Report 2018, p. 11. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2018/ABN_AMRO_Human_Rights_Report_2018.pdf

to effectively address them and to report on the progress being made by the bank in those areas. In the sector policies for high risk sectors, these overall salient issues are further specified/tailored to the specific sector.

b) Human rights reporting is a complex task

Although human rights reporting is very relevant to ABN AMRO, producing a high-quality report that aligns with the expectations of the UNGP is overwhelming and complex. Assessing progress of the salient issues in the bank's four roles is a large and time-consuming task. It entails collecting, processing and analyzing large amounts of information and data from many sources. Moreover, since each salient issue impacts the work of multiple internal teams, data collection and analysis tasks are distributed among various staff who already have several other responsibilities.

c) Building leverage

Building leverage with the companies that are in the best position to effect meaningful change is not always easy. This includes not only the bank's corporate clients and investee companies but also their suppliers and their subcontractors who face significant human rights challenges. ABN AMRO's general approach to influence companies' behavior and practices for the respect of human rights is to engage them in constructive dialogue that focuses on continuous improvement (provided that the companies have the willingness and ability to improve their human rights performance). The bank continues to explore new strategies for effective engagement with corporate clients and suppliers. This is also part of the efforts of the DBA. In 2018, ABN AMRO held several workshops in which they discussed corporate clients who face significant human rights challenges. In 2019, the bank expects to implement the lessons learned in their policy framework, tools for credit approval for corporate clients and engagement plans.³³

d) Identifying meaningful metrics and tracking performance

ABN AMRO acknowledges that it needs to enhance the way it measures changes and tracks performance, particularly of salient human rights issues. In particular, it is aware that identifying a causal connection between their engagement efforts with corporate clients or investee companies and improvement in their human rights performance and actions is very difficult. This is because ABN AMRO would often be one of many actors who pursue the same objective through different mechanisms.³⁴

Impacts

Focus on reducing our negative impact on rights holders

³³ ABN AMRO (n.d.). Human Rights Report 2018, p. 65. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2018/ABN_AMRO_Human_Rights_Report_2018.pdf

³⁴ Ibid, p. 52.

The following actions implemented by ABN AMRO focused on reducing negative impact on rights holders. They were identified in our conversation with ABN AMRO and from their annual human rights reports:

Example 1. Adding tobacco companies to ABN AMRO's Exclusion List. In 2017, ABN AMRO stopped lending to tobacco manufactures. In 2018, the bank decided to exclude other companies in the tobacco value chain when revenues from tobacco activities exceed 50% of their consolidated turnover. Finally, in 2018, the bank also excluded tobacco companies from their investment universe, for wealth management and investment advice. ABN AMRO took this decision since it considers that tobacco is harmful to human health and the respect of the right to health would require tobacco manufactures to cease their primary business. Moreover, ABN AMRO is aware that the tobacco supply chain is exposed to child labor.³⁵

Example 2. Collaboration to identify human trafficking. Since 2015, ABN AMRO has been collaborating with the Inspectorate of the Dutch Ministry of Social Affairs and Employment and the University of Amsterdam to identify potential cases of human trafficking. A particular focus of this new collaboration concerns potential victims and labour exploitation. The bank's Security & Integrity Management Department uses search queries to look for instances of human trafficking labour exploitation included in the bank's data. This collaboration has led to concrete investigations and influenced the interest of other banks who are eager to use ABN AMRO's knowledge. The bank is considering expanding their monitoring efforts to include companies in high-risks sectors for human trafficking, such as construction, agriculture and transportation.³⁶

Example 3. The construction of the Dakota Access Pipeline. One of the underlying problems in this case was that compliance with the Equator Principles' requirement of obtaining free, prior and informed consent (FPIC) from indigenous people is assumed for "designated countries" such as the USA. However, this is not always ensured by domestic legislation. ABN AMRO, together with other banks, requested the Equator Principles Association to make FPIC applicable to projects anywhere in the world. As a result, the association started to update their standards. While ABN AMRO did not finance the construction of the Dakota Access Pipeline, the

³⁵ ABN AMRO (n.d.). Human Rights Report 2018, p. 45. Retrieved from: https://www.abnamro.com/en/images/Documents/040_Sustainable_banking/080_Reporting/2018/ABN_AMRO_Human_Rights_Report_2018.pdf

³⁶ Ibid, p. 57.

bank also decided to discontinue their business relationship with ETE, the parent company of one of the pipeline construction companies (ETP). This decision was taken after ABN AMRO was unable to use their leverage to improve the situation.³⁷

Lessons Learned

The following key lessons have emerged from analyzing ABN AMRO approach in using the Reporting Framework:

- Understanding the concept of salience takes time. It is sufficiently different from the concept of materiality, that the team was very familiar with from a non-financial reporting perspective. They needed considerable time to really understand what salience was about and how it was related to ABN AMRO's work.
- Identifying salient human rights issues can be a complicated process for a financial institution because of their diverse set of corporate clients (from their lender and investment services provider), products and activities. ABN AMRO continues to refine their human salient issues in order to further improve their management and reporting practices.
- Writing a human rights report in alignment with the Reporting Framework has been very rewarding and relevant to the bank's purpose. It has strengthened their human rights programme, their engagement with stakeholders and has clarified where gaps exist in their management of human rights. Nevertheless, this is a time-consuming process which needs to be taken into consideration in advance.
- ABN AMRO has seen that it takes time before the Responsibility to Respect Human Rights message is effectively internalized across the organisation. ABN AMRO's Sustainable Banking Department has noticed that there is more awareness and engagement among colleagues thanks to the constant awareness raising and education efforts. This lesson needs to be taken into consideration at the outset of a company's human rights program.

³⁷ Ibid, p. 33.

ING Group

Organizational Overview

ING Group (ING) is a multinational bank with headquarters in Amsterdam, Netherlands. ING operates in over 40 countries, with 54,000 employees serving 38.4 million customers, corporate clients and financial institutions worldwide. ING's products include savings, payments, investments, loans and mortgages in its retail markets. For wholesale banking, ING provides specialised lending, tailored corporate finance, debt and equity market solutions, payments & cash management and trade and treasury services.

ING considers its human rights responsibilities and impacts as crossing various roles:

- *workplace (as an employer)*
- *supply chain (as a procurer of goods and services)*
- *clients and business partners (as a provider of financial, advisory and other products and services)*
- *industry leader, helping to shape industry standards through multiple engagement platforms and working groups.*

In October 2016, ING signed the *Dutch Banking Sector Agreement on Human Rights* (DBA) and established a senior management Steering Committee to facilitate implementation of the DBA commitments. The Steering Committee consists of: ING's head of Wholesale Banking and Management Board Banking member; the head of Regulatory and International Affairs; the global head of Sustainability; the global head of Corporate Communications; the Wholesale Banking chief risk officer; the Wholesale Banking chief operations officer; and the Wholesale Banking head of Sectors.³⁸

Use of Shift's Tools

In signing the DBA, ING agreed to a set of deliverables to improve its human rights due diligence practices and collectively work to improve sector knowledge and performance. Among these was a commitment to bring human rights reporting in line with the Reporting Framework.³⁹ In early 2017, ING participated in a workshop delivered by Shift to DBA members on the foundations of human rights reporting under the Reporting Framework.

³⁸ ING Group (n.d.). *Human Rights Report 2018*, p.8-11. Retrieved from: <https://www.ing.com/sustainability/our-stance/human-rights.htm>

³⁹ Dutch Banking Sector Agreement on Human Rights. (n.d.). Art 6.4(a). Retrieved from: <https://friendsofthe-oecdguidelines.files.wordpress.com/2016/10/dutch-banking-sector-agreement1.pdf>

Subsequently, ING contracted Shift to provide advice and guidance during the development of ING's first human rights report. ING continues to engage with Shift on reporting and management of salient human rights risks. Shift is also currently providing ING guidance on an updated human rights disclosure, touching on the topic of client engagement and leverage, to be published in October 2019.

Reporting Framework

ING was initially motivated to use the Reporting Framework to publish a comprehensive human rights report, aligned with the United Nations Guiding Principles on Human Rights (UNGPs). The human rights report, published in November 2018, closely follows the structure of the Reporting Framework, with sections addressing key aspects of a) *Governance of Respect for Human Rights* b) *Defining the Focus of Reporting* and c) *Management of Salient Human Rights Issues*. In preparing the report, ING's Global Sustainability team relied heavily on the *UNGP Reporting Framework with Implementation Guidance*⁴⁰ publication, which was very useful in providing deeper insights on UNGP requirements. The Reporting Framework was initially used by the Global Sustainability team for the purpose of reporting, however awareness and use of the Reporting Framework has extended to other ING units through data collection and engagement on salient human rights issues. While the Global Sustainability team is responsible for reporting, components of the Reporting Framework have been adopted by other teams for assessment and management of human rights risks.

Reporting Database

The Reporting Database was previously used by ING to conduct analysis on how other banks were reporting and managing their human rights risks. While it's a good idea to have a central platform where human rights disclosure from different companies is collated, ING has not regularly used the Reporting Database for peer analysis. Rather, ING conducts its own review of companies' disclosures and prefers to engage directly with peers through the DBA platform and other international collaborations. It was pointed out that the information in the Reporting Database requires more context, as the disclosure is reported without details on application of the information, which makes it difficult to interpret. It was recommended that rather than including all information from companies' disclosure it would be helpful to add context on the quality and comprehensiveness of the disclosure.

⁴⁰ Shift (2016). *UNGP Reporting Framework with Implementation Guidance*. Retrieved from: https://www.ungpreporting.org/wp-content/uploads/UNGPRreportingFramework_withguidance2017.pdf

Benefits of Using Shift's Tools

The Reporting Framework provides practical guidance on implementation of the UNGP, which has enhanced ING's understanding of its human rights risks and practical guidance on how to both manage and disclose these risks. The concepts and questions in all sections of the Framework have led ING to reflect on its reporting and management of human rights and consider ways to improve. The Reporting Framework has been beneficial for both reporting and management of human rights issues.

Human Rights Reporting

Publication of the Human Rights Report 2018 was a significant milestone for ING. The Reporting Framework provided the language, structure and concepts to tell a comprehensive story of ING's human rights journey. It shaped the overall understanding of what human rights reporting should capture and defined the focus of reporting. In developing the report, ING identified the most severe human rights risks to people in its own operations and those of its clients. The structured approach to reporting has improved data collection, which is now more focused. Data on ING's salient human rights issues is systematically collected across various units and in the process, the bank is learning how to best track and interpret data for the management of its salient issues. The reporting process has also contributed to greater transparency in the discussion of human rights issues in multiple levels of the bank, which has created an avenue for greater accountability to stakeholders. Using the Reporting Framework has allowed ING to disclose its efforts to embed respect for human rights in the fabric of its business, and engage with clients, peers and other companies in meaningful dialogue, while continuing to improve its human rights processes. ING has started direct engagement with clients on human rights issues and encourages them to also use the Reporting Framework.

Management of Salient Human Rights Issues

The starting point in using the Reporting Framework was the identification of ING's salient human rights issues. A three-step process was set up to identify salient issues: 1) human rights that could potentially be negatively impacted by ING activities or business relationships were identified by multi-disciplinary working groups; 2) impacts were prioritized using a scale of severity and likelihood of occurrence; and 3) internal and external stakeholders were engaged to review and determine the accuracy of findings. Human rights issues were mapped according to ING's role as an employer and a corporate lender, assessing the distinct nature of risks associated with these roles. ING's salient human rights risks:

As an employer	As a corporate lender
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<ul style="list-style-type: none"> ▪ Workplace discrimination ▪ Work-related stress 	<ul style="list-style-type: none"> ▪ Land-related community issues ▪ Child labour ▪ Forced labour
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The identification of salient human rights issues has enabled ING to prioritize risks and better understand the breadth of their risk exposure. This approach is pragmatic and has fed in to their ecosystem of due diligence through more meaningful engagement with employees, clients and other stakeholders. ING has been motivated to revise existing policies to include salient human rights issues, and the Environmental Social Risk (ESR) Framework overarching policy on human rights has been expanded to incorporate concepts adopted from the Reporting Framework.

The ING Steering Committee helps to decide how to engage with clients on salient human rights issues. ING has used the Reporting Framework to guide engagement with stakeholders and is working on a stakeholder engagement publication. In 2018, the Steering Committee approved a new *proactive engagement program* to proactively engage with selected high-risk clients on of the topic of salient human rights issues, among other core human rights topics.

Effects of Focus on Risk to People

The focus on salient human rights issues emphasizes risk to people, looking at this lens alone, as outlined in the reporting framework is a new approach for ING. Using the Reporting Framework was the first time that ING conducted a comprehensive assessment focusing on risks to people, without considering other components of their risk matrix. By applying saliency in the identification of human rights issues, ING has been able to prioritize and focus on issues with the most severe impact on people. The concept of saliency has been introduced to employees and clients, making them aware of ING's salient human rights issues, and impacts on people. Using the language and lens of risks to rights holders has contributed to the prioritization of risks to people across different ING departments. ING is using its leverage to proactively discuss salient human rights issues with clients. ING also continues to place conditions in business transactions for clients to improve their human rights practices, if necessary⁴¹ING is also actively identifying and assessing human rights risks before entering into contracts with clients and monitors risks throughout the business relationship.

Challenges

⁴¹ ING Group (n.d.). *Environmental and Social Risk Management Framework*. Retrieved from: <https://www.ing.com/Sustainability/Sustainable-business/Environmental-and-social-risk-policies.htm>

In its role as a corporate lender, ING is a service provider with a leverage relationship to the direct operations of its clients. The salient human rights issues related to land, child labour and forced labour can only be effectively tracked and addressed by clients. ING has found it difficult to measure whether its human rights processes have resulted in reduced negative impacts on rights holders, because the salient issues often exist in the supply chains of clients.

Impacts

As part of its human rights due diligence, ING has adopted approaches to directly engage with clients on human rights issues before entering and during the business relationship. They often do so in high risk transactions where the risks are most severe. Using its leverage ING aims to influence client's management of human rights risks towards ultimately reducing negative impacts on rights holders.

Risk-based Client Engagement

Clients whose operations may have actual or potential human rights impacts are identified and directly engaged with on managing risks. Client engagement on human rights is usually instigated by:

- New client acceptance
- Specific transaction with a client
- Regular review of a client
- Allegations reported by the media or external stakeholders⁴²

Guided by the UNGP, and other norm setting standards such as the Equator Principles, ING works with clients to strengthen their commitment and capacity to manage human rights risks. This engagement can involve phone calls and meetings with clients, and site visits to observe operations, carried out by ING account managers, product specialists, members of the ESR team and/or independent consultants. ING assesses the client's human rights performance and works with them to address deficits. An agreement may be made with the client to undertake specific remedial measures, which is documented in an action plan. ING monitors the client's remedial actions, with the following possible outcomes:

⁴² ING Group (n.d.). *Human Rights Report 2018*, p.70. Retrieved from: <https://www.ing.com/sustainability/our-stance/human-rights.htm>

1. Continue business relationship with client when engagement objectives are achieved;
2. Continue engagement, before taking action, when objectives are not fully achieved but progressing;
3. Put financing restrictions on the risky part of the client's business, or terminate the relationship, when engagement objectives are not achieved and there is no progress.⁴³

Proactive Client Engagement

In addition to risk-based client engagement, ING has started dedicated proactive engagement with selected clients on its salient human rights issues, among other key human rights topics. The program started in October 2018 with the aim of having dialogue with clients to raise awareness on potential human rights issues in their business and understanding of their risk management processes and challenges. *"We want to better understand our client's material human rights impacts and challenges, what role clients see for ING, as well as scope for round-tables, partnerships and knowledge sharing on human rights topics that matter most to our clients"*.⁴⁴ The Reporting Framework has been used to help guide discussions with clients. Over 25 clients have been proactively engaged to date, and it is expected that lessons learned will be used to improve human rights performance.

Lessons Learned

The following lessons were reported by ING:

- Evaluation of human rights risks is an ongoing process that requires regular monitoring as business activities and needs of rights holders evolve. Meaningful dialogue and engagement with stakeholders are essential to better understand their expectations and the company's responsibilities. ING must be prepared to adapt its due diligence systems as required to address concerns and minimize negative human rights impacts.
- Management of salient human rights risks cannot be broken down into isolated segments. Effective human rights due diligence requires a comprehensive

⁴³ ING Group (n.d.). *Human Rights Report 2018*, p.70. Retrieved from: <https://www.ing.com/sustainability/our-stance/human-rights.htm>

⁴⁴ ING Group (n.d.). *Human Rights Report 2018*, p.75. Retrieved from: <https://www.ing.com/sustainability/our-stance/human-rights.htm>

approach that connects all key components of the Reporting Framework (and the UNGPs). The reporting framework helped ING gain a broad view of prioritisation through salience, and how this prioritisation weaves into a comprehensive approach including policies, governance, reporting and management of human rights risks.

Engagement with stakeholders alone is not sufficient to understanding human rights impacts. ING can strengthen its tracking systems to better monitor performance on and management of salient issues and effectiveness of remedial actions. By using part C of the Reporting Framework as a map of disclosures, ING learned what prioritization could look like in practice. What was specifically helpful was the Reporting Framework Implementation Guidance tool. This more detailed guidance on the Reporting Framework helped ING better understand the actions it could take to think about the effectiveness of their management systems.

Novo Nordisk A/S

Organizational Overview

Novo Nordisk A/S (Novo Nordisk) is a global healthcare company headquartered in Denmark with over 95 years providing care for diabetes, obesity, haemophilia, growth disorders and other serious chronic diseases. Novo Nordisk has offices in 80 countries with 41,600 employees and products marketed in over 170 countries. The company is recognized as the world's largest producer of medicines and treatment for diabetes.

Since November, 2018, responsibility for human rights has been anchored in the Business Ethics Compliance Office. Novo Nordisk's human rights commitment is now an integral part of the Business Ethics Code of Conduct and is overseen by the Business Ethics Committee (of which CEO is a member). This human rights governance has provided an enhanced mandate to strengthen implementation of its respect for human rights. Novo Nordisk is committed to respecting human rights and this includes that Novo Nordisk will:

- Identify potential and actual adverse human rights impacts that Novo Nordisk operations may cause, contribute to or be directly linked to;
- Use or establish processes to prevent or mitigate potential adverse impacts on human rights;
- Remediate or participate in the remediation of any actual adverse human rights impacts that Novo Nordisk's activities cause or contribute to;
- Account for how Novo Nordisk addresses potential and actual impacts on human rights, where it will not put the people concerned at risk or damage legitimate requirements of commercial confidentiality;
- Require business partners and other parties directly linked to Novo Nordisk operations, products or services to meet their responsibility to respect human rights;
- Use leverage to make other parties directly linked to Novo Nordisk operations, products or services cease actions or omissions that lead to adverse impacts on human rights.⁴⁵

Use of Shift's Tools

Novo Nordisk has engaged with Shift on various human rights processes since 2015. Shift has provided advice on application of the Reporting Framework and assisted Novo

⁴⁵ Novo Nordisk (n.d.) *Human Rights*, Retrieved from: <https://www.novonordisk.com/sustainable-business/performance-on-tbl/responsible-business-practices/human-rights.html>

Nordisk in understanding how to implement its responsibilities under the United Nations Guiding Principles on Business and Human Rights (UNGPs). This ongoing engagement has been very helpful and beneficial to improving Novo Nordisk's implementation of its respect for human rights.

Reporting Framework

Novo Nordisk started using the Reporting Framework in 2015, as an internal tool and to establish a common language to strengthen management of human rights risks. It was also used to build transparency and consensus on human rights risks among internal stakeholders, and for annual review and work planning. Annual targets are set for each salient human rights issue and action plans for how risks will be managed. At the end of the year the manager responsible for each salient issue reports on whether targets have been met. Progress is reviewed and improvements are considered. Since 2016, Novo Nordisk has been using the Reporting Framework for external human rights disclosure. In addition to the Reporting Framework, Novo Nordisk is using the accompanying *Assurance Guidance*⁴⁶, especially its appropriateness and effectiveness indicators, which have been very useful to improve their implementation of the UNGPs.

Reporting Database

Novo Nordisk used the Reporting Database in 2014/2015 for inspiration and benchmarking of other companies' human rights performance. Information collected from the Reporting Database was used to inform internal decision-making, highlighting good human rights practices and areas where Novo Nordisk could improve. The Reporting Database has not been used by Novo Nordisk in recent years. It was mentioned that the Reporting Database handles large amounts of information disclosed by companies, which could be streamlined to indicate which reports are most aligned with the Reporting Framework. The Reporting Database could also focus on highlighting good practices.

Benefits of Using Shift's Tools

The Reporting Framework is closely aligned with the UNGPs, which has made it a very useful tool for Novo Nordisk to better understand and implement their responsibilities to respect human rights.

Human Rights Reporting

⁴⁶ Shift (2017), *UNGP Reporting Framework: Assurance of Human Rights Performance and Reporting*. Retrieved from: https://www.ungpreporting.org/wp-content/uploads/UNGPRF_AssuranceGuidance.pdf

Before using the Reporting Framework, Novo Nordisk had scoped its reporting on human rights to known topics and actions already taken (e.g. diversity, health & safety, responsible sourcing and labour). The Reporting Framework provided structured and principle-based guidance to discuss human rights risks transparently in accordance with the UNGPs. As a result, human rights reporting has become more aligned with the UNGPs and comprehensive. Novo Nordisk publishes an “integrated annual report”, which includes sections on human rights performance. The integrated report does not provide comprehensive coverage of the Reporting Framework sections. The majority of Novo Nordisk’s human rights reporting is available on a dedicated section on its website.⁴⁷ The Reporting Framework has contributed to increased awareness on respect for human rights and management of human rights impacts according to the principles and requirements of the UNGPs.

Management of Salient Human Rights Issues

Novo Nordisk’s primary motivation for using the Reporting Framework has been to strengthen management of its human rights risks. Reporting is believed to be a reflection of actions taken, so the overall objective is to improve human rights management and implementation of the UNGPs. As the most authoritative practical guide on implementing the UNGP, the Reporting Framework has been beneficial in guiding Novo Nordisk on best practices to be adopted to effectively manage human rights risks and to account for them. Novo Nordisk also sees reporting using the Reporting Framework as a best practice in meeting external legal requirements on disclosure (such as the European Union Non-Financial Reporting Directive 2014). In addition, appropriateness and effectiveness indicators in the *Assurance Guidance* were used to further understand appropriate business practices to effectively implement UNGPs. The set of indicators were also used as benchmark to inform internal decision-making by the Executive Management to anchor human rights responsibility in the Business Ethics Compliance Office reporting to Chief Compliance Officer. This has significantly enhanced human rights mandate and strengthened human rights management.

Novo Nordisk developed and approved, in 2019, the Corporate Human Rights Requirements. These are internal operational policy documents that set employee expectations about standards of behaviours and business conduct with regard to human rights. They also translate the UNGPs into requirements for all global employees and operationalizes Novo Nordisk’s human rights commitment and expectations expressed in its Business

⁴⁷ Novo Nordisk (n.d.). *Human Rights*. Retrieved from: <https://www.novonordisk.com/sustainable-business/performance-on-tbl/responsible-business-practices/human-rights.html>

Ethics Code of Conduct. The Corporate Human Rights Requirements will be launched within Novo Nordisk in January 2020. The Reporting Framework and *Assurance Guidance* provided substantive inspiration in drafting the Corporate Human Rights Requirements.

Since 2014 Novo Nordisk has identified its impacts on all human rights across its corporate functions and global processes and initiated actions to prevent and mitigate them. Since 2015 guided by the Reporting Framework, Novo Nordisk has been able to assess severity of the impacts identified, determine its most important human rights impacts and manage them as salient human rights issues at the corporate level. Inputs from independent experts, internal and external stakeholders (including patient representatives) have been taken into consideration in these assessments. Novo Nordisk has identified the following salient issues at the corporate level:

1. Patient safety
2. Access to essential medicines
3. Human bio-samples
4. Clinical trials
5. Personal data protection & privacy
6. Counterfeit products
7. Human rights in supply chains (Responsible Sourcing)
8. Local production projects
9. Safe and healthy working conditions
10. Labour in the workplace

Since late 2018 the changes in human rights governance has significantly strengthened Novo Nordisk's overall human rights management as part of the Business Ethics Compliance Programme.

Focus on Risk to People

The focus on 'risks to people' has been made explicit and further strengthened inspired by the Reporting Framework, since its use in 2015. Identification of the greatest 'risks to people' has been integrated into Novo Nordisk's Business Ethics risk methodology in 2019, replacing a stand-alone Human Rights risk assessment, for roll-out in 2020. Efforts are underway to increase awareness about human rights responsibility, human rights impacts and risk management. So far, over 100 global Legal and Compliance professionals and executives, including the CEO, Chief Legal Officer and Chief Compliance Officer, have participated in education sessions on the overall business responsibility to respect human rights and the UNGPs. Finally, the identification of salient human rights risks allows Novo Nordisk for prioritization to focus attention and resources on addressing risks with the most severe impacts first.

Challenges

Overall, the Reporting Framework, *Assurance Guidance* and accompanying guidance documents have been very useful. Initially, there was fear among internal stakeholders that reporting on potential and actual human rights impacts would invite scrutiny and lawsuits. A lot of internal awareness raising was required to change this perception, using the Reporting Framework to introduce concepts and develop it as an internal tool, common language and framework to bring on board internal stakeholders so that they get used to key human rights principles and concepts and eventually more comfortable with external disclosure of risks.

It was also pointed out that many of the Reporting Framework minimum threshold questions are very general; the possible outcome of this is that companies can choose to be “vague” in their reporting and still satisfy the minimum thresholds. Investors and external stakeholders should have the ability to determine where substance is missing, and to ask the right questions to receive meaningful disclosure.

While the concept of “salient human rights issues” has been applied in human rights risk management, the terminology has not been readily embraced at Novo Nordisk. Introduction of the phrase *salient human rights issues* caused confusion and resistance among internal stakeholders where it was highlighted that it was not a concept introduced by the UNGPs themselves, but an addition of the UNGPs FAQ and the Reporting Framework. The UNGPs refers to “severe human rights impact”, which is the preferred terminology for internal communications at Novo Nordisk.

Lastly, it was noted that there are other external benchmarks and frameworks being promoted to companies that do not fully align with the UNGPs. This has caused confusion among internal stakeholders on which benchmarks to follow. It is recommended that more outreach be carried out to promote the Reporting Framework (and Assurance Guidance) as the global authoritative guide to achieve human rights disclosure, to support risk management in accordance with the UNGPs.

Impacts

The following example illustrate the initial impact of Novo Nordisk’s improvements to human rights due diligence.

Disclosure of salient human rights Issue and Human Biosamples

Novo Nordisk uses human biosamples to conduct research on new medicines and treatments for diseases. Samples are donated by patients and volunteers who must provide consent to have their biosamples used. Novo Nordisk recognizes its responsibility to

respect the rights of donors and aims to ensure compliance with relevant national and international laws and regulations. As a result, the company has taken specific measures to prevent or mitigate risks associated with human biosamples. In 2017, guided by the content of both the Reporting Framework and the Assurance Guidance, the company published a new statement on human rights related to human biosamples. Novo Nordisk also established internal procedures for research staff in all operating countries to ensure ethical sourcing of human biosamples. Suppliers of human biosamples are now evaluated for their compliance with human rights standards, and if necessary, required to improve their practices to engage in business with Novo Nordisk. A list of “acceptable suppliers” was also identified who, as a result of engagement with Novo Nordisk, have taken measures to improve their operations to ensure free and informed consent from all donors of human biosamples without making financial gains or improving the working conditions for their staff.⁴⁸

Lessons Learned

The following lessons were reported by Novo Nordisk:

- Disclosure of potential human rights impacts is not itself a risk to the business. There had been internal concerns about the extent to which human rights risks should be disclosed to the public. For example, contrary to the original concern about disclosure of potentially severe human rights risk inherent in sourcing of human biosamples, disclosure was positively received by stakeholders and generated good will and external recognition.
- A strong governance structure, clear accountability and mandate is essential to effective human rights management.
- The *Assurance Guidance* provides equally useful direction as the Reporting Framework. The indicators in the document provide guidance on quality, appropriateness and effectiveness of actions. They should be equally promoted.

⁴⁸ Novo Nordisk (n.d.). *Communication on Progress*, p.6. Retrieved from: <https://www.novonordisk.com/content/dam/Denmark/HQ/sustainablebusiness/performance-on-tbl/more-about-how-we-work/Integrated%20reporting/NN-COP17.pdf> and Novo Nordisk (n.d.). *Human Biosamples Ethics. Statement 3*. Retrieved from: <https://www.novonordisk.com/research-and-development/bioethics/human-biosample-ethics.html>

Teck Resources Limited

Organizational Overview

Novo Nordisk A/S (Novo Nordisk) is a global healthcare company headquartered in Denmark with over 95 years providing care for diabetes, obesity, haemophilia, growth disorders and other serious chronic diseases. Novo Nordisk has offices in 80 countries with 41,600 employees and products marketed in over 170 countries. The company is recognized as the world's largest producer of medicines and treatment for diabetes.

Since November, 2018, responsibility for human rights has been anchored in the Business Ethics Compliance Office. Novo Nordisk's human rights commitment is now an integral part of the Business Ethics Code of Conduct and is overseen by the Business Ethics Committee (of which CEO is a member). This human rights governance has provided an enhanced mandate to strengthen implementation of its respect for human rights. Novo Nordisk is committed to respecting human rights and this includes that Novo Nordisk will:

- Identify potential and actual adverse human rights impacts that Novo Nordisk operations may cause, contribute to or be directly linked to;
- Use or establish processes to prevent or mitigate potential adverse impacts on human rights;
- Remediate or participate in the remediation of any actual adverse human rights impacts that Novo Nordisk's activities cause or contribute to;
- Account for how Novo Nordisk addresses potential and actual impacts on human rights, where it will not put the people concerned at risk or damage legitimate requirements of commercial confidentiality;
- Require business partners and other parties directly linked to Novo Nordisk operations, products or services to meet their responsibility to respect human rights;
- Use leverage to make other parties directly linked to Novo Nordisk operations, products or services cease actions or omissions that lead to adverse impacts on human rights.⁴⁹

Use of Shift's Tools

Novo Nordisk has engaged with Shift on various human rights processes since 2015. Shift has provided advice on application of the Reporting Framework and assisted Novo

⁴⁹ Novo Nordisk (n.d.) *Human Rights*, Retrieved from: <https://www.novonordisk.com/sustainable-business/performance-on-tbl/responsible-business-practices/human-rights.html>

Nordisk in understanding how to implement its responsibilities under the United Nations Guiding Principles on Business and Human Rights (UNGPs). This ongoing engagement has been very helpful and beneficial to improving Novo Nordisk's implementation of its respect for human rights.

Reporting Framework

Novo Nordisk started using the Reporting Framework in 2015, as an internal tool and to establish a common language to strengthen management of human rights risks. It was also used to build transparency and consensus on human rights risks among internal stakeholders, and for annual review and work planning. Annual targets are set for each salient human rights issue and action plans for how risks will be managed. At the end of the year the manager responsible for each salient issue reports on whether targets have been met. Progress is reviewed and improvements are considered. Since 2016, Novo Nordisk has been using the Reporting Framework for external human rights disclosure. In addition to the Reporting Framework, Novo Nordisk is using the accompanying *Assurance Guidance*⁵⁰, especially its appropriateness and effectiveness indicators, which have been very useful to improve their implementation of the UNGPs.

Reporting Database

Novo Nordisk used the Reporting Database in 2014/2015 for inspiration and benchmarking of other companies' human rights performance. Information collected from the Reporting Database was used to inform internal decision-making, highlighting good human rights practices and areas where Novo Nordisk could improve. The Reporting Database has not been used by Novo Nordisk in recent years. It was mentioned that the Reporting Database handles large amounts of information disclosed by companies, which could be streamlined to indicate which reports are most aligned with the Reporting Framework. The Reporting Database could also focus on highlighting good practices.

Benefits of Using Shift's Tools

The Reporting Framework is closely aligned with the UNGPs, which has made it a very useful tool for Novo Nordisk to better understand and implement their responsibilities to respect human rights.

Human Rights Reporting

⁵⁰ Shift (2017), *UNGP Reporting Framework: Assurance of Human Rights Performance and Reporting*. Retrieved from: https://www.ungpreporting.org/wp-content/uploads/UNGPRF_AssuranceGuidance.pdf

Before using the Reporting Framework, Novo Nordisk had scoped its reporting on human rights to known topics and actions already taken (e.g. diversity, health & safety, responsible sourcing and labour). The Reporting Framework provided structured and principle-based guidance to discuss human rights risks transparently in accordance with the UNGPs. As a result, human rights reporting has become more aligned with the UNGPs and comprehensive. Novo Nordisk publishes an “integrated annual report”, which includes sections on human rights performance. The integrated report does not provide comprehensive coverage of the Reporting Framework sections. The majority of Novo Nordisk’s human rights reporting is available on a dedicated section on its website.⁵¹ The Reporting Framework has contributed to increased awareness on respect for human rights and management of human rights impacts according to the principles and requirements of the UNGPs.

Management of Salient Human Rights Issues

Novo Nordisk’s primary motivation for using the Reporting Framework has been to strengthen management of its human rights risks. Reporting is believed to be a reflection of actions taken, so the overall objective is to improve human rights management and implementation of the UNGPs. As the most authoritative practical guide on implementing the UNGP, the Reporting Framework has been beneficial in guiding Novo Nordisk on best practices to be adopted to effectively manage human rights risks and to account for them. Novo Nordisk also sees reporting using the Reporting Framework as a best practice in meeting external legal requirements on disclosure (such as the European Union Directive). In addition, appropriateness and effectiveness indicators in the *Assurance Guidance* were used to further understand appropriate business practices to effectively implement UNGPs. The set of indicators were also used as benchmark to inform internal decision-making by the Executive Management to anchor human rights responsibility in the Business Ethics Compliance Office reporting to Chief Compliance Officer. This has significantly enhanced human rights mandate and strengthened human rights management.

Novo Nordisk developed and approved in 2019 the Corporate Human Rights Requirements. This document translates the UNGPs into requirements for all global employees and operationalizes Novo Nordisk’s human rights commitment and expectations expressed in its Business Ethics Code of Conduct. The Corporate Human Rights Requirements will be launched within Novo Nordisk globally in January 2020. The Reporting

⁵¹ Novo Nordisk (n.d.). *Human Rights*. Retrieved from: <https://www.novonordisk.com/sustainable-business/performance-on-tbl/responsible-business-practices/human-rights.html>

Framework and *Assurance Guidance* provided substantive inspiration in drafting the Corporate Human Rights Requirements.

Since 2014 Novo Nordisk has identified its impacts on all human rights across its corporate functions and global processes and initiated actions to prevent and mitigate them. Since 2015 guided by the Reporting Framework, Novo Nordisk has been able to assess severity of the impacts identified, determine its most important human rights impacts and manage them as salient human rights issues at the corporate level. Inputs from independent experts, internal and external stakeholders (including patient representatives) have been taken into consideration in these assessments. Novo Nordisk has identified the following salient issues at the corporate level:

11. Patient safety
12. Access to essential medicines
13. Human bio-samples
14. Clinical trials
15. Personal data protection & privacy
16. Counterfeit products
17. Human rights in supply chains (Responsible Sourcing)
18. Local production projects
19. Safe and healthy working conditions
20. Labour in the workplace

Since late 2018 the changes in human rights governance has significantly strengthened Novo Nordisk's overall human rights management as part of the Business Ethics Compliance Programme.

Focus on Risk to People

The focus on 'risks to people' has been made explicit and further strengthened inspired by the Reporting Framework, since its use in 2015. Identification of the greatest 'risks to people' has been integrated into Novo Nordisk's Business Ethics risk methodology in 2019, replacing a stand-alone Human Rights risk assessment, for roll-out in 2020. Efforts are underway to increase awareness about human rights responsibility, human rights impacts and risk management. So far, over 100 global Legal and Compliance professionals and executives, including the CEO, Chief Legal Officer and Chief Compliance Officer, have participated in education sessions on the overall business responsibility to respect human rights and the UNGPs. Finally, the identification of salient human rights risks allows Novo Nordisk for prioritization to focus attention and resources on addressing risks with the most severe impacts first.

Challenges

Overall, the Reporting Framework, *Assurance Guidance* and accompanying guidance documents have been very useful. Initially, there was fear among internal stakeholders that reporting on potential and actual human rights impacts would invite scrutiny and lawsuits. A lot of internal awareness raising was required to change this perception, using the Reporting Framework to introduce concepts and develop it as an internal tool, common language and framework to bring on board internal stakeholders so that they get used to key human rights principles and concepts and eventually more comfortable with external disclosure of risks.

It was also pointed out that many of the Reporting Framework minimum threshold questions are very general; the possible outcome of this is that companies can choose to be “vague” in their reporting and still satisfy the minimum thresholds. Investors and external stakeholders should have the ability to determine where substance is missing, and to ask the right questions to receive meaningful disclosure.

While the concept of “salient human rights issues” has been applied in human rights risk management, the terminology has not been readily embraced at Novo Nordisk. Introduction of the phrase *salient human rights issues* caused confusion and resistance among internal stakeholders where it was highlighted that it was not a concept introduced by the UNGPs themselves, but an addition of the UNGPs FAQ and the Reporting Framework. The UNGPs refers to “severe human rights impact”, which is the preferred terminology for internal communications at Novo Nordisk.

Lastly, it was noted that there are other external benchmarks and frameworks being promoted to companies that do not fully align with the UNGPs. This has caused confusion among internal stakeholders on which benchmarks to follow. It is recommended that more outreach be carried out to promote the Reporting Framework (and Assurance Guidance) as the global authoritative guide to achieve human rights disclosure, to support risk management in accordance with the UNGPs.

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Lessons Learned

The following lessons were reported by Novo Nordisk:

- Disclosure of potential human rights impacts is not itself a risk to the business. There had been internal concerns about the extent to which human rights risks should be disclosed to the public. For example, contrary to the original concern about disclosure of potentially severe human rights risk inherent in sourcing of human biosamples, disclosure was positively received by stakeholders and generated good will and external recognition.
- A strong governance structure, clear accountability and mandate is essential to effective human rights management.
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⁵² Novo Nordisk (n.d.). *Communication on Progress*, p.6. Retrieved from: <https://www.novonordisk.com/content/dam/Denmark/HQ/sustainablebusiness/performance-on-tbl/more-about-how-we-work/Integrated%20reporting/NN-COP17.pdf>

2. Institutional investors

UK Organization (Anonymous)

Organizational overview

The UK organization is an asset manager company that provides active investment management and stewardship services to clients. The UK organization offers a broad range of investment strategies spanning listed equities, credit, real state, infrastructure, private debt and private equity. In addition to focusing on financial results, the UK organization's investment strategies focus on delivering holistic returns that consider impacts on society and the environment. The UK organization manages £34.1 billion in assets and is headquartered in London.

The UK organization believes there are two mutually reinforcing strands of responsible investment management: responsible investment and responsible ownership. Together, these aim to generate sustainable wealth creation for the end beneficiary investor encompassing both investment returns and their social and environmental impact. The focus of the case study is the stewardship and engagement business of the UK organization. The UK organization helps long-term institutional investors around the world to meet their fiduciary responsibilities and become active owners of public companies. It has £475bn⁵³ in asset under advice. The UK organization's approach to corporate engagement on human rights is through face-to-face dialogue and through collaborative engagement with other investors.

UK organization selects companies for engagement taking into consideration their clients holdings and the materiality of environmental, social and governance (ESG) risks. In every engagement, the team monitors and measures progress towards objectives and milestones in the engagement plan.

Use of Shift's tools

Reporting Framework

For the UK organization and its clients, addressing human rights issues is a priority. The United Nations Guiding Principles on Business and Human Rights (UNGPR) provides the

⁵³ AUA as of 28th June.

UK organization with “a global standard for addressing the risk of adverse human rights impacts linked to business activity and offer a framework for their engagement with companies in this area.” The Reporting Framework has also helped the team operationalize the principles. It has been used mainly by the UK organization stewardship team in their engagement with companies facing human rights issues that may impact their long-term performance. The UK organization first learned about the Reporting Framework in its conception phase since it was one of the institutions that participated in the consultative process to develop the Reporting Framework.

Reporting Database

The UK organization learned about the Reporting Database around 2016 during ongoing conversations with Shift after the launching of the Reporting Framework. The Reporting Database was initially used by the stewardship team of the UK organization to identify what companies were reporting on human rights. However, they stopped using it after having problems with the links to companies’ human rights or related reports on the database. They now refer to the UK organization’ internal systems and companies’ websites directly in search of their human rights reports.

Benefits of using Shift’s tools

Corporate engagement

The UK organization stewardship team believes that the Reporting Framework has been beneficial for corporate engagement. The team uses the Reporting Framework in combination with other benchmarks and tools in order to understand companies’ human rights performance. In particular, the Reporting Framework informs the analysis of companies’ human rights due diligence and reporting. Previous to engaging with companies, the team would generally refer to companies’ disclosure to identify if they align with the Reporting Framework. Specifically, the team would confirm if companies had a policy commitment to respect human rights, defined their salient human rights issues and how these issues were managed. During the engagement with companies, the Reporting Framework has also proved to be useful in helping them refine the questions that need to be answered in order to assess performance.

“It provides guideline for companies’ reporting and helps operationalize the UNGP on Business and Human Rights in our corporate engagement”. (UK organization)

The quality of a company’s disclosure is used by the UK organization to determine if an engagement is required. The Reporting Framework would be beneficial in helping the

team to set clear goals and objectives with respect to reporting on and management of human rights issues. The UK organization generally recommends that companies begin to align with the Reporting Framework for subsequent disclosures.

Monitoring companies' human rights practices

The Reporting Framework also plays an important role in the monitoring of companies' human rights practices. The Reporting Framework has provided the UK organization team with a standardized tool to benchmark companies' human rights risks disclosure and management. Through continuing dialogue mostly in the form of meetings, the team monitors progress towards the goals and objectives set in the engagement plans. The UK organization tracks disclosure against the Reporting Framework to detect any gaps that needs to be addressed, as well as processes that have been implemented to improve human rights risks management practices, including transparency practices. The tool has also been beneficial to see how companies themselves are tracking their own processes and performance.

Risk to people approach

The UK organization's seventh responsible ownership principle states that "to optimize long-term sustainable returns for their shareholders, companies should be managed holistically taking into consideration the interest of other stakeholder and wider society". This holistic management approach encourages companies to respect human rights in its direct business operations and supply chain to deliver greater value to the company's stakeholders and employees. The seventh responsible ownership principle explicitly states that companies "should develop plans to identify and manage these human rights risks to minimize adverse and encourage positive human rights outcomes".

The UK organization' stewardship team believes that incorporating the greatest risk-to-people approach has contributed to a more meaningful corporate engagement. They consider that in addition to looking at material risks to the business it is very important to use the lens of risk to people, not only to optimize companies' long-term performance but also to respect the dignity of the people connected to company activities. This implies that the team will carefully review companies' risks to people not only in their direct operations but also in the whole supply chain. The Reporting Framework has turned to be a very useful tool for these purposes as well.

"When we talk to companies about human rights, we talk not only about governance, due diligence and reporting but also about supply chain topics such as modern slavery, forced-labor, child labor, living wages and purchasing practices". (UK organization)

Challenges

Mapping of salient human rights

The main challenge identified by the UK organization stewardship team when using the Reporting Framework was that the tool incorporates high standards that companies may not be able to meet. For example, many companies had difficulty articulating the business' salient human rights issues. This exercise becomes even more complex when companies attempt to map salient human rights issues throughout an entire supply chain that may extend to several geographic regions. Articulating human rights policy commitments or management practices represents another challenge for companies. Moreover, since the Reporting Framework is extensive in its expectations, this may be an overwhelming task for companies.

Measuring companies' progress towards results

While the UK organization tracks company performance on human rights, the team finds it difficult to measure how companies are reducing the negative impacts on rights holders. It has been challenging to confirm what companies are doing beyond a policy commitment since many companies' disclosures are found to be very limited. Companies will often not be explicit about the programs or management practices they have implemented or how they are measuring progress towards expected results. Consequently, it has been particularly challenging for the team to assess such progress.

Impacts

Change in understanding companies' human rights performance

The Reporting Framework has increased the UK organization' ability to assess companies' reporting and management practices on human rights. The Reporting Framework has provided the team with a concrete tool to pose relevant questions on human rights in their engagement with companies. These questions help the UK organization assess whether it needs to engage with a company or not. Moreover, the Reporting Framework has been beneficial as a guide for setting expectations (e.g. goals and objectives) on companies' engagement plans. The team uses these plans to monitor progress in relation to human rights reporting and practices. Monitoring progress shows companies' commitment to the respect of human rights while determining if they are moving forward.

Observed changes in companies' practices and behaviors

The following three examples illustrate some changes in companies' practices as a result of the UK organization using the Reporting Framework for corporate engagement. These changes are expected to reduce negative impacts on people's human rights.

Example 1: Financial Company

The company is a financial service holding company headquartered in South Korea that provides consumer and corporate banking, credit card, investment and insurance services. Among other issues and after several meetings with the company, in 2017 the UK organization stewardship team discussed the human rights angle of access to finance and recommended the adoption of the Reporting Framework to improve its human rights reporting and management through the identification of potential gaps.

The company has adopted the Reporting Framework to disclose their human rights risks and as a result, the human rights due diligence process of the company has improved. The company has conducted human rights assessments at seven of its major subsidiaries and at 24 partner companies. SFG has taken steps to address the human rights issues identified and it also leverages its market position to improve the practices of its suppliers. Its ESG rating by an investment decision tool provider has increased from BBB in 2013 to AA in 2017.

Example 2: Construction Company

A construction company with projects in conflict-affected areas was approached by the UK organization to discuss the human rights impact assessments and due diligence processes that they were conducting before tendering for the projects and during project implementation. Although the Reporting Framework was not the focus of the conversation, and other tools were also used as a reference, the EOS team found the Reporting Framework useful to pose relevant questions related to the governance structure favourable to human rights, the identification and reporting of salient human rights risks, as well as risk management. It can be said that, partly as a result of the engagement, the company has improved their human rights disclosure and risk management in those conflict-affected areas.

Example 3: Oil and Gas Company

The UK organization engaged with an oil and gas company after noticing it had no stated commitment to the UNGP on Business and Human Rights. The team assessed the company's human rights report and could not determine its salient human rights issues. It was also difficult to find supporting evidence on how the company was managing the human rights risks identified in their own reports. The Reporting Framework was very useful in assessing the company's management practices during the engagement. With the support of the Reporting Framework the EOS team was able to evaluate the type of human rights impact assessments that the company conducted, the results that they obtained from those assessments, and the effectiveness of grievance mechanisms in place. As a result of the engagement the UK organization observed a significant improvement in human rights disclosure from one year to another.

Observed reduced negative impacts on rights holders

The UK organization confirmed that the Reporting Framework is used in combination with other tools for most of their engagements with companies. Therefore, it is difficult to determine the positive outcomes attributed solely to the Reporting Framework. It is very difficult to see outcomes in the short term and the EOS team emphasized that it will take years for them to observe reduced negative impacts on rights holders as a result of their advocacy work.

Lessons Learned

The following key lessons have emerged from analyzing the UK organization approach to the use of the Reporting Framework:

- Given that the Reporting Framework provides companies with clear implementation guidance, the UK organization assumed that the Reporting Framework would be easily implemented by the company's relevant department. They have learned, however, that some aspects of the tools are difficult to fully implement. For example, some companies are not able to define their salient human rights issues in their direct operations. This task is even more complicated when it comes to their supply chain. The UK organization believe that many companies may require capacity building to be able to align with the Reporting Framework.
- The UK organization believed that having specialized personnel in human rights would ensure effective engagement with companies on salient human rights issues. However, they realized that they needed to engage staff who was also

knowledgeable on the company's business operations in order to increase the effectiveness of their guidance.

US Faith Based Investor (Anonymous)

Organizational overview

The US faith based investor was formed in 2010 to serve as an asset management program of the faith based Group it belongs to. The mission of the US faith based investor is to enhance the financial resources of the Group through socially responsible investing. The US faith based investor engages in collaborative efforts to:

- raise their voice in a socially responsible manner to effect systemic change in corporate policies and activities;
- provide capital to community organizations, and;
- participate in other investment opportunities consistent with their mission.

The US faith based investor recognizes the moral imperative to work for a just and sustainable world and embraces socially responsible investing as a means of promoting systemic change on environmental and social justice issues. Their investing program incorporates a multi-faceted approach to socially responsible investing that includes corporate engagement, proxy voting, portfolio screening and community and impact investments.

As part of its corporate engagement approach, the US faith based investor engages companies through active dialogue, educating company officials on issues of concern, filing resolutions and voting proxies of companies owned by the group. For these purposes, the US faith based investor has collaborated with like-minded investors and organizations such as the [Interfaith Center on Corporate Responsibility \(ICCR\)](#), an association of organizations advocating for corporate social responsibility based in New York, United States of America. The US faith based investor' shareholder advocacy priority areas are organized in the following five major categories:

- Protection of human rights: modern-day slavery (including human trafficking), fair treatment of workers, and immigration.
- Healthy persons and communities: access to U.S. healthcare, global access to medicine, healthy food practices, and health and environmental impacts of chemicals and technologies.
- Environmental sustainability: water safety and access, climate change, sustainable food production and extractive industries.
- Financial Sectors Practices: consumer lending, commercial lending and business standards.
- Corporate accountabilities: responsible governance practices including board diversity; and political contributions policies, practices and transparency.

The US faith based investor is configured with different shareholder advocacy staff which oversee several advocacy priority areas that may cut across the five major categories. Advocacy priority areas are assigned to staff depending on their expertise. The total staff working on shareholder advocacy is six people. In 2018, the US faith based investor was able to engage 150 companies in 210 engagements.

Use of Shift's tools

Reporting Framework

The US faith based investor' shareholder advocacy staff learned about the Reporting Framework and Reporting Database during the meetings and webinars held through the Interfaith Center on Corporate Responsibility. The US faith based investor' shareholder advocacy staff attended the events in which Shift's tools were introduced and disseminated. No direct engagement between the US faith based investor and Shift has occurred to date.

The Reporting Framework has been constantly used among the US faith based investor' shareholder advocacy staff for corporate engagement. It was confirmed that the Reporting Framework is used in two priority areas, namely the human rights/human trafficking and extractive industry practices and technology. This involves the US faith based investor' work on addressing just transition to a low carbon economy, defense contractors, private prisons, sustainable agriculture and ethical recruitment in that all these areas address human rights policies and risk. The Reporting Framework has been used for guiding dialogues with companies on human rights reporting and the filing of resolutions related to companies' human rights disclosure.

Reporting Database

The Reporting Database has been accessed and viewed by the shareholder advocacy staff working on the human rights/human trafficking and extractive industry. While they have confirmed that the data seems reliable, accurate and up-to-date, the companies mapped within it do not match the companies the team engages with. As a result, the Reporting Database is not a commonly used resource for the team.

Although the other five shareholder advocacy staff are aware of both the Reporting Framework and the Reporting Database, it was confirmed that they do not generally use them. The reason being is that human rights reporting may not be as relevant to their company engagement.

Benefits of using Shift's tools

The US faith based investor ' shareholder advocacy staff working on human rights/human trafficking and extractive industries considers that the Reporting Framework together with other related reporting frameworks and benchmarks have brought human rights issues to the forefront. The Reporting Framework has proven to be valuable in encouraging institutional investors to take practical action like the ones described below.

Corporate engagement

The Reporting Framework helped staff articulate the type of practices and behaviours that they want companies to change as part of their advocacy priority goals. Some of these practices and behaviours include requesting companies to formulate a policy to articulate their respect for and commitment to human rights, to disclose their human rights risks issues and identify measures taken to address human rights issues internally and in its supply chain. Although the Reporting Framework has not influenced the investors' shareholder advocacy priorities in terms of goals or objectives, the criteria provided by the framework is part of the assessment plan when deciding which companies to engage.

The Reporting Framework is seen as an “organizing tool” that has been helpful in translating the UN Guiding Principles on Business and Human Rights (UNGP) into practical actions. The staff have found that many companies are willing to improve their human rights practices to be consistent with the UNGP but sometimes do not know where to start. Given that the Reporting Framework is perceived as accessible, the staff considers that it has provided companies with guidance on how to build an action plan and more importantly on how to implement the principles.

“The Reporting Framework has been a good organizing tool that captures the elements of the UNGP” (The US faith based investor).

During company engagements, the Reporting Framework is useful in defining the type of information required for discussion or for formulating shareholder resolutions. The Reporting Framework has turned to be very useful for formulating in-depth questions and analysis when preparing the agenda for meetings with companies or writing introductory letters to consider issues of concern of the faith based Group. The staff also confirmed that they regularly refer companies to the Reporting Framework when they ask for concrete examples on how to write a policy or disclose human rights issues.

Risk to people approach

Corporate engagement at the US faith based investor responds to the critical concerns of the faith based Group it belongs to, which focus on people and the planet. In this sense, understanding the risks to and impacts on people have always been part of their approach so no additional benefits were detected. In order to assess companies' performance, the US faith based investor uses a combination of tools,⁵⁴ including the Reporting Framework.

Challenges

Recognizing and complying with different human rights tools

For the US faith based investor one of the main challenges in using the different human rights frameworks and benchmarks, including the Reporting Framework, is to be able to know the difference between the various tools. Currently there are various frameworks and benchmarks encompassing many questions and requirements. This situation has caused both companies and investors to become confused and frustrated because they presume they need to comply with them. It was also mentioned that there is a common perception among companies and institutional investors that benchmarks are working in silos and do not connect the common threads to explain how frameworks and benchmarks may be interconnected. Complexity and frustration increase even more when frameworks and benchmarks are released so close to each other in time.

“There is confusion among human rights frameworks and benchmarks, including the Reporting Framework. Companies are getting confused; investors are also getting confused” (The US faith based investor)

Monitoring and measuring of human rights performance

For the US faith based investor' shareholder advocacy staff, a continuing challenge in using the Reporting Framework is being able to monitor the progress that companies have made in their human rights risks' management practices. As companies begin to identify their salient human rights risks, there is not a standard way to assess progress in addressing their movement. The staff has referred them to the Reporting Framework and monitoring has occurred through annual or semi-annual meetings or informed dialogue where companies speak about their progress. Although informal, this dialogue is a very important mechanism that allows the investor to continue conversations with companies

⁵⁴ Some of the other tools mentioned are Sustainalytics, Human Rights Custom Index on MSCI ACWI, Corporate Human Rights Benchmark, Know the Chain, Access to Medicines, Access to Nutrition among others.

and influence decision-making. The staff believes that human rights frameworks, such as the Reporting Framework, have been relevant in raising awareness about the importance of social impact, but also agree that measurement of progress needs to be improved.

Specialized personnel

Another challenge that the US faith based investor' shareholder advocacy staff faces in influencing companies to use the Reporting Framework is being able to find specialized staff within companies to align with the Reporting Framework. When companies are willing to use the Reporting Framework, they would generally rely on the internal auditors (e.g. internal sustainability directors or auditors) to perform the task or ultimately they will hire consultants. This represents a challenge in the sense that non-specialized personnel may not always be able to conduct human rights due diligence processes effectively. Another related challenge as an investor, is being able to speak to the right person within companies during the engagement process. Many companies designate staff to establish conversations with the investors, but the individual is not able to influence or make decisions. When access to decision makers is denied, influencing companies' behaviors and practices is very difficult.

Impacts

Change in understanding companies' human rights performance

The most important influence that the Reporting Framework has had in the US faith based investor is in the shareholder advocacy staff working on human rights/human trafficking and extractive industries. They confirmed that staff constantly uses the Reporting Framework, in combination with others, as part of the research that they conduct for assessing which companies to engage. The tool has provided a better understanding of the aspects that the staff should be looking at in companies' human rights due diligence processes and in setting up the expectations for reporting (e.g. governance policies) and management of salient issues. This way, the Reporting Framework has given the staff elements to monitor changes in companies' practices and behaviors.

Changes in investment decision making

The US faith based investor has both exclusionary and positive screens included in the Social Responsibility Policy, which guide its Investment Policy. The Social Responsibility Policy states that the US faith based investor will seek investments in companies with positive environmental, social and governance (ESG) records, including the protection or advancement of human rights. The Social Responsibility Policy allows the exclusion of a company whose activities are notably inconsistent with the values and critical concerns of

the faith based Group it belongs to. The US faith based investor engages with equity and bond managers that invest on its behalf. Although equity and bond managers are informed of the desired exclusionary and positive screens (which includes human rights criteria) the US faith based investor can't confirm that they use the Reporting Framework in their own assessments.

Observed changes in companies' practices and behaviors

Change in human rights language. The US faith based investor considers that the most important and tangible change in companies' behavior that they have witnessed is the adoption of human rights terminology. This change in language has been observed among the extractive companies they have engaged with. For example, a mining company that when first approached by the US faith based investor, did not speak about salient human rights issues. The shareholder advocacy staff spoke with the company about the importance of disclosing and managing salient human rights issues and referred them to the Reporting Framework. In subsequent conversations with the company, the shareholder advocacy staff noted the company's use of human rights concepts such as salient human rights and remediation plans, to name a few examples.

Reporting and management. In general, the staff was not able to come up with an example in which they have observed companies' improvement in reporting and managing human rights issues as a result of using the Reporting Framework. They mentioned that companies they have engaged with are being referred to the Reporting Framework but sometimes they are also using other frameworks and benchmarks. Given that for the investor it is already difficult to monitor changes in behaviors and practices, it would be even more difficult to attribute changes to a particular benchmark or to the Reporting Framework. The staff mentioned two relevant engagement examples. The first case is an airline who they recommended develop a human rights policy commitment. The US faith based investor referred them to the Reporting Framework to help them get started. The company has not developed a full policy yet but are considering it. The second case is a hotel chain to whom they recommended to expand their human rights disclosure, sharing the Reporting Framework as a resource for them to consult with. The company has further improved their reporting to consider other issues such as children sexual exploitation, however the staff cannot assure that this change is because of using the Reporting Framework.

Observed reduced negative impacts on rights holders

The staff was not able to provide any tangible example of reduced negative impacts on rights holders as a result of use of the Reporting Framework. They mentioned that it is not possible to make this connection with the limited information they have and, as mentioned

previously, companies normally use a variety of tools in their human right's due diligence processes.

Lesson Learned

The US faith based investor assumed that the implementation of the Reporting Framework would be easy for companies. They discovered through discussions and engagement that many companies face implementation challenges due to lack of specialized personnel who understand human rights issues, are able to implement due diligence processes and can track performance of these processes over time. The staff has realised that for companies to get the most out of the Reporting Framework they must make both the commitment to human rights reporting, and the investment to hire or train the appropriate human resources who can conduct these tasks.

Annex A: Companies Interview Guide

Company:

Name:

Position:

Date of Interview:

INTRODUCTION

- Explain the objectives of the interview and case studies.
- Discuss anonymity of individual names and comments, but reference to company practices will be included in the case study report.
- Discuss respondent's role in the company's disclosure and management of human rights risks.
- Discuss the company's business activities and supply chain.

QUESTIONNAIRE

Part 1: UNGP REPORTING FRAMEWORK AND DATABASE

1. Discuss any Shift activities (e.g. workshop, webinar) attended by a representative of your company. Date(s) attended? If positive response, ask how it increased their motivation to produce better human rights reporting?
2. Is your company familiar with the UNGP Reporting Framework and/or Reporting Database? Please explain how you first learned about these tools.
3. Does your company use the UNGP Reporting Framework?
 - When did you start using the Reporting Framework?
 - How is the Reporting Framework used?
 - Who in your company uses the Reporting Framework?
 - How did you approach human rights reporting before you started using the framework? Please describe processes and any other frameworks used.
4. Does your company use the UNGP Reporting Database?
 - When did you start using the Reporting Database?
 - How is the Reporting Database used?
 - Who in your company uses the Reporting Database?
5. What is your company's motivation for using the UNGP Reporting Framework and/or Database?
6. Has use of the Reporting Framework and/or Reporting Database increased your company's awareness of its responsibility to respect human rights? Please explain how.

Part 2: HUMAN RIGHTS RISK DISCLOSURE & MANAGEMENT

A. Governance of Respect for Human Rights

7. How has the Reporting Framework improved the company's governance of respect for human rights? Please discuss:
 - a. Development of a public commitment to respect human rights and its dissemination.
 - b. The types of human rights issues discussed by senior management and the Board.
 - c. Allocation of responsibility for human rights performance within the company.
 - d. How employees and contract workers are made aware of the ways in which respect for human rights should inform their decisions and actions.
 - e. How the company makes clear in its business relationships the importance it places on respect for human rights.

B. Defining the Focus of Reporting (Salient Human Rights Issues)

8. How has the Reporting Framework improved the company's capacity to define the focus of its human rights reporting? Please discuss:
 - a. Statement of salient human rights issues associated with the company's activities and business relationships.
 - b. How salient human rights issues are determined, including any input from employees, contractors and other relevant stakeholders.
 - c. Choice of focal geographies for reporting on salient human rights issues.
 - d. Identification of additional severe impacts on human rights (non-salient issues) and how these are addressed.
9. Has the company introduced any other new practices to improve human rights reporting as a result of using the Reporting Framework? Please provide examples.
10. How have the company's new practices changed behaviours of employees, contractors, and other relevant stakeholders in reporting on human rights risks? Please provide specific examples.
11. What are the company's main challenges in reporting salient human rights issues?

C. Management of Salient Human Rights Issues

12. How has the Reporting Framework improved the company's management of salient human rights issues? Please discuss:
 - a. Any new policies adopted by the company to address its salient human rights issues.
 - b. Any new practices introduced to engage with stakeholders in relation to each salient human rights issue.
 - c. Any new practices introduced to monitor and assess real or potential human rights impacts over time.
 - d. How the company integrates findings on each salient human rights issue into decision-making processes and actions.

- e. How the company manages tensions between the prevention or mitigation of human rights impacts and other business objectives.
 - f. How the company tracks the effectiveness of its efforts in addressing each salient human rights issue.
 - g. Mechanisms established by the company to receive grievances from rights holders affected by the company's operations.
 - h. Methods used by the company to assess grievances and determine appropriate remedies.
 - i. How the company assesses the effectiveness of any remediation.
13. Has the company introduced any other new practices to manage its salient human rights issues? Please provide examples.
14. What are the company's main challenges in implementing the actions envisioned in the Reporting Framework for managing salient human rights issues?

Part 3: IMPACT OF COMPANY'S HUMAN RIGHTS CHANGES

15. How did the company assess its human rights risks before using the UNGP Reporting Framework and/or Database? (i.e. focusing on impacts to the business or impact on rights holders?)
16. What effect has focusing on greatest risks to people in human rights disclosure had on the company's business? Please provide examples.
17. Can you provide examples demonstrating how the company's new risk management practices have reduced negative impacts on human rights holders?
18. Has the company seen any negative impact to their business as a result of not properly satisfying the expectations of institutional investors, financiers, customers or other stakeholders on human rights risk management? Do you know if these stakeholders used the Reporting Framework/Reporting Database to set up their reporting expectations?
19. What are the company's motivations for improving management of its human rights risks?

Part 4: FEEDBACK ON SHIFT TOOLS

20. What do you find most useful about using the UNGP Reporting Framework and/or Reporting Database?
21. What challenges have you encountered in using the Reporting Framework and/or Reporting Database? How can these tools be improved?
22. What other type of tools/capacity building/outreach would be useful for the company in reporting and managing human rights risks?
23. What has the company learned about business & human rights from using the Reporting Framework and/or Reporting Database?
24. How has this learning modified decision-making within the company?

Annex B: Institutional investors Interview Guide

Institution:

Name:

Position:

Date of Interview:

INTRODUCTION

- Explain the objectives of the interview and case studies.
- Discuss anonymity of individual names and comments, but reference to institution practices will be included in the case study report.
- Discuss and note the respondent's role related to the institution's engagement with companies on human rights risks.

QUESTIONNAIRE

Part 1: UNGP REPORTING FRAMEWORK AND DATABASE

1. Discuss any Shift activities (e.g. conference, webinar) attended by a representative of your institution. Date(s) attended?
2. Is your institution familiar with the UNGP Reporting Framework and/or Reporting Database? Please explain how you first learned about these tools.
3. Does your institution use the UNGP Reporting Framework?
 - a. When did you start using the Reporting Framework?
 - b. How is the Reporting Framework used?
 - c. Who in your institution uses the Reporting Framework?
4. Does your institution use the UNGP Reporting Database?
 - a. When did you start using the Reporting Database?
 - b. How is the Reporting Database used?
 - c. Who in your institution uses the Reporting Database?
5. Does your institution use the Reporting Maturity Assessment (2017 Human Rights Reporting: Are companies telling institutional investors what they need to know?)?
 - a. When did you start using the Reporting Maturity Assessment?
 - b. How is the Reporting Maturity Assessment?
 - c. Who in your institution uses the Reporting Maturity Assessment?
6. What is your institution's motivation for using the UNGP Reporting Framework and/or Database/Maturity Assessment?

Part 2: UNDERSTANDING COMPANIES' HUMAN RIGHTS PERFORMANCE

7. Did Shift's activities (e.g. conference, webinar) improve your institution's understanding of companies' human rights performance? Please explain how.
8. Has the Reporting Framework, Reporting Database or Reporting Maturity Assessment increased your institutions' capacity to assess companies' human rights performance? Please explain how.
9. Has this performance analysis influenced your institution's investment decisions on companies? Please explain how.
10. How did your institution assess companies' human rights risks before using Shift's tools? (i.e. focusing on impacts to the business or impacts on rights holders?)
11. What effect has focusing on greatest risks to people in human rights disclosure and management had on your investments? Please provide examples.

Part 3: ENGAGEMENT WITH COMPANIES ON HUMAN RIGHTS

12. Has the Reporting Framework, Reporting Database or Reporting Maturity Assessment changed the way an institutional investor engages with companies on human rights risks management? Please explain how.
13. Has the institutional investor used the performance analysis to influence companies to improve their management of human rights risks? Please explain how.
14. What are the institutional investor's motivations for engaging with companies to improve their reporting and management of human rights issues?
15. What are the challenges you have faced in engaging with companies on their reporting and management of human rights issues?

Part 4: COMPANIES' IMPROVED HUMAN RIGHTS PERFORMANCE

16. How does the institutional investor monitor companies' progress with respect to their reporting and management of their human rights risks?
 - a. Has the UNGP Reporting Framework and/or Database helped with that monitoring? Please explain how.
17. Can you provide examples of improved company practices in reporting and management as a result of using the Reporting Framework and/or Database?
18. Can you provide examples demonstrating how the companies you engage with have reduced the negative impacts on human rights of people as a result of using the Reporting Framework and/or Database?
19. What challenges have you faced in monitoring companies' human rights performance?

Part 5: FEEDBACK ON SHIFT TOOLS

20. What do you find most useful about the Reporting Framework?
21. What challenges have you encountered in using the Reporting Framework and how it can be improved?
22. What do you find most useful about the Reporting Database?
23. What challenges have you encountered in using the Reporting Database and how it can be improved?
24. What do you find most useful about the Reporting Maturity Assessment?
25. What challenges have you encountered in using the Reporting Maturity Assessment and how it can be improved?
26. What other type of tools/capacity building/outreach would be useful for the institution to enhance engagement with companies on human rights?
27. What has the investment institution learned about business & human rights from using the Reporting Framework, Reporting Database and Reporting Maturity Assessment?
28. How has this learning modified investment decision-making within the institution?