Valuing Respect
First Round of Multi-Stakeholder Expert Consultations

Singapore, August 29, 2018

About Valuing Respect

Valuing Respect is a global collaborative platform, led by Shift, to research and co-create better ways of evaluating business respect for human rights. Our aim is to develop tools and insights that can help both companies and their stakeholders focus their resources on actions that effectively improve outcomes for people.
Learn more: valuingrespect.org

About Shift

Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Shift's global team facilitates dialogue, builds capacity and develops new approaches with companies, government, civil society organizations and international institutions to bring about a world in which business gets done with respect for people's fundamental welfare and dignity. Shift is a non-profit, mission-driven organization.

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About the ASEAN Human Rights Resource Centre

ASEAN CSR Network (ACN) is an accredited ASEAN entity acting as the region's network for responsible business. ACN aims to create change by influencing and working with different actors, ranging from ASEAN bodies, ASEAN member states to the private sector, civil society and international organizations, who can influence the way businesses operate.

ACN provides a platform for networking and cooperation, support for capacity building and training activities, help catalyzing collective action on key issues including business integrity and anti-corruption, business and human rights, gender equality and women's empowerment, sustainable agriculture and environmental sustainability, as well as providing linkages to regional and international bodies in supporting the advancement of CSR in the region.

Visit: www.asean-csr-netwok.org

1. Objectives of the consultation

On August 29, 2018, the Valuing Respect project team hosted a one-day expert multi-stakeholder consultation in Singapore. This meeting provided an opportunity for expert stakeholders to learn about the project and to:

- Share diverse perspectives about the current state of practice with regards to evaluating business respect for human rights, and identifying meaningful quantitative and qualitative indicators to drive improvements and results.
- Test ideas for how to approach evaluation in the context of business efforts to embed respect for human rights in operations and value chains.
- Seek guidance from participants about what needs the project should seek to meet, potential products, resources and tools that could be delivered, as well as pitfalls to avoid.

2. About this report

This report is designed to record issues raised during the consultation. Throughout 2018, similar in-depth consultations took place, in New York, London, and Johannesburg. Reports from these sessions are also available via the online project portal at www.valuingrespect.org. In early 2019, the project team will publish a key take-aways document to summarize the main points that emerged across the consultations and set out the ways in which they will shape the next stages of the project.

Annex A provides the agenda for the consultation.

Annex B provides the list of participants. The consultation involved individuals from across companies, nongovernmental organizations, investors and academia. All participants took part in their personal capacity and not on behalf of their organizations. Discussions were held under the Chatham House Rule in order to stimulate frank and open conversation. Accordingly, this summary reflects ideas expressed, but does not attribute them to specific speakers.

Opening: Welcome, Introductions and Project Overview

Following brief welcome and introductions, the project team provided a brief overview of the Valuing Respect project. In the discussion that followed, these key points were raised:

a. "Human rights" terminology remains challenging for some business, civil society and government representatives, but talking about "risks to people" less so. Participants discussed the pros and cons of being clear that the project is about how effectively businesses mitigate and remediate adverse impacts on human rights, versus the more accessible "risks to people of business operations, products and services." Many noted that the project would benefit if stakeholders were less focused on terminology and more on the methodologies for evaluating business efforts.

b. There was interest in whether project is, or is not, about measuring business contribution to the Sustainable Development Goals (SDGs). Because business and governments are increasing seeing responsible business through the lens of the SDGs, it was suggested that this project could also focus on this in order to get more attention. The project team provided a quick overview of the recent report, The Human Rights Opportunity, launched by Shift and the World Business Council for Sustainable Development, which shows how, when a business respects human rights, it makes a contribution to the SDGs. They also noted that exploring this link via some pilots might be feasible and valuable.

c. Participants agreed that the project should not be about creating a new reporting guideline: There was concern that the Valuing Respect project would create a new reporting standard. The project team and partners then clarified that while the project outcomes might inform better use of indicators and metrics in reporting, the project is not about a new standard or benchmark.

Session One: Perspectives on the State of Practice

This session focused on surfacing participants' viewpoints about the current state of practice in using information, measurement and indicators to evaluate business social performance. At different parts of the discussion, the project team shared some of the early research findings (see box below on page 6).

a. Reflections from group discussions: To kick-off the session participants worked in small break out groups to identify indicators needed to measure a company's progress in conducting due diligence and identifying human rights risks. Participants were asked to imagine that they were the sustainability director of a global energy company, and were required to launch a series of trainings for their legal teams on addressing human rights risks that might materialize when expanding operations via joint ventures. Headlines from the discussions included:

- **Indicators of progress might change over time, depending on the maturity of the company**. If the legal team is new to human rights and the idea of the UN Guiding Principles, then evaluation might focus on testing levels of understanding of some key concepts.
- Measures might focus on competence and capabilities of legal team before and after the training such as:
    - Ability to identify human rights risks presented by national law,
    - Being able to link contract clauses to expectations of partners to respect human rights,
    - Spotting the gap between a business partner's policy commitment and actions
- Some participants noted that legal teams are probably already aware of the risk management processes in a company, and that the challenge would be changing mindsets from thinking about risks to the business to including risks to people affected by the business.

b. Evaluating whether training efforts achieve the desired results can be challenging, even where it is possible to conceptualize what would be meaningful to measure. Participants all agreed that counting the numbers of training sessions and of people trained is important but does not go far enough. Instead, it might be helpful / important to track some of the following;

- Feedback on the value and effectiveness of the training;
- Knowledge and understanding of issues and human rights risk (pre and post training);
- The number of human rights risks identified via any new process / system that a training program might put in place;
- Experiences of suppliers who interact with the procurement team;
- Experiences of workers in the supply chain, who work for suppliers with whom the procurement team works with to try and make improvements.

Nonetheless, many questions remain about how to gather data around more ambitious and meaningful indicators of effectiveness.

c. Many companies in the region are just getting started on focusing on human rights, so the project should cater to this. A number of participants reinforced that tracking the effectiveness of prevention and mitigation steps will follow a number of other actions by business to embed and identify human rights risks. Yet, most companies in the region are only just starting this journey. Therefore, the project deliverables should help companies at all levels of maturity. Can better indicators and guidance help companies get things right faster?

d. Audits are not giving us the right information, while also putting pressure on suppliers in the region to produce more information. There was strong consensus that audits rarely offer more than a snapshot of a given moment, and also focus on activities, coverage of supply-base, and numbers of incidents. Where attention is given to corrective action, very little focus is on how effectively an issue is resolved and to who's satisfaction. Further, participants noted that for suppliers in producing countries in the region, audit data does not necessarily help them manage human rights risks.

e. Understanding effectiveness is a challenge for all stakeholders: Participants from the financial sector and civil society emphasized that access to meaningful evidence of positive change is challenging for them also. These actors often have to rely on what businesses measure and disclose, and may get stuck asking for information that is easy to access versus what can better inform efforts to drive improvement in business practice.

Early Research Findings

Mahidol University / ACN presented initial findings from research into listed companies in Thailand, Singapore and Malaysia. The research team reviewed the social / human rights relevant disclosures of the top 50 listed companies in each geography. Findings include:

- 'Human rights' information rarely surfaces in company material. Where it does, companies rarely provide details of how they assess the effectiveness of human rights efforts.
- Where indictors are used, the following are most common:
    - No. of trainings e.g. on Health and Safety; General Human Rights; Diversity.
    - Diversity and Inclusion data e.g. Workforce demographics; Diversity in boards and other high-level positions; Reach of inclusion programs.
    - On child and forced labor: Partnerships and investments with third parties and NGOs (inputs); and Employee training.
    - Quantified data related to supplier assessments e.g. No. of contracts for critical suppliers; Inclusion of new contract clauses; No. of non-compliance issues found.
- Where interesting data is provided, the company rarely goes far enough and so leads to questions. For example "Lands Rights in Indonesia: 14 claims were submitted from 9 villages in 2007. To date, 12 of the 14 claims have been resolved". *In what way have they been resolved?*

Continued…

Other findings presented by the project team included:

- Based on a detailed review of approximately 2000 indicators across 12 ESG indices and benchmarks, the project team found that the vast majority of the "S" (social) indicators items concern human rights. Of these, questions focus on inputs and activities, for example no.s of audits or trainings. Further, questions asked by some of the ESG ratings focus mainly on quantitative data points, such as "Total number of" and "Amount spent on". Finally, separate research conducted at Harvard and MIT have shown little correlation between even the most well-known indices..
- Based on **engagement with company practitioners**, the project team has identified interesting areas for future exploration such as: business leaders (formally or informally) tracking behavior changes following capacity-building; Innovations/pilots to assess outcomes on certain salient issues (e.g. on livelihoods, living wage, women's empowerment); attention given to *how* the measure is used (e.g. punitive v. problem-solving) and how this alters information flows; and a desire to get towards intangibles like 'trust'.
- Based on a review of the latest literature **about using metrics to drive public policy and social change**, the project team identified key, proven, insights that we should keep in mind when evaluating business respect for human rights such as: What is *easy to* measure gets managed (and invested in); When a measure becomes a target, it ceases to be a good measure: "Uncertainty absorption," when single clear metrics mask nuanced, judgment-based information; and that Indicator design is rarely (if ever) neutral.

Session Two: Brief Presentation and Q&A: Exploring How to Think About Evaluation

This session focused on the first discussion paper entitled *'Evaluating business respect for human rights: Towards a shared way of thinking.'* This paper proposes both: the use of a Causal Pathway or Theory of Change model as a basis to approach evaluation; and the importance of also focusing on how key "organizational features" (such as governance, culture and the quality of relationships with affected stakeholders) drive or inhibit rights-respecting behaviors and outcomes.

An important and complementary framework was discussed with regard to the use of leading and lagging indicators, learning from experiences in workplace health and safety. A short discussion paper was circulated and presented at the meeting. Lagging indicators are essential to know what has worked and what hasn't. They reflect outcomes. But looking at lagging indicators exclusively is like driving down the road using your rearview mirror only. They require root cause analysis in order to identify leading

indicators that can help predict the likelihood of good or bad outcomes. Leading indicators are a canary in the coalmine and they enable organizations to take preventative action. While lagging indicators can be similar or the same across companies and industries, leading indicators need to be much more tailored to specific company contexts. They need to evolve over time as risks change and as company practices mature.

a. Participants supported the effort to learn from the International Development field. Participants noted that borrowing from the international development field was sensible, as this field has experience in trying to evaluate meaningful change and outcomes for people.

b. Support for including a focus on what leads to practice/behavior change: Participants raised that looking back over the last 10 years, the barriers and enablers that have been important to changing business are often "softer" or related to underlying mindsets and attitudes. So focusing on culture and relationships seems sensible. Others note that, while most theories focus on input to output with business and human rights, what we want to focus on is what has changed within company behavior that could drive better outcomes for people.

c. Agreement that it is important to consider the business case: Participants suggested it is sensible and important to think about how addressing human rights risks delivers measurable outcomes for the business in question. It was acknowledged that it can be hard for companies to invest in business and human rights without this.

d. The Theory of Change model is also useful to help evaluate collective action: A few participants noted that there are some early-stage plans among initiatives in the region to try and design indicators based on the theory of change model. One such example was shared by the International Office of Migration where the focus is on how to evaluate progress in addressing forced labor.

Session Three: Focus on Forced Labor

This session focused on how to understand the experiences of victims – or potential victims – of forced labor when considering the effectiveness of interventions (by brands and multi-stakeholder initiatives) to address forced labor.

The conversation was anchored in the work and lessons of the Issara Institute. At the start of the session, Mark Taylor of Issara presented the following:

- Issara Institute is a non-profit organization primarily focused on export supply chains in the Southeast Asia region. Issara operates on a different business model from other non-governmental organizations, and focuses on social issues such as improving working conditions for workers in the region, and acknowledging their responsibility to help workers on the ground.

- The Institute has multiple channels to engage directly with workers in their local languages, and this is conducted in-house. Staff conduct direct outreach, going directly into communities and workplaces to meet with workers and hear their perspectives directly. The institute also has a migrant worker hotline, and handles around 2,000 calls and messages per month.
- The organization's Golden Dreams app allows for increased communication with workers and staff, and provides a rating service for employers, labor providers and NGOs including the Institute. This allows workers to gain the information they need to make more informed decisions (e.g.job seekers thinking of migrating to Thailand.)
- The Institute conducts what is called an Inclusive Labor Monitoring process, and engages with global brands and their supply chains to inform them about issues and risks in their supply chain.
- The organization provides free technical support and upholds strict requirements for confidentiality when handling information. This allows for workers to be more confident and honest, and allows suppliers to know that they can turn to an independent neutral party to discuss issues. So far, the institute has gotten 5,000 workers out of forced labor over 4 years.

Discussion following the presentation identified the following:

a. Engaging worker voice appears to be a missing, and critical, data point to understand impacts: Participants expressed that Issara's innovative, and careful, approach to gathering inputs directly from workers is a refreshing change of approach from audits.

b. Participants are interested to learn more about the mechanics and challenges of gathering information from workers: It was noted that connecting to actual or potential victims of forced labor is always challenging because these groups are often invisible, intimidated against speaking out, and transient. Issara shared more about ways to overcome this, including how to protect the safety and privacy of workers.

b. It is important to consider the incentives for workers to invest in providing information about their own experiences: Issara emphasized that gaining reliable data requires careful consideration of the incentives for workers to provide the information. Workers need to see that issues are responded to in a timely fashion, and in ways that demonstrate the value *to them* of taking time to use the platform and engage.

d. Behavior change of workers. A few participants noted that a key to addressing forced labor is to support workers to be better informed about the problems they can face when engaging with, and trusting, recruitment agencies. Some of this relates to financial literacy – for example, that sending money home via middle-men and organizations can result in a loss of a substantial part of income. However, changing behavior of actual or potential victims can be challenging because many workers are simply desperate for work or urgently trying to send remittances home.

Session Four: Reflections, Recommendations and Next Steps

In the closing session, participants shared reflections, recommendations and any questions/concerns about the Valuing Respect project. Messages from participants included:

"It is very helpful to understand that this project is not attempting to create a new reporting framework or to compete with GRI and other standards. We should all make sure this message is shared clearly."

"We need to recognize that different individuals within an organization and different stakeholders need different information. Consideration should always be given to how metrics inform decision-making and action, and be designed with this in mind."

"The project should offer valuable products to SMEs, not just large national or multi-national corporations."

Next Steps
1. A **summary report** from this consultation will be produced.
2. Completion of ASEAN disclosure research.
3. One more **expert consultation** for 2018 - Johannesburg in November.
4. **Ongoing engagement** with practitioners and experts in diverse disciplines, such as experts in behavioral sciences, to learn how to build meaningful measures to change organizational behavior.
5. Sharing interim research outputs on the **online project portal.**
6. Inviting **ideas, critiques, and suggestions** (such as how to get SMEs on board).

Annex A: Agenda

9am **Arrivals and light breakfast**

10am **Welcome, Introductions and Project Overview**

Following a brief welcome and introductions, the meeting will start with a brief overview and discussion about the Valuing Respect Project. This is intended to help participants understand — and interrogate — what the project is seeking to do, and how.

1045am **Session One: Perspectives on the State of Practice**

A critical early step for the project is to establish a robust picture of existing efforts and challenges in using information, measurement and indicators to evaluate business social performance. In this session, we will surface participants' viewpoints about the current state of practice. We will discuss:

- What is positive about the current state of practice regarding the evaluation of business respect for human rights?

- What are the challenges of designing good indicators and securing good evidence/data to support evaluation?

Within this session, the project partners will present some initial findings from early research, including into information used in company disclosures in the ASEAN region.

1215pm **Lunch**

1pm **Brief Presentation and Q&A: Exploring How to Think About Evaluation**

In this session, the project partners would like to test some foundational ideas for how to (re)think about the evaluation of business respect for human rights. These ideas are set out in the first discussion paper for the project which is a pre-read for the meeting.

130pm   **Session Three: Focus on Forced Labor**

Forced labor is a significant and persistent reality in a range of industries across the ASEAN region. Businesses involved are recruitment agencies, employers and repatriation companies. In recent years we have seen an increase in business, regulatory, investor and civil society investment to prevent, mitigate and remediate the issue.

In this session we will focus on **challenges and innovations** in evaluating business and multi-stakeholder efforts to address forced labor. To support the discussion, we will ask a few individuals to offer opening remarks about how they try to track changes in business practice and outcomes for victims.

We will explore:

- How companies are – or ,indeed, can better – evaluate if their policies and processes focused on forced labor are working.
- What leads to sustained effort and actual change when brands – alone or with civil society – engage companies within supply chains to address forced labor.
- The role of worker voice and technologies in evaluating progress and change over time.
- What information investors and banks do, or could, focus on when assessing if clients are making progress to address forced labor.

3pm   **Reflections, Recommendations and Next Steps**

Annex B: Participants

- Professor Aishah Bidin, Commissioner, Human Rights Commission of Malaysia (SUHAKAM)
- Christian Rae Bustamante, CSR Manager, Hitachi Asia
- Khine Khine Nwe, Joint Secretary General, Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)
- Laura Green, Project Officer, IOM's regional Corporate Responsibility in Eliminating Slavery and Trafficking (CREST)
- Suryani Sidik Motik, Vice Chairman of Indonesia Chamber of Commerce and Industry (KADIN)
- Daniel Polomski, PhD student (Human Rights) & Independent researcher, Mahidol University
- Ghislaine Nadaud, Head of Sustainability Asia Pacific, ABN AMRO,
- Noor Izlin Adrina Ismail, Social Performance Manager, Sime Darby
- Prof Viswanathan, Professor of Operations Management at the Nanyang Business School, Nanyang Technological University, Singapore
- Mark Taylor, Director, Strategy & Global Partnerships, Issara Institute
- Hnin Wut Yee, Program & Outreach Manager, Myanmar Centre for Responsible Business
- Florian Beranek, Lead Expert on Social Responsibility, UNIDO
- Tan Onn, Flex, Singapore
- Thomas Thomas, Chief Executive Officer, ASEAN CSR Network (ACN)
- Mark Hodge, Senior Associate, Shift

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