Leadership & Governance
INDICATORS
of a Rights-Respecting Culture

BETA

Shift

ABOUT

This resource is a work in progress as part of Shift's Valuing Respect project. It provides a menu of indicators of leadership and governance that help evaluate a company's progress towards building a rights-respecting culture. A previous beta version of these indicators was published in December 2019 and may be found here.

The primary intended users of the resource are:

a. Business leaders seeking to assess the strengths and weaknesses of their company leadership, governance and culture with regard to respect for human rights;

b. Investors and civil society organizations seeking to strengthen their analysis, strategies and engagement with companies regarding progress towards respect for human rights.

Indicators of leadership and governance typically focus on formal systems - codes of conduct, organizational structures, roles, responsibilities and incentives. These help define how things should happen in an organization. But they miss the profound influence of senior leaders' behavior on how things actually happen: that is, on organizational culture.

The draft indicators suggested here are grounded in four features of a corporate culture that are central to respect for human rights: authenticity of commitment; responsibility and accountability; respect and empathy; and organizational learning. They look first at formal governance arrangements and processes that support those four features; then at key behaviors of senior leaders that exemplify and reinforce the features.

It is not necessary to use all the indicators. They are intended as a menu from which organizations can draw as appropriate to their needs and contexts. However, individual indicators will be most robust when used in careful combinations. The final versionof the indicators will show those potential combinations to enable their optimal use.

Additional resources will include a short explanation of each indicator and relevant supporting resources.

We welcome your feedback as we continue to work towards a polished version of this and other outputs of the Valuing Respect project.

ABOUT VALUING RESPECT

Valuing Respectis 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.

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You can also send feedback to info@shiftproject.org

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The most senior governing body and/or its relevant sub-committees...

1. **reviews and challenges the company's business model and strategy** to ensure any inherent human rights risks are identified and addressed.

2. regularly **discusses progress and challenges in addressing the company's salient human rights risks,** informed by related complaints or grievances from the workforce or external stakeholders, root cause analyses of major human rights-related incidents and knowledge of current leading practice.

3. **reviews and challenges the company's efforts to influence public policy and regulation** to ensure they do not undermine human rights.

4. has systems in place to regularly **hear the experiences and views of people across the workforce** about how they are affected by the business, and informs the workforce about how these inputs have influenced company decision-making.

5. has systems in place to regularly **hear the experiences and views of external stakeholders about how they are affected by the business**, and informs them about how their inputs have influenced company decision-making.

6. ensures that **cross-functional processes** are in place to share information about human rights risks; agree actions to address human rights risks; and monitor progress against those actions.

7. requests and reviews a **root cause analysis** of any incident resulting in severe human rights impacts, in order to ensure that systems, processes and practices are adapted to avoid their recurrence.

8. ensures that **performance incentives** for top management are in place that **reflect the company's salient human rights issues**; are supported by relevant KPIs; and are given reasonable weight in compensation schemes.

9. challenges any **top management performance incentives** that may promote behaviors that undermine respect for human rights.

10. **approves high-level targets for assessing progress** in addressing salient human rights risks.

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Senior leaders at corporate, regional, country and business unit levels...

1 talk regularly - both internally and publicly – about **the company's commitment to address risks to people** across the company's operations and value chain, and **key challenges and opportunities** for achieving this goal.

2 regularly affirm that **all stakeholders must be treated with respect and dignit**y, and model this intheir interactions with the company's workforce.

3 pro-actively and regularly seek the insights and **critique of credible experts** to inform the company's understanding of and responses to human rights issues.

4 **routinely seek out the experiences and views of people across the company's workforce** about how they are affected by the business, and inform them of how their inputs have influenced company decision-making.

5 routinely **engage with external stakeholders to understand their experiences and views** about how they are affected by the business, and inform them of how their inputs have influenced company decision-making.

6 **engage constructively with affected stakeholders** or their representatives with regard to any allegations that the company is involved in major human rights-related incidents in its operations or value chain.

7 **signal the importance of the internal function(s) or role(s) that lead(s) on human rights** by ensuring their insights are integrated into decision-making processes.

8 proactively **seek to understand and avoid pressures on employees or contractors** to act contrary to the company's responsibility to respect human rights.

9 encourage the workforce to **raise questions or concerns** about the company's impacts on co-workers or external stakeholders.

10 **praise actions and decisions** that advance the company's commitment to respect human rights, and **call out any that run counter to it.**

11 **collaborate** with business peers and other stakeholders to **address systemic issues** underpinning the company's salient human rights risks, based on clear action plans, agreed targets and accountability measures.

12 **encourage the sharing of problems and setbacks, as well as progress and successes**, to support improved management of human rights risks and impacts.

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