

Leadership & Governance Indicators

OF A RIGHTS RESPECTING CULTURE




22 PRACTICES AND BEHAVIORS THAT HELP FOSTER BUSINESS
RESPECT FOR HUMAN RIGHTS



Shift

ABOUT SHIFT

Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights. 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. We are a non-profit, mission-driven organization headquartered in New York City.

 shiftproject.org

 [@shiftproject](https://twitter.com/shiftproject)

ABOUT VALUING RESPECT

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

 valuingrespect.org

CONTENTS

TABLE OF

- 1** Foreword
- 2** About
- 3** How to Use this Resource
- 5** Leadership Indicators
- 43** Governance Indicators

It is an oft-repeated truth that in organizations “culture eats strategy for breakfast.”

This is as true when it comes to a company’s efforts to meet its responsibility to respect human rights – that is, the basic dignity and equality of all people – as it is for any other business objective.

Companies are increasingly developing policies and processes to identify and manage severe risks to people that are connected with their operations and value chain. Yet these are worth little if the organization’s primary culture is at odds with the purpose of these documents: if there is no real intent behind commitments made; little empathy or sense of accountability for how people may be harmed; no instinct for learning lessons if they are. Where this is the case, short-term commercial interests will inevitably and repeatedly trump consideration for the people whose welfare is at stake. And the fact of having policies and processes will do only so much to shield a company from the reputational, operational, even legal and financial risks that can result.

Yet culture is intangible and hard to measure and, so, it is too often overlooked. The leadership and governance indicators set out in this resource are designed to meet this challenge. They reflect another corporate truism: that “tone at the top matters.” In other words, how leaders act – from the board level to site level – is a powerful leading indicator of whether a rights-respecting culture is in place. As experience repeatedly shows:

- where business leaders are not attuned to how their decisions and actions may negatively impact lives, view any such consequences as the necessary result of

doing their job, and transfer those assumptions to their employees, they embed significant risk into the way the business runs – risks to individuals and their basic human rights, but also risk to their company’s reputation, operational and financial success. Where the company’s governing body provides no accountability for such results and itself fails to model respect and empathy, these risks can run unchecked.

- conversely, where business leaders foster a culture in which all people – near and far, similar and different – are treated with respect, they build default behaviors across the organization that help surface risks to people so they can be addressed, lead to dilemmas being debated rather than problems being suppressed, and encourage new ways of doing business that protect the welfare of others. Where their governing body mirrors, incentivizes and rewards these behaviors, they help hard-wire the organization for success.

These indicators therefore focus in on leadership behaviors. They can help company executives and boards stress-test how well their culture reflects respect for people. They can help investors and lenders identify those companies most likely to be advancing business success by systematically reducing the risks of harm to people. We hope they will be used for both ends and contribute to building companies that are fit for a sustainable future.

- **Caroline Rees, President of Shift**

This resource provides a menu of indicators of leadership and governance that can help to evaluate a company's progress towards building a rights-respecting culture. 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.

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.

Connecting to Culture

Indicators of leadership and governance typically focus on formal systems – codes of conduct, organizational structures, roles, responsibilities and incentives. Evidence of these can signal how things *should* happen in an organization. But they miss the profound influence that the actions of governing bodies and senior leaders' can have on what *actually* happens, through the day-to-day decisions and behaviors of people across the organization that determine its impact employees, workers, communities and consumers.

The indicators in this resource are grounded in four features of a corporate culture that are central to respect for human rights:

- **Authenticity** such that the organization acts in a manner consistent with publicly asserted commitments to respect human rights, including when faced with inevitable tensions between respect for human rights and other business goals.

- **Accountability** such that respect for human rights is embraced as the responsibility of people in every part of the business, and key staff are empowered and motivated to embed respect for human rights across the company.
- **Empathy** such that everyone in the organization is motivated to know and care about whether and how it might be involved with harm to the human rights of people, including of remote individuals and communities.
- **Organizational Learning** such that everyone seeks out and embraces new insights about human rights risks and makes an effort to learn from mistakes as well as successes.

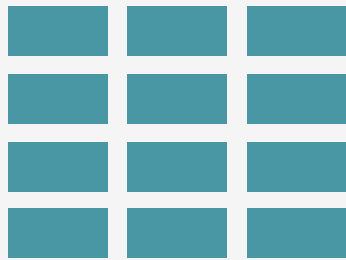


Menu of Indicators

There are a total of 22 indicators divided into two categories:

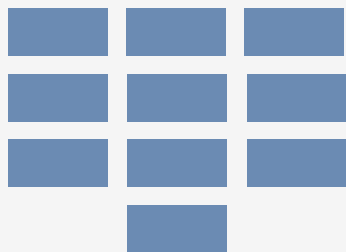
12 LEADERSHIP INDICATORS

Focused on the actions of senior leaders at corporate, regional, country and business unit levels.



10 GOVERNANCE INDICATORS

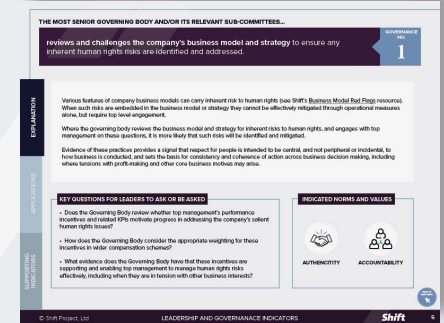
Focused on the actions of the most senior governing body and/or its relevant sub-committee.



Each indicator has three levels:

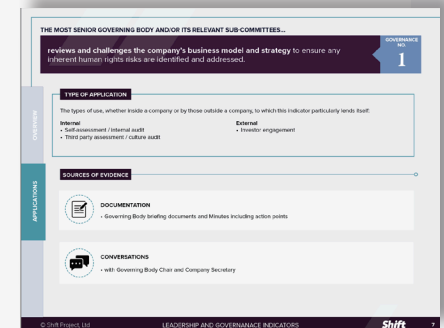
Level One: Overview

- **Explanation:** An overview of the indicator and its relevance for embedding organizational behaviors, and robust due diligence practices that support respect for human rights
- **Key Questions** for leaders to ask or be asked: To aid initial analysis of whether the governance or leadership practice is present in the organization.
- **Connection to Culture:** Showing the link back to features of a rights-respecting culture.



Level Two: Application

- **Types of Application:** Highlighting the types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself.
- **Sources of Evidence:** Signaling where information related to the indicator might be found, whether in documentation or by soliciting the perspectives of stakeholders.



Level Three: Supporting Indicators

The insight gained from using a single indicator in isolation – however well designed – will have its limits. These limits typically arise from assumptions behind the indicator, for example about pre-existing knowledge, motivations or the practices of others. Users can therefore validate the insight offered by an indicator by combining it with one or more others that address those assumptions. This section provides guidance on which indicators can be used in combination to meet this aim.



To ease navigation between pages, we have embedded links to the main menus and individual indicators so the user may simply click to skip ahead or return to a specific section.

GOVERNANCE INDICATORS

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

G1	reviews and challenges the company's business model and strategy to ensure any inherent human rights risks are identified and addressed.	G6	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.
G2	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.	G7	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.
G3	reviews and challenges the company's efforts to influence public policy and regulation to ensure they do not undermine human rights.	G8	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.
G4	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.	G9	challenges any top management performance incentives that may promote behaviors that undermine respect for human rights.
G5	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.	G10	approves high-level targets for assessing progress in addressing salient human rights risks.

valuingrespect.org 3

Each indicator listed in the main menu is clickable and linked to its respective resource page.

The lefthand tabs located on individual indicator pages are linked so that you can easily move between the three levels.

The first page of each indicator also features a small button that will bring you back to the main menus.

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

GOVERNANCE NO. **1**

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

EXPLANATION

Various features of company business models can carry inherent risk to human rights (see Shift's Business Model Red Flags resource). When such risks are embedded in the business model or strategy they cannot be effectively mitigated through operational measures alone, but require top level engagement.

When the governing body reviews the business model and strategy for inherent risks to human rights, and engages with top management on these questions, it is more likely that such risks will be identified and mitigated.

Evidence of these practices provides a signal that respect for people is intended to be central, and not peripheral or incidental, to how business is conducted, and sets the basis for consistency and coherence of action across business decision making, including where tensions with profit-making and other core business motives may arise.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Does the Governing Body review whether top management's performance incentives and related KPIs motivate progress in addressing the company's salient human rights issues?
- How does the Governing Body consider the appropriate weighting for these incentives in wider compensation schemes?
- What evidence does the Governing Body have that these incentives are supporting and enabling top management to manage human rights risks effectively, including when they are in tension with other business interests?

INDICATED NORMS AND VALUES

AUTHENTICITY **ACCOUNTABILITY**

© Shift Project Ltd LEADERSHIP AND GOVERNANCE INDICATORS Shift 6

The top-left corner of the slide features three overlapping, semi-transparent geometric shapes: a large light blue triangle pointing down and to the right, a medium teal parallelogram, and a smaller dark teal parallelogram, all creating a layered, abstract design.

LEADERSHIP INDICATORS

LEADERSHIP INDICATORS

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

L1

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.

L7

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.

L2

regularly affirm that **all stakeholders must be treated with respect and dignity**, and model this in their interactions with the company's workforce.

L8

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

L3

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.

L9

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

L4

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.

L10

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

L5

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.

L11

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.

L6

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.

L12

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

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.

A written statement or occasional verbal restatement of a company’s policy commitment to act with respect for human rights may or may not reflect and shape business practices.

Where senior leaders talk regularly – to the workforce as much as in public – about the company’s human rights commitment and what this means for the company in terms of challenges and opportunities, it is more likely that respect for human rights will be viewed across the workforce as relevant and important for the business. It is also more likely that the wider workforce will feel able to talk openly about human rights issues, including problems that arise, enabling them to be addressed earlier and more effectively.

Evidence that senior leaders speak about the company’s commitment to respect human rights in this way signals coherence and consistency and an intent that others in the company should reflect the same priorities in their words and actions. Evidence that they speak of challenges and opportunities for achieving respect for human rights signals a readiness and expectation that the company should learn and improve in this aspect of its performance.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- When, how often and to whom do senior leaders talk about human rights and what respecting human rights means for the company?
- Do they project these messages internally as well as externally?
- Do they project these messages across the company or only to people in certain parts of the company, and if so, why?
- Does the workforce perceive these messages as authentic and representative of how leaders wish the workforce to act?

CONNECTION TO CULTURE



AUTHENTICITY



LEARNING



SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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.

LEADERSHIP
NO.

1

OVERVIEW

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Investor engagement

APPLICATIONS

SOURCES OF EVIDENCE



DOCUMENTATION

- Internal communications from senior leaders
- Records of relevant internal forums and meetings
- Public statements or speeches by leaders
- Statements in company disclosures or posted by third parties
- Comments in media including social media



WORKFORCE PERSPECTIVES

- Survey / interviews / other feedback from a cross-section of the workforce regarding:
 - Awareness of leaders’ views regarding respect for human rights
- Consistency of those views with other explicit or implicit messages from direct managers and top management
- Consistency of those views with senior leaders’ actions and decisions

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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.

LEADERSHIP NO.

1

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the need for leaders to be adequately informed about human rights risks related to the company in order to project meaningful messages about respect for human rights, and in the risk that there are disincentives or barriers that hinder the workforce from translating these messages into their daily practices. This is a particular risk where leaders articulate the company’s commitment externally but not internally, or only to the function(s) that lead(s) on human rights, rather than the wider workforce.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G9

L3

L7

L9

SUPPORTING INDICATOR

The most senior governing body and/or its relevant sub committees... challenges any top management performance incentives that may promote behaviors that undermine respect for human rights.

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

Senior leaders at corporate, regional, country and business unit levels... signal the importance of the internal function(s) that lead(s) on human rights by ensuring their insights are integrated into decision-making processes.

Senior leaders at corporate, regional, country and business unit levels... encourage the workforce to raise questions or concerns about the company’s impacts on co-workers or external stakeholders

RATIONALE

Where the governing body does this, it is more likely that there is alignment between the commitments they assert and the practices they pursue.

Where senior leaders do this, they are more likely to have the necessary knowledge of key human rights risks to inform internal and external discussions of related challenges and opportunities.

Where senior leaders do this, it is more likely that there is alignment between the commitments they assert and the practices they and the wider workforce pursue.

Where senior leaders do this, it is more likely that there is alignment between the commitments they assert and the practices they and the wider workforce pursue.

APPLICATIONS

SUPPORTING INDICATORS

regularly affirm that all stakeholders must be treated with respect and dignity, and model this in their interactions with the company's workforce.

A company's policy commitment to respect human rights is generally a high-level statement focused on formal expectations, structures and processes. Leaders' more routine, daily interactions are an essential complement in demonstrating the value they place on how people are treated – including, importantly, stakeholders outside the company. To be taken seriously by the workforce, leaders' words and behaviors need to be closely aligned.

Where leaders treat people across the workforce with dignity and respect in their informal, everyday language and behaviors, and in the routine settings and interactions through which business is conducted, it is more likely that these ways of acting will be embedded into the ways business gets done at all levels of the company.

Evidence that leaders consistently show respect for people in their interactions inside and outside the company, signals that they are receptive and responsive to the needs of others, regardless of rank or influence, and that any expectations they set for others with regard to the treatment of stakeholders are carried through in their own behaviors.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Do senior leaders talk about the importance of treating people with respect and dignity (or similar language)?
- Do senior leaders act respectfully in their interactions with individuals at all levels of the company?
- Do senior leaders act respectfully in their observed interactions with individuals outside the company?

CONNECTION TO CULTURE



AUTHENTICITY



EMPATHY

regularly affirm that all stakeholders must be treated with respect and dignity, and model this in their interactions with the company's workforce.

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

SOURCES OF EVIDENCE



DOCUMENTATION

- Internal communications from senior leaders
- Records of relevant internal forums and meetings
- Public statements or speeches by leaders
- Statements in company disclosures or posted by third parties
- Comments in media including social media



WORKFORCE PERSPECTIVES

Survey / interviews / other feedback from a cross-section of the workforce regarding:

- how they are treated by peers and superiors
- how colleagues are treated in group settings
- whether the company promotes a diverse and inclusive workplace for all
- whether members of the workforce in general act with consideration and respect for each other

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

regularly affirm that all stakeholders must be treated with respect and dignity, and model this in their interactions with the company’s workforce.

LEADERSHIP NO.

2

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the need for other factors that drive the priorities and behaviors of the workforce to be aligned with such messaging and behavior from senior leaders.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G1

The most senior governing body and/or its relevant subcommittees... reviews and challenges the company’s business model and strategy to ensure any inherent human rights risks are identified and addressed.

G6

The most senior governing body and/or its relevant subcommittees... 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.

L8

Senior leaders at corporate, regional, country and business unit levels... proactively seek to understand and avoid pressures on employees or contractors to act contrary to the company’s responsibility.

L9

Senior leaders at corporate, regional, country and business unit levels... encourage the workforce to raise questions or concerns about the company’s impacts on co-workers or external stakeholders.

L10

Senior leaders at corporate, regional, country and business unit levels... praise actions and decisions that advance respect for human rights and call out any that run counter to it.

SUPPORTING INDICATOR

RATIONALE

Where the governing body does this, it is less likely that there will be strong incentives for the workforce to act in ways that undermine respect for people.

Where these are in place, it is more likely that those functions and business units whose actions and decisions most affect human rights are aligned on the need to treat people with respect.

Where senior leaders do this, it is more likely that the incentives felt by the workforce are in line with treating people with respect.

Where senior leaders do this, it is more likely that the incentives felt by the workforce are in line with treating people with respect.

Where senior leaders do this, it is more likely that the incentives felt by the workforce are in line with treating people with respect.

APPLICATIONS

SUPPORTING INDICATORS

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.

It is generally not possible for companies to hold all the expertise and information inside the business that is needed to identify and address risks to human rights connected with their operations and value chains. This is particularly so because human rights risks evolve as the company's activities, operating contexts and business relationships change.

Where leaders engage with credible human rights experts outside the company and invite critique of the company's human rights performance, they are more likely to find out early about risks to, or impacts on, people, and to be equipped to interrogate and address any weaknesses they reveal in company processes and practices.

Evidence of senior leaders inviting expert insights and critique signals an openness to learning from others and to the value of different perspectives, and a readiness to act on the knowledge gained.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- When external experts have criticized the company for one or more aspects of its human rights performance, how have senior leaders responded?
- Do senior leaders actively engage credible experts outside of when they raise critiques to see their insights?
- How have senior leaders acted on the insights gained through any such interactions?

CONNECTION TO CULTURE



ACCOUNTABILITY



LEARNING



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.

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Required disclosure
- Regulatory provision (governance / due diligence)
- Investor engagement
- Indicator of performance

SOURCES OF EVIDENCE



DOCUMENTATION

- Records of meetings with experts
- Follow up to meetings with experts



CONVERSATIONS

- with senior leaders
- with external experts raising critiques



WORKFORCE PERSPECTIVES

Survey / interviews / other feedback from relevant individuals regarding:

- The consistency and quality of senior leaders' engagement with known / public critics
- The value of critique from third party experts

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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.

LEADERSHIP NO.

3

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the need for leaders to feel enabled and supported to translate insights from external experts into internal decisions and actions, and for there to be adequate internal processes to do so.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G1

The most senior governing body and/or its relevant subcommittees... reviews and challenges the company’s business model and strategy to ensure any inherent human rights risks are identified and addressed.

Where the governing body does this, it is less likely that top management faces incentives to ignore critical feedback from experts.

G6

The most senior governing body and/or its relevant subcommittees... 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.

Where the governing body does this, it is more likely that insights gained through leaders’ engagement with credible experts can be effectively translated into action.

G9

The most senior governing body and/or its relevant subcommittees... challenges any top management performance incentives that may promote behaviors that undermine respect for human rights.

Where the governing body does this, it is less likely that top management faces incentives to ignore critical feedback from experts.

L10

Senior leaders at corporate, regional, country and business unit levels... praise actions and decisions that advance respect for human rights and call out any that run counter to it.

Where senior leaders do this, it is more likely that they will view their engagement with external experts as a means to bring to light problematic actions or decisions in order that they can be addressed.

L12

The most senior governing body and/or its relevant subcommittees... encourage the sharing of problems and setbacks, as well as progress and successes, to support improved management of human rights risks and impacts.

Where senior leaders do this, it is more likely that they will view critical insights from external experts as a means to support such improvements.

SUPPORTING INDICATOR

RATIONALE

APPLICATIONS

SUPPORTING INDICATORS

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.

People within a company's workforce may themselves be impacted by the business, for example through excessively low wages, unsafe working conditions, discrimination, limits on freedom of association or other human rights impacts. This can be a particular risk for individuals whose positions may be more precarious than those of full-time employees, such as workers on contract, on limited or variable hours, or who are nominally self-employed.

Where leaders regularly engage with a cross-section of the workforce to understand their daily experience in the company, they are more likely to identify such risks and impacts early so they can be addressed effectively. Where they inform the workforce of ways in which such feedback has shaped company decisions, it is more likely that individuals will feel it is safe and worthwhile to raise concerns.

Evidence of these practices provides a signal that senior leaders are interested in understanding how people across the organization perceive the company to affect their lives, and that they care about their experience and understand its importance to the success of the company.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Through what means do senior leaders hear directly from the workforce on their experience of the company and how working there affects them?
- How widespread a cross-section of the workforce do senior leaders engage with, and what kinds of issues arise?
- How do insights gained from these engagements with the workforce feed into the assessment of risks to people and actions to address them?
- Do senior leaders inform the workforce of how these interactions play into business decisions?

CONNECTION TO CULTURE



AUTHENTICITY



LEARNING



EMPATHY



ACCOUNTABILITY



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.

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Required disclosure
- Regulatory provision (governance / due diligence)
- Investor engagement
- Indicator of performance

SOURCES OF EVIDENCE



DOCUMENTATION

- Records of meetings with members / representatives of workforce
- Policies on engagement with workforce



WORKFORCE PERSPECTIVES

Survey / interviews / other feedback from a cross-section of the workforce regarding:

- Awareness of senior leaders' engagement with members of the workforce regarding their experience of how the company affects them
- Whether senior leaders are sufficiently aware of how different groups within the workforce are affected by the business
- Awareness of any changes to how business is done as a result of engagements with senior leaders
- The value of these engagements by senior leaders
- Their own engagement with others – including more junior members of the workforce – on these issues



CONVERSATIONS

- with senior leaders
- with Worker Representatives / Unions Committees
- with any internal networks for specific groups within the workforce e.g. women, disabled individuals, LGBTQ+ people etc.

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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.

LEADERSHIP NO. **4**

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the tensions that may arise between an intent and desire among leaders to address human rights-related concerns raised by the workforce, and business pressures or incentives that may prevent or dissuade them from doing so in practice.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G1

G4

G8

G9

SUPPORTING INDICATOR

The most senior governing body and/or its relevant subcommittees... reviews and challenges the company’s business model and strategy to ensure any inherent human rights risks are identified and addressed.

The most senior governing body and/or its relevant subcommittees... 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.

The most senior governing body and/or its relevant subcommittees... 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.

The most senior governing body and/or its relevant subcommittees... challenges any top management performance incentives that may promote behaviors that undermine respect for human rights.

RATIONALE

Where the governing body does this, it is less likely that top management faces incentives to ignore human rights-related concerns raised by the workforce.

Where the governing body does this, it is likely this will reinforce positive incentives and reduce disincentives for leaders to do likewise.

Where the governing body does this it is more likely that incentives will support and enable leaders to act on concerns raised by the workforce.

Where the governing body does this, it is less likely that leaders will be disincentivized from acting on concerns raised by the workforce.

APPLICATIONS

SUPPORTING INDICATORS

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.

Companies can be involved with impacts on the human rights of a range of potentially affected stakeholders outside the company, whether in connection with their operations, products or services. This can include workers in the upstream or downstream value chain, communities affected by the company or its value chain, and consumer or end-users of company products, among others.

Where leaders regularly engage with external stakeholders who may be impacted by the business to understand how they view the company and its actions, they are more likely to identify human rights risks and impacts early so they can be addressed effectively. Where they inform these stakeholders of how issues they raise are being addressed, it is more likely that stakeholders will feel it is safe and worthwhile to raise issues.

Evidence of these practices provides a signal that senior leaders are interested in understanding how people outside the organization perceive the company to affect their lives, that they care about the experience of these stakeholders and understand its importance to the success of the company.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Through what means do senior leaders hear directly from the affected stakeholders about their view of the company and its actions?
- How do senior leaders determine which affected stakeholder groups to engage with and when, and which individuals from within those groups?
- How do insights gained from these engagements with affected stakeholders feed into the assessment of risks to people and actions to address them?
- Do senior leaders inform the affected stakeholders with whom they speak of how these interactions play into business decisions?

CONNECTION TO CULTURE



AUTHENTICITY



LEARNING



EMPATHY



ACCOUNTABILITY



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.

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Required disclosure
- Investor engagement

SOURCES OF EVIDENCE

DOCUMENTATION



- Records of meetings with external stakeholders, where available
- Policies on engagement with external stakeholders

CONVERSATIONS



- with senior leaders
- with external affected stakeholder groups, including any engaged by the company



WORKFORCE PERSPECTIVES

Survey / interviews / other feedback from a cross-section of the workforce regarding:

- The value of engaging with external, affected stakeholders
- The value of senior leaders engaging with external, affected stakeholders
- Examples of where the company, or a business partner, has had a negative impact on people and awareness of the effects on the people concerned
- Perceptions of whether senior leaders are aware of and interested in how different groups outside the company may be affected by the business
- Awareness of senior leaders' engagement with external stakeholders regarding their experience of how the company affects them
- Awareness of any changes to how business is done as a result of engagements by senior leaders with external affected stakeholders

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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.

LEADERSHIP NO.

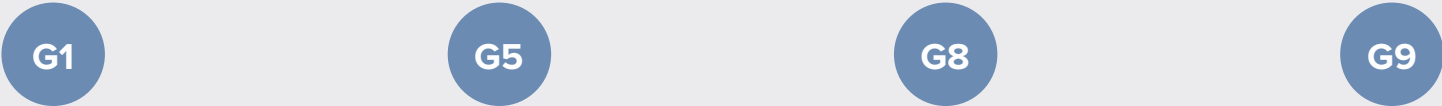
5

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the tensions that may arise between an intent and desire among leaders to address concerns raised by the affected stakeholders, and business pressures or incentives that may prevent or dissuade them from doing so in practice.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:



SUPPORTING INDICATOR

The most senior governing body and/or its relevant subcommittees... reviews and challenges the company's business model and strategy to ensure any inherent human rights risks are identified and addressed.

The most senior governing body and/or its relevant subcommittees... 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.

The most senior governing body and/or its relevant subcommittees... 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.

The most senior governing body and/or its relevant subcommittees... challenges any top management performance incentives that may promote behaviors that undermine respect for human rights.

RATIONALE

Where the governing body does this, it is less likely that top management faces incentives to ignore human rights-related concerns raised by affected stakeholders.

Where the governing body does this, it is likely this will reinforce positive incentives and reduce disincentives for leaders to do likewise.

Where the governing body does this, it is more likely that incentives will support and enable leaders to act on concerns raised by external affected stakeholders.

Where the governing body does this, it is less likely that leaders will be disincentivized from acting on concerns raised by external affected stakeholders.

APPLICATIONS

SUPPORTING INDICATORS

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.

When companies face allegations of involvement with severe human rights impacts, the initial internal assessment is often that the company has done nothing blameworthy or that it is in the company's interest to respond with denial or criticism. Yet most allegations carry at least some basis in truth from which the company can learn and improve.

Where leaders assume an allegation may have some validity, and seek to engage in dialogue with those raising the allegations in order to understand fully the issues and context, it is more likely that mutually agreed solutions will be found, and that related risks to the company's reputation, business continuity or other interests will also be reduced.

Evidence of such practices signals a readiness to hear other perspectives even when a situation is contentious. It signals – including to the wider workforce – that there is perceived value in constructive and respectful engagement with external stakeholders.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Are there instances where senior leaders have engaged with affected stakeholders or their representatives with regard to alleged incidents? If so, what has been the result of those engagements?
- Are there instances where senior leaders have not engaged with affected stakeholders or their representatives with regard to alleged incidents? If so, why, and what occurred as a result of the allegation/incident?
- Are there any policies or procedures that determine whether senior leaders engage with affected stakeholders when allegations arise? If so, what is the rationale for how that is decided?

CONNECTION TO CULTURE



EMPATHY



LEARNING

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.

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Required disclosure
- Investor engagement

SOURCES OF EVIDENCE

DOCUMENTATION



- Policies or procedures related to handling alleged major human rights-related incidents
- Records of meetings / engagements with stakeholders raising allegations about / affected by major incidents

CONVERSATIONS



- with senior leaders
- with stakeholders / representatives who have raised allegations regarding major incidents

WORKFORCE PERSPECTIVES

Survey / interviews / other feedback from a cross-section of the workforce regarding:



- The rationale for engaging with stakeholders raising allegations
- The value of engaging with stakeholders raising allegations
- Awareness of senior leaders' engagement with stakeholders raising allegations
- Perceptions of how senior management views the role and value of engaging with stakeholders in the context of major allegations / incidents
- Awareness of the results of any engagement or non-engagement by senior management with stakeholders in the context of major allegations/incidents

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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.

LEADERSHIP NO.

6

ADDRESSING LIMITATIONS

The limits of this indicator lie in the tensions that may arise between an intent and desire among leaders to address concerns raised by the affected stakeholders, and business pressures or incentives that may prevent or dissuade them from doing so in practice.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G2

The most senior governing body and/or its relevant subcommittees... 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.

Where the governing body does this, it is more likely to see the value of engaging constructively to seek solutions when allegations are raised, and to support leaders in their efforts to do so.

G5

The most senior governing body and/or its relevant subcommittees... 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.

Where the governing body does this, it is more likely to see the value of leaders engaging constructively with stakeholders who raise allegations, and to support their efforts to do so.

G8

The most senior governing body and/or its relevant subcommittees... 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.

Where the governing body ensures the performance incentives of top management reflect the company's salient human rights issues, it is more likely that leaders will feel supported and motivated to engage constructively with stakeholders when allegations are raised.

G9

The most senior governing body and/or its relevant subcommittees... challenges any top management performance incentives that may promote behaviors that undermine respect for human rights.

Where the governing body does this, it is less likely that other business pressures and incentives will preclude the possibility of constructive engagement with stakeholders regarding allegations.

OVERVIEW

APPLICATIONS

SUPPORTING INDICATOR

RATIONALE

SUPPORTING INDICATORS

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.

Lead responsibility for human rights may be focused within one corporate function or spread across a number of functions (or other forms of division within a company), depending on the issues concerned and how the company is structured. If the function(s) concerned is/are viewed as external to the company's core business, as a cost center unrelated to value creation, or as relevant only to limited business areas such as the supply chain, its expertise and insights are unlikely to be valued across the workforce and to influence the ways in which business is conducted.

Where leaders signal at all levels of the company that the lead function(s) is/are essential to the company's success, and demonstrate that they value and integrate their insights in key decisions, it is more likely that the wider workforce will recognize human rights risks as business-relevant and integrate the relevant experts in their own decision-making processes.

Evidence of these practices signals that attention to impacts on people is understood to be relevant to all aspects of how business gets done and that action to address potential or actual impacts is recognized as being important to the success of the business.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- How do senior leaders keep themselves informed regarding human rights issues connected with the company's operations and value chain?
- Do senior leaders engage directly with the function(s) that lead on human rights? If so, how, and how frequently?
- Do representatives of the function(s) that lead on human rights brief senior leaders on significant human rights developments?
- Do representatives of the function(s) that lead on human rights attend meetings that determine decisions affecting the company's human rights impacts?
- What do senior leaders communicate to other functions/business units about the role and relevance of the function(s) that lead on human rights issues?

CONNECTION TO CULTURE



AUTHENTICITY



ACCOUNTABILITY



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.

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Investor engagement

SOURCES OF EVIDENCE



DOCUMENTATION

- Records of meetings that determine decisions affecting the company's human rights impacts



WORKFORCE PERSPECTIVES

Survey / interviews / other feedback from a cross-section of the workforce regarding:

- Senior management interactions with, and perspectives regarding, the lead function(s) on human rights issues
- The relevance of the lead function(s) on human rights for core business decisions
- The seniority, importance and influence of the lead function(s) on human rights issues
- The extent to which they consult with and find value in the inputs provided by, the lead human rights function(s)



CONVERSATIONS

- with senior leaders
- with leaders of core business functions / business units
- with representatives of the function(s) that lead on human rights issues

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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.

LEADERSHIP NO.

7

ADDRESSING LIMITATIONS

The limits of this indicator lie in the risk that such signals from the leadership may be ignored if the wider workforce faces countervailing pressures or incentives to ignore human rights concerns and expertise.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G1

G9

L8

L10

SUPPORTING INDICATOR

The most senior governing body and/or its relevant subcommittees... reviews and challenges the company's business model and strategy to ensure any inherent human rights risks are identified and addressed.

The most senior governing body and/or its relevant subcommittees... challenges any top management performance incentives that may promote behaviors that undermine respect for human rights.

Senior leaders at corporate, regional, country and business unit levels... proactively seek to understand and avoid pressures on employees or contractors to act contrary to the company's responsibility to respect human rights.

Senior leaders at corporate, regional, country and business unit levels... praise actions and decisions that advance respect for human rights and call out any that run counter to it.

RATIONALE

Where the governing body does this, it is less likely that the workforce will face pressures and incentives to ignore or override the advice of the human rights function in decision-making.

Where the governing body does this, it is less likely that the workforce will face pressures and incentives to ignore or override the advice of the human rights function in decision-making.

Where senior leaders do this, it is less likely that the workforce will face pressures and incentives to ignore or override the advice of the human rights function in decision-making.

Where senior leaders do this, it is more likely that the workforce will feel empowered and motivated to integrate the advice of the human rights function in decision-making.

OVERVIEW

APPLICATIONS

SUPPORTING INDICATORS

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

Tensions may arise at times between the goal of respect for human rights and other incentives that shape the daily decisions, practices and behaviors of the workforce. Such tensions may be inherent in certain business interests and assumptions; they may result from features of a company's business model or performance incentives that drive behaviors likely to undermine respect for human rights, or from informal pressures from leaders, co-workers or business partners.

Where leaders take an active role in understanding whether, how and where such tensions may arise for people across the workforce, it is more likely that they will be identified and removed or reduced.

Evidence of leaders seeking to identify and reduce any pressures on the workforce to act contrary to respect for human rights signals an awareness that such pressures and tensions are likely to arise in the course of business decisions and an intention to seek solutions that are consistent with respect for people.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Do senior leaders discuss the potential for instances to arise where individuals in the workforce may feel under pressure to act in ways that harm people's human rights?
- What guidance do senior leaders provide for handling such circumstances?
- When have senior leaders had such situations raised with them by members of the workforce and how have they responded?
- What examples are there of how such situations have been resolved?
- How are lessons from such situations captured?

CONNECTION TO CULTURE



AUTHENTICITY



ACCOUNTABILITY



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

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Investor engagement

SOURCES OF EVIDENCE



DOCUMENTATION

- Any guidance to the workforce on ethical / human rights dilemmas
- Records of meetings to discuss dilemmas / tensions arising



CONVERSATIONS

- with senior leaders
- with middle managers



WORKFORCE PERSPECTIVES

Survey / interviews / other feedback from a cross-section of the workforce regarding:

- Instances where they feel pressure to act contrary to respect for human rights
- The ease of raising such pressures / dilemmas to have them addressed
- Trust that there will be an effort to resolve such pressures / dilemmas
- Instances where they have raised such pressures / dilemmas with senior leaders
- Responses if / when such instances are raised

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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

LEADERSHIP NO.

8

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the risk that individuals inside the company may lack the confidence or channels to bring tensions of this kind to the attention of leaders.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G1

G8

L9

L10

SUPPORTING INDICATOR

The most senior governing body and/or its relevant subcommittees... reviews and challenges the company’s business model and strategy to ensure any inherent human rights risks are identified and addressed.

The most senior governing body and/or its relevant subcommittees... 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.

Senior leaders at corporate, regional, country and business unit levels... encourage the workforce to raise questions or concerns about the company’s impacts on co-workers or external stakeholders.

Senior leaders at corporate, regional, country and business unit levels... praise actions and decisions that advance respect for human rights and call out any that run counter to it.

RATIONALE

Where the governing body does this, it is less likely that the workforce will face pressures and incentives to ignore or override the advice of the human rights function in decision-making.

Where the governing body does this, it is less likely that leadership incentives will result in pressure on the workforce to act contrary to respect for human rights.

Where senior leaders do this, it is more likely that the workforce will feel able to highlight pressures to act contrary to respect for human rights.

Where senior leaders do this, it is more likely that the workforce will feel able and empowered to highlight any pressures to act contrary to respect for human rights.

APPLICATIONS

SUPPORTING INDICATORS

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

For any company to manage risks to people, and the related risks to the business, effectively, it is important to identify potential impacts at an early stage, before harms occur or escalate. A company's own workforce offers an invaluable set of eyes and ears that can capture issues at this early stage and elevate them for attention.

Where leaders seek out and welcome such insights from the workforce, it is more likely that people will feel safe and see value in bringing them to the attention of management and that they can therefore be addressed before significant harm occurs.

Evidence of leaders encouraging the workforce to raise this type of questions or concerns signals that there is an openness and positive approach to hearing what is happening – including when this is “bad news” – and a recognition of the value of the information and insights this brings for continuous improvement.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Are there any formal channels for the workforce to raise questions/concerns regarding perceived impacts on people?
- What evidence is there that these channels are trusted?
- How do senior leaders build confidence among the workforce about raising questions/concerns?
- In what cases have questions/concerns raised in this way led to new insights and/or practices?

CONNECTION TO CULTURE



AUTHENTICITY



LEARNING



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

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Investor engagement

SOURCES OF EVIDENCE



DOCUMENTATION

- Internal “speak up” or other mechanisms
- Records of issues raised and action taken



CONVERSATIONS

- with senior management
- with individuals who have raised issues (with attention to confidentiality and other protections)



WORKFORCE PERSPECTIVES

Survey / interviews / other feedback from a cross-section of the workforce regarding:

- Awareness of the possibility to raise questions / concerns regarding impacts on people
- Confidence that raising questions / concerns is safe and worthwhile
- Awareness of any results from raising questions / concerns
- The value of raising concerns
- The value of hearing concerns from other stakeholders

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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

LEADERSHIP NO.

9

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the tensions that may arise between an intent and desire among leaders to address concerns raised by the workforce regarding the company’s impacts, and business pressures or incentives that may prevent or dissuade them from doing so in practice.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G1

The most senior governing body and/or its relevant subcommittees... reviews and challenges the company’s business model and strategy to ensure any inherent human rights risks are identified and addressed.

Where the governing body does this, it is less likely that the top management will face incentives to ignore human rights related concerns raised by the workforce.

G6

The most senior governing body and/or its relevant subcommittees... 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.

Where the governing body does this, it is more likely that feedback from the workforce regarding impacts on people can be readily integrated and addressed in all areas of the business.

G8

The most senior governing body and/or its relevant subcommittees... 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.

Where the governing body does this, it is more likely that incentives will support and enable leaders to reflect concerns raised by the workforce in their decision-making.

G9

The most senior governing body and/or its relevant subcommittees... challenges any top management performance incentives that may promote behaviors that undermine respect for human rights.

Where the governing body does this, it is less likely that leaders will be disincentivized from reflecting in their decision-making any concerns raised by the workforce.

SUPPORTING INDICATOR

RATIONALE

APPLICATIONS

SUPPORTING INDICATORS

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

Various pressures and incentives may arise within a company for people to ignore human rights risks and impacts, even if they are aware that they exist. In other instances they may be unaware of them.

Where leaders routinely demonstrate that actions and decisions that support respect for human rights will be celebrated and those that do the opposite will be sanctioned, it is more likely that people across the workforce will both be attuned to the ways in which their own actions and decisions can affect people's human rights, and feel motivated and empowered to act in ways that advance positive outcomes.

Evidence of these practices among senior leaders signals that the company views respect for people and the reduction of human rights risks and impacts as important to its business, and as something that needs to be discussed openly and addressed consistently across the company.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- How do senior leaders go about identifying actions/decisions that support respect for human rights and warrant internal recognition and praise?
- How do senior leaders go about identifying actions/decisions that undermine respect for human rights and warrant some lesson learning and/or sanction?
- What recent instances are there of senior leaders providing such praise or sanction?
- What reactions have there been in response to such praise or sanction?

CONNECTION TO CULTURE



ACCOUNTABILITY



LEARNING



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

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Investor engagement

SOURCES OF EVIDENCE

DOCUMENTATION



- Records of instances where actions/ decisions that support respect for human rights have been praised
- Records of instances where actions/ decisions that harm human rights have been sanctioned

CONVERSATIONS



- with senior management
- with middle management

WORKFORCE PERSPECTIVES



Survey / interviews / other feedback from a cross-section of the workforce regarding:

- The merits of such practices
- Perceptions / examples of whether actions / decisions that support respect for human rights are praised
- Perceptions / examples of whether actions / decisions that harm human rights are called out and / or sanctioned
- Perceptions of the extent to which these types of praise / sanction are consistent across the organization or depend on function / business unit or the seniority of the individuals concerned

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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

LEADERSHIP NO.

10

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the risk that other business pressures or incentives to ignore human rights risks and impacts may override these positive signals from leaders, or that the praise or sanction from leaders is seen as being inconsistent with their own actions and decisions and therefore not taken seriously.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G1

G9

L2

L7

SUPPORTING INDICATOR

The most senior governing body and/or its relevant subcommittees... reviews and challenges the company’s business model and strategy to ensure any inherent human rights risks are identified and addressed.

The most senior governing body and/or its relevant subcommittees... challenges any top management performance incentives that may promote behaviors that undermine respect for human rights.

Senior leaders at corporate, regional, country and business unit levels... regularly affirm that all stakeholders must be treated with respect and dignity, and model this in their interactions with the company’s workforce.

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

RATIONALE

Where the governing body does this, it is less likely that the workforce will face significant countervailing pressures or incentives to ignore human rights risks and impacts.

Where the governing body does this, it is less likely that the workforce will face significant countervailing pressures or incentives to ignore human rights risks and impacts.

Where senior leaders do this, it is more likely that the workforce will see leaders’ praise and sanction of actions that affect people’s human rights as consistent and coherent, and therefore take them seriously.

Where senior leaders do this, it is more likely that the workforce will see leaders’ praise and sanction of actions that affect people’s human rights as consistent and coherent, and therefore take them seriously.

APPLICATIONS

SUPPORTING INDICATORS

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.

Collaborative initiatives that involve multiple companies and often multiple different types of stakeholder are often an essential means of convening the necessary knowledge, skills and influence to address the root causes of human rights impacts connected with business.

Where senior leaders not only participate in such initiatives, but take an active role in devising shared strategies aimed at achieving specific outcomes for affected stakeholders, it is more likely that the wider workforce feels supported and empowered to pursue proactive, creative and – where appropriate – collaborative approaches to address risks to people across the business. Where such initiatives are based on agreed targets and accountability measures, it is more likely that they will go beyond pledges and principles to deliver real and demonstrable changes in the lives of affected stakeholders.

Where senior leaders take on active roles in initiatives of this type, this signals that they see them as important and strategic for the business, are committed to achieving demonstrable improvements for affected stakeholders and the company, and see the value of using their personal time and influence to help ensure this is achieved.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- What collaborative initiatives is the company involved with in relation to human rights issues, and why?
- What role do senior leaders take, if any, in those initiatives?
- What evidence is there that the involvement of the company and its senior leaders is leading to the improved management of one or more of the company's salient human rights risks?
- What value has senior leaders/ involvement brought to the effectiveness of these initiatives?

CONNECTION TO CULTURE



ACCOUNTABILITY



LEARNING



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.

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Required disclosure
- Regulatory provision (due diligence)
- Investor engagement

SOURCES OF EVIDENCE

DOCUMENTATION



- Records of senior leaders' role(s) and engagement in collaborative initiative(s)
- Documents containing the purpose, methods / process, targets, results etc. of such initiative(s)
- Third party reports on the initiative(s)

CONVERSATIONS



- with senior leaders
- with others involved with the initiative(s)
- with third parties with a stake in the initiative(s)

WORKFORCE PERSPECTIVES



Survey / interviews / other feedback from a cross-section of the workforce regarding:

- Their awareness of the company's involvement in such initiative(s)
- Their awareness of senior leaders' role(s) in such initiatives
- The value and achievements of the initiative(s) and of senior leaders' involvement

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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.

LEADERSHIP NO.

11

ADDRESSING LIMITATIONS

The limits of this indicator lie in the need for collaborative initiatives to be understood as an extension of the company’s own strategy, actions and targets to address human rights risks, rather than a substitute for such efforts.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G2

The most senior governing body and/or its relevant subcommittees... 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.

Where the governing body does this, it is more likely that leaders’ involvement in collaborative initiatives is in support of the company’s own strategy to address human rights risks and not seen as a substitute for action by the company itself.

G6

The most senior governing body and/or its relevant subcommittees... 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.

Where the governing body does this, it is more likely that leaders’ involvement in collaborative initiatives is in support of the company’s own strategy to address human rights risks and not seen as a substitute for action by the company itself.

G10

The most senior governing body and/or its relevant subcommittees... approves high-level targets for assessing progress in addressing salient human rights risks.

Where the governing body does this, it is more likely that leaders’ involvement in collaborative initiatives is in support of the company’s own strategy and targets regarding human rights-risks and not seen as a substitute for action by the company itself.

L7

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

Where senior leaders do this, it is more likely that the company has an independent strategy to identify and address human rights risks, of which collaborative initiatives form just one part.

OVERVIEW

APPLICATIONS

SUPPORTING INDICATOR

RATIONALE

SUPPORTING INDICATORS

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

It is natural for companies to want to share news about progress and successes; it is less natural and less common for leaders to ensure that information about mistakes that have been made or processes that have not gone to plan is shared internally. Yet a failure to do so can support assumptions among the workforce that bad outcomes should be downplayed or covered up.

Where senior leaders encourage the open sharing of problems and setbacks regarding the management of impacts on people, and treat this as an opportunity for the company to learn and improve, it is more likely that the workforce will feel able and empowered to assess progress honestly, and that lessons will be learned within and between functions, business units and regions, enabling the replication of successful approaches and avoidance of repeated mistakes.

Evidence that senior leaders encourage this kind of internal sharing on both progress and setbacks signals an intent to routinize the identification and internalization of lessons across different functions, business units and regions in support of continuous improvement.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Through what means do senior leaders encourage the sharing of progress and successes regarding the management of human rights risks and impacts?
- Through what means do senior leaders encourage the sharing of problems and setbacks regarding the management of human rights risks and impacts?
- In what recent instances have successes or setbacks of this kind been shared, with what parts of the business and with what purpose?
- What have been the results of sharing these lessons more widely in the business?

CONNECTION TO CULTURE



ACCOUNTABILITY



LEARNING



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

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Investor engagement

SOURCES OF EVIDENCE



DOCUMENTATION

- Records of progress/successes/ problems/ setbacks that are shared across the company
- Records of changes made in response to the lessons learned



WORKFORCE PERSPECTIVES

Survey / interviews / other feedback from a cross-section of the workforce regarding:

- Awareness of news on progress/successes being shared across the business
- Awareness of news on problems/setbacks being shared across the business
- Awareness of any changes that have been made based on the lessons learned
- The ease of sharing news about problems or setbacks with other parts of the business
- The value of sharing news about problems or setbacks across the business



CONVERSATIONS

- with senior management
- with managers in different parts of the business

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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

LEADERSHIP NO.

12

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the possibility that other business pressures or incentives, including resistance among co-workers, may prevent or dissuade people in the workforce from sharing both bad and good news regarding progress.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G6

The most senior governing body and/or its relevant subcommittees... 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.

L7

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

L9

The most senior governing body and/or its relevant subcommittees... encourage the workforce to raise questions or concerns about the company's impacts on co-workers or external stakeholders.

L10

Senior leaders at corporate, regional, country and business unit levels... praise actions and decisions that advance the company's commitment to respect human rights, and call out any that run counter to it.

SUPPORTING INDICATOR

RATIONALE

Where the governing body does this, it is more likely that there will be a general recognition and support within the workforce for the importance of addressing human rights risks effectively and learning lessons that can help the company improve.

Where senior leaders do this, it is more likely that there will be a general recognition and support within the workforce for the importance of addressing human rights risks effectively and learning lessons that can help the company improve.

Where senior leaders do this, it is more likely that the workforce will feel able and empowered to share problems and setbacks as well as progress and successes.

Where senior leaders do this, it is more likely that the workforce will feel able and empowered to share problems and setbacks as well as progress and successes.

APPLICATIONS

SUPPORTING INDICATORS

The top-left corner of the slide features three overlapping, semi-transparent blue geometric shapes: a large triangle pointing down and to the right, a smaller triangle pointing down and to the left, and a trapezoidal shape pointing down and to the right.

GOVERNANCE INDICATORS

GOVERNANCE INDICATORS

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

G1

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

G6

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.

G2

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.

G7

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.

G3

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

G8

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.

G4

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.

G9

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

G5

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.

G10

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

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

Various features of company business models can carry inherent risk to human rights (see Shift's [Business Model Red Flags](#) resource). When such risks are embedded in the business model or strategy they cannot be effectively mitigated through operational measures alone, but require top level engagement.

Where the governing body reviews the business model and strategy for inherent risks to human rights, and engages with top management on these questions, it is more likely that such risks will be identified and mitigated.

Evidence of these practices provides a signal that respect for people is intended to be central, and not peripheral or incidental, to how business is conducted, and sets the basis for consistency and coherence of action across business decision making, including where tensions with profit-making and other core business motives may arise.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Does the Governing Body review whether top management's performance incentives and related KPIs motivate progress in addressing the company's salient human rights issues?
- Is the review updated when there are any substantive developments in the business model or strategy?
- Is the review conducted before decisions are made, so they may be changed, or only after the fact with a view to mitigating any risks found?

CONNECTION TO CULTURE



AUTHENTICITY



ACCOUNTABILITY



THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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

GOVERNANCE
NO.

1

OVERVIEW

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Investor engagement

APPLICATIONS

SOURCES OF EVIDENCE



DOCUMENTATION

- Governing Body briefing documents and Minutes including action points



CONVERSATIONS

- with Governing Body Chair and Company Secretary

SUPPORTING
INDICATORS

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

GOVERNANCE NO.

1

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

ADDRESSING LIMITATIONS

The limits of this indicator lie in the fact that there will at times be inevitable tensions between financial or other business targets and human rights objectives, and it may be hard to assess the extent to which human rights considerations weigh in decisions that are made. This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G2

The most senior governing body and/or its relevant subcommittees... 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.

Where the governing body does this, it is more likely they will have sufficient information and insights to identify potential risks inherent in the business model and strategy.

G9

The most senior governing body and/or its relevant subcommittees... challenges any top management performance incentives that may promote behaviors that undermine respect for human rights.

Where the governing body does this, it is more likely that incentives will support action to address risks to human rights inherent in the business model or strategy.

L1

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

Where senior leaders do this, it is more likely that any risks inherent in the business model or strategy will be identified and shared by top leadership with the governing body.

L3

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

Where senior leaders do this, it is more likely that tensions between the business model or strategy and human rights will be brought to their attention and shared by top leadership with the governing body.

L8

Senior leaders at corporate, regional, country and business unit levels... proactively seek to understand and avoid pressures on employees or contractors to act contrary to the company’s responsibility.

Where senior leaders do this, it is more likely they will surface instances where such pressures result from the business model or strategy and be motivated to escalate them to top leadership and the governing body.

OVERVIEW

APPLICATIONS

SUPPORTING INDICATOR

RATIONALE

SUPPORTING INDICATORS

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE
NO.

2

OVERVIEW

A company's governing body cannot have effective oversight of whether and how well a company is managing risks to people without regular discussion of what those risks are, how they are evolving, and how they are being addressed. In order to provide timely oversight, such discussions need to be sufficiently regular: at least annual and more frequent if changes in the business model, operating contexts, acquisitions or other factors suggest a significant change in the company's human rights risk profile. Discussions need to be based on adequate information, including with regard to any incidents or allegations of harm to people inside or outside the company, and leading practices in the industry against which the company may be compared.

Where the governing body has regular and informed discussions of this kind, it is more likely that company leaders will view efforts to address human rights risks as integral to the company's success and feel motivated and supported to embed this understanding across the workforce.

Evidence of these practices provides a signal that the company promotes an open mindset of wishing to uncover significant risks to people, and related risks to the business, so they can be addressed effectively and support continuous improvement.

APPLICATIONS

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- How regular are board discussions of human rights risks and what triggers them?
- Do board discussions look across the range of salient human rights risks for the company or are they more limited, and if so on what basis?
- What information does the board have at its disposal to inform the discussion?
- What expertise is there either within the board or brought in to brief the board on these issues?

CONNECTION TO CULTURE



ACCOUNTABILITY



LEARNING



SUPPORTING
INDICATORS

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE
NO.

2

OVERVIEW

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Required disclosure
- Regulatory provision (governance / due diligence)
- Investor engagement

APPLICATIONS

SOURCES OF EVIDENCE



DOCUMENTATION

- Governing Body / Compensation Committee briefing documents and minutes



CONVERSATIONS

- with Governing Body Chair and Company Secretary

SUPPORTING
INDICATORS

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE
NO.

2

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the underlying sources of information that reach the governing body and the rigor of evidence brought to assessments of progress. A lack of complaints or grievances may indicate a lack of trusted channels for providing such feedback and a lack of incidents may be a result of luck rather than due care. Where no clear targets are in place, it may be easy to infer progress based on metrics for activities and outputs and without evidence of improved outcomes for people or reduced risk to the company.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G4

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

Where the governing body does this, it is more likely that its discussions on human rights will be suitably informed.

G5

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

Where the governing body does this, it is more likely that its discussions on human rights will be suitably informed.

G7

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

Where the governing body does this, it is more likely that its discussions on human rights will be suitably informed.

G10

The most senior governing body and/or its relevant sub-committees... approves high-level targets for assessing progress in addressing salient human rights risks.

Where the governing body does this, it is more likely that progress is tracked systematically and reported to the governing body.

L3

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

Where senior leaders do this, they are more likely to have the necessary knowledge of key human rights risks to inform the governing body's discussions.

APPLICATIONS

SUPPORTING INDICATOR

RATIONALE

SUPPORTING INDICATORS

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

Significant disconnects between a company's approach to lobbying and its policies and processes for addressing human rights risks can result in the company undermining regulatory initiatives intended to protect human rights. Such disconnects may not be easily identified where there are distinct decision-making structures and incentives.

Where the governing body reviews whether lobbying efforts may be in tension with respect for human rights it is more likely that such contradictions will be identified and addressed.

Evidence of these practices signals an intention of ensuring consistency and coherence in the company's approach to addressing significant risks to people, including where tensions with profit-making and other core business motives may arise.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- What evidence does the Governing Body have available to it to understand whether lobbying positions that the company adopts, or adopted in its name, are likely to undermine the protection of human rights?
- Does the Governing Body consider what incentives are in place when it comes to those internal or external to the company who lobby on its behalf?
- Does the Governing Body consider what policies and controls are in place to avoid lobbying activities undermining human rights?
- Are Government Affairs/Public Affairs or others in the company and outside charged with lobbying activities aware of the Governing Body's engagement on this issue?

CONNECTION TO CULTURE



AUTHENTICITY



ACCOUNTABILITY



THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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

GOVERNANCE
NO.

3

OVERVIEW

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Required disclosure
- Regulatory provision (governance / due diligence)
- Investor engagement

APPLICATIONS

SOURCES OF EVIDENCE



DOCUMENTATION

- Governing Body briefing documents and Minutes including action points
- Policy/ies on lobbying and political donations
- Records of lobbying activities



CONVERSATIONS

- with Governing Body Chair and Company Secretary
- with public affairs /government affairs
- with external lobby groups with which the company engages

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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

GOVERNANCE NO.

3

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the need for the governing body to have insight into which lobbying positions may have direct or indirect implications for human rights protections in laws or regulations. This may be easier to identify in relation to the company’s direct lobbying activities than when lobbying activities happen through a business association.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G1

The most senior governing body and/or its relevant subcommittees... reviews and challenges the company’s business model and strategy to ensure any inherent human rights risks are identified and addressed.

Where the governing body does this, it is less likely that the these will dictate lobbying priorities that are at odds with human rights.

G2

The most senior governing body and/or its relevant subcommittees... 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.

Where the governing body does this, it is more likely to identify areas where company lobbying interests may be at odds with respect for human rights.

L3

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

Where senior leaders do this, they are more likely to hear about incidents where they are involved with lobbying that undermines human rights.

L9

Senior leaders at corporate, regional, country and business unit levels... encourage the workforce to raise questions or concerns about the company’s impacts on co-workers or external stakeholders.

Where senior leaders do this, they are more likely to hear about incidents where they are involved with lobbying that undermines human rights.

SUPPORTING INDICATOR

RATIONALE

APPLICATIONS

SUPPORTING INDICATORS

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.

There can be many reasons why impacts on people within a company’s own workforce may not be identified, including a lack of effective processes for assessing potential impacts, limits on workers organizing, or other disincentives for people to raise concerns. Such disincentives may be particularly strong for groups whose jobs are vulnerable, such as those on temporary contract, without guaranteed work hours, or who otherwise fear for their positions.

Where the governing body engages directly with a representative cross-section of the workforce, they can gain an unfiltered view of whether practices within the company reflect respect for people regardless of their rank or contract terms. Moreover, where the governing body provides the workforce with evidence that such feedback is taken seriously and can shape decisions, it is more likely that individuals will feel it is safe and worthwhile to surface issues.

Evidence of these practices provides a signal that the organization is interested in understanding how people across the organization perceive the company to affect their lives, care about their experience and understands its importance to the success of the company.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Does the Governing Body have a formalized or ad hoc means of hearing directly from the workforce on their experience of the company and how working there affects them?
- How widespread a cross-section of the workforce does the Governing Body engage with and how substantively?
- How does the content of these discussions relay back into discussions of the Governing Body about how well the company understands and addresses significant risks to people?
- Does the Governing Body have a means of informing the workforce of how these interactions play into its discussions and company decisions?

CONNECTION TO CULTURE



AUTHENTICITY



LEARNING



EMPATHY



ACCOUNTABILITY



THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE
NO.

4

OVERVIEW

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Investor engagement

APPLICATIONS

SOURCES OF EVIDENCE



DOCUMENTATION

- Governing Body briefing documents and Minutes including action points
- Records of who attended meetings with the Governing Body



CONVERSATIONS

- with Board Chair; Company Secretary; Other Board Reps
- with Worker Representatives / Unions / Committees
- with any internal networks for specific groups within the workforce e.g. women, disabled individuals, LGBTQ+ people etc.

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE NO.

4

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the need for members of the workforce to feel able to speak freely about their views and experience, and for insights that the governing body identifies as requiring further action to be taken forward within the company.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G7

L5

L10

L11

SUPPORTING INDICATOR

The most senior governing body and/or its relevant subcommittees... 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.

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

Senior leaders at corporate, regional, country and business unit levels... praise actions and decisions that advance the company's commitment to respect human rights, and call out any that run counter to it.

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

RATIONALE

Where the governing body does this, it is more likely that insights gained by the board regarding workforce concerns will be reflected in leaders' decision-making.

Where senior leaders do this, it is more likely that leaders will ensure that feedback received by the board is also translated into action.

Where senior leaders do this, it is more likely that the workforce will feel able and empowered also to raise concerns about impacts they experience themselves.

Where senior leaders do this, it is more likely that the workforce will feel able and empowered to raise concerns about impacts they experience.

APPLICATIONS

SUPPORTING INDICATORS

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE
NO.

5

OVERVIEW

A range of people beyond a company's own workforce can be impacted through the company's activities and business relationships, including workers across the value chain, communities around company/supply chain facilities, and consumers/end-users of products or services. A governing body may be constrained in the extent to which it can directly engage affected stakeholders outside the company in often diverse settings and situations, and it may not always be appropriate for them to do so. However, engagement with stakeholders' legitimate representatives, such as trade union representatives or community leaders, can be a viable and valuable alternative.

Where the governing body engages with these stakeholders, they can gain an unfiltered view of whether and how people outside the workforce may be harmed by company operations, product or services. Where they provide these stakeholders with evidence that their feedback is taken seriously and can shape decisions, it is more likely that stakeholders and their representatives will feel it is safe and worthwhile to surface issues.

Evidence of these practices provides a signal that the organization is attuned to the broader potential impacts of its business on people and is concerned to understand where this may be the case so that it can take a role in addressing the issues. By providing feedback to those stakeholders it signals that the company views them as more than a statistic, values its relationships with them, and understands the importance of doing so to the success of the company.

APPLICATIONS

CONNECTION TO CULTURE



AUTHENTICITY



LEARNING



EMPATHY



ACCOUNTABILITY



THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE
NO.

5

OVERVIEW

APPLICATIONS

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Does the Governing Body have a formalized or ad hoc means of hearing directly from the affected stakeholders beyond the workforce on their experience of the company and how working there affects them?
- If the Governing Body engages with representatives of these stakeholders, how does it assess their legitimacy to speak for these groups?
- Do any engagements include the affected stakeholder groups at greatest risk of harm in the company's operations and value chain, and how is this assessed?
- How does the content of these discussions relay back into discussions of the Governing Body about how well the company understands and addresses significant risks to people?
- Does the Governing Body have a means of informing any external stakeholders with which it engages of how these interactions play into its discussions and company decisions?

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE
NO.

5

OVERVIEW

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Investor engagement

APPLICATIONS

SOURCES OF EVIDENCE



DOCUMENTATION

- Governing Body briefing documents and Minutes including action points
- Records of who attended meetings with the Governing Body



CONVERSATIONS

- with Board Chair; Company Secretary; Other Board Reps
- with individuals who took part in discussions with the Governing Body as directly affected stakeholders or as their representatives

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE NO.

5

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the need for external stakeholders to feel able to raise concerns and to see value in doing so, and for insights that the governing body identifies as requiring further action to be taken forward within the company.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G7

L1

L6

SUPPORTING INDICATOR

The most senior governing body and/ or its relevant subcommittees... 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.

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

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

RATIONALE

Where the governing body does this, it is more likely that insights gained by the board regarding workforce concerns will be reflected in leaders’ decision-making.

Where senior leaders do this, it is more likely that external stakeholders and their representatives will feel able to raise concerns and that there is value in doing so.

Where senior leaders do this, it is more likely that leaders will ensure that feedback received by the board is also translated into action.

APPLICATIONS

SUPPORTING INDICATORS

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE
NO.

6

OVERVIEW

The effective identification and management of human rights risks typically requires active communication, coordination and collaboration across different internal functions, business units and regions. The function(s) that lead(s) on human rights are often not those whose decisions and actions most directly affect whether risks and impacts will arise or be effectively addressed. Cross-functional processes need therefore to extend beyond information sharing alone to include shared responsibility for actions and monitoring of progress. These processes may be informal, involving different parts of the business in different conversations, or they may take place within a formalized cross-functional group.

Where the governing body uses its oversight role to ensure that such processes are in place, with appropriate participation and mandate, and the seniority to make or inform key business decisions, it is more likely that human rights risk management will become embedded in the work of all relevant parts of the company.

Evidence of the Governing Body's attention to these cross-functional processes signals an awareness that responsibility for reducing risks to people must be shared across the company, not least by those who make core business decisions or whose actions can negatively impact stakeholders. It signals an expectation that the business should be able to show what progress is being made.

APPLICATIONS

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Does the Governing Body discuss the existence, mandate and staff composition of cross-functional processes related to human rights risk management?
- How does it assess the scope of those processes – whether they encompass the company's salient human rights risks?
- How does it assess the effectiveness of those processes – whether they enable appropriate progress in reducing human rights risks?

CONNECTION TO CULTURE



ACCOUNTABILITY



THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE
NO.

6

OVERVIEW

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Required disclosure
- Regulatory provision (governance / due diligence)
- Investor engagement

APPLICATIONS

SOURCES OF EVIDENCE



DOCUMENTATION

- Governing Body briefing documents and Minutes including action points



CONVERSATIONS

- with Chair of Governing Body; Company Secretary
- with other Members of Governing Body

SUPPORTING
INDICATORS

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE NO.

6

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the need for participants in such processes to recognize the relevance and importance for the company of human rights risk management, and to have adequate insight into potential human rights impacts.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G10

The most senior governing body and/or its relevant subcommittees... approves high-level targets for assessing progress in addressing salient human rights risks.

L1

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

L8

Senior leaders at corporate, regional, country and business unit levels... proactively seek to understand and avoid pressures on employees or contractors to act contrary to the company’s responsibility.

L10

Senior leaders at corporate, regional, country and business unit levels... praise actions and decisions that advance the company’s commitment to respect human rights, and call out any that run counter to it.

SUPPORTING INDICATOR

RATIONALE

Where the governing body does this, it is more likely that targets, indicators and metrics are cascaded across different functions and help ensure these issues are embedded in relevant decisions and actions.

Where senior leaders do this, it is more likely that people across the workforce will see it as important for the company’s success and for their own roles.

Where senior leaders do this, it is more likely that participants in cross-functional processes will view engagement with them as important and value their role in the company.

Where senior leaders do this, it is more likely that people in different functions will be alert to such impacts and how they can arise.

APPLICATIONS

SUPPORTING INDICATORS

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.

When major incidents occur that harm people's human rights, it is important for any company involved to understand whether and to what extent its internal decisions or actions, or those of its suppliers or others in its value chain, have contributed to the harm. It is also important to understand whether any such contribution can be considered unusual and an outlier, or whether it is a reflection of standard processes or of more common attitudes, behaviors or practices. This type of investigation and analysis is needed for the company to avoid such incidents recurring in the future, exposing both people and the company to further risk.

Where the governing body requests and reviews a root cause analysis and follows through on how the company acts on the findings, it is more likely that investigations will be robust enough to withstand external scrutiny and surface the appropriate lessons. It may help ensure that these span not just measures to avoid such incidents recurring, but also measures to provide or enable remedy to those harmed, which can in turn be important in managing risks to the business that result from the incident.

Evidence of the Governing Body setting expectations of such root cause analyses and follow-up action signals an intent to understand how such impacts arise and to ensure that the company is equipped to avoid their recurrence and continuously improve in its management of human rights risks

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Does the Governing Body request a root cause analysis of any incident that results in severe human rights impacts?
- Does the Governing Body review any such root cause analyses?
- Does the Governing Body receive any updates regarding the implementation of lessons from any such root causes analyses?

CONNECTION TO CULTURE



LEARNING



ACCOUNTABILITY



THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE
NO.

7

OVERVIEW

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Investor engagement

APPLICATIONS

SOURCES OF EVIDENCE



DOCUMENTATION

- Governing Body briefing documents and Minutes, including actions points
- Evidence of root causes analysis and follow up



CONVERSATIONS

- with Chair of Governing Body; Company Secretary
- with other Members of Governing Body
- with internal or external staff who conduct any such root cause analysis

SUPPORTING
INDICATORS

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE NO.

7

ADDRESSING LIMITATIONS

The limits of this indicator lie in the need for the Governing Body to be aware that an incident has, or may have, resulted in severe human rights impacts such that it would warrant a root cause analysis.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G2

The most senior governing body and/or its relevant subcommittees... 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.

Where the governing body does this, it is more likely to be attuned to the types of impacts on people that can result from major incidents and to see the value of establishing their causes.

L3

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

Where senior leaders do this, it is more likely that the human impacts of any incidents will be brought to their attention and may trigger a root cause analysis and/or be brought to the governing body for discussion.

L6

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

Where senior leaders do this, it is more likely that they will see a need to investigate the causes and/or bring the issue to the governing body for discussion.

L9

Senior leaders at corporate, regional, country and business unit levels... encourage the workforce to raise questions or concerns about the company's impacts on co-workers or external stakeholders.

Where senior leaders do this, it is more likely that impacts warranting a root cause analysis will be brought to their attention and raised for discussion by the governing body.

L12

Senior leaders at corporate, regional, country and business unit levels... encourage the sharing of problems and setbacks, as well as progress and successes, to support improved management of human rights risks and impacts.

Where senior leaders do this, it is more likely that the lessons of major incidents will be acted upon to avoid their recurrence.

OVERVIEW

APPLICATIONS

SUPPORTING INDICATOR

RATIONALE

SUPPORTING INDICATORS

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE
NO.

8

OVERVIEW

Performance incentives influence the issues that are prioritized for attention and monitored for progress. Key performance indicators related to respect for human rights should focus on leading or lagging indicators of improved outcomes for affected stakeholders, and related outcomes for the business.

Where the governing body uses its oversight role to ensure that performance incentives for top management put appropriate weight – alongside other business success factors – on building the behaviors and practices in the company that support these outcome goals, it is more likely that leadership actions and decisions adequately integrate human rights considerations.

Evidence of attention by the Governing Body to human rights-related performance incentives at the level of top management signals an intent that core business decisions should be shaped by an understanding of potentially significant impacts on people, and a recognition that this needs to start at the highest levels of the company and is important to the success of the business.

APPLICATIONS

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Does the Governing Body review whether top management's performance incentives and related KPIs motivate progress in addressing the company's salient human rights issues?
- How does the Governing Body consider the appropriate weighting for these incentives in wider compensation schemes?
- What evidence does the Governing Body have that these incentives are supporting and enabling top management to manage human rights risks effectively, including when they are in tension with other business interests?

CONNECTION TO CULTURE



AUTHENTICITY



ACCOUNTABILITY



THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE
NO.

8

OVERVIEW

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Required disclosure
- Investor engagement

APPLICATIONS

SOURCES OF EVIDENCE



DOCUMENTATION

- Governing Body/ Compensation Committee briefing documents and Minutes
- Relevant compensation policies



CONVERSATIONS

- with Chair of Governing Body / Compensation Committee
- with top management

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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.

GOVERNANCE NO.

8

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the fact that there will at times be inevitable tensions between financial or other business targets and human rights objectives, and it may be hard to assess the extent to which human rights considerations weigh in decisions that are made.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G2

The most senior governing body and/or its relevant subcommittees... 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.

G3

Reviews and challenges the company’s efforts to influence public policy and regulation to ensure they do not undermine human rights.

G9

The most senior governing body and/or its relevant subcommittees... challenges any top management performance incentives that may promote behaviors that undermine respect for human rights.

G10

The most senior governing body and/or its relevant subcommittees... approves high-level targets for assessing progress in addressing salient human rights risks.

SUPPORTING INDICATOR

RATIONALE

Where the governing body does this, it is more likely to have insight into whether and how human rights considerations inform top management decisions in practice.

Where the governing body does this, it is likely that this will provide some evidence of whether human rights considerations influence decisions and practices endorsed by top management.

Where the governing body does this, it is more likely that their overall mix of performance incentives support respect for human rights in practice.

Where the governing body does this, it is more likely that human rights considerations will be given adequate weight in top management’s performance incentives and decision-making.

APPLICATIONS

SUPPORTING INDICATORS

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

Performance incentives influence the issues that are prioritized for attention and monitored for progress. Some incentives that focus on business goals – such as reducing costs, growth through acquisitions, or increasing market share – can be balanced by human rights-related incentives to avoid them being pursued in ways that undermine people’s basic dignity and equality. However, in some cases they cannot, for example in the case of incentives to prevent workers from organizing.

Where the governing body ensures that top management incentives do not preclude or substantially undermine respect for human rights, it is less likely that severe risks to people will be ignored or exacerbated by company decisions and practices.

Evidence that the Governing Body considers human rights in the context of the wider performance incentives set for top management signals an intent that the company should be coherent and consistent in preventing and addressing significant risks to people, starting at the most senior levels.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Does the Governing Body review whether the broader performance incentives agreed for top management may promote behaviors and decisions that undermine respect for human rights?
- What informs any such review?
- Has any such review identified tensions between respect for human rights and certain performance incentives?
- Do top management perceive any such tensions to exist?
- Do middle management and those who report to top management perceive any such tensions to exist?

CONNECTION TO CULTURE



ACCOUNTABILITY



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

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Investor engagement

SOURCES OF EVIDENCE



DOCUMENTATION

- Governing Body/ Compensation Committee briefing documents and Minutes
- Relevant compensation policies



CONVERSATIONS

- with Chair of Governing Body / Compensation Committee
- with top management
- with middle management / those reporting to top management

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

GOVERNANCE NO.

9

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

OVERVIEW

ADDRESSING LIMITATIONS

The limits of this indicator lie in the fact that it may be hard to distinguish a performance incentive that will necessarily preclude or substantially undermine respect for human rights from one that reflects a legitimate business objective but requires balancing with incentives to ensure respect for human rights.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G1

L9

L10

L11

SUPPORTING INDICATOR

The most senior governing body and/or its relevant subcommittees... reviews and challenges the company's business model and strategy to ensure any inherent human rights risks are identified and addressed.

Senior leaders at corporate, regional, country and business unit levels... encourage the workforce to raise questions or concerns about the company's impacts on co-workers or external stakeholders.

Senior leaders at corporate, regional, country and business unit levels... praise actions and decisions that advance the company's commitment to respect human rights, and call out any that run counter to it.

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

RATIONALE

Where the governing body does this, it is likely this will reduce the scope for top management to be incentivized to act in ways that undermine respect for human rights.

Where senior leaders do this, it is more likely that they are motivated to ensure the company acts with respect for human rights.

Where senior leaders do this, it is more likely that they are motivated to ensure the company acts with respect for human rights.

Where senior leaders do this, it is more likely that they are motivated to ensure the company acts with respect for human rights.

APPLICATIONS

SUPPORTING INDICATORS

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

Without clear targets for identifying and addressing salient risks to people, it is difficult, if not impossible, for a company to evaluate whether progress is being made, and how respect for human rights is benefiting the company's own success and sustainability. While the assessment of efforts to address impacts on people's human rights is often qualitative in nature, it is both feasible and important to define measurable targets for progress, including through the evaluation of how changes are perceived by affected stakeholders themselves.

Where the governing body approves high-level targets in relation to respect for human rights, it is more likely that these will in turn be reflected in operational targets, indicators and evaluation processes across the business, and that human rights risk management will be treated with similar attention and rigor to other aspects of business performance.

Evidence that the Governing Body engages directly with the setting of high-level targets related to the company's salient human rights risks signals that it views this aspect of the company's performance as important, intends for progress to be measured and that the results should inform future decisions and actions and support continuous improvement.

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Does the Governing Body discuss and approve high-level targets related to human rights issues?
- Do the targets cover the range of the company's salient human rights issues or just some of them? If not, how are decisions made on which to ones to reflect in targets?
- Do the targets focus on the intended outcomes for the stakeholders affected or only on outcomes for the business?
- What evidence is there of such progress against the targets?
- How often are such targets reviewed and/or updated?

CONNECTION TO CULTURE



ACCOUNTABILITY



THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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

GOVERNANCE
NO.

10

OVERVIEW

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Required disclosure
- Regulatory provision (governance / due diligence)
- Investor engagement

APPLICATIONS

SOURCES OF EVIDENCE



DOCUMENTATION

- Governing Body briefing documents and Minutes
- Record of high-level targets related to the company's salient human rights issues



CONVERSATIONS

- with Board Chair and Company Secretary
- with top management

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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

GOVERNANCE NO.

10

ADDRESSING LIMITATIONS

The limits of this indicator lie in the need for progress against targets to be monitored effectively and integrated into accountability structures and learning processes.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G2

G6

G7

L12

SUPPORTING INDICATOR

The most senior governing body and/or its relevant subcommittees... 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.

The most senior governing body and/or its relevant subcommittees... 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.

The most senior governing body and/or its relevant subcommittees... 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.

Senior leaders at corporate, regional, country and business unit levels... support improved management of human rights risks and impacts.

RATIONALE

Where the governing body does this, it is more likely that there is follow-up and accountability for how well targets are being met.

Where the governing body does this, it is more likely that relevant data regarding progress in addressing human rights risks is gathered and can provide effective evidence of whether and to what extent high-level targets are being met.

Where the governing body does this, it is more likely there is internal accountability for measurable progress against targets approved by the governing body.

Where senior leaders do this, it is more likely that results of measuring and evaluating performance against targets will be used to support such improvements.

OVERVIEW

APPLICATIONS

SUPPORTING INDICATORS