

Mar 12 2014

Richard Howitt – Measuring business respect for human rights: How do we promote legitimacy?

Damiano de Felice

This post was contributed by Richard Howitt MEP, European Parliament Rapporteur on Corporate Social Responsibility

Business has moved a long way from saying human rights are for governments not for them, to a position today where the [United Nations Guiding Principles](#) (UNGPs) are almost universally supported and the debate is now a detailed one about implementation.

I had the privilege of personally taking part in all of John Ruggie's consultations in Europe on the UNGPs and in the debates on their adoption at the UN Human Rights Council. Now I take pride in the progress being made by business and governments within the European Union to advance their implementation.

But if transparently reporting on implementation is one of the key challenges now, the debate on which indicators to use is not simply an issue of detail.

It will help determine whether implementation becomes a 'tick box' exercise for companies simply to 'cover' risk against them, or whether the spirit of the UNGPs will be maintained leading to real improvements in human rights in the world.

The UNGPs themselves state that: "[i]n order to verify whether adverse human rights impacts are being addressed, business enterprises should track the effectiveness of their response" and that "[t]racking should ... [b]e based on appropriate qualitative and quantitative indicators".

In recent years we have witnessed a proliferation of tools such as indicators, indexes and ratings to assist in this process but, increasingly, concerns have been raised regarding the legitimacy of these indicators. Without rejecting any approaches, it is clear that some are more credible than others.

Up to 6,000 companies use the [Global Reporting Initiative Guidelines](#) when drafting their corporate sustainability reports, and the new "G4" version launched across the world this year specifically updates it's methodology to reflect agreement of the UNGPs.

Recently I had the privilege to speak at the launch of the [2014 Corporate Knight "Global 100"](#) initiative at Davos. This yearly ranking of the top 100 companies for their CSR compliance includes specific measures on good corporate governance, labour rights and equality.

Newer initiatives such as the [Corporate Equality Index](#), rating American businesses on their treatment of LGBT employees, should also be seen as an issue of non-discrimination rooted firmly in a human rights perspective.

As a region of the world, the European Union itself is seeking to promote the 'convergence' of existing initiatives in order to promote legitimacy. This is not just a question of law-making but also one of political endorsement.

Legislatively speaking, later this year it is hoped that a [Directive requiring non-financial reporting](#) will be voted through the European Parliament. The draft directive proposes that large companies state in their annual reports material information relating to environment, society, respect for human rights, anti-corruption and diversity. By requiring this statement to describe the company's "risks," it will be a major push for human rights risk assessments to become the norm amongst larger companies.

Meanwhile, following a target set in the European Commission Communication on Corporate Social Responsibility and endorsed in my own report to the European Parliament, every EU Member State is now drawing up a national action plan on the UNGPs, sometimes in a stand-alone document as in my own country, [the United Kingdom](#), and sometimes incorporated as part of a national CSR strategy.

Such an approach adopted by other countries and in other regions of the world, can greatly increase legitimacy for the actions taken.

But what about the perspective of businesses themselves? Business wants certainty and, if time and money is to be invested in new systems, there needs to be a reasonable level of assurance that actions taken will be recognised as having a wider

legitimacy.

To tackle the problem of too many fish in the sea, in 2013 the accountancy company Mazars and the NGO Shift, in liaison with the Human Rights Resource Centre for ASEAN, launched a global, consultative initiative to develop public reporting and assurance frameworks based on the UNGPs – [the Reporting and Assurance Frameworks Initiative](#) (RAFI).

As some of the people involved in this project were integral to the development and agreement of the UNGPs, my discussions with them suggest this initiative has the potential to provide a decisive step forward in bridging the twin goals of being faithful to the Guiding Principles and of gaining widespread business acceptance.

I do accept the [caution expressed by the London-based Institute of Business and Human Rights](#) that the framework should not be developed in isolation from equally important efforts to assess human rights outcomes over time.

As in all of my work on corporate responsibility, my own plea is for companies and their stakeholders not to focus so greatly on process, that sight is lost of outcome.

Richard Howitt MEP

E-mail richard.howitt@europarl.europa.eu

Website www.richardhowittmep.com

Facebook www.facebook.com/richardhowittmep

Twitter [@richardhowitt](https://twitter.com/richardhowitt)

This entry was posted in [Indices and ratings](#), [Reporting](#). Bookmark the [permalink](#).