

Business and human rights indicators: Opportunities and challenges in measuring corporate respect for human rights

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The relevance of business and human rights indicators cannot be overstated. Valid and reliable indicators could be useful to assess the size of the problems that we face, track corporate progress over time and compare policies, process and impacts across corporations (thus triggering healthy competition). Indicators may also operate as early-warning systems and make specific abuses visible (for instance, discrimination is impossible to prove without aggregating information). Lastly, indicators are needed to integrate human rights issues into risk management process and investment decisions.

The United Nations Guiding Principles on Business and Human Rights (UNGPs) support the argument that indicators are fundamental tools for corporations to meet their responsibility to respect human rights. In order to *verify* whether adverse human rights impacts are being addressed, “business enterprises should track the effectiveness of their response”, and “[t]racking should ... [b]e based on appropriate qualitative and quantitative indicators” (UNGP 20). Furthermore, in order to *account* for how they address their human rights impacts, “business enterprises should be prepared to communicate this externally”. Such external reporting “should cover... indicators concerning how enterprises identify and address adverse impacts on human rights” (UNGP 21).

The UN Working Group on Business and Human Rights has confirmed the significance of indicators on several occasions. In 2012, it argued that “States and business enterprises should scale up and sustain efforts to implement the Guiding Principles, including ... by establishing measurable and transparent indicators to assess their effective implementation” (A/67/285, §79). In 2013, it specified that “the development of performance indicators that can be used by stakeholders to encourage proper functioning of grievance mechanisms is important, and can be used by stakeholders to understand how operational-level grievance mechanisms are working, and to hold business enterprises accountable” (A/68/279, §41).

Moreover, three initiatives supported by the UN Working Group explicitly focus on “measuring” business and human rights issues:

- Shift and Mazars are collaborating on a consultative initiative to develop public reporting and assurance frameworks based on the UNGPs. They are also coordinating with the Global Reporting Initiative (GRI) to avoid duplications and build on each other’s work;
- GRI is producing a paper to help stakeholders understand the degree of alignment between its G4 guidelines and the UNGPs;
- The Global Corporate Community of Practice collects, develops and shares best practices in integrating human rights due diligence into risk management processes.

Notwithstanding the great potential of indicators, measuring and comparing respect for human rights by corporations is not an easy task.

The project on *Measuring Business & Human Rights* (MB&HR) identifies two fundamental challenges. Firstly, the challenge of how inadequate business and human rights indicators may contribute to ineffective measures of what is important and therefore poor policy guidance. As an example, a low number of complaints received through a given grievance mechanism can be the result of lack of transparency, and not necessarily evidence of respectful behaviour.

Secondly, whilst indicators used by sustainability indices (such as FTSE4Good and Dow Jones Sustainability) or ratings (such as the Access to Medicine Index and the Behind the Brands' Scorecard) respond well to the UNGPs' call for companies to 'know and show' that they manage their human rights impacts, they tend to be granular in nature and developed without sufficient transparency and participation. Such an approach to measurement can disempower those who use and rely on them.

The Working Group recently conducted a pilot business survey. The results show that, "when ... asked if their company tracks progress through developing 'qualitative and quantitative indicators, informed by experts and relevant stakeholders', 53% agreed, 47% disagreed or were unsure" (A/HRC/23/32, §33). The conclusion of the Working Group is that moving forward in implementing human rights due diligence "may require innovative approaches. Furthermore, good practices and lessons learned in this field should be identified and shared with other stakeholders" (*ibid*).

That the *Measuring Business & Human Rights* project aims to trigger an evidence-based discussion on the challenges of producing and using indicators is a laudable objective that can help to identify best practices and bring transparency to an issue which is not only consequential, but also controversial. This project has immense potential and the UN Working Group looks forward to its findings.