



VALUING RESPECT
— BY **Shift** —

The Current Use of Metrics in Human Rights Disclosure in the Extractives and Oil Equipment Sector

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INTRODUCTION

The [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: that is, how effectively companies address risks to people's human rights connected to their own operations and value chains. The project's 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.

Building evidence for how businesses *currently* track the progress and effectiveness of their efforts to respect human rights is an important starting point for the Valuing Respect project. It is part of ensuring that the project's research and future products are grounded in an empirical understanding of existing business practice, challenges and innovations.

This fact sheet summarizes findings from research by the University of Fordham Law Clinic into the current use of metrics in the human rights reporting of **25 companies in the extractives and oil equipment sector included in the UN Guiding Principles Reporting Database**¹. The research was conducted from mid 2018 to early 2019, and has informed the direction and focus of the Valuing Respect project.

Company disclosures regarding human rights, specifically in the format of public sustainability reports, offer some access to the types of indicators and metrics that companies currently use to track their own performance. They do not necessarily reveal the full gamut of data and information that companies track, just the subset of metrics that feature in reporting. Nonetheless, public reports are the best available source of evidence, especially when seeking to draw conclusions at some level of scale.

To this end, in 2018, project partners conducted analysis of human rights disclosures of over 500 listed companies around the world and across diverse sectors. The research teams sought to answer the following questions:

- What types of indicator appear **most typically** in companies' human rights related disclosure? Do companies use indicators of inputs, activities, outputs, or outcomes?
- Are efforts to address certain human rights issues **more evolved** than others in terms of the quantitative and qualitative information used to substantiate progress?
- Are there examples of **less typical** indicators, data or metrics in companies' human rights related disclosure that offer interesting or novel insight into companies' human rights performance?

In order to answer the research questions, the research team from the University of Fordham Law Clinic applied the following methodology:

¹ <https://www.ungpreporting.org/database-analysis/>

STEP ONE: Researchers identified the primary means through which companies in the [UNGP Reporting Database](#) report on issues relevant to their human rights performance (e.g., through an integrated report, or through a sustainability report).

STEP TWO: Researchers read the primary sources of disclosure, and any relevant written resources that were directly referenced, to identify excerpts that concern how the company *assesses the effectiveness* of one or more aspects of its human rights performance. In other words, researchers **highlighted instances where the company used qualitative or quantitative information** to signal change over time.

STEP THREE: The teams inserted the highlighted content into a Microsoft Excel database, and tagged the information based on whether: a) the indicator being used is an input, activity, output, practice/behavior, outcome for people or outcome for business indicator (see table below); and b) the information provided was quantitative or qualitative.

- **Inputs** - The financial, human and material resources used for an activity or set of activities.
- **Activities** - Actions undertaken, or work performed, through which inputs are mobilized to produce specific outputs or outcomes. These may be, but need not be, part of a formal process or system.
- **Outputs** - The tangible and intangible products that result from the activities.
- **Practices/ Behaviors** - The effect of the activities or outputs on the behaviors of people that are relevant to the achievement of outcomes.
- **Outcomes for People** - The positive or negative effects on affected rights holders that flow from practices and behaviors.
- **Outcome for Business** - The positive or negative effects on the business that flow from: a) the outcomes for people; or b) practices and behaviors.

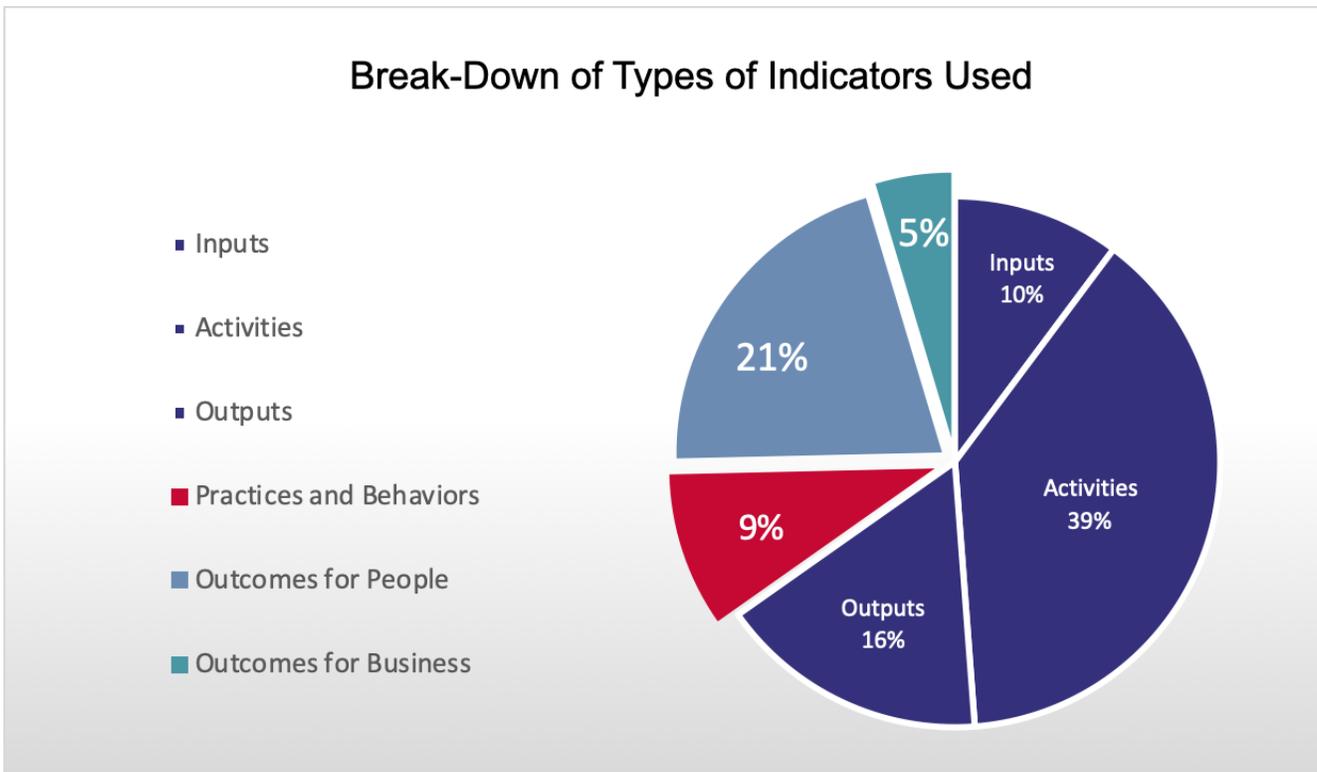
STEP FOUR: Once the databases had been completed, reviewed and updated, researchers then sought to address the research questions by identifying:

- those types of information that are most prevalent in the disclosure;
- any patterns or trends in the types of information disclosed (for example related to the type of issue or industry sector);
- types of information that are less typical but provide some valuable insight into the company's human rights performance.

Overview



After reviewing the disclosures of 25 extractives and oil equipment companies in the database, the majority of metrics and data provided fell within the categories of **activity and outcomes for people in the areas of fatality and injury rates, internal and external audits, and grievance mechanisms**. Further, while nearly all of the companies in these sectors provided data that indicated *outcomes for people*, such as reporting on safety performance metrics, it was not always clear how these metrics were linked to the companies' *inputs, activities, and outputs*. Few companies provided any data indicating *practices and outcomes for business*.



Observation One: *The majority of the companies reviewed reported various input indicators about the allocation of human resources to address human rights issues.*



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Companies reported on *inputs* invested in the form of teams, committees, and individuals designated to address human rights issues. For example, Tahoe Resources reported, “[s]ince 2013, executive-level responsibility for economic, environmental, and social topics has been addressed by Tahoe’s Sustainability Committee [formerly known as ‘CSR Steering Committee’], an innovative corporate leadership team comprised of Tahoe’s Executive Chair, CEO, executive management, and operational and CSR leaders at all sites.”² Some companies reported how many times such respective teams met. For example, Halliburton reported, “In 2015, the board of directors met six times; the Compensation Committee and the HSE [Health, Safety and Environment] Committee met five times...”³

Observation Two: Metrics on training are mainly activity indicators i.e. number of training hours, number of employees trained, with the trainings focusing generally on health, safety, and human rights.

Another common trend is the disclosure of indicators of *activities* in the area of training, including the number of training hours completed and the number of employees trained. Companies do tend to qualify this information by outlining both the subject of the training (most usually health, safety, and human rights) and who is trained (whether new or existing employees, suppliers and contractors, or even joint training programs for their employees and for the local authorities in the communities where worksites are located).

For example, BP reported in regards to its integrated community-based security (ICBS) program in Tangguh, Indonesia, “[s]ince the beginning of the project, BP’s Tangguh security team... participated in five joint training exercises with the Papua police... The exercises provided opportunities to test civil disturbance management plans and procedures and adherence to the Voluntary Principles in volatile crowd situations. Participants included police officers, mainly from the Bintuni Region, BP Security Guards, employees (as role play demonstrators), and some observers which involved military officers, local NGO members, and some local journalists.”⁴ BP also trained and worked with the Iraqi Oil Protection Force.⁵ Few companies reported on *input* indicators for training. An outlier is Sinopec, which disclosed “[t]he Company’s total investment in safety training for the year 2015 was about RMB310 million.”⁶

Observation Three: Reporting about audits and assessments is dominated by indicators of activities having taken place, with some signals about the results of the activities.

² Tahoe Resources 2016 Sustainability Report, p. 6-9, <http://www.tahoeresources.com/wp-content/uploads/2017/09/TahoeSR2016HR.pdf>

³ 2015 Sustainability Report, p. 10, <http://www.halliburton.com/public/pubsdata/sd/sustainability-report-2015.pdf>

⁴ BP Annual Report on the Voluntary Principles on Security and Human Rights - January to December 2014, p. 4,

http://www.bp.com/content/dam/bp/pdf/sustainability/group-reports/BP_2014_Annual_Report_VPs_Plenary.pdf

⁵ BP Sustainability Report 2014, p. 51, http://www.bp.com/content/dam/bp/pdf/sustainability/group-reports/Sustainability_Report_2014.pdf

⁶ 2015 Communication on Progress for Sustainable Development, p. 34,

http://english.sinopec.com/download_center/reports/2015/20160329/download/20160329001en.pdf

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The majority of companies reviewed report on the number of audits they conduct, with occasional reference to outputs (i.e. assessment findings), but little to nothing on *practices* or *outcomes for people* that have resulted from the audits or assessments. Nearly all of the companies disclose the number of suppliers audited, or the number of human rights impact assessments conducted.

A small number of companies qualify this by indicating that the audit or assessment covers human rights. One such example is Royal Dutch Shell. Their 2014 Sustainability Report states that, “[i]n 2014, we conducted 92 rigorous assessments of suppliers in Africa and the Middle East, 132 in the Americas, 394 in the Asia-Pacific region, and 456 in Europe to check compliance against our Supplier Principles. These principles include areas such as human rights, labour practices such as the prohibition of child and forced labour, and business integrity.”⁷ This provides some transparency on the risks being assessed, rather than merely indicating that the company has an assessment or audit process, and was unique among the companies reviewed, with regard to their reporting on audits and assessments. However, this disclosure still does not provide detail of what was being assessed or the findings from the assessments.

Some companies do provide a general statement that broadly identifies the assessments’ *outputs*, but do not provide any qualitative or quantitative data points to support this narrative. Barrick Gold Corporation’s 2017 Human Rights Report stated, “The assessment identified several areas of potential negative human rights impacts, including in relation to monitoring contractor working conditions and their compliance with domestic labor laws and international standards, gaps in noise monitoring by the site, impacts on a local river, and sexual harassment.”⁸

Some companies provide data on supplier contract terminations, but with no evidence reported on the terminations’ potential effect on the suppliers’ employees, and thus no knowledge on whether such potential outcomes for people would be adverse or positive. A unique area of reporting among companies reviewed was that of termination of supplier contracts due to non-compliance with company standards, which demonstrates an interesting example of an *outcome for business* indicator as a result of an *activity* and *output*. In Total’s 2016 Report, it disclosed that: “These [improvement] programs enable dialogue with the transporters and lead to an assessment which, if necessary, is followed up by an improvement plan, then a follow-up inspection. Between 2012 and 2015, 98 percent of the transporters in our retail business units in Africa and the Middle East were inspected, and 28 percent of the contracts were terminated due to proven non-compliance and non-improvement. In 2015, 172 initial and 35 follow-up inspections were performed. Given these results, we intend to extend this program to Marketing & Services in the Latin America and Asia Pacific Regions.”⁹

⁷ Sustainability Report 2014, p. 50, http://reports.shell.com/sustainability-report/2014/servicepages/downloads/files/download.php?file=entire_shell_sr14.pdf&cat=b

⁸ 2017 Human Rights Report, p. 52, <http://barrick.q4cdn.com/808035602/files/responsibility/2017/Barrick-Human-Rights-Report.pdf>

⁹ Human Rights Briefing Paper, p. 23, http://www.sustainable-performance.total.com/sites/analystecsr/files/atoms/files/total_human_rigths_briefing_paper_july_2016.pdf



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Observation Four: Companies provide data about workforce gender diversity, unionization, and participation in LGBT programs. This tends to be in the form of activities and outputs, though they might be excellent leading indicators of improved outcomes for people that flow from company interventions.

In the area of diversity and inclusion, many companies reported *output* indicators such as the percentages of female employees in the workforce. The level of detail within the reporting varied among the companies. For example, some companies, such as BP, reported the percentage of women year-on-year at different levels within the company: “*all staff 2013 30%, 2014 31%, 2015 32%, Graduate hires 2013 33%, 2014 37%, 2015 46%, Group leaders 2013 18%, 2014 18%, 2015 19%, Executive team 2013 9%, 2014 9%, 2015 9%.*”¹⁰ Other companies, such as Lundin, offered their view of the reasons behind these numbers: “[i]n 2016, the female-to-male compensation ratio was 63%. The ratio of women’s to men’s salaries at the operating sites ranged from 77% to 102% in 2016. This broad range is primarily caused by differences in the seniority of women employed at the mines. For example, at Neves-Corvo, the number of female employees is small but their average seniority is high, with women employed in managerial and senior technical, highly paid roles. At Candelaria, on the other hand, most of the female workforce is engaged in support roles.”¹¹

Many companies report the number of employees represented by a union or covered by a collective bargaining agreement. For example, Halliburton reported, ““As of December 31, 2015, approximately 17 percent of our employees were subject to collective bargaining agreements.”¹² Additionally, Glencore reported, “Around 70% of our employees are represented by an independent trade union or covered by a collective bargaining agreement.”¹³ Barrick Gold disclosed more information, reporting “We have a number of facilities around the world with unions or bargaining associations, and roughly 36% of our workforce is represented by unions or collective bargaining agreements. Due to our practice of communicating regularly with these associations, we have not had many significant labor relations issues involving our unions.”¹⁴

Two companies reported *activities* in relation to LGBT employees. Specifically, Chevron reported that “[h]elping drive [its] workplace culture is the PRIDE (Promote Respect, Inclusion and Dignity for Everyone) employee network. Founded in 1991 as an association and recognized in 2000 as the first organized employee network at the company, PRIDE represents more than 1,300 LGBT and non-LGBT employees across six continents, working to create an inclusive, safe and supportive work environment.”¹⁵ Furthermore, Chevron reported an *outcome for business*, stating it was the “only oil

¹⁰ BP Sustainability Report 2015, p. 23, <https://www.bp.com/content/dam/bp/pdf/sustainability/group-reports/bp-sustainability-report-2015.pdf>

¹¹ 2016 Sustainability Report, p. 32, http://www.lundinmining.com/i/pdf/LMC_CSR2016_FINAL_Web_rev_LR_Spreads.pdf

¹² 2015 Sustainability Report, p. 12, <http://www.halliburton.com/public/pubsdata/sd/sustainability-report-2015.pdf>

¹³ Annual Report 2016, p. 29, http://www.glencore.com/assets/investors/doc/reports_and_results/2016/GLEN-2016-Annual-Report.pdf

¹⁴ 2017 Human Rights Report, p. 44, <http://barrick.q4cdn.com/808035602/files/responsibility/2017/Barrick-Human-Rights-Report.pdf>

¹⁵ Chevron Earns Tenth Perfect Score for LGBT Equality,

http://www.chevron.com/news/inthenews/article/02122015_chevrontenstentperfectscoreforlgbtequality.news



and gas company to receive a perfect score on HRC's 2015 Corporate Equality Index (CEI), and earn the distinction of one of the Best Places to Work for LGBT Equality."¹⁶ However, there is a lack of evidence on the *outcomes for people* such *activities* provide.

Observation Five: In the area of health and safety, companies do provide (almost always downward) trend data about fatalities and injuries (outcomes for people) and related outcomes for business, such as lost-time injuries.

Nearly every company reviewed provided the number of fatalities, the rate of injuries and lost time injuries, often additionally providing data indicating a downward trend of injuries suffered, which indicate both *outcomes for people* and *outcomes for business*.

However, few companies go further and report on inputs and activities designed to identify and address the causes of the fatalities and injuries. One example of a company that did provide this is Goldcorp, who reported, "[on] April 14, 2016, Jaime Otero Pérez López, an underground miner helper, was killed by a rockfall while working near an open stope at our Marlin Mine in Guatemala. Operations at the mine were suspended and a thorough investigation was conducted to determine the cause of the accident. The incident occurred as a result of a massive stope failure in a recently blasted stope. As a result of findings from the investigation, a focused follow-up of Ground Control Management Plans was completed in 2016 at all Goldcorp mine sites."¹⁷

Observation Six: Reporting on community engagement is provided, and focuses on resources and actions (inputs and activities) to gather and consider community feedback. Some positive outlier examples describe practices/behaviors, though they still lack supporting qualitative and quantitative data.

Many companies reported on *inputs* and *activities* in the arena of community engagement, such as senior managers visiting worksites, conducting interviews with communities, community grievance mechanisms, and audits.

One can find the occasional outlier where there is a narrative case study description of practices/behaviors to deliver outcomes to people. For example, Goldcorp Inc. reported that "In 2015, the Borden team created and implemented the Community Feedback Protocol, a procedure based on open communication and systematic response to stakeholders' concerns. It included frequent visits and dialogue with local stakeholders to better understand the project's local impacts and respond to community concerns." Further, Goldcorp reported on the *outputs* of these activities, "among the key concerns identified by locals were the visual and noise impacts related to exploration drilling. Through dialogue with local stakeholders, the Borden team identified several solutions to address these concerns and mitigate some of the impacts.

¹⁶ Ibid.

¹⁷ Annual Information Form for the Financial Year Ended December 31, 2016, p. 12, http://s1.q4cdn.com/038672619/files/annual_reports/2016-Annual-Information-Form-v.8.pdf



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Sound walls, sound monitoring equipment, and noise mitigation procedures, as well as directional lighting and broadband back-up alarms, are some of the examples of the noise and visual mitigation measures that remain in place."¹⁸ Even in these outlier examples, evidence of the resulting practices and behaviors, or outcomes for people is not provided.

Observation Seven: Information on the disruption and displacement of local communities is occasionally provided, with a focus on business practices of relocating, resettling or compensating communities, and some reference to the numbers of people/beneficiaries of such efforts that reflect outcomes for people.

Three companies reported *business practices* in communities and the resulting *outcomes for people*, including displacement and relocation. For example, Lundin reported, "*With recent Tenke Fungurume Mining expansions... physical and/or economic displacement [of local farmland and households] could not be avoided, and thus a community Resettlement Action Plan ('RAP') has been developed and implemented for each mine expansion site. Since the opening of the TFM mine, 449 resident households and farmlands associated with these households have been relocated, with compensation going to owners. RAP provides not only relocation, but also improved housing, livelihood restoration, access to clean water, health centres, and schools.*"¹⁹

However, Royal Dutch Shell reported it tries to avoid resettlement, and seek other *activities and outcomes for people*. For example, "*In Sichuan province, China, for example, we partnered with the non-governmental organization, Mercy Corps, to assist 150 smallholder farmers who were affected by our operations. We worked with the farmers to help them improve their agricultural practices, manage their businesses better, and identify markets for selling their produce. In the early stages of the project, 83% of the farmers reported increased knowledge of farming techniques, while 40% had improved their agricultural practices or adopted new farming technologies.*"²⁰

¹⁸ 2016 Sustainability Report: Responsible Mining, p. 87, http://csr.goldcorp.com/2016/_pdf2print/pdfs/0_0_goldcorp_csr_2016_full.pdf

¹⁹ Social Responsibility, <http://www.lundinmining.com/s/CorpResponsibility.asp?ReportID=701883>

²⁰ Sustainability Report 2015, p. 39, <http://reports.shell.com/sustainability-report/2015/>

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