The Valuing Respect Project
Call Note for International Advisory Group (IAG)

Call of 5 November 2018

The Shift team leading the Valuing Respect Project hosted a call for members of the project's International Advisory Group (IAG) on 5 November 2018. The following represents a summary of the issues discussed.

IAG Attendees**
Nor Azimah Abdul Aziz, Malaysia Companies Commission
Allison Burger, Gold Fields
Christian Heller, BASF
Brendan LeBlanc, EY
Wilhelm Mohn and Caroline Eriksen, Norges Bank Investment Management
Rachel Wilshaw, Oxfam
Lee Risby, C&A Foundation

Project Team
Caroline Rees, Mark Hodge, Susannah McLaren, Jana Mudronova,

** For the full list of IAG members and biographies, please see valuingrespect.org

A. Project recap and update

The Shift team reviewed the project's purpose and process and provided an update on key developments:
1. **Research:** publication of concept notes on (a) applying the discipline of evaluation to business respect for human rights and (b) learning from health and safety about the use of leading and lagging indicators. Publication of a research paper by Georgie Erangey on current use of social indicators (the 'S') in ESG indices and rankings. Further publications due by end 2018 on company disclosures of human rights indicators and metrics; the evaluation of rights-respecting culture and governance; the evaluation of the quality of stakeholder relationships in the mining sector; a landscaping of technological innovations relevant to evaluating human rights impacts; and discussion papers on (a) accounting for business outcomes, and (b) the effectiveness of human rights training.
2. **Consultations:** expert multi-stakeholder consultations held in New York (May), London (July), and Singapore (August), and a further such consultation due in Johannesburg in November. Summaries of the first two of these consultations published on the project portal (ValuingRespect.org) with the others to follow shortly. Additional consultations held on discrete research areas held with investors (October) and companies (November).
Discussion points included:

How companies are assessing their own impacts and their own tools for evaluation, and the value of tools developed in conjunction with civil society. It was noted that tools are being developed that move beyond the constraints of audit to focus on worker well-being. The project team confirmed that these types of innovation were of keen interest for further analysis and welcomed updates on developments in this field.

What consultation was being done or planned with small and medium-sized companies (SMEs). Given the sheer number of people employed by SMEs as well as their wider impacts on people through their operations, there was interest in seeing how far the project could be relevant to their own management of human rights impacts. The project team confirmed interest in SMEs and some pending opportunities for engagement. They noted that while SMEs may not have the same kind of governance structures and controls as large companies, it could actually be easier for them to look at employee behavior and how it might impact people. It was suggested that attention to the types of behavior companies and their stakeholders should be looking out for and promoting was important.

The focus on evaluation was welcomed, while recognizing that it could make companies nervous. It was noted that the project should retain that focus and address some of the reasons why people – in companies as well as in other settings – are nervous to have the necessary conversations about failure. Without a recognition of failures, there could be no real learning, and learning is essential to progress. For example, an evaluation mindset is essential in the apparel industry in order to address purchasing practices that are themselves at fault in raising human rights risks. Yet there are few 'evaluators' brought in to look at these issues, as against consultants and auditors. Embracing real evaluation can require a change in culture within companies.

B. Rights-respecting Governance and Culture

The project team reviewed their early research activities and findings regarding governance and culture, which was drawing heavily on existing literature in the fields of ethics, anti-corruption and health and safety, as well as interviews with experts inside and outside companies. They highlighted the distinction between governance (systems, rules, controls and allocations of responsibility and influence) and culture (the values and behaviors that create an organization's social and psychological environment). While it was easier to evaluate governance rather than culture, and governance is a key determinant of culture, it is culture that seems more directly and necessarily indicative of likely outcomes for people. Equally, research showed the importance of understanding sub-cultures that exist within any large organization, and which may work in favor of, or against ,the aims of an overarching value set and intended culture. Research suggested the particular importance of the quality of empathy when looking indicators of 'rights-respecting' culture.

Discussion points included:

Interest in what institutions outside of companies could use as indicators of rights-respecting culture. There was obvious progress among companies in the adoption of human rights commitments, but it could be hard to gain insight into actual culture.

Interest in differences that might emerge with regard to indicators of culture based on the size and structure of a company. Examples of possible distinctions were discussed between multinationals and SMEs or when comparing public companies, private companies, state-owned enterprises (SOEs) and cooperatives.

Interest in whether there may be differences between industries with regard to rights-respecting culture. There was discussion of the likelihood that culture had more to do with individual organizations than with industries as a whole, while recognizing the need to be alert to all these dimensions. The project team indicated that this was one of the few research areas that may lend itself to the identification of potential indicators at a cross-sectoral level. The team would start testing some ideas in this regard in early 2019.

C. The Voice of Affected Stakeholders in Evaluation

The project team explained the three ways in which they were looking at the role of affected stakeholders – the people who are or could be negatively impacted by business activities – in evaluation processes. These included the evaluation of processes of company engagement with affected stakeholders (initiated by companies and ranging in purpose from information-sharing to hearing views to reaching agreements to collaborating); the evaluation of stakeholder relationships (a mutual perception of the quality and value of on-going interactions that can determine a company's social license to operate and reputation); and the integration of stakeholder voices in evaluation (with their experiences and perceptions shaping what is evaluated and how, in order to understand the outcomes they experience). The project team highlighted forthcoming research learning from the extractive sector about evaluation with regard to company-community engagement and relationships, as well as early-stage plans for some pilots of emerging innovations that can place stakeholder voice at the heart of evaluation processes themselves.

Discussion points included:

The highly qualitative nature of much of the information that was being sought through this stakeholder focus – and also across the project as a whole – and the challenge of translating that into an investor world driven in large part by quantitative metrics. This is particularly the case in Bloomberg terminals which can only accommodate quantitative or binary information. At the same time, it was noted that while quantifiable information can be particularly useful, there would also be value to investors in finding the right questions to ask companies and the right indicators of good processes. This kind of insight could be combined with supporting quantitative data. Furthermore, managers within companies often have particular need for qualitative insights, which can be useful to inform practices. There may then be ways of quantifying the information they convey for external top management and external actors.

D. Conclusion

The project team concluded with an overview of research plans into 2019, as well as plans for two consultations in each of the project's four regions (N. America, Europe, Southeast Asia, Sub-Saharan Africa). Participants noted the continuing high ambition level of the project and the benefits to be had from focusing where the initiative could make the most difference in practice. The project team confirmed that while initial stages of the research were designed to 'landscape' a variety of areas of clear relevance to evaluating business respect for human rights, this was in part designed to find those areas where this project could add greatest value. Subsequent stages of research would then focus on those for 'deeper dives' and some applied work through pilots.