New Initiative of the UN Working Group on Business and Human Rights for a Global Corporate Community of Practice **IOE MEMBER COMMUNICATION (G-119)**	
For information/action:	For action
Deadline	-
IOE contact:	Matthias Thorns/+41 22 929 00 21
Attachment(s):	1 PDF also via this link

15 October 2012

The UN Working Group on Business and Human Rights has launched the **Global Corporate Community of Practice** initiative to provide a platform for companies **to collect, develop, and share experiences of human rights due diligence and risk management.**

The initiative will have its next meeting directly before the UN Forum on Business and Human Rights on 3 December 2012 in Geneva.

Please find more information about the initiative attached and via the link, and share this information with your company members.

The initiative will help to bring the business perspective to the Working Group, and companies will be able to benefit from the exchange of experience.

Companies interested in participating should contact contact Matthias Thorns (thorns@ioe-emp.org).

******

THE GLOBAL CORPORATE COMMUNITY OF PRACTICE FOR BUSINESS & HUMAN RIGHTS

A Project to Establish a Global Business Community to Share Best Practices in Human Rights Due Diligence and Risk Management

Introduction and Meeting Summary

The Global Corporate Community of Practice ("GCOP") was formed in July 2012 to support the mandate of the United Nations Working Group on Human Rights and Transnational Corporations ("Working Group") by providing a platform for multi-national business enterprises to collect, develop, and share best practices in human rights due diligence and risk management. To date, the GCOP is the only initiative led exclusively by and for the private sector to receive formal designation as a supported project by the Working Group.[1]

The GCOP met for an initial planning session at the Palais des Nations in Geneva, Switzerland on 20-21 September 2012. The meeting was hosted by Puvan Selvanathan, the Chair of the Working Group and the Project Liaison, and was led and facilitated by Roger Branigin, a risk consultant and the Project Lead. Also in attendance were:

Margaret Jungk, UN Working Group
Kathryn Dovey, Global Business Initiative
Jan Klawitter, Anglo American Mining
Brian Lowry, Monsanto
Kent McVay, The Coca-Cola Company
Alessia Priolo, Eni S.p.A.
Nili Safavi, BP
Matthias Thorns, International Organization of Employers
Luke Wilde, TwentyFifty

Six other companies (ABN AMRO, Anglogold Ashanti, Nestlé, Procter & Gamble, Rio Tinto, and Siemens) have accepted an invitation to participate in the GCOP but were unable to attend the kick-off meeting, while several other firms have expressed an interest in joining the initiative. Although membership in the GCOP has been kept small by design to facilitate communication and promote group collaboration,

[1] The Working Group plans to engage outside assistance to inform its work through four different types of projects: "Core Projects" commissioned by the Working Group itself and funded solely by States; "Solicited Projects" established in response to a specific call from the Working Group, which remain directly accountable to the Working Group; "Supported Projects" initiated by external groups with the support and active participation of Working Group members but which remain self-administered; and "Recognized Projects" initiated by external organizations that may then request the Working Group's discretionary approval to circulate their findings and conclusions.

additional companies may be asked to join the initiative based on their expertise and experience with the specific issues to be addressed by the initiative. In particular, the GCOP is seeking to add companies based in and/or having their principal operations in Asia, the Pacific Rim, Africa and South America and is coordinating outreach efforts to attract those participants.

The following revised project description reflects changes made at the kick-off session and in follow-up consultations with GCOP members to refine the scope of the initiative and to clarify project outputs and methods.

GCOP PROJECT DESCRIPTION

Background

In its initial report to the UN Human Rights Council, the Working Group proposed to fulfill its mandate by sponsoring three separate but related work streams: (1) global dissemination of the Guiding Principles on Business and Human Rights ("GPs") developed by John Ruggie, the Special Representative to the UN Secretary General on Human Rights and Transnational Corporations; (2) promotion of the implementation of the GPs; and (3) integration of the GPs into existing governance frameworks. With respect to the second pillar of the Ruggie "Protect, Respect, Remedy" framework, the corporate responsibility to respect human rights, the GPs require businesses to follow through on a policy commitment to respect human rights by conducting due diligence of their actual and potential human rights impacts (human rights due diligence, or "HRDD"). Integral to that objective is the development of a coherent yet flexible set of best practices to guide multi-national companies in various business sectors as they seek to elaborate HRDD processes to meet their obligations under the GPs (and parallel governmental and industry initiatives).

Global business is well positioned to take a leading role in defining those approaches. To be certain, States, civil society, communities, and consumers can and should insist on having a part in shaping business expectations, and corporate accountability to those stakeholders will be essential to ensuring the legitimacy of the due diligence process. Ultimately, solutions to filling the gaps in global human rights corporate governance must synthesize the contributions of all these constituencies. Yet in many respects companies themselves may be best equipped in the first instance to identify the management systems and internal controls that work and those that do not, to understand how HRDD can be integrated into existing company processes with maximum efficiency and minimum disruption, and to reconcile their responsibilities under the GPs with other legitimate company objectives. As praxis evolves, adoption of a common set of methods and approaches promises to improve cross-sector learning, to provide concrete guidance to companies that may not be accustomed to thinking in terms of "human rights," and, over time, to define the new standards of care toward internal and external stakeholders expected of global business.

The GCOP was established to advance that process by creating a private space for companies to share best practices in HRDD and human rights risk management in confidence, to pursue collaborative efforts, and to explore how the business community might develop a common set of human rights risk management strategies, methods and/or standards that apply across sectoral and geographic boundaries. To that end, the GCOP has brought together experienced corporate executives and managers, business consultants, attorneys and academics with broad expertise in human rights, sustainability, risk management, compliance, and corporate governance to focus on a discrete subset of challenges facing all companies as they work towards meeting their responsibilities under the GPs. All discussions at both plenary sessions of the GCOP and in committee conference calls will be confidential, limited to GCOP members, and subject to Chatham House rule unless members agree otherwise.

Project Purpose and Goals

The purpose of the GCOP is to collect, develop and distill best practices in human rights risk management. For purposes of our work, "human rights risk management" is defined as the set of management tools, processes, and systems that companies may use to identify, measure, prioritize, and respond to actual or potential human rights threats and opportunities – and, ideally, to guide future decision-making.[2] Effective risk management requires both accurate means of quantifying impacts and the ability to timely deploy that information at critical junctures during the project, product or business life cycle.

The group's focus on human rights risk management as a *business process* can and should be distinguished from the corporate *functional discipline* (or department) of risk management and reflects the reality that, in most companies, the various activities that serve to manage operational business risk are performed by multiple departments and divisions. A key task of the GCOP will be to explore whether and how existing approaches to managing known categories of business risk (operational, financial, legal, environmental, etc.) may be adapted to performing HRDD without losing sight of the unique challenges posed by accounting for human rights impacts.

The specific goals of the GCOP are four-fold:

1. To serve as a resource to the Working Group by contributing observations and important considerations relevant to HRDD from a business perspective.

[2] The discipline of human rights risk management is closely related to the concept of human rights due diligence required by the GPs. Whereas due diligence defines the standard of care that companies must meet in investigating, monitoring and disclosing the human rights impacts of their operations, risk management comprises the methods and processes that may be used to identify and manage business "risk," or the expected probability and consequences of positive or adverse events.

2. To create a confidential space for leading companies to share and collaborate on best practices in human rights risk management.
3. To serve as an incubator of new ideas and approaches to HRDD and, in particular, human rights risk management.
4. To strengthen the "business case' for human rights due diligence and risk management, defined to include but extend beyond immediate impacts to share price or the financial "bottom line" to more efficient project planning, schedule management, budgeting, financial forecasting, and long-term value creation.

Formation and Constitution of Working Committees

The project ultimately plans to assemble a group ranging between 12 and 20 MNCs to participate in the project. Each participating company agrees, in turn, to join one or more of three working committees to be chaired by a company representative and facilitated by the Project Lead.[3] The working committees will focus on core issues relevant to all MNCs or, in some cases, to an individual business sector facing a specific but substantial human rights challenge:

1. Organizational structure and capacities. This committee will explore where, from an organizational, capacity, and resource standpoint, the HRDD function should reside in companies in order best to inform company strategy and decision-making and manage risk. While allowing for variability among industries and individual companies, the committee would explore the relative capacities and limitations of operating divisions, assurance functions (e.g., safety or security), risk management, audit, and/or compliance to serve as platforms for conducting HRDD. Alternately, the committee may determine that HRDD is in some cases better performed as a separate process running parallel to conventional company risk management and control systems. If so, the committee would examine and propose specific steps to prevent HRDD from becoming internally marginalized and to ensure that human rights expertise and oversight is effectively propagated throughout the organization.

2. Human rights risk management methods and processes. Over the past two decades, companies have increasingly turned to "risk management" as a preferred tool for measuring company performance and evaluating competing strategic, tactical and operational objectives. Risk management is not a single process but, rather, a conceptual approach to managing business problems by balancing the potential benefits of a particular business decision or strategy against the potential harm it creates. Depending on the field, risk

[3] All GCOP members in attendance at the initial meeting in Geneva graciously volunteered to designate a representative to serve on each of the three committees, subject to internal approval. Final committee assignments will be made once the Project Liaison and Project Lead have had an opportunity to consult with all group members.

management may encompass a wide range of processes and systems, from simple two- or three-dimensional risk matrices to multi-dimensional risk models and from "bow tie" and other process-based methods to stochastic risk simulations meant to capture and respond to a range of probabilistic outcomes. The second functional committee would investigate whether these and other risk management systems can be adapted to HRDD and would explore both the advantages and potential pitfalls of quantitative and process-based approaches to managing human rights impacts. Issues to be examined would include definition and correlation of key performance indicators and risk factors, metrics for measuring human rights risk and performance, modeling of human rights risks, appropriate risk responses, and the scope and efficacy of compliance and internal audit to serve as internal controls on risk management.

3. Measurement of community and external stakeholder impacts. The group acknowledged that community relations and stakeholder engagement are broad topics that extend well beyond the purview of the GCOP. One related challenge to which the GCOP can make an important contribution, however, is helping companies committed to improving the communities in which they do business refine methods for measuring and communicating risks affecting stakeholders groups that stand outside traditional corporate constituencies. The third functional committee would focus on how companies can best define, identify, and quantify actual and potential human rights impacts on those stakeholders so that those impacts can be factored into other functions and departments.

Role of Government and Civil Society in Initiative

The GCOP devoted considerable discussion at the initial meeting to the role that other stakeholder groups should play in the initiative. Because the central purpose of the GCOP is to provide a confidential setting for companies to share their thoughts and observations, civil society will not directly participate in GCOP discussions or have any editorial input or control over project outputs. At the same time, however, the GCOP recognizes that many civil society organizations (as well as governments and other stakeholders) have deep knowledge and experience in addressing a wide range of human rights issues from which much can and should be learned. Several organizations have asked whether they might participate in the GCOP as "observers," both to assist the project and to inform their own work.

In order to balance concerns of confidentiality and transparency, the GCOP declined to appoint a fixed or static advisory board in favor of two more flexible mechanisms to gather information from civil society and other sources:

(1) A series of interviews with selected representatives from civil society, government, the human rights community, and scholars. Interviews will be conducted at the discretion and direction of the GCOP. Any submissions to or

transcripts of such proceedings will remain confidential unless both the GCOP and the interviewee/presenter agree to release them publicly.

(2) A web-based journal (e-journal) to publish summaries of GCOP proceedings and/or any contributions from group members and to invite outside responses. The GCOP is in discussions with Singapore Management University (SMU) to serve as a repository of information, to provide research support, to manage the group's web platform and e-journal, and potentially to host a group meeting in conjunction with its annual summer human rights institute and/or executive short course programs.

Methods and Work Product

The project output will include both internal and external deliverables. Internal to the group, the GCOP intends:

1. To define the scope of, eligibility for, and most effective means of sharing best practices between or among human rights due diligence "communities of practice," in the hope those communities will continue to expand and ultimately outlive the initiative.

2. To solicit and collect input from member companies on the HRDD and human rights risk management practices and methods that have worked, as well as those that have not, and to share internally the insights gleaned from their collective experience.

Externally, the group intends:

3. To develop and report on emerging consensus on and/or recommendations for best practices in human rights due diligence and risk management, including both methods of broader application and practices specific to certain core issues or industry sectors. The primary vehicle for reporting those results will be the e-journal to be managed by the Project Lead with the assistance of SMU.

4. To publish guidance on best practices in human rights risk management. The GCOP recognizes that it possesses neither the capacity nor the authority to speak on behalf of the world business community or to promulgate any definitive set of best practices for human rights risk management. Instead, it is envisioned that the initiative's final guidance will take the form of advisory findings and recommendations, e.g., SWOT (strength, weakness, opportunity, threat) analysis, case studies, hypothetical scenarios, and/or practice pointers. In that way, states, trade organizations, industry groups, and other may draw from the group's insights in developing standards specific to their needs.

Work Plan and Timetable

Each committee will be chaired by a member company and facilitated by the Project Lead, who will coordinate the work of the committees, prepare advance sheets for discussions with the support of SMU, compile outputs, and manage group interaction. Additional project facilitators may join the project as necessary to ensure the committees receive adequate support and to keep the process moving. Research and web support will be provided by SMU and/or other affiliated institutions. Participating companies are asked to: nominate one or more individuals to participate on a regular basis in scheduled meetings and conferences calls; provide additional in-house expertise or resources relevant to their committee responsibilities; contribute articles, case studies, or commentaries to the e-journal within their discretion; and provide financial support.

The overall timetable for the GCOP to complete its work is 24 months, beginning with the next meeting in Geneva on December 3, to be held immediately prior to the formal rollout of initiative at the Annual Forum on 4-5 December 2012. The GCOP thereafter plans to meet in person 4 times per year, with meetings scheduled to coincide as much as possible with other events or conferences that participants may already plan to attend (e.g., the Annual Forum, other major human rights or sustainability conferences, and Working Group sessions). Beginning in October/November 2012, the committees will hold monthly meetings via Skype and/or conference call. Each committee will decide the best method for taking and sharing minutes of the meetings.

Critical tasks during the project's first six months include:

1. Further refinement of the scope of work and agendas for the three committees;
2. Attracting additional participants to ensure a broad representation of industries and geographic regions;
3. Internal awareness-raising and engagement of risk management, audit, field assurance, compliance and/or other company functions in the initiative;
4. Definition of the key substantive and methodological issues to be examined by each committee and of specific, targeted objectives;
5. Design, development, and introduction of an interactive web interface and e-journal platform.

Due to the central role of risk management in our work, several GCOP members indicated that they would benefit from an overview of some current strategies, tools, and methods of operational risk management before they begin their work. To that end, the Project Lead is exploring whether a 1-2 hour presentation on risk management can be arranged in time for the December meeting. It may also make sense to develop a way (e.g., workshops) to engage company risk management and audit professionals early in the process, so that they feel invested as key ultimate end-users of the group's output and can serve as useful references to the group.

Initial Budget

Developing and maintaining the GCOP will require conference facilities, facilitation, administrative support and related miscellaneous expenses including limited travel. The Working Group can provide support for meetings held in Geneva and if adjunct to official Working Group meetings (e.g. the Annual Forum). Beyond this, project expenses will be covered by state and corporate sponsorship. In addition, project participants will pay for their own travel expenses, meals, and accommodations incurred in attending for the kick-off and subsequent conferences.

The budget required for the period Q3 2012 to Q4 2013 is approximately USD100,000. This does not include use of UN resources or voluntary in-kind contributions by initiative participants. The project leads (Puvan Selvanathan and Roger Branigin) will be seeking funding from states, foundations and corporations to cover this budget.