

28 June 2013

## **IOE COMMENTS ON THE MAZARS AND SHIFT DISCUSSION PAPER ON A GLOBAL REPORTING AND ASSURANCE STANDARD ON THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS**

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The International Organisation of Employers (IOE) was actively engaged in the mandate of the Special Representative of the Secretary-General on business and human rights and endorsed both the UN “Protect, Respect, Remedy” framework and the UN Guiding Principles on Business and Human Rights as the basis for the ongoing and progressive implementation of the UN framework.

The IOE is committed to work with the UN Working Group, as well as other stakeholders, to advance the dissemination and implementation of the framework and the UN Guiding Principles.

Against this background the IOE appreciates the opportunity to comment on the Mazars and Shift discussion paper on a global reporting and assurance standard on the UN Guiding Principles on Business and Human Rights.

The IOE supports initiatives to assist companies to implement the UN Guiding Principles. However, the IOE has some major concerns with regard to the proposed project.

### General Comment

- The UN Guiding Principles were developed to give guidance to operationalize the “Protect-Respect-Remedy-framework”. Through the development of a certifiable assurance standard, these Principles would become more of a normative framework and lose their original character upon which the support of business was based. The project risks jeopardizing the broad consensus the UN Guiding Principles have enjoyed.
- Moreover, developing a ‘Standard’ on human rights suggests a “one-size-fits-all” approach, which was explicitly not the intention of the UN Guiding Principles.
- Furthermore, verifying assurance of human rights cannot simply be undertaken in the same way as financial information can; the former is very often subjected to non-measurable information. Human rights assurance would be subjective and would create uncertainty - to the potential detriment of the efficiency of the UN Guiding Principles.
- The project intends to use ASEAN as the trial region for the global standard. Indeed there is an important business community in ASEAN and there are significant human rights issues in Asia. However, the business and regulatory context in Asia is not representative of the global human rights and business agenda. There are dynamic developments in Europe and North America (for instance Dodd Frank, EU sector guidance, transparency legislation), which should be taken into account when developing any project on this issue.

- Finally, it is very confusing that the consultation paper states that the project is officially supported by the UN Working Group on Business and Human Rights. It gives the impression that Shift-Mazars have an authoritative role conferred by the UN, which is not the case.

### Specific Comments

- According to the discussion paper, current reporting is not objective: CSR reports are written to showcase successes and are not subject to appropriate external assurance. The IOE considers this a biased starting point. There are many reliable frameworks (e.g. GRI<sup>1</sup>) that provide guidance on sustainability/CSR reporting.
- Moreover, reporting according to the UN Guiding Principles is only expected for severe human rights impacts (UNGP 21). The discussion paper does not make this distinction. The project needs to clarify that human rights reporting should not be expected from all companies.
- The discussion paper does not put the proposed project in the broader context of existing initiatives, frameworks, guides and standards. (The GRI is not even mentioned.) The discussion paper therefore fails to clearly show the added value of the proposed project. Furthermore, experience shows that a human rights approach which integrates existing systems is most effective in mobilizing companies' resources. The discussion paper fails to do this.
- The process by the 'assurer' is burdensome, time-consuming and very cost-intensive as should be based on "relevant and credible evidence, such as interviews, observations and testing, including sampling and documentation. Moreover, with regard to the role of NGOs in the process, it has to be stressed that the involvement of stakeholders is a complex task which demands constructive attitudes and commitment from all sides, which is not always the case, particularly with some NGOs more interested in having a campaigning objective.
- The paper advocates the standard of 'reasonable assurance', which is normally applied to financial data. If externally verified, CSR information is normally checked against the limited assurance test, i.e. a negative test whereby auditors express a view that "nothing had come to their attention that would indicate that the statement was not a fair representation." The IOE is concerned that 'reasonable assurance' would not only lead to a more extensive and therefore cost-intensive assurance process, but also to confusion around what is covered under reasonable assurance.

### In Conclusion

The IOE has major concerns of principal, as well as of a specific nature, and calls on Shift and Mazars to undertake preliminary background studies and consultations and – on that basis - to considerably revise the project outline before going ahead.

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<sup>1</sup> GRI is the Global Reporting Initiative

**About the IOE**

*The IOE, the largest network of the private sector in the world, is a membership organisation that promotes the interests of employers and their organisations from all over the world at the international level through representation, information and advice.*

*The IOE provides leadership for the business community in all areas of social and labour policy and proactively participates in international policy development that seeks to create a framework that underpins enterprise creation and development. It provides an international forum that brings together national employers' organisations and their members and facilitates the exchange and transfer of information, experience and good practice amongst the business community globally.*

*The IOE was founded in 1920 and today represents 150 national members in 143 countries.*

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