

**Submission to UNGP10+ / Next Decade BHR Project  
World Benchmarking Alliance  
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- Overall trends

After four iterations of the Corporate Human Rights Benchmark (CHRB), some positive trends have emerged regarding implementation of the UN Guiding Principles on Business and Human Rights (UNGPs). The findings from the [2020 CHRB Report](#) show that a majority of companies within the benchmark have demonstrated year-on-year improvement with respect to implementing the UNGPs.

There are, however, some companies who are still not doing enough to improve their human rights performance. In the latest [2020 benchmark assessment](#), more than a third of companies failed to improve on their 2019 results. This includes a group of 24 companies that scored less than 10% in the 2019 assessment and did not improve their score on any indicators in 2020.

Additionally, a comparison between the scores of [‘new companies’ introduced into the benchmark in 2019 and ‘repeat companies’ \(included since 2017\)](#) found that on average, the companies benchmarked for multiple years performed much better than peers who were assessed for the first time. This finding suggests that major listed corporations will take action in response to external pressures such as benchmarks and engagement based on the results, however this effect appears mostly limited to those companies under scrutiny. Expanding the scale and scope of future benchmarks is therefore a necessary step to broaden the pressure on companies.

The World Benchmarking Alliance (WBA) has launched a [social transformation methodology](#), drawing heavily on the CHRB indicators, which will be applied to [2,000 of the most influential global companies](#) on a rolling basis. This will enable high level tracking of UNGP fundamentals across 30+ sectors and >75 countries, expectations that companies should meet in order to leave no one behind, support the SDGs and help create a future that works for everyone.

- Key areas of the UNGPs
  - Policy commitment:

Policy commitments remain the strongest area of implementation of the UNGPs, with four in five benchmarked companies having, at minimum, a general commitment to respect human rights. These numbers drop significantly however when it comes to referencing specific instruments, such as the Universal Declaration of Human Rights, or committing to the full gamut of the ILO’s Fundamental Principles and Rights at Work.

While this progress by a number of companies is encouraging, there seems to be a concerning disconnect between the commitments made, and the actual impacts on the ground. In 2020 almost half of the 229 companies assessed had at least one allegation of a serious human rights impact meeting the CHRB severity threshold. Furthermore, in the past few years, allegations of serious human rights impacts have been associated with companies who score well in the areas of policy commitments and processes.

This raises a crucial question: how do we move from commitments and processes to actual practices on the ground? Closing this gap by understanding what are the missing links that help ensure strong commitments and management systems deliver the intended effects on the ground is a major challenge, but one that is essential to ensure the effectiveness of the UNGPs.

- Human rights due diligence:

The process of human rights due diligence is a fundamental expectation of the UNGPs, which the CHRB considers within Theme B of the methodology. When assessing company performance in this area, the evidence that was disclosed focused primarily on steps taken to identify and assess salient human rights risks, with limited information on what actions were taken to prevent or mitigate these risks, and almost no detail on how the effectiveness of these actions are tracked on an ongoing basis.

Additionally, when it comes to assessing human rights risks, many companies still consider this through the lens of ‘materiality’ (the risks posed to the company) rather than through the UNGPs lens of ‘saliency’ (the risks posed to potentially affected stakeholders). While the two might overlap on some issues, companies will not fulfil the expectations of the UNGPs if they continue to consider risks in the narrow sense of what is material to the business.

It is particularly concerning that nearly half of the 229 companies assessed by CHRB in 2020 failed to meet any of the indicator requirements about how they carry out human rights due diligence, despite external demands for greater disclosure. In March 2020, a group of 176 international investors representing over USD 4.5 trillion in assets under management sent a [letter](#) to the 95 companies that failed to score any points on the human rights due diligence indicators in the 2019 CHRB assessment, calling for urgent improvement. Of those 95 companies, 79 still failed to score any points on the related indicators in 2020.

The overwhelmingly low performance in this area, coupled with a failure to improve despite external scrutiny and pressure, highlights the need for regulatory action to raise the bar and ensure that companies respect the rights of all potentially affected stakeholders. The future legislative proposal on Sustainable Corporate Governance will embed sustainability into the corporate governance framework particularly around making supply chain due diligence

mandatory and clarifying directors' duties and changes to directors' remuneration. WBA's [social transformation framework](#) and [CHRB benchmark](#) could act as a monitoring and accountability mechanism to address areas such as scope and the responsibilities of states and companies to tackle negative impacts.

- Remedies and grievance mechanisms:

While the vast majority of companies assessed by the CHRB were able to demonstrate having a grievance mechanism to receive human rights related complaints from their own workers, the 2020 findings suggest significant gaps remain to ensure access of these mechanisms for external individuals/groups and also workers within the supply chain.

Additionally, the commitment to, and provision of, remedy remains one of the weakest areas of action by companies in the benchmark, despite being a pillar of the UNGPs. In the 2020 benchmark just over a quarter of the companies could demonstrate having a policy commitment to provide remedy in situations where they had caused or contributed to a negative human rights impact. Furthermore, when assessing the responses to 225 serious allegations of negative human rights impacts, in only 4% of cases did companies provide remedy that was deemed satisfactory by the impacted stakeholders.

- Regional trends

At a regional level there are some notable trends to emerge from the [2020 results](#), with companies headquartered in Europe and Central Asia countries performing significantly better than their peers in North America and East Asia and Pacific. This differing uptake in the UNGPs may be due to the differing regulatory regimes present at national and regional level. The United Kingdom's 'Modern Slavery Act', France's 'Devoir de vigilance' law and the European Union's 'Non-financial reporting directive' are just some examples of legislation requiring companies to disclose how they manage social risks to their business, including human rights issues.

<b>Region (World Bank)</b>	<b>No. Companies assessed</b>	<b>Average score (2020)</b>
East Asia and Pacific	67	22%
Europe and Central Asia	63	49%
Latin America and the Caribbean	5	36%
Middle East and North Africa	1	4%
North America	84	33%
South Asia	6	16%
Sub-Saharan Africa	3	19%

- Country snapshots

In addition to the annual CHRB assessment, a number of third parties have published 'snapshots' of corporate performance at national levels ([Germany](#), [Ireland](#), [Finland](#) and [Denmark](#)) using the [CHRB methodology](#), with other snapshots currently ongoing in Belgium, Scotland and Spain. While each snapshot has developed their own results independently, the findings are largely reflective of the CHRB's, whereby policy commitments remain the strongest area of implementation of the UNGPs and the weakest area being across indicators measuring the implementation of human rights due diligence, as well as grievance mechanisms to remedy adverse impacts.