

The background of the entire page is a repeating pattern of hand-drawn lightbulbs in various colors (yellow, orange, red, purple, blue, green). Each lightbulb has short, radiating lines around it, suggesting it is glowing or emitting light. The lightbulbs are scattered across the page, creating a dense, textured effect.

chapter 3.6

Communicating performance

‘... and showing’

The final step of human rights due diligence is communicating about a company’s efforts to prevent and address human rights impacts. This essentially goes to the ‘showing’ element of the UN Guiding Principles’ expectation that companies should be able to ‘know and show’ that they respect human rights. This means

that the company should be prepared to demonstrate the effectiveness of its efforts in practice, which requires proactive communication with affected stakeholders and others. Companies that may be involved with severe human rights impacts should report formally on their efforts to prevent and address them.

SUMMARY OF GUIDANCE POINTS

Guidance point ① Communicating with different stakeholders

Guidance point ② Communicating with affected stakeholders

Guidance point ③ Formal reporting on human rights

Guidance point ④ How to report well

MAIN COMPANY FUNCTIONS LIKELY TO BE INVOLVED IN THE PROCESS

- **CSR/sustainability:** May help track information about human rights performance that provides content for the communications; may be responsible for helping to prepare the company's sustainability reporting
- **Communications:** Typically responsible for communication with the company's external stakeholders
- **Human resources:** Typically supports internal communication with employees through newsletters, email messages, intranet, and other means
- **Finance:** Often responsible for helping to prepare the company's financial reporting, which is relevant if the company has an integrated report that includes financial and non-financial information
- **Legal:** Typically reviews and often has to sign off on formal external communications

Guidance point ①

Communicating with different stakeholders

The UN Guiding Principles deliberately talk about 'communicating' to reflect that due diligence encompasses a much wider array of ways to convey information to stakeholders than formal reporting alone. Some stakeholders may not like to read lengthy reports, lack access to the Internet, or may struggle to interpret formal company documents. A company should, therefore, consider what is the best means of communication for each of its relevant stakeholder groups (discussed further in [Chapter 3.7](#)). For example:

- *Potentially affected stakeholders or their representatives*, which can include workers, end-users and communities, should be a primary target of the company's communication efforts as part of human rights due diligence, especially where they need to be notified about risks or dangers



Inclusive communication

“Communication needs to go beyond just the elites in the community. This will help people be more confident about what APP is doing, and reassure them that the company has heard the community’s concerns. Otherwise, there could be misunderstandings within the village between the elites and other residents.”

Dini Widiastuti, Economic Justice Programme Director, Oxfam in Indonesia, discussing the case story about Asia Pulp and Paper (APP) in Indonesia. For more, see the Indonesia case story on the [project website](#).

related to the company’s operations that could directly affect them. In such contexts, the company will need to pay special attention to how to communicate with women and other groups at risk of marginalisation.

▸ *Credible proxies*, which can include development NGOs, human rights organisations, international trade union confederations, and other local civil society organisations. They may be able to function as intermediary organisations for companies to communicate with, and may be able to help the company understand how its disclosure of its efforts is likely to be perceived by affected stakeholders.

▸ *Human rights experts* can be important to help the company reflect on and improve its communications over time.

The Guiding Principles’ basic guidance for companies is that communications should be accessible to the various intended audiences, and should appropriately reflect the severity of the company’s human rights risks in terms of their content and frequency.

Guidance point 2

Communicating with affected stakeholders

Companies may need a variety of means to communicate with their affected stakeholders.

Employees and other workers may be best reached through internal newsletters and other means that the company normally uses to inform them of important developments. A trade union (where workers are unionised), works council or workers’ committee are important mechanisms through which to communicate performance on specific issues concerning workers. The level of communication may be more informal, depending on the issue: team meetings may present a good opportunity to engage in dialogue.

When it comes to communicating with affected **end-users**, the best approach depends on whether they are consumers, where information in stores or attached to products may be appropriate, or users, for example, of online services, where information on a dedicated website may be most appropriate.

**EXAMPLE: VODAFONE LAW ENFORCEMENT DISCLOSURE REPORT**

In 2015, Vodafone published its second country-by-country overview of requests for (and the company's responses to) disclosure of user data to national authorities. The report includes information about the legal frameworks, as well as the number of requests in each country; where Vodafone is not permitted under law to disclose that information, the company tries to provide alternative aggregated information. Vodafone's reporting aims to provide insight into the way it seeks to manage respect for privacy and freedom of expression – a growing trend among ICT companies.⁷⁵

Companies need to give careful thought to how best to communicate to **members of a local community** where there is low literacy or other barriers to communication. Cultural contexts, where women are not allowed to speak directly to men, can make potentially vulnerable individuals even harder to reach. A written brochure or a PowerPoint presentation in a public forum is unlikely to be effective in such instances. Companies may want to seek the advice of local organisations to help with communicating to stakeholders through more creative means, such as storyboards, cartoons or plays.

Guidance point **Formal reporting on human rights**

The Guiding Principles expect companies whose operations pose risks of severe human rights impacts to report formally on how they address them. A growing number of companies are looking to strengthen their reporting using the UN Guiding Principles Reporting Framework, a joint initiative of Shift and Mazars, and the first comprehensive framework for companies to report on human rights in line with the Guiding Principles (see www.UNGPreporting.org).⁷⁶

The Reporting Framework consists of three parts:

- Part A: Governance of Respect for Human Rights
- Part B: Defining a Focus of Reporting
- Part C: Management of Salient Human Rights Issues

The questions are divided into eight overarching questions – which, together with the identification of salient issues, is the minimum requirement to use the framework – and an additional 23 supporting questions. Companies should be able, over time, to address these supporting questions more fully and deeply, leading to more robust reporting overall.

75. www.goo.gl/j8C9kM

76. The Reporting Framework closely tracks the core elements of the responsibility to respect. See www.goo.gl/cfmUVC



EXAMPLE: UNILEVER'S HUMAN RIGHTS REPORT

In 2015, Unilever became the first company to adopt the UN Guiding Principles Reporting Framework, issuing a comprehensive report on its human rights performance. In line with the framework, the report prioritised eight salient human rights issues. Unilever arrived at this list through internal analysis and a cross-functional workshop. This initial list was then tested with a variety of expert stakeholders in order to ensure the analysis was robust. The prioritised list of issues not only provides the starting point for reporting, but also for Unilever's management of its human rights risks.⁷⁷

Deepening broader sustainability reporting on human rights

The UN Guiding Principles Reporting Framework dovetails closely with broader sustainability reporting initiatives. For example, many companies use the Global Reporting Initiative (GRI) reporting standards or the UN Global Compact's Communication on Progress framework. These provide helpful starting points for reporting on a broader array of sustainability topics. Companies can then use the Reporting Framework for more in-depth reporting on their salient human rights issues, in line with the UN Guiding Principles. Similarly, for companies issuing an integrated report using the International <IR> Framework, the Reporting Framework can help guide companies on critical human rights information to include in their report.

Resource tip: The UN Guiding Principles Reporting Framework website has a useful tool where companies can review and download cross-references to numerous related reporting initiatives, including GRI, UN Global Compact and the IR Framework, as well as industry-specific initiatives. See www.ungpreporting.org/resources/cross-references-to-other-initiatives/.

Guidance point How to report well

Describing human rights impacts and how they are managed often requires contextual and qualitative information. This is why the UN Guiding Principles Reporting Framework consists of 'smart' questions, which are meant to invoke more than a 'yes' or 'no' answer or a series of metrics that do not necessarily tell the full story.

As part of the development of the Reporting Framework, the project team looked at indicators that go beyond quantitative information and consider the quality of information included in company disclosure, which may be helpful for companies wanting to improve their reporting and wondering what 'good' looks like. These are set out in the list on the following page.

Quality indicators of good corporate human rights reporting⁷⁸

- 1. Governance:** Does the reporting explain how the company's governance structures support the management of human rights risks?
 - 2. Specific processes:** Does the reporting go beyond high-level statements of policy and commitment and discuss specific processes for implementing respect for human rights?
 - 3. Specific impacts:** Does the reporting refer to specific impacts that occurred within the reporting period and are associated with the company's operations or value chain?
 - 4. Clear examples:** Does the reporting provide clear, relevant examples of how the company's policies and processes have influenced practice and outcomes within the reporting period?
 - 5. Stakeholder perspectives:** Does the reporting explain how the company gains the perspective of stakeholders who could be negatively impacted?
 - 6. Challenges:** Does the reporting discuss complex or systemic human rights challenges and how the company grapples with them?
 - 7. Metrics:** Does the reporting include specific data, key performance indicators or other metrics that offer clear and relevant evidence to support the narrative?
 - 8. Forward focus:** Does the report include information about the company's plans for advancing its efforts to respect human rights?
 - 9. Strategic initiatives:** If the reporting references particular initiatives, for example, projects, third-party assessments or participation in industry or multi-stakeholder organisations, does it make clear how these initiatives help the company advance its own management of human rights risks?
 - 10. Improving disclosure:** Where this is not the first year of human rights reporting for the company, does the reporting show improvements in the quality of its disclosure in comparison with previous years, taking into account the indicators set out above?
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The Reporting Framework website contains a range of examples of company disclosure that meets these indicators to a moderate or strong degree. The examples include reports that used the Reporting Framework explicitly, as well as ones that were issued before the framework was developed.

What is the relationship between salience and materiality?

Many companies apply a 'materiality analysis' to evaluate what topics to report on. When it comes to non-financial issues, especially human rights, materiality processes very often discount human rights issues due to flawed assumptions.

Materiality depends on the choice of a particular audience or goal for which things are then judged more or less important. The audience may be shareholders alone or other stakeholders as well. A goal may be profit-making alone, decisions of an investor more widely, or societal welfare generally. The choice of audience or goal then dictates the selection of material issues.

By contrast, salient human rights issues are not defined in reference to any one audience or goal. Salience puts the focus on those human rights at risk of the most severe negative impact. This provides a consistent, predictable and principled means of identifying the appropriate focus of human rights reporting. At the same time, it gives business an effective tool for understanding how human rights issues connect with risk to the business.

78. www.goo.gl/C741ed

Companies can apply the concept of salience within a broader materiality exercise, using salience to identify the necessary human rights content of its reporting. For instance, companies using the Global Reporting Initiative's materiality process for their broader sustainability reporting can use salience and the questions in the UN Guiding Principles Reporting Framework as they determine what to disclose specifically on human rights, supported by relevant GRI indicators.



For more on the topic of salience, see <http://ungpreporting.org/key-concepts/salient-human-rights-issues/>, including the short video explaining the concept.



WRAPPING UP - COMMON PITFALLS TO AVOID

NOT THINKING ABOUT THE APPROPRIATE FORM OF COMMUNICATION

Many companies tend to default to a formal, glossy report. But in practice, relatively few people read such reports. Companies should also think about how to best reach affected stakeholders. A report can be complemented with additional means of communication, such as dialogues, public forums and face-to-face meetings to help engage stakeholders beyond investors and other expert readers.

COMMUNICATING ON WHAT THE COMPANY THINKS STAKEHOLDERS WANT TO HEAR

Single-issue stakeholders may focus exclusively on a particular issue or 'hot topic' that has little relevance to the company's salient human rights issues. The Guiding Principles focus companies' attention on risk to people, and this should inform their human rights communication and reporting. Formal reporting should concentrate on a company's salient human rights issues, while other forms of communication will be appropriate for reaching out to stakeholders concerned about other topics.

Some suggestions for SMEs

Communicating, not necessarily reporting

For SMEs, communications other than reporting may be more appropriate. Lines of communication with workers, and with suppliers and their workers, may be shorter and more informal, making this easier than for larger companies.

Include information in other communications

An SME may issue an annual report, consumer communication or be subject to a visit by a buyer. Human rights issues can be included in such communications.

Respond to the overarching questions of the UN Guiding Principles Reporting Framework

For companies that do want to report formally, the minimum threshold for applying the Reporting Framework is responding to the eight overarching questions. An SME may limit itself to these questions, and focus on a couple of salient human rights issues. In subsequent years, it may report on additional salient issues and/or iteratively answer more of the supporting questions. ◀



Key sources and websites

- Shift and Mazars, UN Guiding Principles Reporting Framework www.UNGPrereporting.org
- UN Global Compact, Communication on Progress www.unglobalcompact.org/participation/report/cop
- GRI Sustainability Reporting Standards www.globalreporting.org/standards/