Human Rights Reporting in France
A Baseline for Assessing the Impact of the Duty of Vigilance Law
About Shift

Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Shift’s global team facilitates dialogue, builds capacity and develops new approaches with companies, government, civil society organizations and international institutions to bring about a world in which business gets done with respect for people’s fundamental welfare and dignity. Shift is a non-profit, mission-driven organization.

Shift was established following the 2011 unanimous endorsement of the Guiding Principles by the UN Human Rights Council, which marked the successful conclusion of the mandate of the Special Representative of the UN Secretary-General for Business and Human Rights, Professor John Ruggie. Shift’s founders were part of Professor Ruggie’s core advisory team that helped develop the Guiding Principles.

Acknowledgements

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Photo credits

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EXECUTIVE SUMMARY

Introduction and Methodology

In 2017, the entry into force in France of the Duty of Vigilance law marked an important opportunity to accelerate and expand implementation by companies of the UN Guiding Principles on Business and Human Rights (UN Guiding Principles), the global standard on the responsibility of companies to respect human rights.

But how will we know what difference the law makes in practice? To help answer that question, Shift decided to analyze the human rights reporting of the 20 largest companies in France, as listed in the CAC 40 index, both before and after the law came into force.\(^1\) This research project aims to determine whether and to what extent the Duty of Vigilance law incentivizes French companies to improve their human rights reporting.

While the focus of our research is on reporting, it is important to state that reporting provides a window, rather than a mirror, into company performance. When done smartly, reporting can be a powerful driver of improved performance, creating a virtuous circle of more meaningful engagement with stakeholders and stronger due diligence. We therefore hope that this research will contribute to discussions regarding the effectiveness of legislation in driving improvements in both human rights-related reporting and performance.

The research project uses the UN Guiding Principles as the basis of analysis against which to judge the maturity of companies’ reporting. Indeed, the Guiding Principles, upon which the French Duty of Vigilance law is based, bring precision to the elements of the duty of vigilance described in the law. Further, the UN Guiding Principles Reporting Framework\(^2\) (UNGP Reporting Framework) is also a helpful and complementary tool that translates the expectations of the Guiding Principles into a set of accessible questions that can guide companies in their reporting and in the internal management of human rights issues (see the alignment table on page 13).

The research project consists of two phases.

1. The first phase analyzes the maturity of pre plan de vigilance reporting by looking at information disclosed by the

\(^1\) The 20 companies analyzed are: Airbus, Air Liquide, AXA, BNP Paribas, Danone, Engie, Essilor, Kering, L’Oréal, LVMH, Orange, Pernod Ricard, Safran, Saint-Gobain, Sanofi, Schneider Electric, Société Générale, Total, Vinci and Vivendi. These companies are all required to publish a vigilance plan under the Duty of Vigilance law.

\(^2\) The UNGP Reporting Framework was developed with Mazars through an open, consultative process from 2012 to 2015. For more information, visit UNGPreporting.org.
selected companies from 2017 up to March 2018, before companies published their first duty of vigilance plans. This report presents the conclusions of the first phase and establishes a baseline against which we will evaluate improvement.

2. The second phase analyzes the maturity of post plan de vigilance reporting by reviewing the selected companies' reporting, including their plan de vigilance and all other related information in order to determine whether the law has had any influence on the maturity of their reporting. This phase will begin this fall.

In sum, this Phase 1 report identifies a baseline of the maturity of reporting for the top 20 French companies. It aims to show strengths and common gaps, to in turn help companies improve their reporting and underlying performance in the coming years. The maturity methodology developed by Shift consists of unique maturity scales based on the expectations of the Guiding Principles and the additional guidance of the UNGP Reporting Framework. See the maturity scales in Annex.

While our main audience are French companies covered by the Duty of Vigilance law, this report will also be useful for other companies looking to improve their human rights reporting and align it with the expectations of the Guiding Principles. Governments and other stakeholders seeking to use legislation as a tool to drive improved disclosure and respect for human rights may also be interested in the findings of this research project.

KEY FINDINGS

Strengths

• As a group, the French companies analyzed have slightly more mature reporting than the average of other companies analyzed so far by Shift for the UN Guiding Principles Reporting Database (UNGP Reporting Database).

  o The average overall maturity of the French companies analyzed falls at level 2.5 on a scale of 5, in comparison with level 2 for the average company in the UNGP Reporting Database (which includes over 130 of the largest companies around the world).
One explanation for the slightly more mature and uniform reporting could be that France was one of the first countries to introduce specific reporting requirements on non-financial information and that, to some extent, it leveled the playing field of reporting. We posit that the Duty of Vigilance law creates the same opportunity for improving reporting and raising the bar for companies in France and beyond, and we expect to see more mature reporting in phase 2 of the project.

- **All 20 companies analyzed commit to respect human rights, making this the most mature element of reporting.** Still, more than half of the companies reviewed do not specify whether the commitment covers all internationally recognized human rights and extends to the company’s business relationships.

- **The two strongest reporting companies** specifically address the company’s responsibility to respect human rights, not just at a high level, but with personalized explanations about their approach and concrete examples that demonstrate how the company manages human rights issues in practice, especially the most severe risks.

- As a group, the French companies reviewed explain how they engage with unions, a trend that does not appear as clearly in the reporting of other companies analyzed by Shift.
Challenges

• Despite the slight overall maturity advantage of the group and the general commitment to respect human rights, the average French company analyzed does not – at least as represented through its reporting – meet the expectations of the UN Guiding Principles, and may not in turn meet the requirements of the Duty of Vigilance law.

• To some degree, the large majority of the French companies analyzed:

  1) Do not provide information on all of the elements of the responsibility to respect human rights,

  and/or

  2) Provide information that is often incomplete, uses technical, generic or vague language, is not focused on specific human rights issues nor clear that human rights are understood as a key area of risk.

• 18 out of 20 companies do not identify their salient human rights issues, that is the human rights at risk of the most severe negative impact through the company’s activities and business relationships. This results in ambiguous and unfocused disclosure and, more importantly, it can also suggest potential gaps in risk management. The Duty of Vigilance law calls for a ranking of risks and for actions to prevent and mitigate severe violations, so the large majority of companies that fell short of this requirement in their disclosure before the entry into force of the law will want to address this important gap in their future reporting.

• Most of the French companies reviewed do not explain the challenges they face when trying to implement their responsibility to respect human rights, albeit such challenges are typical for any large company with a global value chain. Openly sharing challenges and explaining the company’s unique situation is a sign of good human rights reporting since it shows that the company understands and actively thinks about the human rights issues that are salient to its business.
Our Recommendations

• **Going beyond the policy commitment and identifying the company’s salient human rights issues.** From that fundamental commitment, companies should now turn to identifying their salient human rights issues. Identifying salient issues will establish a solid focus for reporting and will help the management of those issues by helping companies put the greatest resources first on those issues needing the greatest attention.

• **Taking a coherent approach to reporting.** The next step should be to take a coherent and principled approach to reporting by covering the expectations of both the UN Guiding Principles and the Duty of Vigilance law: policy commitment, governance, stakeholder engagement, risk assessment, mitigation, tracking performance and remediation. The UNGP Reporting Framework can help companies build that narrative and comply with the Duty of Vigilance law.

• **Supporting the company’s statements with enough details and examples to show that the company is working – not just reporting – on human rights issues.** The best companies don’t just say what they did, they also mention how they did it and what they plan to do in the future.

• **Last but not least: the best reporting tells the company’s own story.** Every company has unique operations and value chains that deserve – and require – tailored reporting. This tailored reporting can be a positive sign that the company has internalized important concepts, making it more likely to make the most appropriate decisions about the human rights risks it faces in reality.
INTRODUCTION
INTRODUCTION

In 2017, the entry into force of the French *loi relative au devoir de vigilance des sociétés mères et des entreprises donneuses d’ordre* ("Duty of Vigilance law") marked an important step towards bringing to life the UN Guiding Principles on Business and Human Rights (UN Guiding Principles) in France.

This law, which reflects the key expectations of the UN Guiding Principles, creates an obligation to identify and prevent adverse human rights and environmental impacts for parent companies with more than 5,000 employees in France or more than 10,000 employees globally. The companies subject to the law must report on their plans and actions in a vigilance plan published annually.

While the French Duty of Vigilance law and the Guiding Principles are not identical, the Guiding Principles are highly pertinent as they bring more precision to the elements of due vigilance included in the law and how to interpret it more generally.

**Why care about reporting?**

Reporting offers a window into a company’s policies and practices. But beyond this obvious role, human rights reporting also serves the company itself to the extent that:

- it catalyzes conversations and questions within the organization that can enable an improvement in practices

- it can contribute to more meaningful engagement with stakeholders — including with potentially affected stakeholders — about what the company is doing with regard to human rights risks, which can bring better insights into both problems and solutions, and strengthen the company’s due diligence.

This virtuous circle based on the UN Guiding Principles changes the purpose of reporting. Reporting ceases to be a draining exercise of time and resources primarily for the sake of external communications, and instead becomes a smart investment in more sustainable business practices, including better risk management, and therefore an integral part of the due diligence process of a company.
What is the link between the UN Guiding Principles, the Duty of Vigilance law and the Reporting Framework?

The UN Guiding Principles establish the corporate responsibility to respect human rights. Businesses need to have the right policies and processes in place in order to try to prevent negative impacts on human rights and to respond appropriately should they occur. The Guiding Principles provide a blueprint for them to do so.

That blueprint describes a three part approach that can be summarized as:

- **A public commitment** to respect human rights that is **embedded** into a business’s culture;

- An ongoing process of **human rights due diligence** through which the business assesses risks to human rights, integrates the findings into its decision making and actions in order to mitigate the risks, tracks the effectiveness of these measures, and communicates its efforts internally and externally;

- Processes for providing **remedy** to anyone who is harmed where the business caused or contributed to that harm.

The French Duty of Vigilance law follows a very similar approach. It requires that companies produce a risk mapping, set up regular evaluation processes, take action to mitigate or prevent adverse impacts, institute a process to track and measure actions taken and their effectiveness, and establish an alert mechanism (see table on next page). In view of this alignment, the UN Guiding Principles provide a valuable resource for French companies subject to the law, offering greater specificity on how to meet the law’s objective of respect for human rights.

The UN Guiding Principles Reporting Framework3 (UNGP Reporting Framework) is the first complete guidance for companies to report on their journey to respect human rights in line with their responsibility under the UN Guiding Principles. The UNGP Reporting Framework consists of a short series of smart questions to which all companies should have answers, in order to know how well they are respecting human rights in their operations and value chains, and to show their stakeholders that they are progress-

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3 The UNGP Reporting Framework was developed with Mazars through an open, consultative process from 2012 to 2015. For more information, visit UNGPreporting.org
## Duty of Vigilance Law, UN Guiding Principles, & UNGP Reporting Framework

<table>
<thead>
<tr>
<th>Duty of Vigilance Law (our translation)</th>
<th>UN Guiding Principles</th>
<th>UNGP Reporting Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engage Stakeholders</td>
<td>Principle 18 “This process [to assess human rights risks] should involve meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation...”</td>
<td>C2 C2.1</td>
</tr>
<tr>
<td>Assess Risk</td>
<td>Principle 18 “In order to gauge human rights risks, business enterprises should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships...”</td>
<td>C3 C3.1</td>
</tr>
<tr>
<td>Prioritize and Identify Salient HR Issues</td>
<td>Principle 24: “Where it is necessary to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irreparable.”</td>
<td>B1 B2</td>
</tr>
<tr>
<td>Integrate and Take Action</td>
<td>Principle 19 “In order to prevent and mitigate adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irreparable.”</td>
<td>B4 B3</td>
</tr>
<tr>
<td>Track Performance</td>
<td>Principle 20 “In order to verify whether adverse human rights impacts are being addressed, business enterprises should track the effectiveness of their response...”</td>
<td>C4 C4.1</td>
</tr>
<tr>
<td>Enable Remedy</td>
<td>Principle 29 “To make it possible for grievances to be addressed early and remediated directly, business enterprises should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted.”</td>
<td>C6 C6.1</td>
</tr>
<tr>
<td>Communicate Publicly</td>
<td>Principle 21 “In order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally...”</td>
<td>All questions</td>
</tr>
</tbody>
</table>
ing. Importantly, the Reporting Framework can also be used as an internal management tool to guide and deepen conversations within the company, identify gaps in performance and improve practices.

In sum, the UNGP Reporting Framework provides a tool to guide French companies in their human rights reporting. Using the Reporting Framework can help companies meet the expectations of the Guiding Principles as well as the requirements of the Duty of Vigilance law.

Our Study and Methodology

With the adoption of the Duty of Vigilance law, Shift has undertaken research on the quality of reporting of the top 20 French companies from the CAC 40 index (ranked by market capitalization). Specifically, this study aims to determine the extent to which the law leads those 20 companies to improve their human rights reporting. We will also look for evidence, through that reporting, of whether the law appears to have incentivized improvements in the companies’ policies, processes or practices. The research project uses the UN Guiding Principles as the basis of analysis against which to judge the maturity of companies’ reporting. Indeed, the Guiding Principles, upon which the French Duty of Vigilance law is based, bring precision to the elements of the duty of vigilance described in the law.

The research project consists of two phases.

1. The first phase analyzes the maturity of pre plan de vigilance reporting by looking at information disclosed by the selected companies from 2017 up to March 2018, before they published their first duty of vigilance plans. This report presents the conclusions of the first phase and establishes a baseline against which we will evaluate improvement.

2. The second phase analyzes the maturity of post plan de vigilance reporting by reviewing the selected companies’ reporting, including their plan de vigilance and all other related information in order to determine whether the law has had any influence on the maturity of their reporting. This phase will begin this fall.

For the purpose of this study, “reporting” means all the infor-

4 The 20 companies analyzed are: Airbus, Air Liquide, AXA, BNP Paribas, Danone, Engie, Essilor, Kering, L’Oréal, LVMH, Orange, Pernod Ricard, Safran, Saint-Gobain, Sanofi, Schneider Electric, Société Générale, Total, Vinci and Vivendi. These companies are all required to publish a vigilance plan under the Duty of Vigilance law.
information relevant to human rights available on a company’s own website, including annual reports and other types of documents or web pages.

MATURITY ANALYSIS

Shift has developed a unique methodology to analyze human rights reporting according to maturity scales based on the UN Guiding Principles and the Reporting Framework. The reporting of each company included in this study is analyzed against the key elements of the responsibility to respect human rights, against three cross-cutting indicators of good reporting, and is given an overall maturity score.³ See all the maturity scales in annex.

First, we analyze the reporting against the eight elements of the responsibility to respect human rights, as established by the UN Guiding Principles. Each company analyzed is given a level of maturity on a scale of 0 (Negligible) to 5 (Leading).

• **Policy commitment:** The UN Guiding Principles clearly establish the need for companies to adopt a policy commitment as the foundation of their responsibility to respect human rights. Amongst other things, our analysis looks at the scope of application and the rights covered (if the expectations extend to the company’s business relationships and if all internationally recognized human rights⁴ are covered).

• **Governance:** With regards to the integration of the policy commitment throughout the company, the reporting should explain how respect for human rights is pertinent to the company specifically and how it translates in the way it governs its activities and business relationships. Our analysis focuses on the clear identification of responsibility and accountability structures for the management of human rights issues, in the day-to-day and at the Board level.

• **Priorization and identification of salient issues:** It is essential for companies to know what human rights risks are associated with their activities and business relationships and, from a pragmatic standpoint, to prioritize them in order to address the most severe risks to people first (their “salient” issues). Our study analyzes whether companies have clearly identified their salient human rights issues and the process to get there.

³ Company scores are anonymized. For more information see page 17.

⁴ UN Guiding Principle 12 refers to “internationally recognized human rights” as those expressed in the International Bill of Human Rights (which includes the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the eight ILO core conventions as set out in the Declaration of Fundamental Principles and Rights at Work.
• **Stakeholder engagement:** The UN Guiding Principles call for meaningful engagement with stakeholders – especially with the individuals and groups most at risk of being impacted negatively – as a means for the company to be more fully informed of its risks and impacts on people. We look at a company’s explanation of its approach to engaging stakeholders on salient human rights issues and whether it shares concrete examples of engagement and how that engagement has influenced its decisions and actions.

• **Risk assessment:** An essential element of the due diligence process is to evaluate the risks of adverse human rights impacts stemming from a company’s activities or business relationships. Our analysis looks at whether and how companies explain the different processes they have in place to assess human rights risks and whether they report openly about potential and current impacts.

• **Integration and taking action:** After evaluating risks, companies should take action to prevent or mitigate adverse impacts. Our analysis looks at whether companies explain how they have taken action in the reporting period to address their salient human rights issues.

• **Tracking performance:** The UN Guiding Principles establish that companies should measure and track the effectiveness of their prevention and mitigation measures. Our analysis looks at whether a company explains how it measures its performance and whether it shares quantitative and/or qualitative data, especially on human rights risks that go beyond long-recognized issues like diversity and operational health and safety.

• **Remediation:** The UN Guiding Principles establish the responsibility for companies to enable remedy for people harmed by their decisions and actions. Our analysis focuses on a company’s clear explanation of the different ways in which people can submit grievances and obtain remedy, including any examples of actual remedies offered or outcomes for people.
Second, we analyze the reporting against three cross-cutting indicators of good reporting. Each company analyzed is given a level of maturity on a scale of 0 (Negligible) to 4 (Mature/Leading) in relation to:

- Openess to sharing challenges;
- Specificity and concrete examples; and
- Forward-looking disclosure.

Indeed, a company that openly shares its human rights challenges, provides concrete examples, and discloses its future plans and objectives will develop more mature disclosure. In other words, leading companies do not just say what they have done to respect human rights, they are also demonstrating it by explaining how they did it, what improvements have been made and still need to be addressed, and what plans are on the table to continue the progress the following year and beyond.

Our third and last angle of analysis looks at the overall maturity of the reporting, taking into account all the elements mentioned above. It is important to note that this overall categorization of maturity is approximate, as a company’s disclosure can be strong on some important elements while weak on others. At this Overall level, each company analyzed is given a level of maturity on a scale of 0 (Negligible) to 5 (Leading).

**Individual results**

The individual results of the maturity analysis of the 20 French companies are anonymized and trends are discussed at the group level. However, companies are identified by name when used as examples of good reporting. All the disclosure that serves as the basis for our analysis is available for free in Shift’s online UNGP Reporting Database. For more information about our maturity methodology, see the annex or visit our website at UNGPreporting.org
FINDINGS ON THE MATURITY OF REPORTING
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This section presents the maturity of the reporting of the top 20 French companies analyzed under each angle of analysis, as well as a selection of relevant excerpts from their reporting.

The 8 elements of the Responsibility to Respect
(Average results of the 20 companies)

Cross-cutting indicators of quality reporting
(Average result of the 20 companies)

Average overall maturity
ELEMENTS OF THE CORPORATE RESPONSIBILITY TO RESPECT HUMAN RIGHTS

Policy Commitment

The UN Guiding Principles clearly articulate the need for a company to develop a policy commitment as a basis for its responsibility to respect human rights. Among the most important elements of the policy commitment is that it should cover all internationally recognised human rights; should apply across its value chain as well as in its own operations, and should be endorsed at the highest levels of the organization.

The 20 largest French companies all commit to respect human rights, making this aspect of reporting the most mature of all those analyzed. Although this relative strength is notable when viewed against other sectors and countries analyzed by Shift, it is worth highlighting that the policy commitment average score across the group was 3.5 out of a possible 5, leaving room for improvement.

The average company commits to ‘respect human rights’ without explicitly stating that all internationally-recognized rights are covered, or that their commitment applies also to their business relationships. The most mature companies of the group recognise both these critical points, and explain how the policy was adopted (often with the involvement of many levels, functions or departments of the company, and of relevant stakeholders), by whom it was approved, who is responsible for implementing it and how it is communicated to employees and commercial partners.

The best policy commitments not only cover the essential elements (rights covered, audience, process for implementation and structure of responsibility, and communication), they are also customized to the company itself, explaining the relevance of the commitment for its own activities and relationships.
Schneider Electric’s Human Rights Global Policy covers many important elements, including the company’s commitment to respect all human rights, the extension of the commitment to the company and its business relationships, sign off by the CEO and a description of the responsibility structure for the policy’s implementation, and principles to follow in case of conflict of norms. However, the commitment is only available in English while the rest of the company’s disclosure is available in both French and English. This may reflect a limitation when it comes to ensuring the policy gets embedded and disseminated throughout the company.

“Objectives... Beyond the law, this Policy is mainly guided by international human rights principles encompassed in the Universal Declaration of Human Rights, the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights and the United Nations Declaration on the Rights of the Child. Audience - The Human Rights Policy applies to Schneider Electric and all operating companies and subsidiaries directly or indirectly controlled by Schneider Electric... The Company is committed to working with and encouraging its stakeholders to uphold the principles in this Policy and to adopt similar policies within their operations. The Company is committed to include this Policy as a reference in the selection of its main business partners. The Company is committed to refrain from working with business partners refusing to upgrade their standards with regards to child labor, forced labor, and health and safety working conditions...

In 2011 the United Nations issued the Guiding Principles on Business and Human Rights that precisely defined the roles and responsibilities of states and businesses. As a business leader, Schneider Electric intends to follow and promote these principles. With this Human Rights Global Policy, Schneider Electric confirms its engagement to strive for the respect of all internationally recognized Human Rights, along its value chain...”

BNP Paribas’ Statement on Human Rights clearly indicates the company’s commitment to respect all internationally recognized human rights, including the International Bill of Human Rights and the ILO’s core conventions. These expectations extend to BNP Paribas’ business partners, including its suppliers, subcontractors and clients, and the effect of the policy on these actors is explained:

“BNP Paribas is committed to respecting the internationally accepted Human Rights standards as defined in the International Bill of Human Rights... It also acknowledges the core labor standards set out by the International Labor Organization... It shall uphold respect for these rights in all its activities, in all the countries in which it operates and in all the dealings that it maintains with its employees, its supply chains, its clients and the communities in which it operates... To uphold these principles, BNP Paribas addresses the Human rights issue in its core management principles and operations processes, in its interactions with its core stakeholders:

- Employees...
- Suppliers and sub-contractors : To ensure that suppliers are not involved in adverse human rights impacts, BNP Paribas requires them to comply with the Human Rights standards, according to the required commitments from suppliers mentioned in its Suppliers’ CSR charter.
- Clients : BNP Paribas expects its clients to manage their business in accordance with the Human Rights standards. In the particularly sensitive sectors, BNP Paribas develop specific CSR policies which include Human Rights criteria...
- Communities..."
Governance

To ensure that the commitment to respect human rights has real traction in the company, it is critical to assign responsibility for its implementation. Thus, a company’s disclosure is considered mature when it clearly defines who is responsible for managing human rights on a daily basis and at the highest level of the company, with a clear delineation of the main tasks. Mature reporting often includes strong messages from senior management on the importance of respect for human rights for the company and on how this responsibility relates to the overall strategy of the company.

Our analysis reveals, however, that the average company gives little information about the related organizational structure, attaining only a maturity of 2 out of 5. In fact, in almost half of the companies analyzed, disclosure only indirectly identifies the responsibility structure for human rights, usually focusing in greater detail on the organisational structure for broad themes like CSR, sustainable development, ethics, Environment and Society, etc. The problem with this approach lies not in the right or wrong choice of such a structure, but rather in the lack of clarity about whether it includes human rights. For companies that provide this information, they generally do not add many details about the functioning of these groups, related tasks or about the division of labour across various departments or functions (by salient topics or regions for example), providing the reader with the name of a committee and little else.

The best reporting makes it possible for readers to understand how the company manages this complex subject, explaining who has day-to-day responsibility, how information flows and decisions are made, if the Board of Directors is involved in the discussions, how often and on what topics, etc. In addition, some companies report having set up cross-functional committees or processes. Depending on the mandate of these groups, this may signal that discussions about human rights risks and impacts are better integrated into the company’s decision-making processes.

It is striking that several central human rights documents of French companies are only in English, without a French translation, while information on other subjects is available in both languages. This at least raises a question of whether these policies and related procedures are developed more for public consumption than to drive internal practices.
In a 2013 document specific to human rights, Sanofi includes a brief excerpt on the management of several important issues for the company. While this excerpt provides limited details on the company's responsibility structure, it is helpful and specific to human rights, rather than referring to a broader — and thus less clear — theme. On another note, this document appeared to be available in English only, raising a possible limitation when it comes to ensuring the policy gets embedded and disseminated throughout the company.

"Sanofi has set up dedicated management processes and systems (such as Quality, Health, Safety and Environment — HSE —, Compliance, Drug Safety Monitoring, Internal Audit & Control and Risk Management) to answer patients' rights (right to health, right to access to information, etc.), employees' rights (right to work under equitable conditions, right to freedom from discrimination, etc.) and compliance with all internal reference tools and policies in place."

This excerpt from Total's Human Rights Guide offers a clear and detailed explanation of the different structures responsible for human rights and their respective mandates.

"The Group's Organization on Human Rights

Group Legal Division  In-house lawyers specialized in Ethics and Human Rights are working within the Group Legal Division, Compliance and Social Responsibility Department, to provide expertise and anticipate emerging trends on these issues. Human Rights Coordination Committee: The Group created a Human Rights Coordination Committee managed by the Ethics Committee chair in cooperation with the Group's Human Rights lawyers. This information and decision-making forum meets three or four times a year. Corporate and Business segment representatives including security, communication, purchasing and sustainable development are part of this forum. This initiative also coordinates the activities undertaken internally and externally by the Group's Business units in this domain. External advisors such as the Danish Institute for Human Rights may attend some of these sessions in order to inform and advise the Committee on specific topics related to Human Rights.

The Ethics Committee  Respect for internationally recognized Human Rights standards is one of the priority business principles of the Code of Conduct. Consequently, the Ethics Committee gives advice on this subject and integrates Human Rights into the ethical assessment process. The Ethics Committee comprises a chair appointed by and reporting to the CEO and members from the main activities of the Group. Members are appointed by the Executive Committee. The Ethics Committee ensures in particular that the Code of Conduct is widely communicated. It also listens to, supports and advises employees and other stakeholders. The Committee is entitled to visit any Group facility or subsidiary. The chair of the Ethics Committee reports regularly to the Executive Committee and the Board of Directors."
Prioritization and identification of salient issues

The UN Guiding Principles state that, if a company needs to prioritize, it should first seek to address those impacts that are most severe. In the context of action to address human rights risks, this prioritization enables the appropriate sequencing of how resources are allocated, when the company cannot fully address them all at the same time. In the context of reporting, the same prioritization helps define the issues that should be the focus of disclosure.

The term “salient human rights” was coined in the UN OHCHR Interpretive Guide to the Responsibility to Respect Human Rights. It is used also in the UNGP Reporting Framework, meaning those human rights at risk of the most severe negative impact through the company’s activities or business relationships. The identification of salient human rights issues is a key step towards more robust and focused reporting on the company’s implementation of respect for human rights. It makes a critical difference in ensuring the relevance of disclosure for investors and other stakeholders that need to make judgments about the company’s performance, and avoiding disclosure that focuses just on ‘good stories’ aimed at supporting public relations.

The French Duty of Vigilance law appears to integrate the general concept of salience by requiring companies to identify, analyze and rank risks, and to report on appropriate actions to mitigate risks or prevent serious violations. The methodology to identify salient human rights issues can assist companies in appropriately ranking their human rights risks based on the severity of the impacts.

Of the 20 French companies analyzed, two clearly identify their salient human rights and explain how they were determined (two other companies use the term “salient” or refer to the concept of risk to people but the identification process is not as clear). It is evident from our study that reporting grounded in salient human rights flows better and usually results in a report that is clearer, and easier to read, including on the other elements of the Guiding Principles. It provides a more coherent and complete narrative about the company’s journey.
Examples Of Reporting: TOTAL, Human Rights Briefing Paper, P. 16-17

The following excerpt is interesting because Total does not only name its salient issues, it also offers a brief description on each of them, which enables the reader to better understand the issues chosen. Moreover, the determination process is explained in a concise but precise manner, especially regarding which stakeholders were involved and consulted.

“How we identified our Salient Issues...

Based on earlier consultations with our internal and external stakeholders, including peers, our Code of Conduct and Human Rights Guide identified three broad and important focal Human Rights areas that are relevant to our operations:

- **HUMAN RIGHTS IN THE WORKPLACE** – Within our sites, Human Rights concern the employment and working conditions of our employees and in our supply chain (for example, prohibition of forced labor and child labor, prohibition of discrimination and harassment, fair remuneration, freedom of association).

- **HUMAN RIGHTS AND LOCAL COMMUNITIES** – Due to the impact of our operations, special attention must be given to the rights and concerns of local communities in countries where we work (for example, environmental protection, access to water, use of land or other relevant rights, as well as access to effective grievance mechanisms).

- **HUMAN RIGHTS AND SECURITY** – Security involves taking protective measures against risks and/or threats to both personnel and assets. Correct identification and management of Human Rights issues related to security help avoid potential impacts on people and ensure that the company is better integrated into the local environment.

Building on these three focal areas, we then sought to identify more specific Salient Human Rights Issues associated with our activities and business relationships, based on the UN Guiding Principles Reporting Framework. The process of identifying our Salient Human Rights issues involved in particular the following:

1. We organized three internal, multi-disciplinary workshops in March 2016, reflecting each of our three focal Human Rights areas mentioned above. Participants and contributors were drawn from our corporate and business segments' headquarters and our business units (including Nigeria, Bolivia and Myanmar). These workshops were organized with the assistance of independent third parties including Shift.

2. A series of follow-up discussions and interviews were then set up with representatives from our various business segments and some of our business units from all over the world. Interviews were also set up with external stakeholders such as GoodCorporation, Danish Institute, International Alert and CDA, who have been involved in assessments of some of our business units most exposed to Human Rights risks and impacts, over the years.

3. We also took into account issues which have been raised in our: Group Ethics Committee, Human Rights Coordination Committee, independent internal survey on workplace situations and perceptions amongst our employees (“Total Survey”), International Procurement Office China and Sustainable Procurement Working Group. Some key take-aways from our 1st Business Ethics Day (held in 2015) were also helpful in the process..."
In this excerpt, BNP Paribas briefly announces its salient human rights issues. While it offers little detail on the process followed to determine these salient issues, the statement anchors the prioritization in line with the expectations of the UN Guiding Principles.

“BNP Paribas has identified two ‘salient’ issues in its banking and financial operations: non-discrimination in access to financial services and the right to privacy (protection of customers’ personal data). Moreover, its financing and investment operations may pose a risk to human rights, particularly as regards workers’ rights and local communities. These issues were identified through a combination of different sources (think tanks, United Nations, etc.) and following discussions with stakeholders in accordance with its signature in 2015 of the Comité 21 ‘guiding principles for constructive dialogue with stakeholders’.”

What is the difference between materiality and salient human rights issues? Put simply: it depends on what criteria are used. While the materiality of a subject changes depending on the target audience (investors, wider stakeholders etc.) or the goal to be achieved (profits alone, societal or environmental well-being, etc.), the concept of salient human rights is independent of audience: salient human rights are those rights at risk of the most severe negative impact through the company’s activities, supply chain and other business relationships. The UNGP Reporting Framework provides further guidance for companies on how to identify salient human rights issues and on the distinction between salience and materiality.
Stakeholder Engagement

A key element of the human rights due diligence process relates to consulting with impacted stakeholders in order to better understand how the business and its relationships can affect individuals or groups, thereby enabling them to behave more responsibly. The same principle is integrated in the Duty of Vigilance law, with a requirement that the vigilance plan be drafted in association with the company stakeholders involved, and where appropriate, within multiparty initiatives that exist in the subsidiaries or at territorial level.

More mature reporting explains who the company’s stakeholders are in the context of respect for human rights, how it engages them (the format as well as the responsible functions), and how frequently. It also shares concrete examples of this commitment and the way in which stakeholder input – especially inputs from affected stakeholders – was considered in company decision-making.

Our analysis reveals that the reporting of the 20 top French companies includes little information on stakeholder engagement related to human rights issues. Rather, the majority of companies mention the importance of engagement with stakeholders in the context of “social dialogue” or even more generally, but do not clarify to what extent the engagement contributes to the identification and management of human rights risks. For companies that are a little more specific in their reporting, the engagement is often limited to a few topics traditionally well established in companies, such as labour relations or diversity and inclusion. It is noteworthy and commendable that the vast majority of the French companies analyzed show a greater openness to engagement with trade unions than is found in the reporting of other companies analyzed in Shift’s UN Guiding Principles Reporting Database.

Good reporting on this element of the UN Guiding Principles does not necessarily require listing all the individuals and organizations consulted and disclosing the details of what was discussed for each salient topic. Rather, it is a matter of presenting the types of stakeholder with which the company seeks to engage, the general process of engagement as well as concrete, representative examples that demonstrate whether and how the insights gained from stakeholders have influenced company decisions and actions.
In this document, BNP Paribas commits to engage in a constructive dialogue with stakeholders and explains its approach to engagement, including with its clients, the businesses in which it invests, NGOs and local communities. The following excerpt explains how a dialogue process helped the company to reinforce its management of environmental and social risks, and its reputation:

"Manage risks: In 2016 and 2017 BNP Paribas engaged in dialogue with advocacy NGOs and local communities concerning an infrastructure project financed by the Group. The stakeholders expressed their concerns regarding the environmental and social impact of the project and informed the Group that the consultation of local populations had not been conducted in accordance with expected best practices.

Following this dialogue BNP Paribas decided to disengage from the project and to strengthen criteria applicable to its project finance credit policy in order to encourage its clients to obtain a “free prior and informed consent” (FPIC) from impacted populations. This type of initiative enables the Group to improve management of the environmental and social risks linked to projects that it finances, and also to mitigate reputation risks."

Examples Of Reporting: BNP Paribas, Objectives and Methods of the Dialogue Between BNP Paribas and its Stakeholders, P. 6

In this excerpt from Sanofi’s reporting, the company explains the relevance of stakeholder engagement to improve its human rights performance and its bottom line:

"Stakeholders today put increasing pressure on businesses to provide transparent information about their human rights practices, which also have the potential to significantly impact a company’s business and reputation as well as to enhance trust between customers and corporations. We believe that responding to stakeholders’ expectations and addressing these issues represents an opportunity to improve both our human rights performance and our bottom line. One of the key success factors in promoting respect for human rights in business is ensuring that all stakeholders are fully aware of their individual and collective rights and are informed about their respective obligations towards one another."

Sanofi, Human rights in our activities 2013, P. 3
Risk Assessment

The assessment of human rights risks connected to a company's operations and value chain is an on-going process, drawing on multiple inputs, including the views of affected stakeholders. It lies at the heart of the human rights due diligence process set out in the Guiding Principles. It enables companies to identify and understand where and how impacts occur and then to tailor appropriate steps to address them.

The earlier section on the identification of salient human rights issues looked at companies' disclosure of which human rights the company has prioritized and why. More generally, good reporting provides insight into the company's processes or tools for assessing the nature and likelihood of impacts on people's human rights. This gives the reader clarity as to whether the company is actively engaged in finding and therefore addressing these risks. It is this broad and robust foundation of risk assessment that then enables the salient issues to be identified.

The Duty of Vigilance law integrates this element of the Guiding Principles by requiring companies to include in their vigilance plan 1) a mapping that identifies, analyzes and ranks risks; 2) procedures to regularly assess the situation of established business relationships and 3) an alert mechanism to collect reporting of existing or actual risks.

The 20 French companies analyzed attain an average maturity of 3 out of 5, meaning that the existence of impact assessment processes for human rights is mentioned briefly in the reporting, but not clearly explained and illustrated through concrete examples. There is also often confusion between risk assessment for human rights and "environmental and social" risks. Again, it is not a question of rejecting reporting on this broader issue, but rather of looking for clarity on whether human rights are included in this assessment.

The most mature companies of the group report in a more coherent, applied and focused way on the assessment of human rights risks. Rather than having to look for information in several different documents, the more mature companies provide a clear and easily accessible overview of the different processes in place.
In this concrete excerpt covering risk assessment and prevention, Vinci explains putting in place controls to follow recruitment agencies that could be implicated in bonded labour in Qatar and to ensure adequate living standards for migrant workers. An impact assessment was completed to verify that the measures were effective:

“To fight debt bondage, QDVC has put in place robust control processes for the monitoring of recruitment agencies in the countries of origin for most workers (Bangladesh, India, Nepal, etc.), involving precise rules about the expenses paid by QDVC (airfares, visas, medical visits, etc.), with the understanding that migrant workers must not bear any of these costs. Furthermore, QDVC pays particular attention to the living conditions and conditions of accommodation of its migrant workers...

In 2015, to verify the effectiveness of the measures put in place by QDVC, VINCI decided to undertake a human rights impact assessment (HRIA) at the company.

The methodology used for this assessment derives from the UN Guiding Principles on Business and Human Rights. A committee of independent international experts from institutions widely known for their work in this area (the International Labour Organisation, BWI, the Danish Institute for Human Rights, the Qatar Foundation, the French National Consultative Commission on Human Rights) was formed to assist with methodological aspects of the approach and follow-up on recommendations. VINCI commissioned an independent third party, Business for Social Responsibility (BSR), a global non-profit business network and consultancy, to conduct this study.”
This excerpt from Total’s reporting shows in a concrete manner how the company assesses human rights risks. These detailed explanations of processes and evaluation tools demonstrate a higher level of maturity, especially due to the use of concrete examples, information specific to the company’s salient issues like security and the clear overview that is created.

“Assessment Processes

We regularly conduct assessments, sometimes in partnership with independent third party organizations, to identify, prevent or mitigate Human Rights impacts that may be caused directly by our business unit’s operations or by project partners, contractors and suppliers.

Examples of our assessment processes and resources include:

- Ethical Assessments: In 2002, we drew up an external assessment process for the implementation of our Code of Conduct, in partnership with a specialist service provider, GoodCorporation. This assessment process, carried out in our business units, is based on a review of a number of important evidence points on Human Rights, labor law, fair competition and other ethics-related issues. Following the assessments, appropriate action plans and follow-up processes have been defined. In addition to the objectivity and independence that these assessments assure, they also serve the purpose of sharing experiences and best practices encountered on the ground.

- Human Rights Compliance Assessments (‘HRCA’): By using HRCA in our business units, we are able to integrate Human Rights into our business unit’s management systems and to build capacity. We work with third party experts such as the Danish Institute for Human Rights (the ‘Danish Institute’).

- Societal Assessments: To analyze and improve the impacts of our projects on local communities and external stakeholders, we conduct societal assessments. The Group engages independent experts in community relations and company-community conflict such as CDA Collaborative Learning Projects (‘CDA’). Similarly, we work with International Alert, a UK-based, independent peace building organization to conduct assessments in conflict-sensitive social contexts...

Addressing our Salient Issue relating to Security...

In 2014, we developed ‘easy-to-use’ tools to help our business units to more efficiently identify, prevent or mitigate the risks and impacts related to Security and Human Rights: the Voluntary Principles Risk Assessment Tool (the ‘VPRA’) and the Voluntary Principles Auto-Diagnostic Tool (the ‘VPAD’). ... We have also evolved from a Voluntary Principles Risk countries’ analysis to a Voluntary Principles Risk business units’ focus. This will further enable us to identify where the potential and actual risks are and provide targeted measures to prevent or remedy them, taking into consideration the operational context, nature and scope of security services provided (for example, private security only or government security forces for a given business unit)."
Integration and taking action

The UN Guiding Principles establish a logical sequence in the due diligence process: after assessing risks, companies are expected to integrate the findings and take action to prevent and mitigate adverse impacts. The French law follows the same sequence by demanding that companies report on the appropriate actions taken to mitigate risks or prevent serious violations.

Our analysis reveals that the large majority of the 20 French companies reviewed do not systematically communicate on the actions taken to mitigate and prevent the negative impacts associated with their operations and value chain. In fact, the majority of companies focus on some specific initiatives—usually diversity, health and safety at work and, in some cases, forced labour—without connecting these topics to a potential or proven impact. In other words, the reader notes that some actions are being taken, but without understanding if they are a response from the company to severe impacts connected with the business, to low-risk impacts, or even whether they may be part of a philanthropic strategy.

However, a small number of companies analyzed indicate greater maturity, in particular by sharing at least some concrete and detailed examples of their actions. The best companies analyzed report specific actions taken during the reporting year, rather than talking about the types of actions they generally take, thus leaving no doubt about the current activity of the company.

Companies are increasingly connecting their reporting on social and environmental issues to the Sustainable Development Goals (SDGs). Many companies document their progress in reducing environmental impacts across their operations and value chains, recognizing the positive contribution this makes towards various SDGs. Relatively few apply the same logic to their social, including human rights, impacts. Fifteen recent case studies compiled by Shift in collaboration with the World Business Council for Sustainable Development demonstrate the positive, transformative outcomes for people and the SDGs that can result from company initiatives to tackle their salient human rights. To find out more, see The Human Rights Opportunity.
Considering the particularity of the right to health and right to life and the key role played by pharmaceutical companies, Sanofi decided to modulate the costs of some of its medications for people with low purchasing power:

"In Brazil, where patients have to cover their own treatment expenses for several drugs, access to reference medicines is directly tied to purchasing power. In 2012, Sanofi Brazil set up a tailored tiered-pricing policy for Lantus, its insulin for the treatment of diabetes, with the launch of the Alcance program. It aims at expanding Lantus access to middle-class/lower-income patients by offering special conditions for the full range of products and services for diabetes therapy and consists of:
- Engaging with multiple stakeholders, to take into account the full treatment environment and reduce the overall treatment cost for cholesterol, hypertension and diabetes prescribed by the physician,
- Selectively targeting patients who could not afford Lantus drug against Diabetes—for whom it represented more than 20% of their income
- Adjusting benefits to each patient’s needs and income level.

This program currently has more than 12,500 active patients enrolled, representing almost 50% of all new Brazilian patients starting on Lantus in 2012."

"We also have monitoring tools for our customers: if we identify a risk, we use our leverage with the customer to open a dialogue on the identified issue. But the most effective tool is employee awareness: the better they understand the importance of Human Rights for the Group, the better they can take action...

In Asia, our local teams alerted us after reading news stories accusing one of our customers of working with suppliers who were using forced labor. After our attempt to start a dialogue with the customer fell flat, we froze their lines of credit."
Total provides another example of prevention and mitigation action:

“Road safety: a priority for Total

Following the signing of the national call in favor of road safety at work in France in October 2016, the Group deployed the #SafeDriver campaign to raise awareness of risks on the road and to remind drivers of the basic rules of driving and the importance of obeying them. This campaign addresses all Total and contractor employees who use a vehicle for professional purposes. The actions taken in recent years more than halved the rate of severe accidents between 2013 and 2017.”

Kering provides another example of prevention and mitigation action:

“With the Cotton Connect Organisation, Kering continued with the Heritage Cotton Project in India in 2016, working directly with around a hundred organic cotton farmers to improve cotton yield and quality through training and agricultural advice. The programme also includes a social module involving community education to address health and safety issues, counter child labour and improve access to education.”

LVMH provides another example of prevention and mitigation action:

"LVMH is the leader in its industry. As such we have a special ethical and social responsibility to ensure the well-being of all models working with our Maisons. This belief echoes our strong commitment to human rights, respect for diversity, and gender equality. This is why, after consulting industry professionals, we have established guidelines that go beyond legal requirements, in order to ensure that fashion models are always provided with proper working conditions. We hope to see the entire fashion industry follow suit. We are also creating a monitoring committee to ensure that these guidelines are effectively applied. The standards we are implementing are detailed below.

- Working conditions...
- Health and care...
- Nudity and appearance...
- Food and drinks...
- Transportation and accommodation...
- Hours and compensation...
- Young models...
- Complaints and audits...

This charter was prepared jointly with the Kering Group after close consultation with the different parties concerned, in particular fashion brands, modeling agencies, casting directors and models themselves."
Tracking Performance

A key element of the due diligence process under the UN Guiding Principles is the tracking by companies of the effectiveness of their actions to prevent or mitigate potential human rights impacts and remedy actual impacts. The Duty of Vigilance law also requires companies to report about their monitoring scheme to track the measures implemented and assess their efficiency.

Companies often begin by adopting a policy commitment, then assess their impacts, determine their salient issues and actions to take, etc. Quite naturally, measuring the effectiveness of their measures is not necessarily top of mind in the beginning of their journey. The result of this natural and gradual progression is that the monitoring of performance is, six years after the adoption of the UN Guiding Principles, the least mature element of due diligence and of reporting, in France but also elsewhere.

The average French company analyzed in this research refers to the need to track its performance, but it does not share much concrete evidence of how its efforts to manage the issues have progressed. In practice, the average company therefore reports demographic data on the workforce (e.g. the percentage of women and minorities in the enterprise), work-related accidents, and the number of hours of human rights training offered or, in some rare cases, the aggregate results of social audits or the number of complaints received about human rights violations. Although this data is useful, it does not necessarily guarantee a reduction in risk or a positive change for the impacted people. In the worst case, bad indicators can even distort the way companies distribute their resources or reward poor or dangerous behaviour, while good practices go unnoticed and lack support.

Performance tracking is an aspect of reporting that leaves a lot of room for innovation. French companies should try to share more performance indicators, evidence-based case studies and insights into the perspectives of affected stakeholders. Shift has recently launched the Valuing Respect Project, a collaborative initiative that aims over the next three years to develop better ways to evaluate the human rights performance of companies. Find more information about the project here.
Total’s reporting on tracking is considered more mature given the fact that the company shares information beyond the most commonly reported indicators. Here are a few relevant excerpts:

"In 2014, we developed ‘easy-to-use’ tools to help our business units to more efficiently identify, prevent or mitigate the risks and impacts related to Security and Human Rights: the Voluntary Principles Risk Assessment Tool (the ‘VPRA’) and the Voluntary Principles Auto-Diagnostic Tool (the ‘VPAD’)… These Voluntary Principles tools now include a Dashboard (“VPDB”) - a color-coded form that gives a complete briefing on the particular business unit’s performance.”

"Perceptions of discrimination came out as an important issue in our internal survey for employees (Total Survey 2015) to which about 65,000 employees at 508 business units from 115 countries responded. The survey included detailed statements of feedback from employees on perceptions of discrimination related to gender, employment status, nationality, disability and sexual orientation in their respective business units.”

"Engagement with external stakeholders: In 2015, Total E&P Nigeria invited the Danish Institute for Human Rights (DIHR) to review its operations’ compliance with international human rights standards and best practices. In July 2016, DIHR issued a report, a number of recommendations of which were taken into consideration by the affiliate. In November 2017, a joint meeting was held with Total E&P Nigeria, Corporate Human Rights Department and DIHR. DIHR issued a follow-up report, in which improvement is noted.”

"Employee Health Observatory
In support of our health policy and to supplement the periodic medical checkup system already in place and organized by Group medical staff, an Employee Health Observatory was set up in 2009. It is tasked with establishing health indicators for long-term monitoring of any potential medical conditions that could affect employees, using a population-based approach. This enables us to quickly identify the emergence of health problems and, where applicable, suggest and oversee appropriate preventive measures. By the end of 2015, around 13% of employees worldwide across all our operations and of all ages and backgrounds had anonymously taken part in this program, thereby providing a representative sample of our different business segments and professions, at both an administrative and operational levels. The scope of the Observatory is currently being widened to include countries other than France.”
Remediation

Even the most vigilant company will be involved with human rights impacts at some point. It is for this reason that the UN Guiding Principles expect companies to put in place processes to ensure that the people affected receive effective remedy. The Duty of Vigilance law follows the approach of the Guiding Principles by requiring that French companies establish an alert and grievance mechanism.

At the reporting level, it is essential to provide information about grievance mechanisms and the extent to which they can accommodate complaints about all human rights and by any impacted person, or whether they have some constraints. In addition, more mature reporting explains how complaints are handled and what measures are taken to ensure that people feel empowered to use the mechanism, and it includes concrete trends or examples of remedy provided. An additional sign of mature reporting is the public recognition by the company that it should provide or cooperate in legitimate processes for remediation.

Of the 20 French companies analyzed, seven are at the lowest level of maturity on this topic, meaning that the reporting simply mentions the existence of a hotline for the employees of the company without clarifying its accessibility to other groups. Most of the companies analyzed also have policy commitments that mention the intention to put in place processes to collect complaints, without however explaining whether they were actually implemented.

Our conversations with some companies have revealed that most hotlines and other complaint processes are in principle accessible to all people and for all types of complaints. This may or may not be apparent to all those who might wish to use these processes. For this reason, one of the most obvious recommendations is to clarify these important points in the company’s disclosure as well as in its wider communications.

Whether companies rely solely on hotlines or provide other mechanisms and processes for people to raise concerns and through which they can provide remedy, their reporting should include any evidence that these processes are effective, trusted by those who use it and actually used for human rights-related impacts. Under the UN Guiding Principles, non-judicial grievance mechanisms should meet key effectiveness criteria by being legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and (in the case of operational-level mechanisms) based on dialogue and engagement.
"Our target for 2020 is 100 percent community grievance mechanisms for exposed business units, using internal indicators to define these units. Inspired by the UN Guiding Principles, our Exploration & Production business segment published a Guide that details our procedure for the handling of grievances. Today, a dozen of the business units in Exploration & Production have effective grievance mechanisms in place. We have also started to put in place a system to track grievances. We acknowledge that this is work in progress for us and we continue to make efforts to improve our identification and tracking processes."

“Community Grievance Mechanisms – an essential tool in stakeholders’ engagement [Patricia MANI, Head of Societal Department, Total Exploration & Production]"

“Total’s affiliates have handled grievances for a number of years but we formalized the process in 2012 with a mechanism that provides dedicated communication channels – allowing individuals or groups who are our neighbors to raise questions or concerns related to our activities – and processes to ensure grievances are promptly and fairly dealt with.

“We try to adapt these channels to the local situation and generally offer several channels in a given project or affiliate so that literacy or language barriers do not prevent a person from making his or her grievances known."

“This is an important tool for us to identify negative impacts that our activities may have, impacts that our impact assessments may have failed to flag or, in some cases, unforeseen impacts. For instance in Congo, we received a grievance from a farmer whose plot of land, which is adjacent to our operations, was flooded with water coming from our site. What we did is work to remedy the issue from a civil engineering point of view, to ensure this situation would not happen again, and the managing director of the affiliate personally signed the compensation agreement with the farmer to settle the issue.

“We also revisit existing processes, like we did in Congo after a pilot project on grievance mechanisms with industry association IPIECA. We do this to ensure we don’t miss out on certain grievances. This is essential for us in our work to identify local issues and find the appropriate remedy or compensation."

“Grievance mechanisms are already active in a dozen Exploration & Production affiliates such as Congo, Uganda, Nigeria, Myanmar or Papua New Guinea. Similar processes should be expanded to Argentina in 2016 and to Cyprus in 2017 ahead of Total’s exploration work there. Our focus is really to continue the deployment of this process to other affiliates with significant societal exposure – where we have large onshore presence for instance.”

“[I]n one of the evaluations conducted in a country in Asia, we found some under-age teenagers working in one of our retail activities value chain. In this case, the teenagers were removed from their position and offered vocational trainings and financial support. In addition, we work with external stakeholders such as local authorities and NGOs to find suitable, sustainable alternative solutions for such situations."

Vinci briefly mentions having set up a grievance mechanism in the context of its joint venture in Qatar:

“QDVC has continued its actions to improve working conditions, with the introduction, in March 2016, of a system for reporting complaints (for collective as well as individual complaints) that guarantees its employees complete confidentiality.”
CROSS-CUTTING INDICATORS OF GOOD REPORTING

Our analysis looks at three cross-cutting indicators of mature reporting: sharing human rights challenges, providing concrete examples to support statements of policy and process, and disclosing future plans and objectives. Put simply, leading companies do not just say that they respect human rights, they demonstrate it by explaining frankly how they did it, what improvements have been made, and what plans are on the table to continue the progress in the future.

Openness to sharing challenges related to human rights

Companies can face a variety of challenges when it comes to identifying and addressing human rights impacts. For example, some human rights risks are systemic in certain regions or sectors, some are remote in the company’s supply chain or involve powerful governments or companies, making it harder to exercise influence; some impacts are harder to identify, such as sexual harassment or forced labor, due to the difficulties for victims to speak up. Reporting of purely positive information lacks credibility given the operating realities of most companies. Instead, balanced information and lessons learned provide much more authentic reporting and can help readers contextualize the efforts made by the company.

Our analysis revealed that the largest French companies seem reticent about sharing the challenges they face. Indeed, the average company mentions one or two general challenges, such as the lack of diversity in the average workplace or the existence of forced labour in certain regions, without explaining the particular situation of the company or its understanding of the subject.

Specificity and concrete examples

Good reporting goes beyond high level policy statements to explain specific processes for implementing respect for human rights. Moreover, meaningful examples, like case studies or even anecdotes from the field, are illustrative and support the dependability of a company’s reporting. They can offer a window into how processes that are described in general terms play out in practice on the ground.
The disclosure of the 20 largest French companies analyzed is rather poor when it comes to providing concrete examples. Indeed, the average company reports on its management policies and systems in superficial or technical terms, which can leave the impression that the company does not really understand the issues that it is talking about or even that it does little in practice.

**Forward-looking reporting**

Forward looking information, whether on high level priorities or specific human rights issues, shows the company’s commitment and intent to continue improving its policies and processes. By developing measurable goals and targets and communicating them publicly, the company also holds itself more accountable for progress.

According to our analysis, the majority of the French companies reviewed have objectives or planned activities to improve respect for certain human rights issues in their companies, although they do not use human rights language. For example, several companies mention having strategies to improve diversity or health and safety at work, while they do not connect these with their responsibility to respect human rights under the Guiding Principles. This is an important area for improvement to highlight since good reporting should include the disclosure of objectives and targets across the different human rights issues that are salient to a company.

The best reporting reflects all three of these cross-cutting indicators to enable the reader to grasp what the company is dealing with in reality and what its plans are to better respect human rights. To this end, companies should try to identify the most relevant initiatives that address (or are in the process of addressing) one or more salient human rights issues and profile them throughout their reporting. For example, case studies could meet the three indicators of maturity if 1) the salient issues are explained sincerely and with depth, 2) the context and actions are presented in detail, and 3) it explains what the current status is, what has happened and what remains to be done in the months and years ahead.
OVERALL MATURITY

This group of 20 French companies is unusual in its uniformity, particularly in comparison with other groups of companies Shift has analyzed in the UNGP Reporting Database. In fact, 18 of the 20 companies sit at level 2 or 3 of maturity ranking, breaking the trend of a more equal distribution across all levels. One explanation could be that companies in the group observe and follow each other’s reporting practices closely, and/or that reporting requirements in France contribute to creating a more standardized approach to reporting.

The high note from our analysis is that a very small number of companies are at the lowest level of maturity. On the other hand, an overall maturity of 2.5 out of 5 leaves a lot of room for improvement. For example, the average company states its commitment to respect human rights and gives some information on the governance of this topic and its process of due diligence, but does not identify its salient human rights and offers limited insight into practical implementation with its operating realities. The reader is left with an abstract sense of good intent but no tangible evidence of what the company is doing in practice.

The most mature companies reviewed communicate on all the elements of the UN Guiding Principles and use this standard to guide their reporting. Although it is not an indicator of maturity analyzed in this research, the coherent development of a reporting narrative is very important. While it is not necessary to develop a stand-alone report on human rights, good reporting explains to the reader the company’s overarching approach to human rights in one place but then embeds human rights elements in other areas such as water stewardship and supply chain management where it should logically be integrated in company practices as well.
KEY FINDINGS
STRENGTHS

- Human rights reporting in France is somewhat better than average when judging against the expectations of the UN Guiding Principles. Indeed, **the group of 20 French companies analyzed have slightly more mature reporting than other companies analyzed so far by Shift for the UNGP Reporting Database.**

  - The average overall maturity of the French companies analyzed is level 2.5 on a scale of 5, in comparison with level 2 for the average company in the UNGP Reporting Database (which includes over 130 of the largest companies around the world).

  - **The group is also unusually uniform,** with 12 out of 20 companies falling at the Improving level of maturity (level 2 out of 5). Our analysis of companies for the Database shows that there is normally a greater disparity between top companies.

  - One explanation for the slightly more mature and uniform reporting could be that France was one of the first countries to introduce specific reporting requirements on non-financial information and that, to some extent, it leveled the playing field of reporting. We posit that the Duty of Vigilance law creates the same opportunity for improving reporting and raising the bar for companies in France and beyond, and we expect to see more mature reporting in phase 2 of the project.

- **The most mature element of reporting is the policy commitment:** 19 out of 20 companies analyzed commit to respect human rights. Still, with an average of 3.5 out of 5 on the maturity scale, more than half of the companies reviewed do not specify whether the commitment covers all internationally recognized human rights and extends to the company’s business relationships.

- A notable and commendable characteristic of the reporting analyzed is the **openness to report on dialogue with worker unions.** Indeed, the large majority of the French companies reviewed explain how they engage with unions, a trend that does not appear as clearly in the reporting of other companies analyzed by Shift.
**CHALLENGES**

- Despite the slight overall maturity advantage of the group and the general commitment to respect human rights, the average French company analyzed does not – at least as represented through its reporting – meet the expectations of the UN Guiding Principles, and may not in turn meet the requirements of the Duty of Vigilance law.

- To some degree, the large majority of the French companies analyzed:

  1) **Do not provide information on all of the elements of the responsibility to respect human rights**, perhaps because they have chosen not to publish it or because they are not ‘doing the doing’ and therefore have nothing to report;

  and/or

  2) **Provide information that is often incomplete, uses technical, generic or vague language, is not focused on specific human rights issues nor clear that human rights are understood as a key area of risk.**

- More than half of the companies reviewed provide bits of relevant information under the umbrella of broad themes like “CSR”, “sustainability” or “social impact”, without explaining their approach to human rights specifically. The lack of clarity about the meaning of these broad themes raises doubt about whether companies are actually doing anything in practice to meet the Guiding Principles, beyond commonly reported issues like diversity and safety.

- **18 out of 20 companies do not identify their salient human rights issues, that is the human rights at risk of the most severe negative impact through the company’s activities and business relationships.** This results in ambiguous and unfocused disclosure and, more importantly, it can also suggest potential gaps in risk management. The Duty of Vigilance law calls for a ranking of risks and for actions to prevent and mitigate severe violations, so the large majority of companies that fell short of this requirement in their disclosure before the entry into force of the law will want to address this important gap in their future reporting.
Except for a few rare instances of companies talking about the challenges they face when trying to implement their responsibility to respect human rights, **most of the French companies reviewed do not share challenges in their reporting, albeit such challenges are typical for any large company with a global value chain.** Openly sharing challenges and explaining the company's unique situation is a sign of good human rights reporting since it shows that the company understands and actively thinks about the human rights issues that are salient to its business.
OUR RECOMMENDATIONS

- Going beyond the policy commitment and identifying the company’s salient human rights issues. Quite notably, the 20 French companies analyzed all make the commitment to respect human rights. From that fundamental step, companies should now turn to identifying their salient human rights issues. Identifying salient human rights issues will not only establish a solid focus for reporting, it will also help the management of those issues by helping companies put the greatest resources first on those issues needing the greatest attention.

- Taking a coherent approach to reporting. The next step should be to take a coherent and principled approach to reporting by covering the expectations of both the UN Guiding Principles and the Duty of Vigilance law: policy commitment, governance, stakeholder engagement, risk assessment, mitigation, tracking performance and remediation. The UNGP Reporting Framework can help companies build that narrative and comply with the Duty of Vigilance law.

- Supporting the company’s statements with enough details and examples to show that the company is working –not just reporting– on human rights issues. For example, if the company has only recently started to integrate the concepts and language of human rights, it is helpful to explain that reality, while clearly presenting what the company is already doing to better manage salient human rights issues. Representative case studies or even illustrative anecdotes can greatly enhance the quality of reporting.

- Last but not least: the best reporting tells the company’s own story. While it is natural to look for inspiration in the good reporting of peers, every company has unique operations and value chains that deserve – and require – tailored reporting. This kind of reporting can be a sign that the company has internalized important concepts and tried to identify the most appropriate solutions to the human rights risks its company faces.
I. Elements of the responsibility to respect human rights under the UN Guiding Principles

**Policy commitment**

0: (Negligible)
1: Brief high-level commitment to respect certain human rights (e.g., employee labor rights, health and safety, non-discrimination).
2: Brief high-level commitment to respect “human rights” without further detail.
3: More detailed commitment to respect human rights but does not explicitly cover all internationally recognized human rights.
4: Commitment explicitly covers all internationally recognized human rights and extends across the value chain.
5: Commitment includes all of the above as well as information about the development of the policy and its communication to employees, business partners and other stakeholders.

**Governance**

0: (Negligible)
1: Disclosure only provides information about the level of responsibility for sustainability, CSR or a similar topic, but offers no clarity about who is responsible for human rights issues specifically.
2: Disclosure provides only generalized information about who is responsible for human rights issues.
3: Disclosure provides information about day-to-day management of human rights issues, as well as about top leadership or Board oversight on these issues.
4: Disclosure provides information about who is responsible for human rights issues including day-to-day management, specific responsibilities, top leadership or Board oversight, as well as cross-functional structures and processes.
5: Disclosure includes all of the above as well as information about company leadership’s understanding of how respect for human rights is reflected in the business model and strategy.
Prioritization and identification of salient human rights issues

0: (Negligible)
1: Readers may infer that the company has priority human rights issues because some human rights issues are highlighted in the disclosure (e.g., disclosure is available on certain human rights issues, dedicated sections in reporting, or rights listed in policy commitments).
2: The company states that the human rights issues highlighted are of particular importance or priority but does not explain how they were determined.
3: The company states that the human rights issues highlighted are of particular importance or priority and explains how they were determined.
4: The company states that the human rights issues highlighted are determined based on risks to potentially affected people (with particular attention to severity and likelihood).
5: The company states that the human rights issues highlighted are determined based on risks to potentially affected people (with particular attention to severity and likelihood) and explains how these issues were determined.

Stakeholder engagement

0: (Negligible)
1: Disclosure provides a high-level statement about the importance of stakeholder engagement without further detail (general, not specific to human rights).
2: Disclosure provides some information about stakeholder engagement on general sustainability issues, with little to no specific information about human rights and/or disclosure is limited to certain human rights without any indication that the company has thought about human rights more broadly.
3: Disclosure provides information about general processes and structures to engage stakeholders on human rights issues specifically, with limited examples from the reporting period.
4: Disclosure provides information about general processes and structures to engage stakeholders on human rights issues, with several specific examples of engagement from the reporting period that offer insight into how issues are discussed and managed.
5: Disclosure includes all of the above as well as specific information about engagement with potentially affected stakeholders.
**Risk assessment**

0: (Negligible)
1: Disclosure provides information about processes to assess only certain human rights risks.
2: Disclosure provides a basic statement about the existence of processes to assess human rights risks, without further detail.
3: Disclosure provides more detailed information about general processes to assess human rights risks.
4: Disclosure provides comprehensive information about processes to assess human rights risks, and explains how they work in practice, with concrete examples from the reporting period.
5: Disclosure includes all of the above as well as information about how human rights risks are integrated into enterprise risk management systems and discussed by top leadership.

**Integration and taking action**

0: (Negligible)
1: Disclosure provides some information about actions taken to mitigate only certain human rights risks, without any indication that the company has thought about human rights more broadly.
2: Disclosure provides a general description of actions taken to mitigate human rights risks, without further detail.
3: Disclosure provides a general description of actions taken to mitigate human rights risks, with limited examples from the reporting period.
4: Disclosure provides a general description of actions taken to mitigate human rights risks, with several insightful examples of mitigation from the reporting period.
5: Disclosure includes all of the above, with a particular degree of comprehensiveness: examples of actions taken, with details about the reasons for taking action, stakeholders engaged, different steps followed and outcomes.
Tracking performance

0: (Negligible)
1: Disclosure provides basic data about certain human rights issues (e.g., long-recognized human rights issues such as diversity and health and safety) and/or a brief narrative about the company's approach to tracking its performance around these issues.
2: Disclosure provides basic data and/or a brief narrative about the company's approach to tracking human rights performance specifically, beyond long-recognized issues.
3: Disclosure provides more detailed data and a narrative about the company's approach to tracking human rights performance specifically, beyond long-recognized issues.
4: Disclosure provides comprehensive data and a detailed narrative about the company's approach to tracking human rights performance specifically, beyond long-recognized issues, and includes independent assessment findings.
5: Disclosure includes all of the above and also explains how the company is using the data to improve its human rights performance.

Remediation

0: (Negligible)
1: Disclosure describes a generic hotline or other channel that could in principle receive some kind of human rights complaints from company employees solely.
2: Disclosure expressly identifies a hotline or other channel that potentially affected stakeholders, including but not limited to company employees, may use to raise human rights grievances.
3: Disclosure expressly identifies a hotline or other channel that potentially affected stakeholders, including but not limited to company employees, may use to raise human rights grievances, and explains the company's process to address grievances.
4: Disclosure expressly identifies a hotline or other channel that potentially affected stakeholders, including but not limited to company employees, may use to raise human rights grievances, explains the company's process to address grievances, and includes information about complaint outcomes.
5: Disclosure includes all of the above as well as information about an independent review or oversight of the grievance mechanism.

While diversity and health and safety may indeed be salient human rights issues for companies, we distinguish them here because very often these are the only issues companies report on. Often, companies report data on these issues because the data is easy to gather, because of regulatory pressures, or because these issues are well established within companies' management systems. These reasons are different from expectations on human rights reporting, which requires a focus on information on the company’s greatest risks to people (its salient human rights issues).
II. Cross-cutting indicators of good reporting

**Openness to sharing challenges**

0: (Negligible)
1: Disclosure includes only positive information and successes.
2: Disclosure includes some high level statements on general challenges.
3: Disclosure includes high-level statements on general challenges and a few examples to provide insight into the issue(s).
4: Disclosure includes specific examples of challenges experienced by the company and explained clearly.

**Specificity and concrete examples**

0: (Negligible)
1: Disclosure includes mainly generic, high level statements.
2: Disclosure includes mostly generic statements but some examples help provide insight into the company’s processes and practices.
3: Disclosure is specific and several examples help provide insight into the company’s processes and practices.
4: Disclosure is exceptionally specific and provides clear insight into the company’s processes and practices.

**Forward-looking disclosure**

0: (Negligible)
1: Disclosure includes a general statement of intent for continued improvement.
2: Disclosure includes specific planned activities to enable continued improvement.
3: Disclosure includes a plan regarding some human rights issues to enable continued improvement, with clear targets.
4: Disclosure includes a clear and comprehensive plan to enable continued improvement, with clear targets.
### III. OVERALL MATURITY

<table>
<thead>
<tr>
<th>BASIC</th>
<th>IMPROVING</th>
<th>ESTABLISHED</th>
<th>MATURE</th>
<th>LEADING</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Disclosure is focused on broad &quot;sustainability&quot; and &quot;CSR&quot; issues, with little clarity that these labels include human rights</td>
<td>• Disclosure is focused on &quot;sustainability&quot; and &quot;CSR&quot; issues, but it is clear that these labels include human rights</td>
<td>• Disclosure is specific to human rights and offers more details about the company's efforts to implement the elements of the corporate responsibility to respect human rights</td>
<td>• Disclosure includes a forward focused approach or strategy to further embed respect for human rights</td>
<td>• Disclosure is transparent, addresses challenges, lessons learned and includes concrete examples throughout</td>
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<tr>
<td>• Brief, high level commitment to respect human rights</td>
<td>• High level commitment to respect human rights extends to the supply chain</td>
<td>• Commitment to respect human rights covers all internationally recognized human rights and extends across the value chain</td>
<td>• Commitment to respect human rights has top leadership sign-off and is supported by a coherent set of governance documents</td>
<td>• Forward focused strategy to further embed respect for human rights, with clear, measurable objectives</td>
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<tr>
<td>• Little to no disclosure about who is responsible for human rights issues</td>
<td>• Some disclosure about the highest level of accountability in the company for human rights</td>
<td>• A governance structure for human rights is identified, with some level of leadership oversight</td>
<td>• Top level messaging recognizes relevance of human rights for the business</td>
<td>• Commitment to respect human rights developed in collaboration with internal and external stakeholders, with top leadership involvement and sign-off</td>
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<tr>
<td>• Little to no disclosure about a process to assess and mitigate human rights risks</td>
<td>• Disclosure focuses on human rights risks that have been traditionally addressed by companies, like health and safety and diversity, without an explanation that these issues are indeed salient for the company</td>
<td>• Human rights risks are prioritized and identification process is explained</td>
<td>• Responsibility and accountability structures for human rights are identified and explained</td>
<td>• Clear leadership understanding and messaging on human rights risks pertinent to the business</td>
</tr>
<tr>
<td>• Hotline available to employees only for some human rights related complaints</td>
<td>• Human rights risks are assessed but no detail on the process is provided</td>
<td>• Employees and business partners are aware of the human rights commitment and receive specific training or guidance</td>
<td>• Reporting and actions on human rights are prioritized based on risk to potentially affected stakeholders</td>
<td>• Description of human rights governance demonstrates top level oversight and well-integrated cross-functional structures</td>
</tr>
<tr>
<td>• Disclosure focuses on basic stakeholder engagement on sustainability issues including human rights</td>
<td>• Disclosure focuses on basic stakeholder engagement on sustainability issues including human rights</td>
<td>• Human rights risks are assessed with some level of regularity and integration</td>
<td>• Human rights risks are assessed regularly and processes are explained in detail</td>
<td>• Human rights are continually assessed and integrated into enterprise risk management systems</td>
</tr>
<tr>
<td>• Description of mechanism to receive human rights-related complaints</td>
<td>• Description of mechanism to receive human rights-related complaints</td>
<td>• Stakeholders are regularly engaged on human rights issues and general processes for that engagement are explained</td>
<td>• Stakeholders are engaged on human rights issues during the reporting period, and the company shares the purpose of the engagement(s) and inputs by stakeholders</td>
<td>• Stakeholders’ inputs, especially from potentially affected stakeholders, are actively sought and taken into consideration, including to design and implement mitigation measures</td>
</tr>
<tr>
<td>• Grievance mechanism is available to all potentially affected stakeholders</td>
<td>• Grievance mechanism is available to all potentially affected stakeholders</td>
<td>• Grievance mechanism is available to all potentially affected stakeholders, the process is explained, and examples of outcomes are provided</td>
<td>• Human rights performance is tracked and linked to performance incentives</td>
<td>• Human rights performance is tracked, based on the company’s salient human rights issues.</td>
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<tr>
<td>• Process to address grievances is explained and examples of outcomes are provided</td>
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