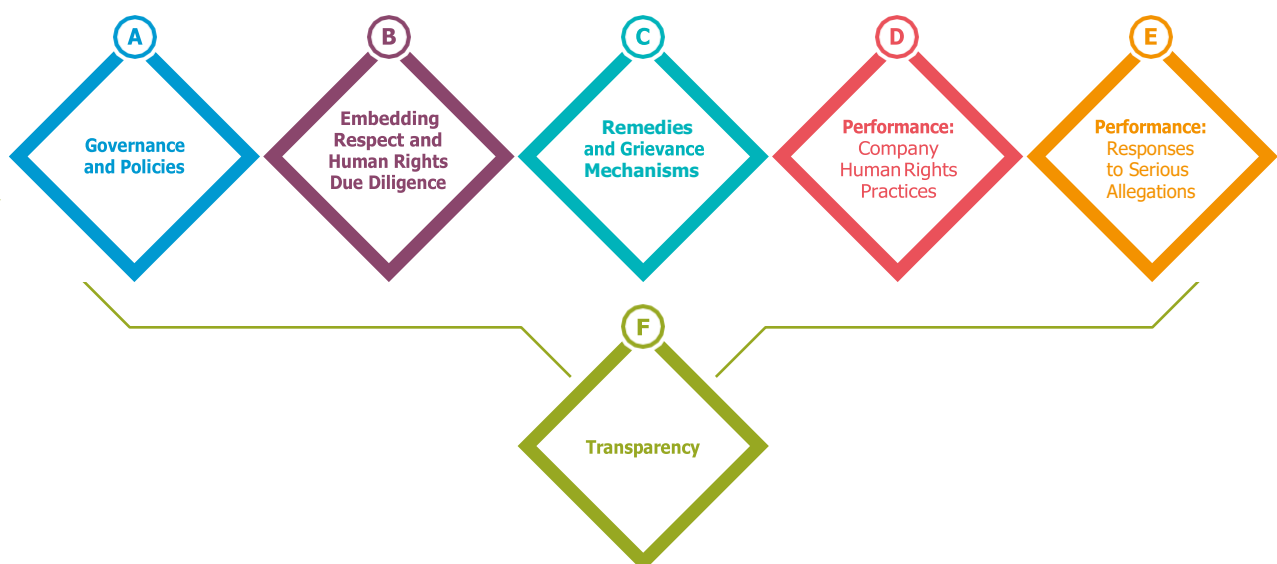


EXPLANATORY NOTE ON THE

CORPORATE HUMAN RIGHTS BENCHMARK 2018 METHODOLOGY

SUMMARY AND JUSTIFICATION OF CHANGES



EXPLANATORY NOTE ON THE CHRB 2018 METHODOLOGY: SUMMARY AND JUSTIFICATION OF CHANGES

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INTRODUCTION

This document is an explanatory note on the Corporate Human Rights Benchmark (CHRB) 2018 Methodology. It provides a summary of the changes made to the CHRB Methodology as well as explanations and justifications on the CHRB Methodology Committee's decisions.

After publishing the first results in March 2017, CHRB took some time to reflect and to gather feedback on its Methodology and processes, in order to strengthen the Benchmark going forward. From June to October, CHRB held [extensive consultations](#) to hear comments from a variety of stakeholders on different aspects of the Methodology.

All changes to the methodology were adopted according to a three-step process revolving around the consultations:

- i. CHRB sought comments on the Methodology – ‘*What CHRB asked*’
- ii. CHRB gathered comments and feedback through consultations that ran from June to October 2017 – ‘*What you said*’
- iii. CHRB reviewed all the comments received and developed the 2018 Methodology – ‘*What CHRB decided*’

These three steps are explained in more detail below. This document should be read in conjunction with the following documents:

- The 2018 Methodology spreadsheet, which contains the revised indicator requirements and scoring details. This document will be supplemented with a full Methodology document in early 2018.
- The [list of suggested changes](#) proposed by the CHRB Methodology Committee during the 2017 consultations, and its associated [summary document](#).

WHAT CHRB ASKED

Over the course of several months, CHRB sought feedback from all its stakeholders on proposed changes to the methodology, CHRB's general approach and priorities for the future. What was asked is set out in more detail in the three sections below:

Changes Proposed by the CHRB Methodology Committee

The CHRB Methodology Committee put forward a series of suggested changes for comments, based on feedback received from researchers and companies during the Pilot Benchmark and from various other external stakeholders during the early stages of the consultations. These suggested changes were published on the CHRB website in September 2017, and sent to consultation session participants in advance of the meetings.

The full list of proposed changes is available [here](#), and a summary document is available [here](#).

The aim of these changes was to do one or more of the following:

- Clarify the CHRB requirements;

- Ensure closer alignment with the UN Guiding Principles on Business and Human Rights ('UNGPs'), on which the CHRB Methodology is built (see example 1 below);
- Ensure closer alignment with the KnowTheChain methodology;
- Remove repetitions across indicators (see example 2 below);
- Ensure the CHRB requirements are grounded in practice (see example 3 below);
- Toughen certain requirements (for example see indicators D.1.7.b and D.2.7.b)
- Loosen certain requirements (for example see the Lock for indicator B.1.5).
- Address fundamental issues with the Serious Allegations measurement theme;
- Simplify the Transparency measurement theme and make it more efficient; and
- Improve the scoring system.

EXAMPLE 1 (changes proposed by the CHRB Methodology Committee to better align the CHRB Methodology with the UNGPs)

B 2.5 - Communicating: Accounting for how human rights impacts are addressed

The following changes were suggested to score 1:

The Company ~~describes the general criteria it uses for deciding what to communicate to whom, when, how OR describes how it ensures on an ongoing basis that potentially affected stakeholders or their legitimate representatives are able to access and use the information communicated, such as how it overcomes any language barriers, literacy barriers, cultural barriers or physical barriers to effectively communicating with them.~~ describes how it communicates about its human rights impacts to affected stakeholders how effective it has been in addressing those impacts (i.e. through the steps described in B.2.1 to B.2.4).

Justification: Closer alignment with Principle 21 of the UNGPs, in particular accessibility of information to the company's intended audiences.

EXAMPLE 2 (changes proposed by the CHRB Methodology Committee to remove repetition in indicators)

A.1.2 - Commitment to respect the human rights of workers

The following changes were suggested to the lock for score 1:

The Company's policy commitment(s) ~~also expects its suppliers to commit to respecting each of the ILO core labour standards and to convey the same expectations to their suppliers.~~

Justification: The requirement regarding the company's suppliers is also in indicator B.1.4.b. It is removed here to avoid repetition. Unless the commitment is explicitly limited to direct suppliers, it will be assumed to cover the whole supply chain.

EXAMPLE 3 (Changes proposed by the CHRB Methodology Committee to better ground the indicators in practice)

B.1.1 - Responsibility and resources for day-to-day human rights functions

The following changes were suggested to Score 2:

The company also describes how day-to-day responsibility, ~~resources and decision-making process are~~ is allocated across the range of relevant functions and geographies of the Company.

Justification: Assessing responsibility, resources and decision-making processes separately from one another is difficult and seems unnecessary, given that this indicator is more about clarifying

the different responsibilities of different teams, including in different parts of the company's operations, hence the introduction of 'geographies'.

The Online Survey

CHRB also asked the following questions through an online survey that was sent to the CHRB mailing list and also accessible via the CHRB website for 16 weeks. The survey questions are included below:

Online survey (Methodology questions)

1.1. Are there key human rights risks within the three industries currently in focus (Agricultural Products, Extractives, Apparel) that are missing from the current CHRB Methodology, or not given enough weight? Are there other human rights issues that are missing from other parts of the CHRB Methodology? Please specify.

1.2. Should we include one or more indicators on the contribution of corporate human rights performance to achieving the Sustainable Development Goals?

1.3. Now that you have seen the first Benchmark results, have we got the weighting of the measurement themes correct to ensure an appropriate balance? If not, what would be your recommended weighting?

1.4. Do you have comments or concerns on any of the specific indicators of the CHRB Methodology? For example, indicators that were too complicated, unclear, too strict or too weak? Please be as specific as possible.

1.5. Some Benchmarked companies have suggested that some or all of the indicators in the CHRB Methodology should be accompanied by guidance and/or examples of good practice. Do you feel that this would still be useful – even though data from the first results is now available on the CHRB website. If so, what type of guidance and in what format?

Feedback to date on particular measurement themes has predominantly revolved around Measurement Theme E. Serious Allegations & F. Transparency and we would therefore invite comments especially on those sections.

1.6. Measurement Theme E. Serious Allegations is the part of the Benchmark that draws on information from third parties. As currently structured is it a useful measure of corporate human rights performance? How could it be improved going forward?

1.7. Measurement Theme F. Transparency is intended to respond to a key investor priority and give companies credit for disclosing information on human rights even if the information disclosed does not meet the specific requirements of CHRB indicators. Is this section yielding useful results from your perspective? If so, how could it be improved going forward? If not, why not?

Other Comments

To avoid limiting stakeholder input, the CHRB also welcomed any comments that were not covered by the suggested changes or the online questionnaire.

WHAT YOU SAID

During the 2017 consultations, over 300 individuals and organisations representing a wide variety of stakeholders submitted feedback through the online survey, took part in bilateral calls or meetings, registered to take part in one of 14 consultation sessions around the world or submitted inputs via email. Below is a summary of the comments CHRB received, grouped into 11 feedback themes. Where relevant, the origin of the feedback is indicated by type of organisation. The ‘summary of feedback’ is written from the perspective of the individual/organisation; this does not imply that CHRB has necessarily agreed with or endorsed this feedback.

Feedback Theme A - Comments on Specific Indicators

Some stakeholders submitted comments on specific indicators. These were either related to changes suggested by the CHRB Methodology Committee (see example 1 below) or raised other issues not highlighted by CHRB (see example 2 below).

EXAMPLE 1 (comment on a suggested change)

Proposed change: In *C.1 Grievance channel(s)/mechanism(s) to receive complaints from workers*, CHRB proposed to delete the requirement to disclose an evaluation of the effectiveness of the grievance channel(s)/mechanism(s) on the basis that this was already assessed in C.7.

Comment received: CHRB received a comment that the requirement was not clearly present in C.7, which assessed the effectiveness of the systems and procedures in place to prevent harm but not the effectiveness of the grievance mechanism *per se*.

EXAMPLE 2 (comment on an issue not raised by the CHRB Methodology Committee)

Comment received: CHRB received a comment on indicator *D.3.7 - Security (Extractives sector)* stating that the score 2 requirement for companies to “provide security services to local communities” went beyond the bounds of the UNGPs.

Feedback Theme B - Serious Allegations

CHRB received a lot of feedback on measurement theme *E. Serious Allegations*, much of which was contradictory. The feedback is summarised in the table below, with comments grouped by topic.

Topic	Summary of Feedback
CHRB suggestion to broaden the issues covered by the methodology	Most of the feedback received was that CHRB should not broaden the range of issues covered or lower the threshold – it should focus on the most salient and most serious allegations and ensure that it assesses those well (business association, civil society organisations, non-benchmarked company)
CHRB suggestion to change the scoring rules for companies with no allegations meeting the threshold for severity	Most of the feedback received was that CHRB should not give 20 points to companies with no serious allegations (in line with our suggestion) (benchmark companies, business associations, consultancies investors, NGOs)
CHRB suggestions of ways to score companies with no	Not many responses were received on this topic. Some rejected the options suggested, but did not offer alternatives. A few advocated for using the average score of the company in other measurement themes as a

Topic	Summary of Feedback
allegations raised against them	proxy. Many insisted that whatever CHRB choose it should be as straightforward as possible, and not add complexity.
CHRB suggestion to add further refinements to allegations section to assess a company's response (recognising hostile, proactive or non-responsive)	Not many responses were received on this topic. One non-benchmarked company suggested that this would be too subjective, and would add a lot of work but would not be particularly useful.
Confidential disclosure regarding allegations	CHRB received some comments suggesting some allegations should be acknowledged and addressed in private, not in public (feedback from companies)
Clarity on expectations and research	Some argued that this measurement theme needs to be clearer, including listing the sources used for the research and explaining the scores attributed (from benchmarked companies, business associations, non-benchmarked companies)
Reliability – assessing unproven allegations	Some companies disagreed with the fact that the Methodology expects companies to respond to allegations that they contest, with feedback such as: “this indicator relies on perceptions instead of reliable information; companies are ‘guilty until proven innocent’; CHRB looks at responses from companies rather than the allegation itself, but E.3 assumes that the allegation is true given that a company must put in place some measures to make up for the allegation; if allegations are false, misleading or repetitive companies may not issue a point-by-point response” (from benchmarked companies, business association)
Scoring	CHRB received many contradictory comments on how to score companies on serious allegations. Some argued that because this measurement theme is so special, it should not be part of the scoring but rather, sit on the side via a red flag system or a narrative (from benchmarked companies, civil society organisations). Some suggested to get rid of the measurement theme altogether (benchmarkd companies, consultancy). Some argued that this measurement theme is one of the most important aspects of the CHRB assessment, as it assesses performance, and should be given more weight in the scoring (civil society organisations, consultancies, ESG research provider, multi-stakeholder association)
Allegations in relation to sold assets	CHRB received a comment that it should not consider allegations in relation to assets that no longer belong to the company (from a benchmarked company).

Feedback Theme C - Transparency Measurement Theme

Most of the comments CHRB received on this section suggested that it was originally too complex (benchmarkd companies, consultancy), redundant (benchmarkd companies, business association, civil society organisation, consultancy), and/or unclear (benchmarkd company, non-benchmarkd company).

CHRB did not receive many comments regarding its specific suggestions on how to change this section, but those who commented welcomed the idea of rewarding company reporting against existing reporting frameworks (benchmarkd companies, NGO) whilst some warned of the complexity of assessing

independent assurance in practice (non-benchmarked company, NGO). It was also suggested that CHRB should assess the quality of disclosures (civil society organisation NGO).

Feedback Theme D - Alignment with the UNGPs

Summary of feedback: There are a few indicators where the line gets blurred between pillar 1 and pillar 2 of the UNGPs. Private sector playing the role of government is not desirable and not in line with the UNGPs. The CHRB Methodology should not extend beyond the scope and expectations of the UNGPs. This was raised by benchmarked companies and business associations.

Feedback Theme E - Disclosure

Summary of feedback: There is some information that companies cannot / should not disclose (*e.g.* because of the risk of class action in the US, the risks to (alleged) victims, or the inappropriateness of disclosing human rights impact assessments). This was raised by benchmarked companies and financial service providers.

Feedback Theme F - Extra Indicators

There was little consistency in suggestions for new indicators.

CHRB received contradictory feedback on whether the Methodology should include indicators to assess what companies do to go beyond 'do no harm'. While one benchmarked company, one non-benchmarked company and one consultancy argued that the CHRB Methodology should include indicators that reward initiatives that have a positive impact on human rights, a civil society organisation argued that if this were to happen, then consistency in selecting initiatives would be key, while another benchmarked company argued against any such indicators if they stray beyond the core company responsibilities outlined in the UNGPs.

CHRB also received contradictory feedback on whether indicators that assess the contribution of the Sustainable Development Goals (SDGs) to corporate human rights performance should be added to the Methodology. While a business association and an ESG research provider thought it would be a good addition, the opposite was reported by a benchmarked company, consultancy, NGO and investor. Others thought it would be a potentially useful addition, but only as a bonus point and if it was not too burdensome or difficult to assess in practice.

Other indicator suggestions from stakeholders included:

- Clean water (consultancy)
- Contextualizing company management proficiency / integrated approaches to human rights management (benchmarking company)
- Corruption (consultancy)
- Decent wage (consultancy)
- Discrimination in all 3 sectors (consultancy)
- Doing responsible business in conflict areas (NGO)
- Equal pay for equal work (separate from living wage) (consultancy)
- Poverty (consultancy)
- Quality education (consultancy)
- Reduced inequalities (consultancy)
- Sanitation (consultancy)
- Security of persons in Agricultural Products sector (consultancy)
- Tax responsibility (civil society organisation)

- Water and sanitation in Apparel (consultancy)
- Women's rights in Extractives industry (consultancy)

Feedback Theme G - Managing Expectations

Several consultation participants (benchmarked companies, multi-stakeholder association and civil society organisations) said that CHRB should clearly outline what the Methodology does and does not assess.

Feedback Theme H - Providing Guidance

Most stakeholder types said that guidance regarding what type of information or behaviour would score best for each indicator, and how scores are attributed, would be useful.

Most agreed that it is not the role of CHRB however to provide companies with advice and guidance on how to improve their score, as this would distract CHRB from its purpose, but CHRB could point to other resources (e.g. via the SHIFT and the UN Working Group on Business and Human Rights website).

Feedback Theme I - Scope of Assessment

There were several inputs from the non-civil-society stakeholders concerning the scope of the CHRB assessment. Companies and business associations reported that by including entities with 20% ownership structures in the assessment of a company, CHRB did not understand the nature of Joint Ventures and that this 20% limit should be revised.

Similarly, a benchmarked company suggested the methodology should clearly distinguish between indicators that apply to 'own operations' and those that apply to business relationships (instead of having to meet requirements in both areas to score).

Investors were keen to see an increased data set (more companies) and there were requests to expand into new regions (e.g. the Middle East).

Feedback Theme J - Scoring

CHRB's suggested changes to the scoring system, including the award of half points in areas with multiple requirements, received overwhelming support from all stakeholder types (with advice from consultancy that CHRB clearly indicates which indicators qualify for half points).

Feedback Theme K - Weighting

CHRB received some comments on measurement theme weightings. Some argued that the Pilot weightings were fine (civil society organisations, consultancies). Some proposed that the relative weightings be changed in the 2018 Methodology, but the suggestions CHRB received were contradictory and there was no strong push in one direction. For example, it was proposed that more weight should be given to performance measurement themes (benchmarked company, consultancy, investor, multi-stakeholder initiative); less weight should be given to the Transparency measurement theme (civil society organisation, consultancy) and more weight should be given to health and safety (business association).

Other / General Feedback

Below are other issues that were highlighted in the consultations, but do not fall under the above themes and were only raised by one / a few stakeholders:

- It would be useful to know how much overlap there is between the CHRB Methodology and existing reporting frameworks such as GRI (NGO).
- The methodology requires companies to address all the issues covered by indicators, when in fact companies focus on the most material issues (materiality is important in UNGPs too) (benchmarked company).
- Many indicators overlap which means companies score several times for the same thing (independent state institution).
- Some of the companies that scored very well have a bad record, which questions the credibility of the benchmark (civil society organisation).
- The CHRB Methodology is not sensitive to various geographical risk profiles of companies. CHRB treats all companies in the same way, regardless of the fact that some face higher risks due to their sector / the location of their operations (business association).
- Companies that operate in regions with lower risks and stronger regulation are disadvantaged because they do not need to have extra policies in place (benchmarked company).
- The current approach is too ‘academically focused’ (investor).
- CHRB needs to diversify its dataset or the type of sources it looks at, otherwise it is another reporting mechanism (civil society organisation).
- The CHRB Methodology is structured in such a way that there is a risk that some companies try to game the system: companies will focus on saying what CHRB asks for instead of changing practices on the ground (benchmarked company, business association).

WHAT CHRB DECIDED

The CHRB Methodology Committee reviewed all the feedback received. Based on this feedback, a final version of the 2018 Methodology was drafted, reviewed, amended and finalised by the Committee, with the CHRB Advisory Council kept updated with progress. Below is a summary of the decisions made, and how they relate to the consultation feedback.

Decisions on Specific Indicators

In relation to the changes proposed by the CHRB Methodology Committee as per the [Suggested Methodology Changes document](#), 24 out of the 37 indicator-specific suggested changes were accepted without further amendments. Where this is the case it is specified in tab 2, column J of the 2018 Methodology spreadsheet. This is where CHRB did not receive comments opposing those changes or received comments explicitly supporting them.

Where CHRB received specific comments on its proposed changes, suggesting further tweaks or asking for further clarifications, the Methodology Committee reviewed and discussed those. The recommendations received were very welcome as they generally helped to reinforce the clarity, consistency and logic of the Committee’s suggested changes. 13 indicators were revised following additional feedback. Where this is the case it is specified in tab 2, column K of the 2018 Methodology spreadsheet, and the list is also set out in the table below:

Indicators for which further changes were made following comments on CHRB’s suggestions (see the 2018 Methodology document for detail on the changes and their justification)

A.1.3	Commitment to respect human rights particularly relevant to the industry
A.1.4	Commitment to engage with stakeholders
B.1.4.a	Communication/dissemination of policy commitment(s) within Company's own operations
B.1.4.b	Communication/dissemination of policy commitment(s) to business relationships
B.1.5	Training on Human Rights
B.1.6	Monitoring and corrective actions
B.1.8	Approach to engagement with potentially affected stakeholders
B.2.5	Communicating: Accounting for how human rights impacts are addressed
C.3	Users are involved in the design and performance of the channel(s)/mechanism(s)
C.7	Remediating adverse impacts and incorporating lessons learned
D.1.3	Mapping and disclosing the supply chain (Agricultural Products)
D.2.3	Mapping and disclosing the supply chain (Apparel)
D.3.7	Security (in own extractive operations, which includes JVs)

CHRB also received suggestion for additional changes, not suggested by the CHRB Methodology Committee. In those cases, the Methodology Committee reviewed the suggested changes, and decided whether or not to alter the Methodology based on those suggestions. In 3 cases the Methodology Committee decided to revise indicators based on those suggestions. This is specified in tab 2, column K of the 2018 Methodology spreadsheet, and the list is also set out in the table below:

Indicators for which changes were made following comments not related to CHRB's suggestions (see the 2018 Methodology spreadsheet for detail on the change and its justification)	
A.1.3 (EX) Commitment to respect human rights particularly relevant to the industry (Extractives)	<p>Comment received: CHRB received a comment regarding the score 1 requirement for this indicator should refer to the International Code of Conduct of Private Security Providers <i>Association</i> (ICoCA), not ICoC, given that membership can only be to the Association and not the Code. CHRB also received a comment that the second requirement should refer to the <i>relevant parts</i> of the instruments mentioned.</p> <p>CHRB decisions: The CHRB Methodology Committee considered that those comments were valid and changed the score 1 requirements accordingly. It now reads as follows:</p> <p><i>The Company has a publicly available statement of policy committing it to Respecting human rights in maintaining the safety and security of operations based on relevant UN instruments or is a participant in the Voluntary Principles on Security and Human Rights (VPs) or only uses security providers who are members of the International Code of Conduct of Private Security Providers Association (ICoCA) AND to respecting indigenous peoples rights or references the relevant part(s) of the ILO Convention on Indigenous and Tribal Peoples No.169 or of the UN Declaration on the Rights of Indigenous Peoples. In addition, the Company's policy commitment(s) also expects its extractive business partners to make these commitments.</i></p>
A.1.6 Commitment to respect the rights of human rights defenders	<p>Comment received: CHRB received many comments on this indicator. Some of those were that protecting human rights defenders is the responsibility of governments and therefore falls outside the scope of company responsibilities.</p> <p>CHRB decision: The CHRB Methodology Committee decided to reformulate the score 1 requirements of this indicator, to clarify that what is expected is for the Company <i>not to contribute to, or tolerate, threats, intimidations and attacks against human rights defenders in relation to its own operations.</i> It now reads as follows:</p>

Indicators for which changes were made following comments not related to CHRB's suggestions (see the 2018 Methodology spreadsheet for detail on the change and its justification)	
	<i>The Company has a publicly available statement of policy committing it to zero tolerance of neither tolerate nor contribute to threats, intimidation and attacks (both physical and legal) against human rights defenders in relation to its operations.</i>
D.3.7 Security (in own extractive operations, which includes JVs)	<p>Comment received: CHRB received a comment that the score 2 requirement for companies to 'provide security services to local communities' went beyond the bounds of the UNGPs.</p> <p>CHRB decision: The CHRB Methodology Committee agreed to reformulate score 2 of indicator D.3.7 in light of the comments received. It now reads as follows:</p> <p><i>The Company also provides evidence that it extends its security assessment(s) and protection measures to cover the security concerns of local communities around its operations where indicated by security assessments, AND works with community members to improve security and prevent or address any tensions, such as by increasing the proportion of security provided by the local community.</i></p> <p><i>The Company provides evidence that its security and human rights assessments include inputs from the local community, including about their security concerns AND provides an example of working with community members to improve security or prevent or address tensions related to its operations.</i></p>

Overall, CHRB received a considerable amount of feedback and it was not always possible to accommodate the comments received. In some cases therefore, the Methodology Committee decided not to make further changes to specific indicators. This was generally because those comments failed to meet one or more of the following criteria:

- The comment contains a clear suggestion on how to solve the issue raised;
- The suggestion is in line with the spirit of the UNGPs, on which the CHRB Methodology is built;
- The suggestion is supported by many stakeholders;
- The suggestion is not contradicted by suggestions from other stakeholders;
- The suggestion is not already covered in another area of the Methodology;
- The suggestion does not require further consultations before it can be added to the Methodology (if it does, it will be considered for the next Methodology update).

The table below lists several examples of suggestions that the CHRB Methodology Committee decided not to implement, with a justification for each.

Suggestions that were not adopted by the CHRB Methodology Committee, with justifications		
Indicator	Suggestion	Decision and justification
A.1.4 Commitment to engage with stakeholders	CHRB received comments according to which "stakeholders" is too broadly defined to be meaningful in its guidance definition.	The CHRB Methodology Committee decided not to implement the suggested change to this indicator. The definition of "stakeholders" has to be broad given that "affected and potentially affected" stakeholders can apply to many different types of stakeholders depending on the context the company operates in. The definition does specify that the list of stakeholders the company is

Suggestions that were not adopted by the CHRB Methodology Committee, with justifications		
Indicator	Suggestion	Decision and justification
		expected to engage with will “[depend] on the nature of the company's operations”.
A.1.6 Commitment to respect the rights of human rights defenders	CHRB received comments that specific rights holders should not be singled out in the Methodology, and should instead be considered to be covered by general commitments that apply to all individuals affected by the company.	The CHRB Methodology Committee decided not to delete this indicator given the importance of the role of human rights defenders in promoting respect for human rights, as well as the particular risks human rights defenders face and special attention given to the situation of human rights defenders in recent years (see the work of the UN Special Rapporteur on the situation of human rights defenders which was established in 2000). For these reasons, the indicator which had been half-weighted in the Pilot is now fully weighted in the 2018 Methodology.
B.1.2 Incentives and performance management	CHRB received comments according to which health and safety is a key industry risk in the extractives industries and should not be singled out in the Lock requirement.	The CHRB Methodology Committee decided to not implement the suggested change to this indicator, on the basis that health and safety is already a mature issue. Health and safety does qualify as an issue for this indicator, but it is broadly defined to cover the health and safety of local communities and workers of extractive business partners.
B.1.6 Monitoring and corrective actions	CHRB received a comment according to which the Lock 1 requirement to use third party/external monitors or auditors to monitor suppliers went beyond the scope of the UNGPs.	The CHRB Methodology Committee decided not to implement the suggested change to this indicator, on the basis that using third party/external monitors or auditors is only proposed as an option, it is not compulsory – it is an option so that companies that use third party/external monitors instead of monitoring their suppliers themselves can score. It is acceptable for the CHRB Methodology to go beyond the scope of the UNGPs as long as its interpretation is in line with the spirit of the Principles.
C. Remedy	CHRB received a comment that ‘section C. Remedy’ needs to evaluate the efficiency of remedy both in terms of providing remedy to victims and of changing policies and management systems to prevent similar cases in the future.	The CHRB Methodology Committee decided not to implement the suggested change to measurement theme C. Remedy, on the basis that it already assesses the two elements of remedy described in the comment, in indicator <i>C.7 Remedying adverse impacts and incorporating lessons learned</i> .
C.6 Company involvement with State-based judicial and non-judicial grievance mechanisms	CHRB received comments that this indicator requires companies to make a negative commitment (a commitment not to do something), whereas the Methodology should stick	The CHRB Methodology Committee decided not to delete this indicator. The ‘commitment to not impeding access to state-based judicial or non-judicial mechanisms’ was originally included in the Methodology because this issue was highlighted as particularly important in the multi-stakeholder consultations conducted between 2014 and 2016. Several stakeholders, some with legal

Suggestions that were not adopted by the CHRB Methodology Committee, with justifications		
Indicator	Suggestion	Decision and justification
	to requiring companies to make positive commitments (commitments to do something).	expertise, insisted that there had been cases in which affected individuals or communities participating in grievance/mediation process had been required to waive their legal rights to bring a claim through a judicial process as a condition of participating in the grievance/mediation process. Indicator C.6 seeks to prevent these situations from occurring
D.1.7/D.2.7/D.3.4 Health and Safety	CHRB received a comment that Health and Safety indicators in section <i>D. Human Rights Practices</i> were too narrow in scope and should also cover the health and safety of communities that live in the vicinity of company operations, beyond employees and workers hired by the company.	The CHRB Methodology Committee decided not to implement the suggested change to this indicator. This is because such obligations are not clearly attributed to companies in the UNGPs, and because of the sensitivities around company requirements that extend beyond the scope of their operations or those of their suppliers (see for example comments received on indicator <i>D.3.7 Security</i>).
D.3.5 Indigenous peoples rights and free prior and informed consent (FPIC)	CHRB received a comment according to which there is no consensus on the score 2 requirement for companies to obtain consent and that it goes beyond the bounds of the UNGPs, and that the indicator should therefore require companies to consult indigenous people but not obtain their consent.	The CHRB Methodology Committee decided not to implement the suggested change to this indicator, on the basis that it considered there was sufficient consensus around consent to include it in the indicator (see for example the ICMM position on FPIC). Besides, the UNGPs state that companies should refer to “United Nations instruments [that] have elaborated further on the rights of indigenous peoples” (Commentary to article 12).

Decisions in Relation to the Serious Allegations Measurement Theme

In light of the feedback received in relation to measurement theme *E. Serious Allegations*, the CHRB Methodology Committee decided to:

- Stick to the Pilot Methodology thresholds for the selection of allegations;
- Remove the rule where companies with no allegations received an automatic 20 points;
- Adopt the rule that companies with no allegations will receive a score that amounts to the average of their score in all other measurement themes as a proxy;
- Not implement the Methodology Committee’s proposal to add further refinements to assess a company’s response ranging from hostile to non-responsive to proactive;
- Make some changes to indicator E.3 to clarify expectations (see 2018 Methodology document for detail);

- Maintain the rule described on p. 42 of the Pilot Methodology that only publicly disclosed information will be considered, except in cases where this would conflict with victim protection or where an on-going court case requires confidentiality (on a case-by-case basis);
- Maintain the rule described on p. 112 of the Pilot Methodology that it will consider allegations that occurred within the previous three years from the start date of the annual CHRB research period (including allegations in relation to assets owned by the company at the time of the alleged severe human rights impact(s)); and
- Ensure there is more clarity on the requirements and scoring for this Measurement theme (including doing away with the weighting rules described on pp. 116-117 of the Pilot Methodology, which introduced extra complexity).

Decisions regarding the Transparency Measurement Theme

In light of the feedback received in relation to measurement theme *F. Transparency*, including on the CHRB proposed changes, the CHRB Methodology Committee recognised that the pilot approach to assessing transparency was overly burdensome for researchers and that the utility of the stand-alone section was not fully understood by many of the stakeholders interested in the Methodology. Theme F has been considerably revised to achieve the following aims:

- Make the theme simpler to assess and understand
- Continue to reward companies that demonstrate a willingness to disclose information (new indicator F.1)
- Continue to give credit to companies that use existing good practice reporting frameworks (new indicator F.2)
- Give credit to companies that meet criteria in specific indicators that represent high quality of disclosures (new indicator F.3)

Theme F still represents 10% of the overall CHRB score, but is now divided into three sub-sections, detailed in the 2018 Methodology spreadsheet.

Decisions regarding Alignment with the UNGPs

The CHRB Methodology Committee made some amendments to specific indicators to ensure better alignment with the UNGPs (see indicator D.3.7 for example). However, the CHRB Methodology Committee considers that the CHRB Methodology should not be strictly limited to assessing the implementation of the UNGPs, especially when practicalities demand some flexibility (see the explanation in relation to indicator B.1.6 on p. 13 above for example), as long as the CHRB Methodology remains in line with the spirit and intentions of the Guiding Principles.

Decisions regarding Disclosure

The CHRB Methodology Committee decided to continue to use publicly available evidence as described on p. 42 of the Pilot Methodology. This aims to encourage greater disclosure of information by companies and supports greater corporate transparency. The CHRB encourages companies to include relevant information in their own documentation and websites and in their formal reporting. Companies can also make any new statements or information publicly available through the CHRB Disclosure Platform.

The decision to rely on publicly available evidence was based on three years of extensive consultations which suggested that public transparency, combined with public rankings of companies' performance, is a key tool in driving a race to the top in corporate human rights performance.

Decisions regarding Extra Indicators

The CHRB Methodology Committee welcomed the suggestions it received on new indicators. Given the implications for companies and for the research processes of adding new indicators to the Methodology, the Methodology Committee considers that further consultations are required before this can be done. The Methodology Committee will therefore select the most crucial additions from the list of suggestions and propose some drafting for new indicators at the next Methodology review consultations.

Decisions regarding Managing Expectation

The Methodology Committee understood the need for more clarity on what the CHRB Methodology does and does not assess. A full Methodology document will be published in January 2018 to accompany the 2018 Methodology spreadsheet. That document will clearly explain what is covered by the CHRB assessment.

Decisions on Providing Guidance

The CHRB Methodology Committee understood the need for more guidance on what the Methodology requires and how scores are attributed. Many of the proposed Methodology changes aim to clarify and/or simplify requirements and an optional form will be published on the CHRB website at the beginning of the 2018 assessment cycle so that companies (benchmarked or not) can assess which requirements are addressed by their publicly available documents. The CHRB will also ensure that scores in relation to every indicator in the assessment are clearly explained in company scorecards.

Decisions on Scope of Assessment

The CHRB Methodology Committee welcomed comments on the scope of the CHRB assessment. Regarding Joint Ventures, the Methodology Committee decided to maintain the rule that Joint Ventures in which the company has at least 20% equity stake **will** be included as part of the company for the purposes of the assessment as this represents a sufficient stake to exert significant leverage.

With regards to the suggestion to assess the company's own operations and the company's business relationships under separate indicators, the Methodology Committee considered that both sets of requirements should continue to be required to score full points under relevant indicators. However, the introduction of half scores will allow companies to obtain partial points if they meet only own operation requirements or only business relationship requirements.

Regarding the suggestion to increase the CHRB data set to cover more companies and more regions, CHRB will aim to do so in future versions of the benchmark, but will stick to the same three sectors and companies (with a few additions to pre-empt reductions in numbers through mergers etc) for the 2018 assessment.

Decisions regarding Scoring

In light of the overwhelming support for the CHRB suggested changes to scoring expressed during the consultations, CHRB has revised its scoring system to include half scores, as described in the 'Scoring' tab of the 2018 Methodology document.

The Methodology Committee also understood the need for more guidance and clarity on scoring, and therefore developed scoring tables which are also available in the 'Scoring' tab of the 2018 Methodology document.

Decisions regarding Weighting

Given that the feedback CHRB received on the weighting rules used to calculate company scores did not push strongly in one direction or another, the CHRB Methodology Committee decided to maintain the measurement theme weightings used in the Pilot Methodology. There were several small changes to specific indicator weighting rules within measurement themes, and those are highlighted in the ‘Scoring’ tab of the 2018 Methodology document.

Decisions regarding other / general feedback

With regards to the other feedback points listed in section 2 which do not fall under the above themes and were only raised by one / a few stakeholders, the CHRB Methodology Committee made the following remarks or decisions:

- Regarding overlap between the CHRB Methodology and recognised reporting frameworks: The [UNGP Reporting Framework’s cross-reference tool](#) constitutes a useful resource. It allows to compare different frameworks (e.g. CHRB, the Global Reporting Initiative, KnowTheChain) and to focus on specific subjects.
- Regarding the point that ‘companies focus on the most material issues which do not necessarily include all the issues covered in the CHRB Methodology’: The Methodology does take materiality into account. It is a key concept throughout measurement theme *B. Embedding Respect and Human Rights Due Diligence* where most requirements focus on the salient human rights issues identified by the company.
The CHRB Methodology also incorporates ‘key industry risks’ typically faced by companies in each industry. These are risks commonly regarded as potentially severe or likely within the industry. Companies are expected to demonstrate how they are preventing them through a process of human rights due diligence, or why they are not relevant for their operations. These key industry risks were identified through extensive research and multi-stakeholder consultation that led to the development of the Pilot Methodology. Companies will undoubtedly have additional salient and/or material human rights risks that must be managed.
- The CHRB Methodology Committee recognised that some requirements appeared several times in different parts of the methodology and sought to address these issues through some of the changes it suggested and implemented to the Methodology.
- Regarding the comment that ‘some of the companies that scored very well have a bad record, and that this questions the credibility of the Benchmark’: The research was conducted in line with the CHRB Methodology, which is the result of extensive multi-stakeholder consultations and the scores reflect this assessment. CHRB engaged in a process of revising the Methodology so that any issues with the assessment can be addressed, including possible issues with the Serious Allegations measurement theme. Additionally, no companies scored over 70% in the methodology. While some companies outperformed their peers, no company is scoring full marks for their human rights performance.
- Regarding the comment that ‘the CHRB Methodology is not sensitive to various geographical risk profiles of companies’, and the contrasting comment that ‘companies that operate in regions with lower risks and stronger regulation are disadvantaged because they do not need to have extra policies in place’: The CHRB Methodology applies the same requirements to all companies but accommodates for different company profiles through identifying industry-specific risks but also through assessing companies on their most material and salient risks, as described above in relation to materiality. The Methodology is grounded in the UNGPs and respect for human rights should not be dependent on location. It would be as unreasonable to give additional points to companies because they operate in a higher risk environment as it would be to take away points from a company that only operates in a strong regulatory environment.

- Regarding the comment that ‘the current approach is too ‘academically focused’’: CHRB recognised that some elements of the Methodology needed to be tweaked to be more grounded in practical realities faced by companies and researchers. These issues have been taken into account in the Methodology review and reflected in the 2018 Methodology.
- Regarding the comment that ‘CHRB needs to diversify its dataset or the type of sources it looks at’: Currently, the CHRB assessment uses publicly available evidence coming from companies’ websites, their formal financial and non-financial reporting or other public documents, as well as external sources of information, such as press articles, external reports or others sources in measurement theme *E. Responses to Serious Allegations*.
This is due to the deliberate emphasis on transparency throughout the Methodology, which is explained under the section ‘Decisions on Disclosure’ above. CHRB recognises that doing justice to the complexity of issues involved is challenging and recognises that the results of its assessment is a proxy and not an absolute measure. CHRB encourages other stakeholders to use CHRB resources as a starting point for further assessments and investigations, including the internal/undisclosed aspects of company human rights performance.
- Regarding the comment according to which there is a risk that some companies will try to ‘game the system’: The Methodology Committee is aware that some companies may try to do so and the Methodology was therefore designed with a high-bar: If companies only do the minimum required to score points, fulfilling those ‘minimum requirements’ should lead to an improvement of their human rights commitments, policies and practices.