

# Corporate Human Rights Benchmark special process for major catastrophic events

The Corporate Human Rights Benchmark (CHRB) assessment provides a snapshot in time, looking at a company's human rights performance over the course of a benchmarking cycle. Its current methodology is not designed to adequately address major catastrophic events with severe negative human rights impacts. In order to respond to exceptional circumstances connected to benchmarked companies, the CHRB reserves the right to apply the following temporary measures depending on the scope, scale and remediability of the human rights impacts of the catastrophic event: (i) reduce companies' scores in the benchmark and (ii) establish remedial steps that must be taken to restore the companies' placement and scoring in the benchmark.

These measures are meant to better reflect expected company responses in cases of major catastrophic events and ensure that the benchmark remains a robust and credible source of data. In addition, these measures also encourage benchmarked companies to respond to such events in a transparent manner that prioritises actions to engage with, and provide remedy to, affected stakeholders.

## Category 1 – Major catastrophic events with severe negative human rights impacts to the right to life or health of affected stakeholders that were caused or contributed to by the company.

### Step 1: CHRB assessment following the event

- In cases of major catastrophic events resulting in severe negative human rights impacts to the right to life or health of affected stakeholders (wide-scale loss of life, and/or wide-scale serious injuries), the CHRB reserves the right to temporarily suspend the company from the benchmark for a period of three months. The CHRB will notify the company of its decision.
- During those three months the CHRB will assess the situation, including the level of involvement of a company following the UNGPs definition of *cause and contribute* to consider a company's responsibility for the adverse human rights impact, as well as the scale, scope and irremediability of the impact.
- If CHRB confirms its initial view that the event has given rise to severe negative human rights impacts as set out above, CHRB will then half the company's score (cap it at 50% of its underlying score prior to the event) for two benchmarking cycles, notify the company and append a statement to its scorecard and ranking on the WBA website, referencing the specific event and the adjusted scoring.

### Step 2: Assessing company responses to the event

The CHRB will take the following considerations into account to determine whether the company's score should be gradually restored during and after the two benchmarking cycles following the event:

1. **12 months after the event**, the company would be able to re-gain up to 25% of its score (company's score will be capped at 75% instead of 50% of the underlying score) if it took the following immediate steps in response to the event:
  - The company conducted and made public an immediate assessment of its systems, including related operational processes and infrastructure, to prevent further harm from the incident and to take any immediate steps to prevent similar impacts from happening in the future. The views of affected stakeholders should be sought and disclosed as part of this assessment and the company should make public how it is acting upon the conclusions reached.
  - The company appointed an independent committee including stakeholder representatives to review the event, in a manner that is transparent, independent and co-designed with affected stakeholders, to identify and assess the root causes and immediate causes of the event, including systemic and structural issues, and recommend actions to the board and to others. The conclusions of the review and its recommendations should be made public to build trust in the results and as a measure of respect for the stakeholders affected, and the company should respond publicly to the findings.
  - The company provided immediate and appropriate forms of remedy, including compensation to victims and their families and their communities as appropriate to provide immediate relief.
  
2. **24 months after the event**, the company would be able to re-gain the remaining 25% of its score (the cap on its score will be removed) if it took or continues to take the following mid and long-term steps to respond to the event:
  - The company sets out clearly how it provides for or cooperates in longer-term remediation programmes to and with victims and their communities as appropriate in a manner that is acceptable to the overwhelming majority of them and co-operates fully with any legal or administrative procedures designed to deliver remedy to victims.
  - The company describes longer term changes to its systems, processes and practices to prevent similar adverse impacts in the future, which have been reviewed by competent authorities, experts or other relevant stakeholders.
  - The company initiates or is co-operating fully with industry-led initiatives, government and other stakeholders to address the causes and consequences of the event to support wider action. The company accepts and sets out clearly how it is acting upon the conclusions of any such reviews/proposals as far as its own operations are concerned.

## Category 2 – Major catastrophic events with severe negative human rights impacts other than to the rights to life or health caused or contribute to by the company.

### Step 1: CHRB assessment following the event

- In cases of major catastrophic events resulting in severe negative human rights impacts involving human rights other than the rights to life or health of affected stakeholders, the CHRB reserves the right to temporarily suspend the company from the benchmark for a period of three months. The CHRB will notify the company of its decision.
- During those three months the CHRB will assess the situation, including the level of involvement of a company following the UNGPs definition of *cause and contribute* to consider a company's responsibility for the adverse human rights impact, as well as the scale, scope and irremediability of the impact.
- If CHRB confirms its initial view that the event has given rise to severe negative human rights impacts as set out above, CHRB will then reduce the company's score by 30% (cap it at 70% of its underlying score prior to the event) for two benchmarking cycles, notify the company and append a statement to its scorecard and ranking on the WBA website, referencing the specific event and the adjusted scoring.

### Step 2: Assessing company responses to the event

The CHRB will take the following considerations into account to determine whether the company's score should be gradually restored:

1. **12 months after the event**, the company would be able to re-gain up to 15% of its score (company's score would be capped at 85% instead of 70% of the underlying score) if it took the following immediate steps in response to the event:
  - The company conducted and made public an immediate assessment of its systems, included related operational processes and infrastructure, to prevent further harm from the incident and to take any immediate steps to prevent similar impacts from happening in the future. The views of affected stakeholders should be sought and disclosed as part of this assessment and the company should make public how it is acting upon the conclusions reached.
  - The company appointed an independent committee including stakeholder representatives to review the event, in a manner that is transparent, independent and co-designed with affected stakeholders, to identify and assess the root causes and immediate causes of the event, including systemic and structural issues, and recommend actions to the board and to others. The conclusions of the review and its recommendations should be made public to build trust in the results and as a measure of respect for the stakeholders affected, and the company should respond publicly to the findings.

- The company provided immediate and appropriate forms of remedy, including compensation to victims and their families and their communities as appropriate to provide immediate relief.
2. **24 months after the event**, the company would be able to re-gain the remaining 15% of its score (the cap on its score will be removed) if it took or continues to take the following mid and long-term steps to respond to the event:
- The company sets out clearly how it provides for or cooperates in longer-term remediation programmes to and with victims and their communities as appropriate in a manner that is acceptable to the overwhelming majority of them and co-operates fully with any legal or administrative procedures designed to delivery remedy to victims.
  - The company describes longer term changes to systems, processes and practices to prevent similar adverse impacts in the future, which have been reviewed by competent authorities, experts or other relevant stakeholders.
  - The company has initiated or is co-operating fully with industry-led initiatives, government and other stakeholders to address the causes and consequences of the event to support wider action. The company accepts and sets out clearly how it is acting upon the conclusions of any such reviews/proposals as far as its own operations are concerned.