



# Corporate Human Rights Benchmark 2023

**Insights Report**

November 2023

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# Executive summary

This 2023 iteration of the Corporate Human Rights Benchmark (CHRB), which focuses on companies in the extractives and apparel sectors, shows that while some companies are demonstrating transformative change, the average pace of improvement remains too slow. In particular, our assessment highlights the failure of many companies to involve rightsholders effectively and meaningfully throughout key parts of their process to respect human rights.

The extractives and apparel sectors are both characterised by a high risk of negative impact on human rights, albeit in different ways, and are increasingly under scrutiny for their infringements on the rights and well-being of individuals and communities linked to the sectors' operations and value chains. In the extractives sector, human rights issues often revolve around land use, environmental impact and labour conditions. Local communities can face displacement, environmental degradation and health risks. In the apparel sector, human rights concerns frequently centre on labour conditions and issues concerning gender equality at manufacturing sites. Garment workers, who often live in low- and middle-income countries, may encounter unsafe workplaces, inadequate wages and limited job security. The 2023 iteration of the CHRB is the fifth time these sectors have been assessed.

The 2023 CHRB highlights that while most companies (70%) are making progress towards fulfilling their responsibility to respect human rights, the pace of improvement remains too slow to deliver the change that rightsholders so urgently need. There are still 47% of extractives and 62% of apparel companies that score below 20 out of 100 points – demonstrating that a large group of companies is not keeping up with stakeholder expectations on human rights.

Nevertheless, a group of 12 companies in the 2023 benchmark display substantial and rapid strides, demonstrating that transformative change is possible. Their journeys can provide insight into ways other companies can accelerate progress (see [Key finding one](#)). In particular, we see that clear internal responsibility and capacity building on human rights are key for translating commitments into action, with companies that do both outperforming their peers by 150% (see [Key finding two](#)).

Across the different themes assessed in the benchmark, critical gaps emerge with regard to the involvement of and consultation with rightsholders by companies. Notably, most companies are failing to include rightsholders in their human rights due diligence (HRDD) processes (see [Key finding three](#)). Further, while companies have improved access to grievance mechanisms, they are failing to ensure the meaningful participation of rightsholders needed to provide fair remedies (see [Key finding four](#)). Without the involvement of those affected, the value of HRDD and remediation outcomes are questionable. The lack of companies' disclosure on their efforts to guarantee rightsholder involvement reveals a prevailing tendency to view human rights primarily through a risk-to-business lens rather than adopting a rightsholder-centric approach. Engaging with rightsholders empowers affected individuals to share experiences and concerns, fosters trust and enhances a company's capacity to effectively address human rights challenges.

Finally, a closer look at companies in the apparel sector reveals a wide gap between the expectations companies place on their suppliers and the implementation of practices that create an enabling environment that would further human rights and gender equality in the supply chain (see [Key finding five](#)). To ensure that forthcoming legislation targeting human rights in the value chain, such as the



European Union's Corporate Sustainability Due Diligence Directive, truly benefits workers upstream, companies must be urged to support their suppliers in achieving success.

As we reflect on the progress and challenges in corporate responsibility, it is important to recognise that the road to positive change is both an opportunity and a responsibility. The remaining gaps for improvement call for diverse strategies, and this report provides recommendations for actions that different stakeholders can take. To ensure better lives for those people who are or can be affected by company activities, companies and their stakeholders such as investors and policymakers need to emphasise the importance of both proactively addressing risks to people and establishing comprehensive remediation processes. These processes should involve rightsholders in order to ensure empowerment, fairness and equitability between companies and those that they affect.

This report also outlines activities initiated by the World Benchmarking Alliance aimed at accelerating progress on corporate respect for human rights as we remain committed to working with various stakeholders. Activities scheduled for next year include a CHRB year of impact and review, a dedicated Collective Impact Coalition and Community of Practice, and the launch of our Social Benchmark.

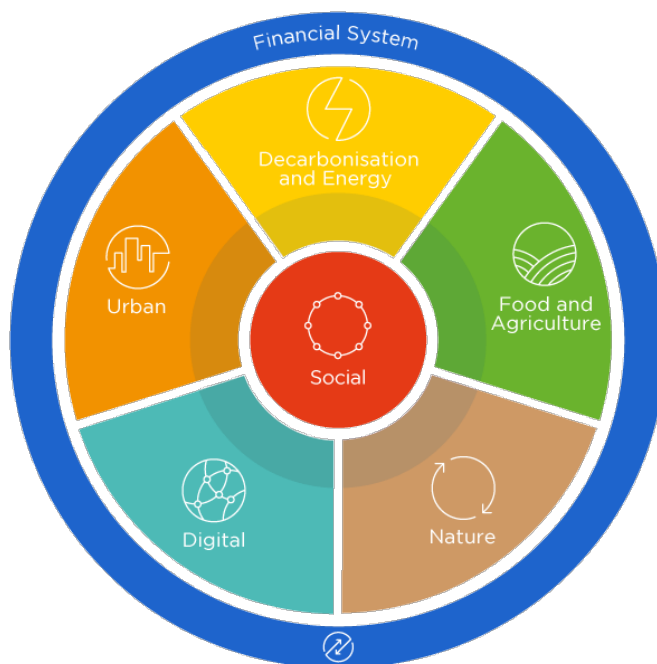


# Introduction

## Benchmarking for a better world

The World Benchmarking Alliance (WBA) is a non-profit organisation that develops free and publicly available benchmarks to hold 2,000 of the world's most influential companies accountable for their part in achieving the Sustainable Development Goals (SDGs). Our benchmarks are grounded in the seven transformations needed to put our society, planet and economy on a more sustainable and resilient path.

FIGURE 1: WBA'S SEVEN SYSTEMS TRANSFORMATIONS



The SDG agenda aims to 'realise the human rights of all'. Human rights are inextricably linked to the SDGs, with over 90% of the SDG targets directly connected to international and regional human rights instruments and labour standards. This is reflected in the central premise of the SDG agenda to 'leave no one behind'. Recognising this, WBA's seven systems transformations model has the social transformation at its heart. Respect for human rights is the basis for this transformation and a necessary condition for all system transformations.

WBA recognises that preventing negative impacts on workers, communities and consumers is one of the more pressing challenges almost every company faces. The commitment to eliminate the inequalities that rightsholders face, which is essential to achieve the SDGs, will require businesses to embed their values in the way they work and who they choose to work with. The CHRB seeks to tap into the competitive nature of the market as a powerful driver for change in confronting this challenge. As such, WBA assesses all 2,000 companies on human rights through our Core Social Indicators, and takes a more in-depth look at sectors identified as high risk in terms of their human rights impacts through the CHRB. The CHRB looks at the policies, processes and practices companies have in place to systematise their human rights approach, as well as how they respond to serious



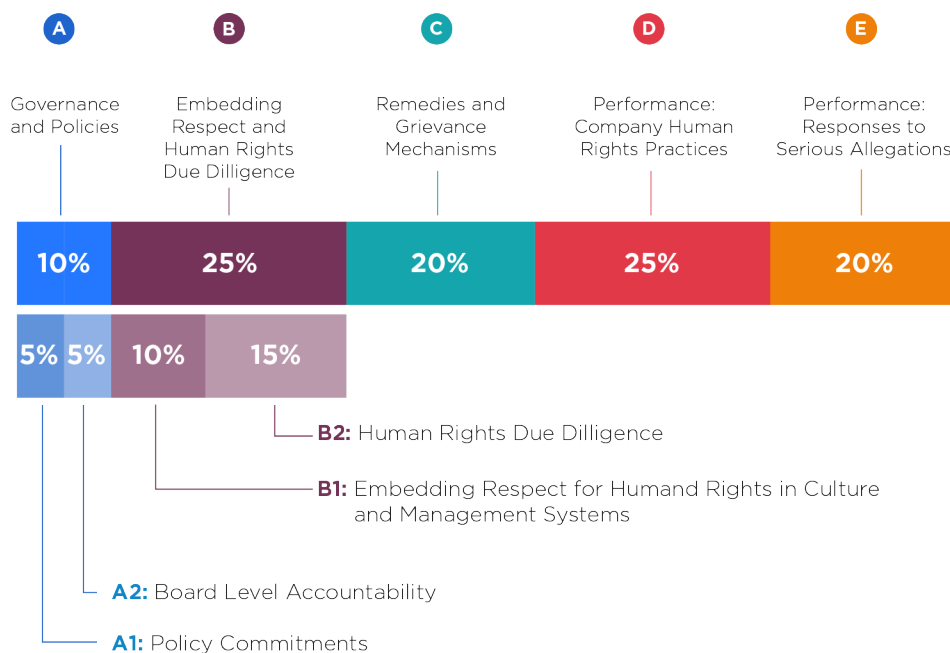
allegations. Within the Social Transformation, WBA assesses companies on their gender equality and women’s empowerment performance. The [2023 Gender Benchmark](#) takes a dual approach to assessing companies on gender equality, aiming for both scale and depth. The Gender Assessment focuses on scale and applies a subset of the full [Gender Benchmark methodology](#) to 1,000 of the SDG2000 companies in 2023, while the Gender Benchmark applies the full methodology across two sectors that have been identified as having a great impact, both positive and negative, on gender equality: apparel, and food and agriculture.

## Methodology summary

The CHRB methodology is composed of five measurement themes, each containing a series of indicators focusing on different aspects of how a company seeks to respect human rights across its own operations and supply chain. The measurement themes are governance and policy commitments, embedding respect for human rights and conducting human rights due diligence, grievance mechanisms and access to remedy, specific practices to prevent human rights impacts in each sector, and company responses to allegations of serious negative impacts on human rights. These indicators are grounded in the UN Guiding Principles on Business and Human Rights (UNGPs) and other international human rights standards, with additional sector-specific requirements applied to some indicators.

A detailed description of the CHRB methodology and indicators can be found on [WBA’s website](#).

FIGURE 2: CHRB MEASUREMENT THEMES AND THEIR WEIGHTING



The CHRB assesses companies on a biannual cycle and covers two sectors in 2023: apparel (55 companies) and extractives (55 companies). Last year’s [CHRB](#) covered three sectors: food and agricultural products (57 companies), ICT manufacturing (43 companies) and automotive manufacturing (29 companies). This year’s assessment thus completes the fifth iteration of the CHRB.



### Revised methodology

In the spirit of continuous improvement, the CHRB seeks to ensure that its approach remains up-to-date and relevant, based on learnings, stakeholder input as well as evolving international and industry-specific standards on human rights and responsible business conduct. In 2021, the CHRB published a revised methodology following an extensive literature review and [two-phase consultation process](#) in 2020 and 2021.

The revised methodology places more emphasis on companies' actual human rights performance, with an integrated focus on the types of stakeholder engagement undertaken at the various stages of a business's operations. New topics such as business model, strategy, risks and recruitment fees have also been included.

We hope that the revised methodology and the completed fifth iteration of the CHRB will help to reinforce these new standards and raise the bar, as well as provide a road map for companies to fulfil their responsibility to respect the human rights of the individuals and communities they impact.

### Assessment process

The CHRB assessment consists of two research phases and allows for companies to engage on their assessment. During the initial research phase at the beginning of the calendar year, the research team analyses company disclosures that are publicly available by 1 February 2023 and produces a draft assessment per company.

To emphasise the importance of transparency to all stakeholders, the CHRB assessment is based on publicly available information such as a company's website(s), its formal financial and non-financial reporting or other public documents, and policy documents. Measurement theme E, which assesses company responses to serious allegations of negative human rights impacts, is partially based on third-party sources for the identification of cases and certain aspects of the company's response.

After the initial research phase, companies receive their draft assessment for review. Companies can schedule an engagement call with the CHRB team to ask questions about the draft assessment and the methodology and can provide written feedback. Feedback can include reference to newly published sources that are publicly available by the feedback deadlines in June and July. This year, 51% of apparel companies and 53% of extractive companies engaged with the CHRB on their assessment.

During the second research phase, the CHRB research team reviews the feedback received from companies and revises assessments accordingly. The final publication in November 2023 includes a [ranking, dataset](#), individual [company scorecards](#) and this insights report. Companies receive their scorecard and results several days prior to the publication.

FIGURE 3: CHRB ASSESSMENT PROCESS



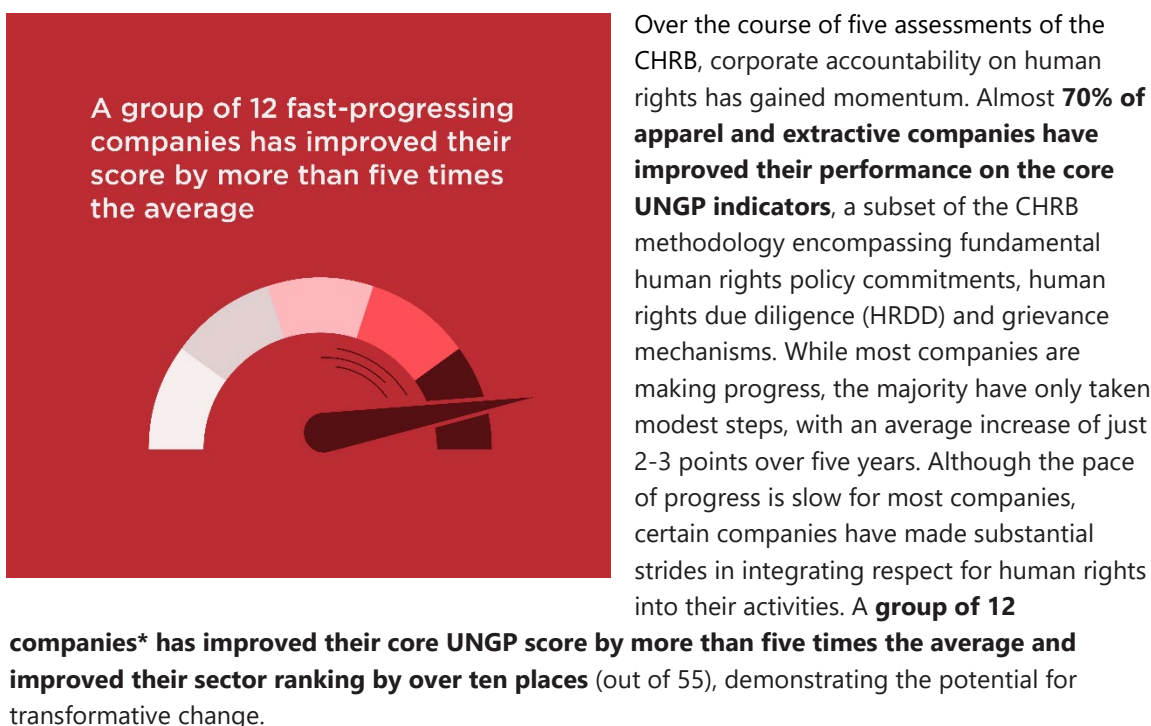


# Key findings

After five iterations of the CHRb, this year's findings offer insight into progress on corporate respect for human rights over time, as well as gaps that remain. While some companies have been able to establish leading practices and can offer learnings to their sector as a whole, there remains considerable room for improvement overall, particularly in the inclusion of and consultation with rightsholders in company processes.

## Key finding one: Some companies show that transformative change is possible within five years

FIGURE 4: IMPROVEMENT OF SCORE BY FAST-PROGRESSING COMPANIES



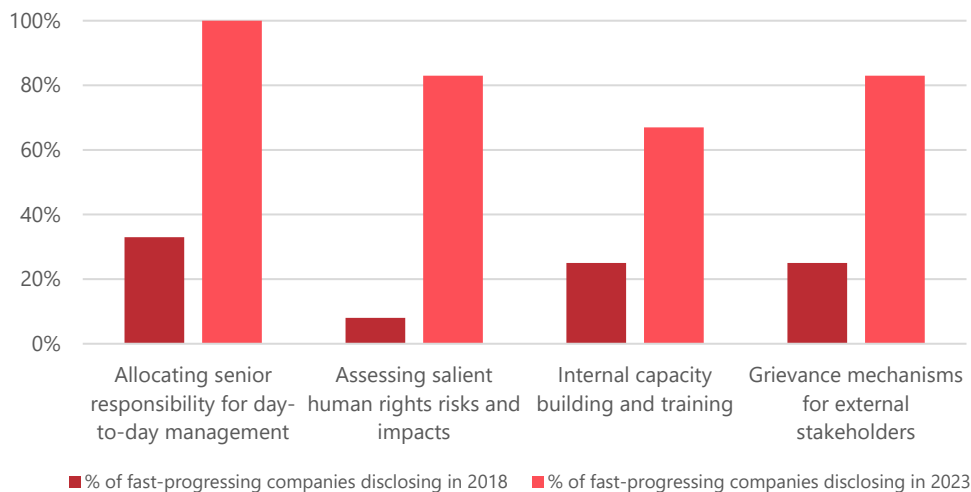
\*In alphabetical order: Amazon, ENEOS, Heidelberg Materials, Hermes, LPP, NLMK Group, Nornickel, OMV, Puma, Ralph Lauren, UltraTech Cement, Wesfarmers. See table 1 and 2 under sector results for changes in ranks.

What are these fast-progressing companies doing differently now? Firstly, they have assigned senior-level responsibilities for human rights and structured the day-to-day management of human rights. While only a third of the companies implemented these changes in their first iteration, it is now a standard practice among all of them. Secondly, they have improved their HRDD processes. Initially,



only 8% of the fastest-progressing companies assessed their salient human rights risks and impacts; now 83% of them do. Thirdly, they have built internal capacity, with the share of companies providing training on human rights rising from 25% to 67% in the last five years. Lastly, fast-progressing companies have implemented grievance mechanisms for external stakeholders and taken measures to prevent retaliation against those raising complaints. Only 25% of the companies disclosed these mechanisms and measures in their first iteration. Today, 83% of companies disclose information on external grievance mechanisms and 92% on measures against retaliation.

FIGURE 5: CHANGE IN DISCLOSURE BY FAST-PROGRESSING COMPANIES



These practices have allowed this group of companies to embed human rights into multiple levels of their operations, comprehend the potential risks and impacts that their activities pose to people on the ground, and provide rightsholders with a platform to voice their concerns about the company's impacts. As such, these practices likely act as catalysts for accelerated improvement. Notably, other companies whose rankings have fallen by more than ten places since their first assessment have stopped disclosing information on these topics, and companies that have consistently occupied the lowest ranks have yet to start implementing or disclosing information on any of these practices.

The fast-progressing companies clearly demonstrate that rapid and transformative corporate change is possible, illustrating how companies can make significant progress in terms of their human rights policies and practices if they prioritise and allocate resources to address key levers and issues. The practices outlined above deserve increased attention from both the companies themselves and key stakeholders that influence them, such as investors, as they can help accelerate the pace of improvement for companies that are currently falling behind.

### Calls to action

**Companies:** While there is no shortcut to respecting human rights, companies can maximise the impact of their efforts by ensuring they address internal allocation of resources and train employees, identify and assess human rights risks, and work to improve the coverage and quality of their grievance mechanisms.

**Investors:** The fast-progressing companies demonstrate that significant change is possible within a short period of time. When engaging companies at the earlier stages of establishing a comprehensive human rights approach, investors can emphasise the importance of internal resource and responsibility allocation, identifying and assessing human rights risks, and the coverage and quality of grievance mechanisms.



## Key finding two: Clear responsibility and capacity building on human rights is key for translating commitments into action

FIGURE 6: AVERAGE SCORE OF COMPANIES IMPLEMENTING RESPONSIBILITIES AND TRAINING



More than three quarters (77%) of companies assessed this year disclose a clear commitment to respect human rights. However, such commitments are only truly meaningful once they are embedded within the company and translated into action. While companies are at varying stages of this process, a closer inspection of top performing companies reveals that clarity on internal responsibilities for translating human rights commitments into everyday practices, combined with capacity building through training, appears key for companies to move from policies to action. This includes both assigning responsibility for the

implementation of human rights policy commitments for day-to-day management and providing relevant workers and management with human rights training specific to their role. All top ten companies implement these practices, compared to 27% of the other 100 companies. **Companies that allocate clear responsibility for the implementation of human rights commitments and provide targeted training score 150% better across the benchmark on average.**

**“Implementing a learning culture about the ESG risks in global supply chains and how to best address them, is a strategic imperative for companies willing to drive positive impact on the ground. Capacity building activities aimed at empowering our members companies and their suppliers with the necessary skills and knowledge to carry out impactful due diligence efforts is key. We believe that any long-lasting change will start with awareness before it is translated into action.”**

**Linda Kromjong, President amfori**

Translating policy commitments into tangible action can be a complex and resource-intensive process that often requires the involvement of different functions within a company. It is therefore key that companies not only allocate senior-level accountability for overseeing human rights but also cascades this down by assigning responsibility for implementing commitments in day-to-day practices across different departments. Through this process, the responsibility is disseminated to the parts of the business whose daily activities involve decisions that affect human rights, such as the procurement department. Company decisions that involve human rights have the potential to directly affect the human rights of many throughout a company’s operations and supply chain. These decisions often present difficult dilemmas, requiring internal capacity and expertise to ensure that these decisions, and their outcomes, are in line with commitments to human rights. It is therefore crucial that workers faced with such dilemmas receive adequate training, specific to their role, on human rights. The benchmark finds that only 50% of companies disclose how they assign day-to-day responsibility for human rights across different departments, and 39% disclose providing targeted training to relevant managers and workers.



Only about a quarter of companies (27%) demonstrate their commitment to effectively translate their policy commitments into action by both allocating clear day-to-day responsibility and ensuring adequate internal capacity through training. Better performing companies demonstrate the importance of this, with all top ten companies implementing both these practices. As companies work towards the full implementation of their responsibility to respect human rights, and stakeholders work to hold them accountable, these are key levers to pull to ensure that company efforts are based on a strong foundation of resources and expertise.

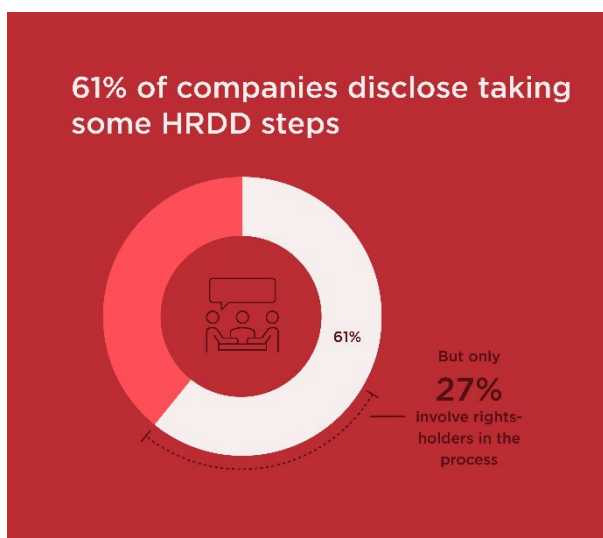
### Calls to action

**Companies:** To effectively translate policy commitments into day-to-day activities to respect human rights, companies need to allocate clear responsibility among different departments and support employees with human rights training tailored to their role.

**Investors:** When prioritising companies for engagements on human rights, consider asking laggard companies how responsibility for implementing human rights policy commitments is disseminated beyond senior management level. Clear allocation of day-to-day responsibilities can help companies move from policies to practices more effectively, especially when this is combined with human rights training tailored to employees' role. In due diligence processes, consider assessing whether companies have internal capacity building programs on human rights as companies that go beyond having policies to empowering employees in action perform better on human rights.

### Key finding three: Most companies fail to include rightsholders in their human rights due diligence processes

FIGURE 7: RIGHTSHOLDER INVOLVEMENT IN HRDD



Conducting HRDD enables companies to identify and understand their actual and potential impacts on people and take action to mitigate these. As a process that fundamentally concerns impact *on people*, it is crucial that those that are or might be affected by the company are consulted. Although more companies are undertaking at least part of an HRDD process, consulting rightsholders remains a critical gap. Some 61% of extractive and apparel companies now demonstrate that they are taking one or more HRDD steps, compared to 51% in 2018. However, only 27% disclose evidence of engaging rightsholders throughout this process. This means that **more than half**

**(55%) of the HRDD processes we assessed did not include disclosure of consultation with rightsholders.**



Rightsholder consultation is a process that allows individuals and communities who may be affected by a company's operations to express their concerns, needs and issues directly. This approach emphasises inclusivity and participation, empowering rightsholders to contribute to and influence the decisions and actions that directly impact their lives. Genuine engagement ensures that the voices of those most affected are not only heard but also considered, fostering trust, legitimacy and sustainable solutions between a company and its rightsholders. Beyond the moral imperative, conducting rightsholder consultation is also a strategic necessity within HRDD. Companies that fail to gather the perspectives and concerns of rightsholders regarding decisions and actions that affect them encounter barriers in understanding local contexts and identifying hidden risks and key considerations for mitigating specific risks.

**“While companies have inspired innovation and helped to strengthened society in myriad ways throughout history, their unregulated activities have also caused untold harm to communities. It is heartening to note that some companies are recognising the need to engage with rightsholders meaningfully and looking to factor-in their opinions and experiences in company decision making.**

**Early-stage rightsholder participation, built into the conception of business-strategy, maximises benefits for both communities and businesses. A strong and sustained partnership between communities and businesses can recharge economies and could take humankind towards a more equitable future.”**

**Gopinath K. Parakuni – Founder and Director of Cividep India**

In essence, the absence of input from and perspectives of those directly impacted in more than half (55%) of HRDD processes raises questions about the effectiveness and value of these processes and risk assessments. To ensure the reliability and credibility of HRDD, it is imperative to engage with rightsholders and integrate their insights into the decision-making process. This not only reinforces ethical business practices but also enhances the capacity to navigate complex human rights challenges in a more informed and responsible manner. This is reflected by the performance of companies that do conduct rightsholder consultation as part of HRDD: all companies in the top ten demonstrate this practice, in stark contrast to only 20% of the other 100 companies.

### **Calls to action**

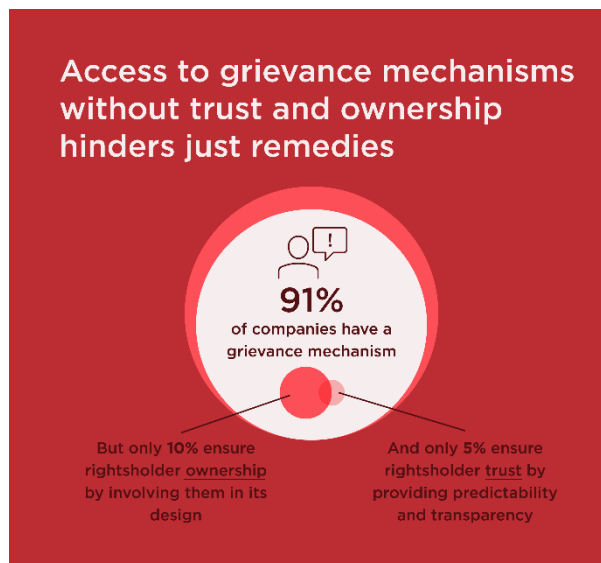
**Companies:** Without the input of those impacted, the value of HRDD outcomes is questionable. Companies need to prioritise rightsholder consultation to ensure their efforts to identify, prevent and mitigate human rights risks incorporate the valuable insights of affected communities and individuals.

**Governments:** While rightsholder engagement is increasingly being integrated into HRDD processes for companies, in order to get most companies over the line a strong push is needed to legally mandate that companies must engage with rightsholders, as well as publicly disclose both the process and outcomes of this engagement.



## Key finding four: Access to grievance mechanisms without trust and ownership hinders just remedies

FIGURE 8: GRIEVANCE MECHANISMS TRUST AND OWNERSHIP



Over the last five years, we have seen companies enhancing access to remedy through the increasing availability of grievance mechanisms for workers and external stakeholders. In 2023, **91% of companies provide a grievance mechanism for all workers and 76% for external stakeholders**, compared to 83% and 46% in 2017, respectively. The increased availability of such mechanisms is encouraging, as they offer affected rightsholders a non-judicial avenue to raise concerns and can allow companies to identify human rights issues, complementing their due diligence process. However, one of the most important functions – allowing rightsholders to claim

remedies when they are negatively impacted by a company – heavily depends on the quality and characteristics of the mechanism. In order to guarantee just outcomes and accountability, the process of handling a grievance and providing remedy must involve rightsholders themselves. At the same time, rightsholders’ ability and willingness to utilise and engage with grievance mechanisms hinges on rightsholders’ sense of ownership and trust. While it is encouraging to see increased access to company grievance mechanisms, **companies fall short in demonstrating how they facilitate rightsholder involvement in remediation, with only 5% of companies disclosing evidence of ensuring rightsholder trust and 10% disclosing evidence of ensuring rightsholder ownership.**

Our assessment finds that only 5% of companies ensure rightsholder trust in their grievance mechanism. Trust is created through predictability by describing procedures and timeframes for addressing complaints as well as transparent information on the outcomes. Informing rightsholders about the process for handling grievances and potential outcomes helps to empower rightsholders and reduce inequalities in knowledge/information between them and the company. Conversely, a lack of transparency and information can exacerbate a sense of distrust and powerlessness, thereby discouraging rightsholders from voicing their concern or engaging with the company. Our assessment also finds that only 10% of companies ensure rightsholder ownership in their grievance mechanisms by involving potential and actual users in the mechanisms’ design, performance and improvement. Gathering rightsholder input into the operation of the mechanism acknowledges rightsholders’ experiences and is crucial for becoming aware of and removing any barriers to access and engagement, particularly for vulnerable groups.

**“In light of emerging HRDD regulation, grievance mechanisms focused on rightsholders will best serve businesses’ need to build resilience and provide robust means of identifying, managing and mitigating risks to people.**



**The centrality of rightsholders as required by the UNGPs is best served by their active engagement with and ownership of grievance mechanisms. The question is no longer can we afford to involve rightsholders, but rather can we afford not to.”**

**Archana Kotecha - CEO and Founder of the Remedy Project**

The lack of disclosure on companies' efforts to reduce inequalities in power and information and to ensure rightsholder involvement with their grievance mechanisms demonstrates that many companies still tend to approach remediation from a risk-to-business perspective rather than adopting a rightsholder-centric approach. Companies that perform better in the benchmark are already adopting these practices. Half (50%) of the top ten companies in the 2023 CHRB actively engage potential and actual users on the design, performance and improvement of their grievance mechanisms. Meanwhile, 40% of the top ten companies describe procedures and timeframes for addressing complaints and provide transparent information on outcomes achieved. Treating remedy as both a process and an outcome, with continuous involvement of rightsholders, enables companies to achieve just outcomes and true accountability while also gathering learnings.

### **Calls to action**

**Companies:** To enable both fair remediation and learning for companies, grievance mechanisms need to be a two-way street and involve rightsholders in the entire process, in line with the UNGPs. Collaboration with civil society organisations (CSOs) on the functioning and implementation of grievance mechanisms remains underexplored and can help bridge the gap between companies and their rightsholders.

**Investors:** As access to grievance mechanisms has largely been achieved, attention needs to shift towards ensuring these mechanisms produce just outcomes. Investors can ask companies how they are ensuring their grievance mechanism facilitates the involvement of rightsholders at all stages, in line with the effectiveness criteria in principle 31 of the UNGPs.



## Key finding five: Suppliers are expected to respect human rights and promote gender equality but are set up to fail by buying companies

FIGURE 9: SUPPLIER EXPECTATIONS AND PURCHASING PRACTICES



The vast majority of apparel companies express high expectations of gender and human rights compliance from their suppliers. Notably, 85% of companies factor in suppliers' human rights performance in their contracting, and 87%\* include at least one requirement related to gender equality in their contractual agreements with suppliers. While this demonstrates an acknowledgement of the human rights and gender-related risks in their supply chains, these cannot be mitigated through strict requirements only. For these standards to be met, buying companies must own up to their part of the bargain and foster an environment where suppliers are enabled to uphold human rights and gender equality standards. However, **only**

**27% of apparel companies disclose evidence of enabling their suppliers to meet their human rights and gender equality expectations through responsible purchasing.**

\* Key finding five on responsible purchasing practices is based on data from both the CHRB and the 2023 Gender Benchmark. Data provided by the 2023 Gender Benchmark is marked with an \* symbol.

Purchasing practices play a determining role in the degree to which buying companies' expectations can be upheld in supply chains. Practices such as last-minute changes to orders and short lead times intensify pressure on suppliers and can contribute to excessive overtime, increased use of casual labour and unauthorised sub-contracting. Additionally, late payments or pressure to reduce prices can make it more difficult for suppliers to provide a safe working environment and timely wages for workers. Despite their substantial impact, only 27% of companies demonstrate responsible purchasing by committing to timely and accurate payments to suppliers and providing production needs in advance. The disparity between high expectations and the lack of a conducive environment to meet them creates a scenario where suppliers struggle to meet both human rights and gender equality standards and commercial demands.

Apart from creating an enabling environment through purchasing practices, companies can enhance supplier performance through targeted support programmes. Nearly half of apparel companies provide targeted support for at least one gender equality theme (45%\*) or human rights issue (47%). While these support programmes can contribute to improved supplier capacity and performance, there is a risk of fragmented or opportunistic implementation that is not based on height of need or risk. Furthermore, these programmes frequently replace rather than complement responsible purchasing practices that create an environment conducive to suppliers upholding human rights and gender equality standards. Among apparel companies with targeted support programmes for suppliers on gender equality and human rights, only 19% and 26% implement responsible purchasing





practices, respectively. This disconnect highlights that most companies do not adopt a systematic approach to supporting their suppliers by combining responsible procurement and targeted support, even though the first is essential for the effectiveness of the latter.

In recent years, companies have responded to forthcoming legislation such as the Corporate Sustainability Due Diligence Directive (CSDDD) in the European Union by raising their supply chain standards. While presented as an effective way of addressing issues in the supply chain, this often places increased pressure on suppliers without simultaneously enabling them to meet both human rights standards and commercial demands. To ensure that these legislative changes truly benefit workers downstream in the supply chain, companies must be urged to support their suppliers in achieving success and discouraged from cutting ties when non-compliance is found. Striking a balance between their commercial requirements and business models while implementing purchasing practices that do not undermine human rights efforts is essential.

### Calls to action

**Companies:** Without an enabling environment and adequate support, direct support to suppliers needs to be substantiated by responsible purchasing practices and supply chain mapping.

**Policy:** There are concerns that the current positive intentions of CSDDD could be undermined by companies outsourcing their responsibilities to address issues arising from conducting HRDD. This could lead to 'cut-and-run' behaviour by companies instead of the intended engagement to address and mitigate risks. The final CSDDD legislation must clearly state that there is no legal obligation for companies to abruptly discontinue supplier relationships, and that instead the company's legal obligation is to engage and support their supplier in addressing human rights risks.





## Extractives sector results

The extractives sector is characterised by extensive project life cycles and the need for high capital investment to extract unevenly geographically distributed natural resources. In 2021, the UN estimated that mineral resource extraction plays a dominant role in the economies of 81 countries, accounting for a quarter of global gross domestic product (GDP), half of the world's population and nearly 70% of those living in extreme poverty. Further, of the 72 countries classified as low- or middle-income countries in 2019, 63 had increased their dependence on extractives industries for growth over the preceding two decades.<sup>i</sup>

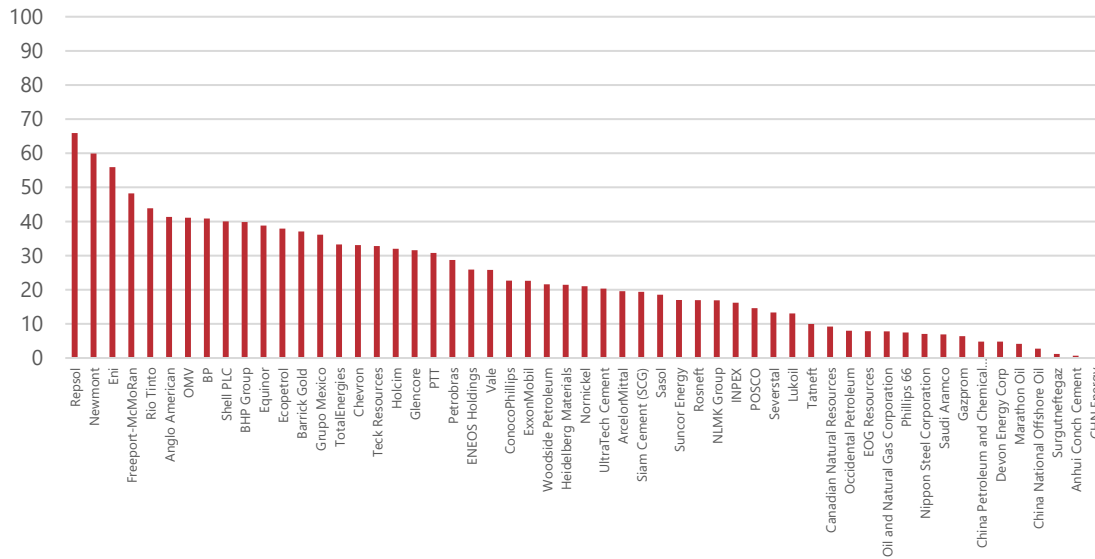
Extractive business models often require partnering with other (local) companies and governments. The promise of capital inflows and the operation of extractive projects can exacerbate power imbalances, exploitation and corruption and primarily impact vulnerable groups such as low-income workers, migrant workers, local communities and children. There are multiple human rights risks involved in setting up and operating extractive projects such as those related to land rights, Indigenous Peoples' rights and the right to a safe, clean, healthy and sustainable environment. Extractive projects also involve challenges regarding decent work, for example health and safety, forced labour, child labour, the right to security of persons and pressure on the right to freedom of association and collective bargaining.

Extractive companies are under increasing regulatory pressure to transform their business models in order to harness natural resource wealth for sustainable and inclusive development. Oil and gas as well as metals and mining companies are assessed as part of the CHRB and face different challenges in ensuring that the green transition is also a just transition. For example, as oil and gas companies move away from fossil fuels, the mining of raw materials required for the energy transition, such as cobalt, lithium and copper, presents other unique human rights risks. Given the complexity of the green transition, extractive companies have an increasingly important responsibility to conduct due diligence on potential and existing ventures and business partners, strengthen and monitor contractual requirements, and engage meaningfully with affected stakeholders.



## Overall results

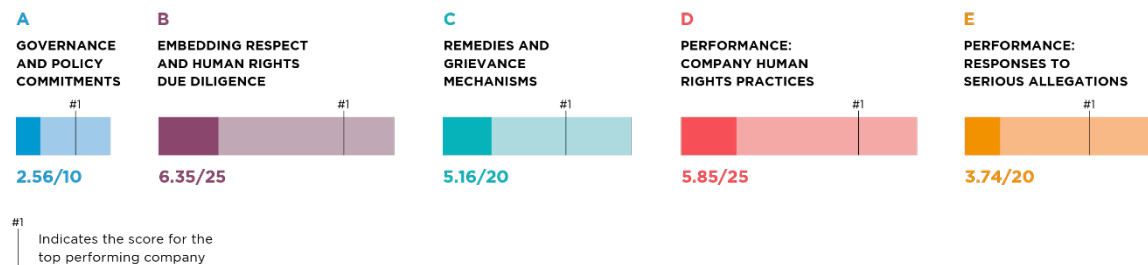
FIGURE 10: TOTAL SCORES EXTRACTIVES SECTOR



Our 2023 assessment of 55 of the most influential extractive companies shows that while some companies are demonstrating leading practices, the sector as a whole still has a long road ahead to ensure respect for human rights throughout its activities. Almost half (47%) of the companies score below 20/100, and average scores on the different measurement areas remain low, demonstrating that a large group of companies are not keeping up with stakeholder expectations on human rights. Moreover, over half (62%) of extractive companies score zero on at least 40% of the indicators.

After five iterations of the CHRb, it is evident that more extractive companies are moving towards better practices, as 70% have improved their score on key human rights indicators since their inclusion in the benchmark. Areas where extractive companies have improved significantly include communicating human rights policies to business partners, providing workers with human rights training relevant to their role, and taking human rights considerations into account when deciding to engage or terminate business relationships. Other areas have seen little improvement over the years, such as the latter two steps of human rights due diligence (tracking the effectiveness of actions and communicating back to stakeholders).

FIGURE 11: EXTRACTIVES SECTOR SCORES PER MEASUREMENT THEME



The top three extractive companies (Repsol, Newmont and Eni) all score above 50/100 points and demonstrate leading practices, particularly in embedding respect for human rights and human rights due diligence (Eni score of 19/25 on theme B), remediation and grievance mechanisms (Newmont's score of 13/20 on theme C) and human rights practices (Repsol's score of 19/25 on theme D). The performance of these companies can act as an example for others in the sector, whose scores leave much room for improvement.

TABLE 1: EXTRACTIVES SECTOR COMPANY SCORES AND RANKINGS

Sector rank	Score	Company name	Change in rank (2019 - 2023)	Engaged
1	65.9	Repsol	+ 3	✓
2	59.9	Newmont	+ 5	✓
3	55.9	Eni	+ 2	✓
4	48.3	Freeport-McMoRan	- 1	✓
5	43.9*	Rio Tinto	- 4	✓
6	41.4	Anglo American	0	✓
7	41.1	OMV	+ 15	✓
8	40.9	BP	+ 2	✓
9	40.0	Shell PLC	- 1	✓
10	39.8	BHP Group	- 8	✓
11	38.8	Equinor	+ 4	✓
12	37.9	Ecopetrol	+ 4	✓
13	37.1	Barrick Gold	- 4	
14	36.1	Grupo Mexico	+ 5	✓
15	33.3	TotalEnergies	- 4	✓
16	33.1	Chevron	+ 4	✓
17	32.8	Teck Resources	+ 1	✓
18	32.0	Holcim	+ 9	✓
19	31.6	Glencore	- 6	✓
20	30.8	PTT	- 6	✓
21	28.7	Petrobras	- 9	✓
22	25.9	ENEOS Holdings	+ 14	✓
23	25.8*	Vale	n/a	✓
24	22.7	ConocoPhillips	- 7	
25	22.6	ExxonMobil	+ 5	✓
26	21.6	Woodside Petroleum	+ 7	✓
27	21.5	Heidelberg Materials	+ 10	
28	21.0	Nornickel	+ 11	
29	20.3	UltraTech Cement	+ 18	
30	19.6	ArcelorMittal	- 5	✓
31	19.4	Siam Cement	+ 1	
32	19.4	Sasol	- 6	✓
33	17.0	Suncor Energy	- 2	
34	16.9	Rosneft	- 13	✓
35	16.9	NLMK Group	+ 15	
36	16.2	INPEX	+ 4	
37	14.6	POSCO	- 2	
38	13.4	Severstal	0	
39	13.1	Lukoil	- 16	
40	10.0	Tatneft	+ 8	
41	9.2	Canadian Natural Resources	0	



42	8.0	Occidental Petroleum	- 13	
43	7.9	EOG Resources	+ 9	✓
44	7.8	Oil and Natural Gas Corporation	- 10	
45	7.5	Philipps 66	+ 1	
46	7.1	Nippon Steel Corporation	- 4	
47	6.9	Saudi Aramco	+ 9**	
48	6.4	Gazprom	- 4	✓
49	4.8	Sinopec	+ 2	
50	4.8	Devon Energy Corp	- 7	
51	4.1	Marathon Oil	- 7**	
52	2.7	China National Offshore Oil	+ 1	
53	1.2	Surgutneftegaz	+ 3	
54	0.7	Anhui Conch Cement	+ 1	
55	0.0	China Energy Investment Group	- 1	

\* This company's score was capped because of its [special process assessment due to major catastrophic events](#).

\*\* This company was first included in 2020. The change in rank is between 2020 and 2023.

## Trends and key issues

### Transparency and accountability

The potential of extractives industries to drive the sustainable development of countries and communities in which they operate is largely determined by how their revenues flow towards and are invested in society and may be obstructed by illicit financial flows, corruption, governance deficits and revenue misalignment. Transparency, from both companies and governments, on the management of natural resources and their revenues is key to strengthening accountability and providing the data that can inform policymaking and multistakeholder dialogue in the sector. The increasing urgency of the just transition is re-emphasising the importance of transparency around the agreements made between companies and governments in the extractives sector. Despite this urgency for transparency and accountability in revenue distribution from extractive resources, **almost half (48%) of extractive companies provide little or no transparency regarding their revenue flows**. This figure has changed little over the past five years.

In 2023, 52% of extractive companies assessed are either a member of the Extractive Industries Transparency Initiative (EITI), obliging them to report on taxes and revenue payments for EITI implementing countries, or report publicly, by country, the taxes and revenue payments to some countries beyond legal requirements for disclosure. Only 31% provide full transparency by reporting this information for all their locations of operation. In the first iteration of the benchmark, this was 56% and 45%, respectively. While transparency in revenue distribution ensures that the benefits of resource extraction are fairly shared, promotes good governance and ultimately contributes to sustainable development, many companies are still unwilling to play their part.

### Land rights and the right to free, prior and informed consent

As extractive projects can have significant consequences for material and cultural resources in a project's surrounding areas, they pose a risk to communities that are connected to them and/or rely on them for their livelihoods. Negative impacts related to land and resource rights issues are frequent in the sector, and it remains the most prevalent type of allegation assessed by the CHRB. Less than **a quarter of extractive companies (24%) publicly commit to respect ownership/use of land and natural resources** (commitment to the ILO Indigenous and Tribal Peoples Convention) and to respect the legitimate tenure rights thereof (via standards such as the VGGT or the IFC Performance Standards). While just a minority of companies explicitly respect these rights, in practice **only 9%**



**describe how they identify legitimate tenure rightsholders when acquiring, leasing or using land or natural resources.** Further, just 4% provide transparency on how land rights issues are resolved by describing how they provide financial or other compensation for land resettlements. While regarded as one of the larger risks of extractives industries directly impacting communities, companies clearly lag behind in transparently reporting on how they address this risk.

Indigenous Peoples, due to their land-connected traditions and often marginalised status, are particularly vulnerable to becoming victims of dispossession of land and resources, forced removal or relocation, or denial of land rights. It is therefore crucial that extractive companies act in accordance with international standards to avoid negative impacts, in particular free, prior and informed consent (FPIC): a distinct right that is granted to Indigenous Peoples as recognised in the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and based on principles of self-determination as well as respect for Indigenous Peoples' knowledge, cultures and traditions. Recognising this right fully would allow Indigenous Peoples to provide or withhold/withdraw consent regarding projects impacting their territories and to engage in negotiations to shape the design, implementation and monitoring of these projects. Nevertheless, **only 5% of extractive companies have a publicly available formal policy commitment to obtain FPIC.** The vast majority of companies also do not provide more information on how they implement FPIC on a practical level: **only 9% provide a recent example where they obtained FPIC or where they decided not to pursue the land or resources impacting on Indigenous Peoples.**

### Security and human rights

Depending on the security of the location and risk of operations, extractive companies commonly contract security services from local governments or private security providers to protect their premises, facilities and resources. Without careful management this can lead to the inhumane treatment of workers at extractive sites as well as local communities or people opposed to extraction activities such as environmental activists. In a high-risk context, this can mean that companies may, directly or indirectly, contribute to the prolongation or deepening of conflict, attacks on civilians, or destruction of local infrastructure by economically supporting security providers that are linked to the state or political groupings.

The Voluntary Principles on Security and Human Rights (VPs) are a multistakeholder initiative aimed at helping companies proactively identify situations with a high risk of human rights violations and devise effective strategies to prevent them. The VPs outline corporate responsibilities to evaluate security risks and the likelihood of human rights violations, as well as to engage responsibly with both public and private security entities. Forty per cent of extractive companies in the CHRB have a public policy statement committing to respect the VPs in their own operations. However, **only 5% expect business partners to make this commitment to the VPs**, which is crucial since local business partners are often the ones managing the implementation of projects. Moreover, **just 5% of extractive companies in the CHRB commit to respecting international humanitarian law.** Practically, 38% of companies describe how they implement their security approach and how they ensure respect for human rights while maintaining the security of company-managed operations, and 31% describe how they ensure their business partners (including joint ventures) implement an equivalent approach to security management. Again, however, there are few practical examples. Just 5% of companies provide examples of working with community members to improve security or prevent or address tensions related to company operations.



## Human rights defenders

In 2023, only 22% of extractive companies had a publicly available commitment to respect the rights of human rights defenders. Within the five iterations of the CHRB between 2018 and September 2023, the Business and Human Rights Resource Centre (Resource Centre) [tracked](#) 940 attacks on defenders in the mining sector. The Resource Centre's research is based on publicly available information and as many attacks, especially [non-lethal attacks](#) (including death threats, judicial harassment and physical violence), never make it to media sources and there is a [significant gap in government monitoring of attacks](#), the problem is even more severe than these figures indicate. How companies address this issue is further highlighted in the Resource Centre's [Human Rights Defenders Policy Tracker](#), where more information can be found on companies' policies and statements on defenders.





## Apparel sector results

The apparel sector is characterised by geographically dispersed supply chains and rapid market-driven changes. Apparel brands' purchasing practices can be volatile while low profit margins and short timeframes can create intense competition between suppliers. Pressure on suppliers to cut costs and lead times has the tendency to exacerbate human and labour rights risks and (unauthorised) subcontracting to informal or poorly monitored factories and workplaces. Common issues include various forms of forced and bonded labour, violations of working hours, insufficient wages, health and safety issues, pressure on freedom of association and the right to collective bargaining as well as gender-based violence. Problems are likely to be worse further up the supply chain, such as for second- or third-tier suppliers like spinners and dyers, as there is less visibility and independent oversight and more pressure on prices and delivery times. The apparel sector employs approximately 91 million workers worldwide in predominantly developing countries, of which around 80% are women.<sup>ii</sup> Due to the sector's scale as well as the profile of the workers involved, the sector can contribute significantly to a more sustainable and socially inclusive world.

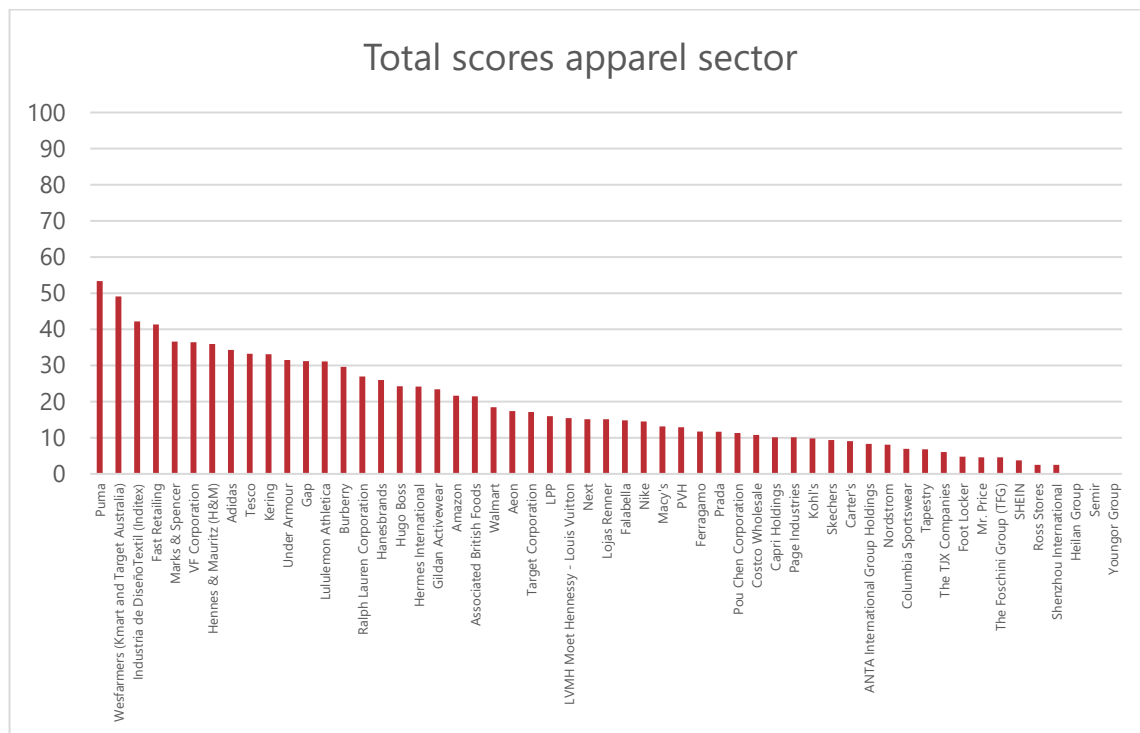
While the apparel sector is increasingly transparent about its supply chain (with 43% of apparel companies disclosing that they identify all of their direct and indirect suppliers), and transparency is an important pillar of corporate accountability, this does not immediately result in better practices and increased accountability to stakeholders. Supply chain transparency needs to be paired with companies recognising their responsibility to uphold human rights in both their own operations and supply chain. This should be not only through policies and contractual agreements but also through acting responsibly in their purchasing practices and practices that ultimately strengthen human rights due diligence in the supply chain.





## Overall results

FIGURE 12: TOTAL SCORES APPAREL SECTOR

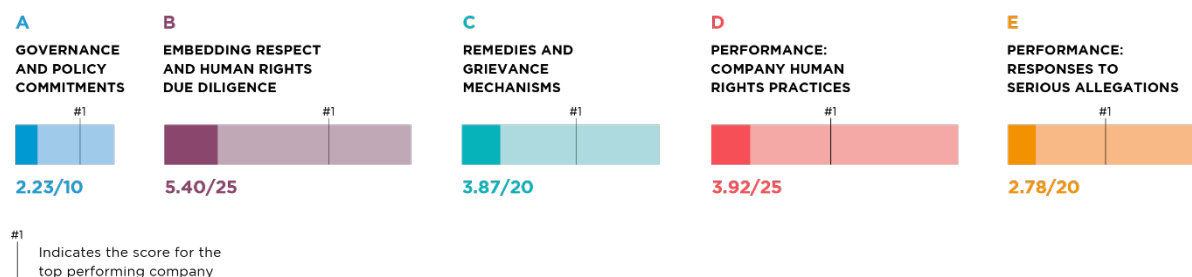


Our 2023 assessment of 55 of the most influential apparel companies shows that while some companies demonstrate leading practices, the sector as a whole lags behind in ensuring respect for human rights throughout its activities. Well over half (62%) of the apparel companies obtained fewer than 20/100 points in the benchmark, and average scores on the different measurement areas remain low, demonstrating that a large group of companies is not keeping up with stakeholder expectations on respect for human rights.

After five iterations, we can see that more apparel companies are moving towards better practices, with 69% having improved their score on key human rights indicators since their inclusion. Apparel companies have demonstrated most improvement on assigning senior management responsibility for human rights, assessing human rights risks and impacts, providing grievance mechanisms for external stakeholders, disclosing their process for remedying adverse impacts, and on mitigating specific sector-related risks in company operations. However, improvement and performance on other key issues for the sector remains insufficient, especially with regards to key issues for the supply chain such as supply chain visibility, purchasing practices and decent work.



FIGURE 13: APPAREL SECTOR SCORES PER MEASUREMENT THEME



Only one company (Puma) scored above 50/100 points in the benchmark, and three more companies (Wesfarmers, Industria de Diseño Textil and Fast Retailing) achieved scores above 40/100 points. These companies demonstrate some leading practices, particularly on human rights policy commitments and embedding respect for human rights in company culture and management systems.

TABLE 2: APPAREL SECTOR COMPANY SCORES AND RANKINGS

Sector rank	Score	Company name	Change in rank (2019 - 2023)	Engaged
1	53.4	Puma	+10	✓
2	49.1	Wesfarmers (Kmart and Target Australia)	+11	✓
3	42.2	Industria de Diseño Textil (Inditex)	0	✓
4	41.3	Fast Retailing	+4	✓
5	36.6	Marks & Spencer	-3	✓
6	36.4	VF Corporation	-1	✓
7	36.0	Hennes & Mauritz (H&M)	0	✓
8	34.3	Adidas	-7	✓
9	33.2	Tesco	+3	✓
10	33.1	Kering	+5	✓
11	31.5	Under Armour	+5	✓
12	31.2	Gap	-8	✓
13	31.1	Lululemon Athletica	+7	✓
14	29.6	Burberry	-5	✓
15	27.0	Ralph Lauren Corporation	+20	✓
16	26.0	Hanesbrands	-10	✓
17	24.2	Hugo Boss	+8	✓
18	24.1	Hermes International	+19	✓
19	23.4	Gildan Activewear	-2	✓
20	21.6	Amazon	+10	✓
21	21.4	Associated British Foods	0	
22	18.5	Walmart	0	
23	17.4	Aeon	-5	✓
24	17.3	Target Corporation	0	✓
25	16.0	LPP	+22	
26	15.4	LVMH Moët Hennessy - Louis Vuitton	+3	
27	15.1	Next	-13	
28	15.1	Lojas Renner	n/a	
29	14.8	Falabella	+13	✓
30	14.5	Nike	-20	



31	13.1	Macy's	-5	✓
32	12.9	PVH	-13	
33	11.7	Ferragamo	+10	
34	11.7	Prada	+4	
35	11.3	Pou Chen Corporation	-8	✓
36	10.8	Costco Wholesale	+8	
37	10.1	Capri Holdings	-1	
38	10.1	Page Industries	+7	
39	9.8	Kohl's	+2	
40	9.4	Skechers	0	✓
41	9.1	Carter's	-2	
42	8.3	ANTA International Group Holdings	+4	
43	8.1	Nordstrom	-9	
44	6.9	Columbia Sportswear	-21	
45	6.8	Tapestry	-12	✓
46	6.1	The TJX Companies	-14	
47	4.8	Foot Locker	+2	
48	4.6	Mr. Price	-17	
49	4.6	The Foschini Group (TFG)	n/a**	✓
50	3.8	SHEIN	n/a**	✓
51	2.5	Ross Stores	-3	
52	2.5	Shenzhou International	-2	
53	0.0	Heilan Group	-2	
53	0.0	Semir	0	
53	0.0	Youngor Group	-1	

\*\* No previous score due to new inclusion in 2023

## Trends and key issues

### Freedom of association and collective bargaining

Workers' right to organise is essential for the advancement of the millions of women workers in the apparel sector, who too often face unsafe working conditions and poverty wages. Without a way to collectively express their voice, workers have few means to demand improvements and might even be faced with deteriorating working conditions as pressure on suppliers increases. However, violation of freedom of association and the right to collective bargaining has been a serious problem across fashion value chains for decades, and the situation appears to have worsened since COVID-19.<sup>iii</sup> Garment factories often engage in union-busting – a practice to prevent or disrupt the formation of trade unions or attempts to expand membership – and target union leaders and members for their union affiliation. In this year's assessment, we identified one or more serious allegations related to freedom of association and collective bargaining for 59% of apparel companies assessed.

Despite this, **only half (47%) of companies require their suppliers to respect workers' right to freedom of association and collective bargaining and prohibit intimidation, retaliation, harassment and violence against trade union members and representatives.** In addition to setting the standard in contracts and policies, fashion companies have a responsibility to support their suppliers to effectively implement these practices. However, **only 20% of companies disclose how they work with their suppliers on freedom of association or collective bargaining.** It is clear that buying companies have yet to fulfil their full responsibility in ensuring workers' right to freedom of association and collective bargaining in their value chains. Without a way to express their voice collectively, workers may face risks of declining wages, more precarious work, longer hours and exposure to abuse and harassment.



## Living wages

Poverty wages are common in global apparel value chains as many garment-producing countries have a legal minimum wage that is well below a living wage. A living wage is a wage sufficient for workers to support themselves and their families, without which work does not provide a path out of poverty. Only **seven apparel companies (13%) disclose a time-bound target for the payment of living wages across their apparel supply chains** or include living wage requirements in their contracts with suppliers. However, such targets or requirements in the supply chain are less likely to be fulfilled without support and capacity building from buying companies themselves. It is therefore concerning that only three out of these seven companies complement their target or contractual requirement with activities to support their suppliers on living wages. Out of all apparel companies assessed, **13 companies (24%) disclose evidence of activities that support their suppliers in the payment of a living wage**. While this marks an increase from 2019, when 17% disclosed such activities, a large group of companies remains passive on the issue.

## Forced labour

Forced labour, defined as any work that is performed involuntarily and under threat of a penalty, is an issue that penetrates various stages of the apparel production process, including the production of raw materials, spinning, dyeing and manufacturing. In this year's assessment, the CHRB identified one or more allegations related to forced labour for 66% of apparel companies. Forced labour can take various forms, some of which are easier to identify than others, including coercion to work through violence or intimidation, manipulated debt, exploitative wage practices or retention of identity papers. Accordingly, companies' approaches to prevent and address forced labour in their supply chains must be multifaceted as well.

The CHRB assesses how companies address forced labour in their supply chain through preventing restrictions on workers, prohibiting recruitment fees and ensuring responsible wage practices. Despite these all being part of a larger issue, company performance differs starkly between them. While most apparel companies require their suppliers not to restrict workers' mobility, including through the retention of personal documents (78%), **less than half prohibit the charging of recruitment fees to supply chain workers (44%) or require suppliers to pay workers regularly, on time and in full (36%)**. Imposing recruitment fees and implementing irresponsible wage practices can lead to serious financial hardships for workers, especially migrant workers, and can exacerbate existing vulnerabilities. To comprehensively address risks of forced labour within supply chains, buying companies must look beyond restrictions on workers and also take into account the impacts of financial practices.



## Gender equality and women's empowerment

In the **2023 Gender Benchmark**, WBA also assessed apparel companies on their commitments and practices to advance gender equality and women's empowerment across their operations and value chains. The apparel companies also assessed by the CHRB demonstrate a low level of commitment towards gender equality overall, with the best performer obtaining 56/100 points and only one other company obtaining over 40/100 points. The vast majority of apparel companies do not disclose gender targets for their own operations or their supply chains (59% and 74% respectively) – demonstrating a lack of long-term, strategic thinking on the topic.

## Gender-based harassment and violence

Gender-based (sexual) harassment and violence is a prevalent issue in the manufacturing of apparel and, despite being a risk for all genders, disproportionately impacts women. While most apparel companies (91%) have a policy that protects women from violence and harassment in the workplace, the percentage of companies that require their suppliers to do the same is significantly lower (67%). In particular, there is a gap in company commitments and requirements to remediate related grievances. Only 4% of apparel companies publicly commits to remediate harassment and violence grievances in their workplaces, and less than a quarter require their suppliers to do so (26%). Despite the overwhelming presence and vulnerability of female workers in the sector, apparel companies are failing to recognise and address gender-specific human rights risks in their own operations and supply chain.



# Responses to serious allegations

The CHRB assesses how companies respond to an allegation that a human rights impact has occurred. The 2023 benchmark considered 165 serious allegations of severe negative human rights impacts linked to 61 companies.

While the [CHRB methodology](#) mainly focuses on the policies, systems, processes and practices companies put in place to proactively avoid adverse impacts, measurement theme E assesses company responses to allegations of severe human rights impacts made in the public domain. This measurement theme does not assess the allegations themselves, but rather how companies publicly address, investigate and engage with stakeholders to remediate them. It only considers serious allegations that are reported in sources covered by Vigeo Eiris, the [Business and Human Rights Resource Centre \(BHRRC\)](#), [RepRisk](#) and, as of this year, the [complaints mechanism for the Office of the UN High Commissioner of Human Rights \(OHCHR\)](#). The severity of the alleged impact is judged by scale, scope and irremediability, in alignment with the UNGPs.

To assess company responses to allegations, the CHRB considers documents disclosed by the company as well as third-party sources such as statements released by business partners, media and civil society reports, and court case documents. Companies receive an initial assessment for review and can provide feedback and additional sources to the CHRB as part of the engagement process.

This year, the most common types of allegations assessed in the benchmark vary significantly by sector. In apparel, allegations most commonly relate to forced labour, discrimination, freedom of association and collective bargaining, and working hours. In extractives, however, allegations most often relate to environmental damage, land rights, right to security of persons, and health and safety. Almost all (99%) allegations in the extractives sector are found within the company's own operations or joint ventures, while for the apparel sector only 12.5% of allegations occur within the company's own operations, with the remaining 87.5% in the supply chain. The diverse types of impact require varying responses, and we observe differing performances on the indicators when analysing the two separate sectors.

Responses to serious allegations are assessed on the basis of three indicators:

- E.1** The company has responded publicly to the allegation
- E.2** The company has investigated and taken appropriate action
- E.3** The company has engaged with affected stakeholders to provide for or cooperate in effective remedy

## Company performance

Our assessment shows that while companies tend to respond publicly to allegations of serious negative human rights impacts, they are far less likely to follow that up with transparency regarding investigations, stakeholder consultations or remediation:

**E.1** For 80% of the serious allegations, the company responded publicly to the allegation (scored at least one point on indicator E.1).



**E.2** However, for only 40% of the serious allegations did the company engage with the affected stakeholders to understand the causes of the alleged impact or identified what it believes to be the causes of the events concerned (scored at least 0.5 points on indicator E.2). Additionally, for only 5% of the serious allegations did companies disclose how the views of stakeholders influenced actions to prevent similar impacts occurring in the future.

**E.3** Finally, for only 20% of the serious allegations did the company provide remedy to the affected stakeholders, or the company proved that the affected stakeholders did not suffer the alleged impact, or that the company was not directly linked to that impact (scored at least 0.5 points on indicator E.3). For only 5% of the serious allegations did the company demonstrate that the remedy provided was accepted as satisfactory by the affected rightsholder(s).

FIGURE 14: COMPANY PERFORMANCE ON RESPONSES TO SERIOUS ALLEGATIONS



While company performance on the latter two indicators remains poor overall, there is some variation depending on the company's sector and type of allegation. Compared to companies in the apparel sector, extractive companies generally perform slightly better in responding to serious allegations. This difference is most pronounced in their disclosure of evidence of engaging with affected stakeholders to provide for or cooperate in effective remedy, with extractive companies scoring an average of 0.54 for indicator E.3, compared to 0.14 for apparel companies. This might be due to the fact that negative impacts in the extractives sector tend to occur in companies' own operations or joint ventures, which can be easier to identify and address compared to alleged impacts in supply chains.

FIGURE 15: AVERAGE INDICATOR SCORE FOR THE MOST COMMON APPAREL SECTOR ALLEGATIONS

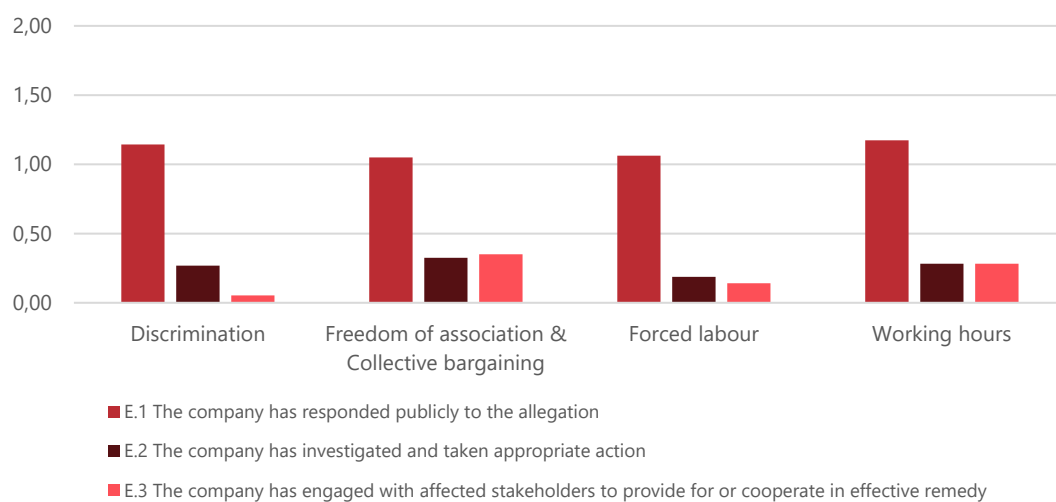
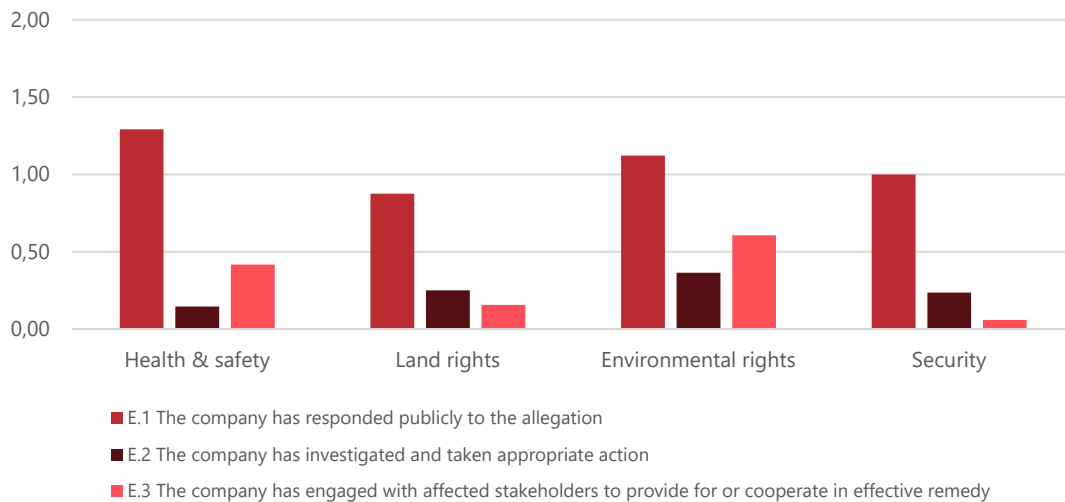


FIGURE 16: AVERAGE INDICATOR SCORE FOR THE MOST COMMON EXTRACTIVES SECTOR ALLEGATIONS



As illustrated in Figure 15 and 16, the scope and quality of the responses provided also varies depending on the issue area: apparel companies tend to perform marginally better on their response to allegations related to freedom of association and collective bargaining and working hours. Meanwhile, serious allegations related to discrimination, a prevalent concern in the apparel sector given its largely female workforce facing gender-based discrimination, appear to be barely remediated. This could be partly due to the complexity of the issue of discrimination on the one hand, and the various structural factors that contribute to the persistence of discriminatory practices in the apparel sector on the other. In the extractives sector, companies are more likely to remediate allegations related to the right to a safe, clean, healthy and sustainable environment, but they are far less likely to remediate those related to the right to security of persons and land rights. This could be because extractive companies often have slightly better-established environmental management systems and expertise in addressing environmental concerns, as these risks are very salient and tend to receive significant public scrutiny. Issues of land rights and personal security are complex and involve multiple groups of rightsholders and authorities. Addressing these issues may require more time, resources and negotiations compared to addressing environmental concerns.

### Towards holistic responses

This year’s assessment finds a clear positive correlation between company scores on grievance mechanisms and remediation practices (measurement theme C) and responses to serious allegations (measurement theme E). In other words, the quality and disclosure of a company’s processes related to grievance mechanisms and remediation are linked to a likely better response when allegations of negative impact do occur. This illustrates that responding to negative impact and rightsholder concerns should be considered an integral part of human rights performance and requires thorough reflection on and implementation of processes before impacts occur. Conversely, good company practice on human rights is not necessarily equal to the absence of all impact, but also concerns how companies respond to a situation in which negative impact appears and are able to learn from this and improve.





Remediation is not just a result to be achieved as part of risk mitigation, but also a process in its own right that requires integration across different aspects of companies' practices. This underscores the importance of robust human rights practices, which encompass both the ability to react effectively to serious allegations of human rights impacts and the proactive engagement with rightsholder concerns through grievance mechanisms and human rights due diligence processes. To ensure better remediation outcomes for rightsholders, companies and their stakeholders such as investors and policymakers need to emphasise the importance of proactively mitigating risks and establishing comprehensive remediation processes that involve rightsholders throughout.

### Location of allegations

We see a notable contrast between where companies with serious allegations are headquartered and where the alleged impacts occurred. Among the 61 companies facing serious allegations, 82% are headquartered in high-income countries, while the remaining are all based in upper-middle-income countries. Conversely, most alleged impacts take place in low- and middle-income countries: 62% of the companies are linked to harms in these countries – 72% of apparel companies and 53% of extractive companies, respectively. Apparel companies frequently face serious allegations of impacts in South Asia, East Asia and the Pacific, while extractive companies face allegations of impacts primarily in sub-Saharan Africa, Latin America and the Caribbean. These regions are respectively home to large apparel manufacturing and extractive operations.

While it may not come as a surprise that serious allegations of human rights impact disproportionately affect low- and middle-income countries due, for example, to lower costs of labour, access to resources and cost-cutting in global supply chains, this is a reality that should not be normalised. On the contrary, it highlights the existence of heightened risks which demand particular attention: low- and middle-income countries often have a high proportion of vulnerable groups and marginalised communities, such as informal workers, migrants, Indigenous Peoples, and women and children living in poverty. They also often have fewer public resources to sustain formal social protection systems. Additionally, large companies, on which parts of the local economy depend, may wield more influence over local decision-making and legislation. These factors underscore the need for a holistic process that includes both human rights due diligence and responsive measures to mitigate serious human rights impacts.



# What's next

The 2023 CHRB results clearly show that transformative change is indeed possible. More than two thirds (70%) of companies have improved their performance on the core UNGP indicators, suggesting that most companies are moving in the right direction. The 12 companies that have improved their core UNGP score by more than five times the average exemplify the potential for transformative change.

The focus on these companies over the past five years, in conjunction with the collective efforts of numerous organisations operating at the community, national, regional, and global levels, has played a pivotal role in driving this change. Engaging with these companies and collaborating with our allies and partners has proven instrumental in pushing the needle forward. While these changes are promising, there is still a considerable distance to cover before the impact of these changes is tangibly experienced by rightsholders themselves.

WBA remains committed to working with various stakeholders towards corporate respect for human rights.

## 2024: year of impact and review

This year's assessment marks the completion of the fifth iteration of the CHRB, a significant milestone that offers an opportunity to delve deeper into how company performance on respect for human rights has evolved between 2017 and the present. In 2024, we will be focusing on further analysing five years of data gathered through the CHRB to provide deeper insights into progress on business and human rights.

This milestone also prompts us to reflect on the impact of CHRB so far and fine-tune our approach for the coming years. To increase the impact of the CHRB and improve the availability of data on corporate human rights performance, we are looking to scale up parts of the methodology through stronger integration in [WBA's Core Social Indicators and the Social Benchmark](#). In addition, we will be sharpening the focus of the CHRB on key indicators and sectors to ensure the effectiveness of the benchmark in a changing landscape. As part of this process, we are committed to fostering collaboration and engaging with our stakeholders. We anticipate initiating consultations and offering feedback opportunities in the first half of 2024.

## Collective Impact Coalitions

Collective Impact Coalitions (CICs) provide a space for WBA Allies and stakeholders to take forward cross-sector, collaborative action based on data and evidence provided by WBA benchmarks. These CICs are multistakeholder and time-bound, bringing together diverse actors from large institutional investors to civil society, academia and business platforms to coordinate and collaborate on actions to drive positive change on systemically important topics.

In 2022, we launched the Social CIC focusing on human rights due diligence (HRDD). The CIC has focused on incentivising company action on HRDD and supporting an enabling environment for the mainstreaming of HRDD, so that it becomes a norm in business. Working with our Allies and CIC



members, the CIC has provided a platform to support investor engagement initiatives, policy advocacy efforts and contributed to business platforms' work in supporting companies. Some initiatives supported by the CIC include, among others:

- [Investor engagement with ESG data providers and proxy advisers](#): in early 2023, the Church Commissioners for England, Aviva Investors and Scottish Widows came together within the CIC with a view enable more investors to take systematic action against businesses that fail to meet societal expectations on human rights, and convened a group of 15 investors to write and engage with major ESG data providers and proxy advisers on the availability and quality of human rights related data.
- [Collective investor engagement coordinated by the Investor Alliance for Human Rights](#): through the CIC, we continue to collaborate with the IAHR, that convenes global investors to call on companies that score zero on HRDD in CHRB and exhort them to step up.
- Policy advocacy in [Japan](#) and [South Korea](#): alongside the Business and Human Rights Resource Centre, we have provided evidence-based input to policymakers in Japan and South Korea, advocating for the development of mandatory human rights and environmental due diligence legislation and guidance for businesses.

WBA CICs usually focus on one topic for two years. In 2024, the Social Transformation CIC will start focusing on another social topic based on the results of the 2023 CHRB and Gender benchmarks.

## Communities of Practice

WBA Communities of Practice (CoP) are peer-to-peer learning platforms for companies assessed in WBA benchmarks. In 2023, we initiated the Social CoP as an opportunity for companies that engaged in the 2022 CHRB to learn from and connect with each other, using the benchmark findings as a starting point.

The topic for the 2023 Social CoP is stakeholder engagement in HRDD. Over 70 company participants joined the HRDD CoP meetings. The Social CoP has discussed how the benchmark results and existing best practices could be used to improve HRDD processes. In 2024, the Social CoP will shift focus to another topic emerging from the 2023 CHRB and Gender benchmarks and in response to company need.

## WBA's Social Benchmark

In Q2 2024, WBA will be launching its first Social Benchmark assessing all SDG2000 companies on the Core Social Indicators. The Social Benchmark will assess how the world's most influential companies are contributing to the social transformation of our global system – a transformation we desperately need to eradicate poverty in all its forms, end discrimination and exclusion, and reduce the inequalities and vulnerabilities that leave people behind.

Our assessment scores these companies on 18 core social indicators representing societal expectations of business on decent work, human rights and ethical action. The Social Benchmark will provide data at scale on some of the CHRB indicators, offering a limited view of the CHRB methodology across 2,000 companies.

### Get involved

To learn more about the CHRB year of impact and review, dedicated Collective Impact Coalition (CIC), Community of Practice (CoP) or the forthcoming Social Benchmark, or to express your interest in collaborating, please reach out via [info.social@worldbenchmarkinalliance.org](mailto:info.social@worldbenchmarkinalliance.org)



# Acknowledgements

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