



## Social transformation framework

To measure and incentivize companies to leave no one behind

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# Introduction

Our planet and society are facing systemic social, economic and environmental challenges, including inequality and poverty, a climate crisis and biodiversity loss. In 2015, the United Nations (UN) introduced the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) to address these global challenges. Five years later, the coronavirus pandemic has reinforced the fragility of our systems, how our current economic models are leaving too many people behind and the mountain to climb in the coming decade.

The 2030 agenda requires us to adopt new thinking: we cannot assess progress SDG by SDG, issue by issue, when all areas are interrelated. Therefore, the World Benchmarking Alliance (WBA) is using a systems approach to develop benchmarks, focusing on seven transformations we believe are vital for putting our society, planet and economy on a more sustainable and resilient path. The **social transformation** seeks to achieve universal human development by respecting human rights, promoting equality and empowering people to pursue the opportunities and choices they value. The social transformation sits at the heart of our model, underpinning and enabling the other six transformations (Figure 1).

When, in 2015, UN member states adopted the 2030 agenda, including the 17 SDGs and their corresponding 169 targets, *people* were placed first. At its core, the SDGs promote a people-centred agenda that envisions a world where ‘all life can thrive’ by seeking ‘to realise the human rights of all and to achieve gender equality and the empowerment of all women and girls’ (1). WBA believes the private sector is critical for realising this vision and was established in recognition of the power of benchmarks to drive change. This document sets out WBA’s approach to supporting the social transformation, which is how we put people at the heart of assessing and incentivising business contributions to the 2030 agenda.

Only when companies eliminate the human rights risks in their operations and value chains can they deliver the people-centred sustainable development to which the 2030 agenda aspires. Further, companies should work to address inequalities of power and wealth in their relations with workers, communities and consumers to ensure that the human rights of all are respected. Companies support, oppose and operate within the myriad political systems that are linked to both the root causes of inequality and the principal drivers of development.

Choices made in terms of business model (including worker social protection and contract security, shareholder versus stakeholder primacy, extended and outsourced supply chain oversight, political influence and tax arrangements) all have material impacts on a company’s contribution to the SDGs. To help realise the 2030 agenda and support long-term stakeholder value creation, we need companies that can profitably solve societal problems without profiting from societal harms.

Moreover, to ensure that no one is left behind, we need companies to conduct themselves in a responsible manner, respecting human rights, providing and promoting decent work and acting ethically. This framework describes our expectations regarding business conduct, how we arrived at them, how they will be integrated into all our transformation benchmarks and how we will support the social transformation in the next decade.

## The World Benchmarking Alliance

WBA is an independent organisation that is building a movement to measure and incentivise business impact towards a sustainable future that works for everyone. We have identified seven systems transformations that need to take place to put our society, planet and economy on a path to achieve the SDGs (Figure 1). To turn these transformations into action, WBA, in close collaboration with its Allies, is developing a series of benchmarks that assess and measure the contributions of the 2,000 most influential companies to the SDGs. We call these companies the SDG2000.

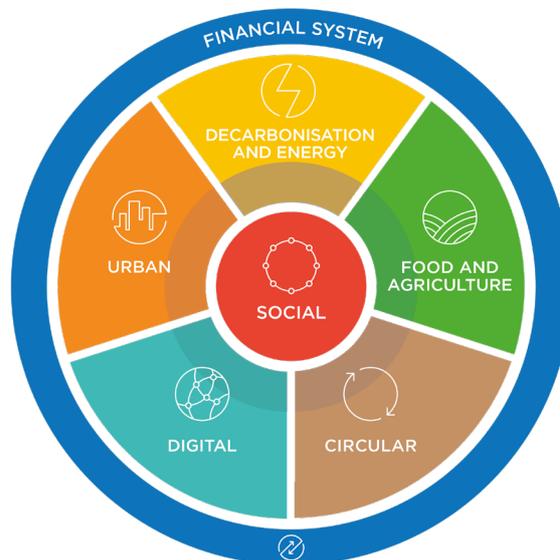
The seven systems transformations that WBA has identified are outlined below:

- **Social transformation:** achieve universal human development by respecting human rights, promoting equality and empowering people to pursue the opportunities and choices they value.
- **Food and agriculture transformation:** produce healthy and nutritious food to feed a growing world population while staying within planetary boundaries and ensure a decent standard of living for farmers, fishers and their families.
- **Decarbonisation and energy transformation:** provide universal access to modern energy services while significantly reducing the world's dependency on carbon-based energy.
- **Circular transformation:** decouple consumption and production from natural resource use and design out waste and pollution.
- **Digital transformation:** harness the potential and benefits of digital technologies for all while managing risks, including safeguarding against undesirable effects.
- **Urban transformation:** create sustainable, inclusive and connected cities that are safe, resilient and clean.
- **Financial system transformation:** reorient the flow of resources and exercise good stewardship to accelerate the economy's transition towards long-term sustainable development.

Each of the companies in the SDG2000 will be assessed on the transformation(s) most relevant to them, with all companies being assessed on a social component. The resulting benchmarks will show companies where they stand compared to their peers, where they can improve and where urgent action is needed to achieve the SDGs. Moreover, the benchmarks will be freely and publicly available, empowering investors, governments, civil society and individuals with the information they need to exert their full influence and encourage others to do the same.

In this way, WBA is pushing for positive change in corporate behaviour to achieve the seven systems transformations and the 2030 agenda, thereby contributing to a sustainable future that leaves no one behind.

Figure [1] – Seven systems transformations



## Overview of the social transformation framework

WBA's model details the seven systems transformations that need to take place if we are to achieve the sustainable future for all envisioned by the 2030 agenda. Underpinning and enabling this model is the social transformation.

The social transformation framework sets out the societal expectations for business conduct that companies should meet in order to leave no one behind. By respecting human rights, providing and promoting decent work and acting ethically, companies can support the SDGs, address inequalities and contribute to a sustainable future for all. The framework sets out how WBA will assess and compare company performance on the social transformation and incentivise companies to create a future that works for everyone.

At a global level, social transformation means achieving universal human development by respecting human rights, promoting equality and empowering people to pursue the opportunities and choices they value. For WBA, with our focus on corporate accountability, social transformation is about putting people at the heart of business contributions to the SDGs as well as at the heart of our model. It is not a standalone transformation but an integral part of all systems transformations. Likewise, there is no single 'social system' to transform, but there are a huge number of social issues that companies must address if no one is to be left behind. In dealing with these issues, the common thread for companies is socially responsible business conduct.

In addressing social issues, there are multiple narratives available to different stakeholders: the development narrative of sustainability, the political narrative of inequality, the economic narrative of stakeholder capitalism, the investment narrative of S ('social') in ESG (environmental, social and governance) criteria and the accounting narratives of human and social capital. These represent five overlapping but sometimes competing narratives that influence decision makers (2). The business and human rights agenda can bind all these narratives together to bring about transformative change in support of a sustainable future for all. As such, we see **business respect for human rights as a key enabler of social transformation**. **Ethical conduct** and **providing and promoting decent work** are two further enablers that are key to business contributions to social transformation.

Shareholder value maximisation models, which disregard wider stakeholder impacts, have resulted in too many companies acting irresponsibly. Calls to [reset](#) or [reinvent](#) capitalism have been amplified by the events of 2020. WBA's social transformation framework recognises that the wheel does not need reinventing; we need companies to meet societal expectations of responsible business conduct, many of which are already broadly accepted and have been explained in key frameworks such as the OECD Guidelines for Multinational Enterprises. As such, the social transformation aims to incentivise companies to meet a core set of expectations so that companies leave no one behind.

## Key elements of the framework

The social transformation framework describes how WBA will measure what the world’s most influential companies (keystone companies) are doing to ensure they leave no one behind. It has three key elements: a set of high-level expectations regarding company behaviour; a set of 18 core social indicators that point towards the achievement of these expectations; and three workstreams that will ensure the social component is integrated in all our assessments to drive impact in the social transformation.

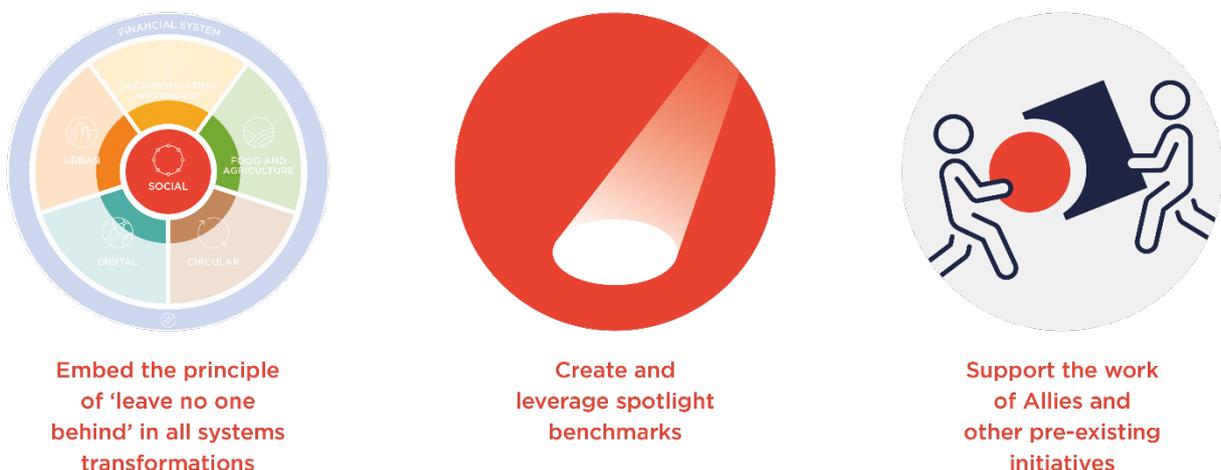
**Expectations for the social transformation** – The framework lays out a set of high-level societal expectations that all keystone companies should meet if they aspire to be part of a systems transformation that leaves no one behind. These expectations are grounded in companies’ responsibility to **respect human rights**, their role in **providing and promoting decent work** and their **ethical conduct** in areas such as lobbying and tax. WBA’s aim is to incentivise companies to meet these expectations by creating and leveraging transformation and spotlight benchmarks.

**Core social indicators** – Based on pre-existing tools and frameworks, WBA defined a set of core social indicators (CSIs) that reflect the above-mentioned expectations and provide an assessment of whether companies are on the path towards meeting these expectations. As such, we view the CSIs as ‘signposts’ towards the expectations for the social transformation.

Companies that fail to meet these core social indicators will be regarded as failing to demonstrate sufficient commitment to meeting the high-level societal expectations and to responsible business conduct in general. The CSIs represent a line below which we question a company’s ability to contribute to the SDG transformations and whether the company can be seen as a responsible actor. All companies should meet all the requirements of the CSIs. In other words, no company should fall below the line. The detailed list of CSIs is presented in the ‘Core social assessment’ section of this framework.

**Social transformation workstreams** – To incentivise companies to respect human rights, provide and promote decent work and act ethically, we will implement three workstreams via the social transformation framework:

Figure 2 – The three workstreams of the social transformation



These are explained in more detail in subsequent sections, but can be summarised as follows:

- 1. Embed the ‘leave no one behind’ principle** in all systems transformations. This framework explains how the **CSIs will be integrated** into the other six transformations methodologies and **supplemented by transformation-specific social indicators**. Together, these indicators will measure what companies are doing to leave no one behind. Companies that fail to demonstrate their commitments towards social transformation will see this reflected in their ranking in the relevant transformation benchmark.
- 2. Create and leverage spotlight benchmarks** that focus on priority change areas that cut across sectors and are impact multipliers that can be strategic in driving progress towards the SDGs. The CSI assessment will provide a baseline of 2,000 keystone companies on the high-level expectations for the social transformation. However, we already know there are significant gaps between company behaviour and societal expectations. A single ‘social benchmark’ that aims to measure and drive transformation across all social issues and across all sectors is not feasible. Yet certain issues do cut across many sectors and, if addressed, can be catalysts for change. For example, living wages are relevant to all companies, sectors and geographies, and addressing wage exploitation in operations and value chains would have a huge positive impact on the achievement of multiple SDGs. As such, WBA recognises the benefit of focusing on specific topics that can be catalytic for systemic change or impact multipliers. The framework sets out the priority change areas for the **spotlight benchmarks** that we will develop and use.
- 3. Support and build on the work of Allies and other pre-existing initiatives** that focus on SDG impact in other important change areas. There may be opportunities to support companies to meet other societal expectations. Effort will be concentrated on issues that are cross-cutting and can support the other systems transformations. This workstream will rely more on collaboration with Allies and building on the core social indicator data, rather than creating bespoke benchmarks with very narrow topical or geographic focus. The core social indicators will provide a useful methodology to baseline aspects of companies’ responsible business conduct efforts and which could be potentially delivered at a national level with third parties, or at a portfolio level for investors.

## Scope of the social transformation

### Industry scope

Using the seven systems transformation model, WBA identified the most relevant industries that can impact each transformation. This analysis was informed by scientific research, UN and (inter)governmental reports, industry publications and research by civil society organisations. We focused on the influence of specific industries in shaping the transformations. This influence can be positive, whereby the industry enables or accelerates the transformation; negative, whereby the industry hampers or negatively influences the transformation; or both. Industries can also be linked to multiple transformations. Although both positive and negative influences were considered, some industries were excluded on the grounds that significant negative impact from business models or products and services meant their role in the transformation would be limited (e.g. companies that derive the majority of their revenues from the sale of tobacco, coal or weapons).

Figure 3 represents WBA’s mapping of systems transformations to industries. The social component is relevant to all industries, as represented by the red dots, because all companies should respect human rights, provide and promote decent work and act ethically.

Figure 3 – Mapping of systems transformations to industries



## Company scope

After identifying relevant industries, WBA built on leading academic research to expand the concept of keystone actors, which refers to organisations with disproportionate influence on the structure and function of the systems within which they operate (3). Inspired by this concept, WBA developed the idea of ‘keystone companies’. These keystone companies are catalysts for change and their actions are vital for a wider, systemic transformation. We drew on the five principles set out in Figure 4 to select the keystone companies.

Figure 4 – WBA principles for selecting keystone companies

- 1 Companies that dominate global production or service revenues and volumes within a particular sector
- 2 Companies that control globally relevant segments of production and/or service provision
- 3 Companies that connect (eco)systems globally through subsidiaries and supply chains
- 4 Companies that influence global governance processes and institutions
- 5 Companies that have a global footprint, particularly significant in developing countries

The list of keystone companies was first published as the [SDG2000](#) in January 2020 and will be updated on an annual basis.

Figure 5 – Key figures and geographic representation of the SDG2000

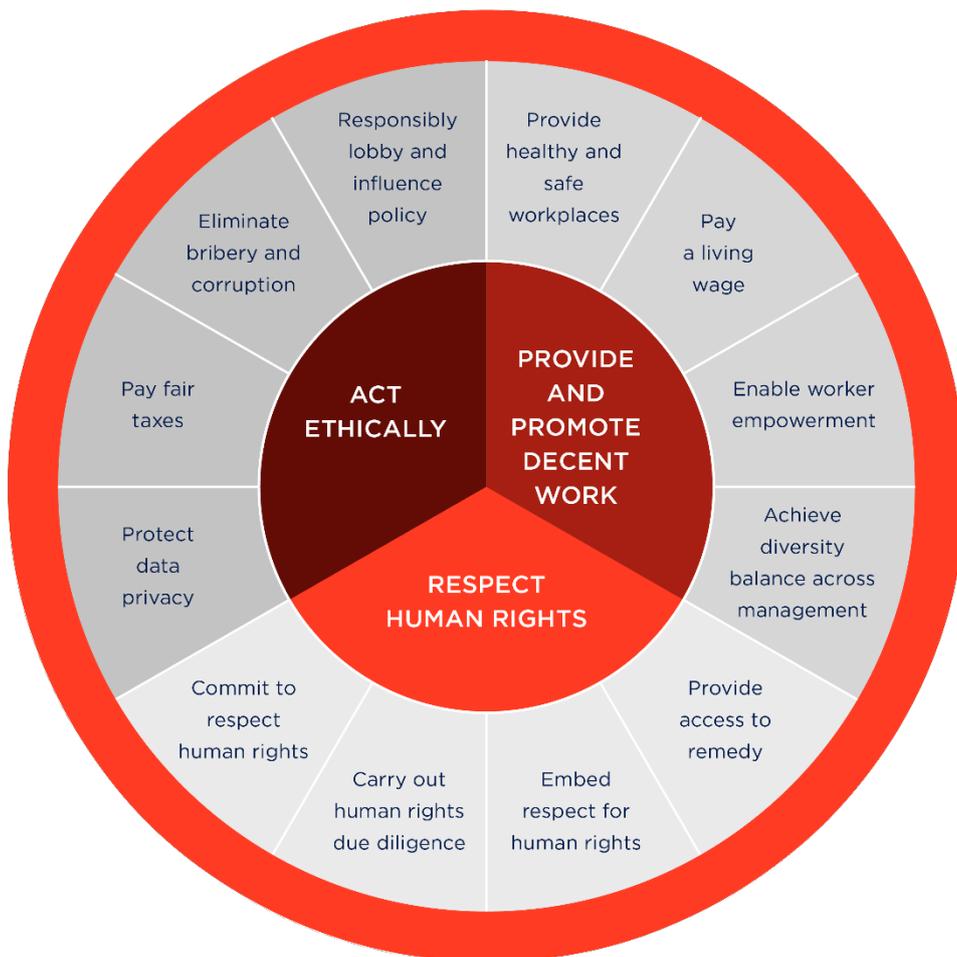


# WBA expectations for the social transformation

In general, WBA expects companies to behave responsibly. In the context of the social transformation, **WBA expects companies to respect human rights, provide and promote decent work and act ethically**; a foundation of responsible conduct on which opportunities for positive impact can be built. Respect for human rights underpins both decent work and ethical conduct. Together, the three areas of responsible business conduct are key enablers of the social transformation.

The following sections set out the 12 high-level societal expectations that WBA sees as critical for the keystone companies to meet if they are to support systems transformations that leave no one behind. These expectations do not cover all aspects of responsible business conduct but focus on the behaviours and outcomes we consider most important in underpinning and enabling companies’ contribution to the social transformation. We take a ‘principles-based approach to contribute to the SDGs’, as championed by the UN Global Compact (4). For each of the three areas of responsible business conduct, we identified four associated **expectations** that are summarised in Figure 6. Socially responsible companies will meet all these expectations.

Figure 6 – Business conduct expectations to achieve social transformation



## Expectations regarding respect for human rights

### Human rights and the SDGs

The 2030 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 (5). Companies play a critical role in achieving the SDGs and have responsibilities to respect the human rights of those involved in or impacted by their operations. As such, company respect for human rights is relevant to any SDG with which a company interacts. In short, human rights and human development go hand in hand.

The UN Working Group on Business and Human Rights noted in 2018: ‘Robust human rights due diligence enables and contributes to sustainable development. For businesses, the most powerful contribution to sustainable development is to embed respect for human rights in their activities and across their value chains, addressing harm done to people and focusing on the potential and actual impacts.’ (6)

Businesses are expected to respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved. The UN Guiding Principles on Business and Human Rights (UNGPs) provide the authoritative standard on business and human rights and a framework to guide companies to respect human rights. WBA expects companies to operate in accordance with the UNGPs.

Under the UNGPs, businesses need to know and show that they respect human rights. To do so, they should have in place policies and processes appropriate to their size and circumstances, including:

- a) A policy commitment to meet their responsibility to respect human rights;
- b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights; and
- c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.

The UNGPs are sometimes viewed through a ‘do no harm’ lens, in contrast to the ‘positive’ view of contributing to the SDGs. This is a false dichotomy. Firstly, because in addressing key human rights issues linked to their operations (such as forced labour in the supply chain), companies can directly contribute to the achievement of the SDGs and identify opportunities to drive additional impact. Secondly, because by undertaking human rights due diligence, companies can understand and avoid or address potential negative impacts of their efforts in support of the SDGs (e.g. community impacts of renewable energy products). In reinforcing the connection between the UNGPs and SDGs, the [Danish Institute for Human Rights](#) suggests that ‘implementation of the UNGPs can be the single most important contribution by business to the realisation of the SDGs’.

For WBA, respect for human rights is a necessary condition for all systems transformations. It is the motor that powers responsible business conduct, and it underpins the realisation of decent work and ethical conduct.

The sections below provide more detail on the commitment, due diligence and remedy aspects of the UNGPs.

## Policy commitment to respect human rights

A policy commitment sets the ‘tone at the top’ that is needed to embed respect for human rights in a company’s core values and culture. It indicates that senior management considers respect for human rights to be a minimum standard for conducting business with legitimacy; and it lays out expectations for how staff and business relations should act as well as what others can expect of the company. It should trigger a range of other internal actions that are necessary to meet the commitment in practice.

***Expectation 1 – Companies are expected to have a policy commitment to respect human rights.***

The responsibility of businesses to respect human rights refers to internationally recognised human rights – understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work.

CSI 1 (commitment to respect human rights) and CSI 2 (commitment to respect the human rights of workers) provide the signposts for this part of the high-level expectation, covering both parts of the minimum framing of ‘internationally recognised human rights’.

## Human rights due diligence

Human right due diligence provides the ‘backbone of the day-to-day activities of a business enterprise in translating into practice its responsibility to respect human rights’ (6).

***Expectation 2 – Companies are expected identify, prevent, mitigate and account for how they avoid and address negative human rights impacts they cause, contribute to or which are linked to their activities through business relationships.***

This expectation covers a company’s entire value chain, including the use, misuse and disposal of a company’s products and services. It is critical that companies engage in this process in order to ‘proactively manage the potential and actual risks of adverse impacts on the rights and dignity of people’ (6). Figure 7 shows the key steps for conducting human rights due diligence that are explored in five separate indicators in WBA’s [Corporate Human Rights Benchmark \(CHRB\) methodology](#).

The signposts for the expectations regarding human rights due diligence are core social indicators 3 (identifying human rights risks and impacts), 4 (assessing human rights risks and impacts) and 5 (integrating and acting on human rights risks and impacts), which were developed based on the CHRB methodology. These only represent some of the elements of human rights due diligence, but the CHRB data shows that companies who fail to identify, assess and act on risks and impacts are also highly unlikely to monitor or report on their actions. As such, the core social indicators focus on the initial stages of due diligence.

Figure 7 – Human rights due diligence process



### Embedding respect for human rights

Businesses need coherence between their responsibility to respect human rights and the policies and procedures that govern their business activities and relationships. To achieve this, the company commitment to meeting the responsibility to respect human rights should be embedded throughout the whole organisation, from top to bottom. Embedding includes the development of operational policies and procedures that cut across business functions (e.g. procurement, sales, lobbying, operations), which are governed by appropriate controls, and are supported by performance incentives, training and communication of company expectations. However, a ‘rights-respecting culture’ within the organisation is also needed, whereby respect for human rights becomes ‘the new normal’ (7).

***Expectation 3 – Companies are expected to embed the commitment to respect human rights within both the company’s culture and its management systems.***

The expectation can be met through activities such as:

- allocating responsibilities for human rights, including incentives and performance management
- integrating human rights within the business risk management approach
- disseminating commitments and training workers on human rights
- developing monitoring and correction processes for human rights issues
- engaging with business relationships to cascade respect for human rights into the value chain
- engaging meaningfully with affected and potentially affected stakeholders.

The activities above are reflected in multiple indicators in the CHRB methodology regarding embedding respect for human rights in company systems. Shift, a centre of expertise on the UNGPs, has also produced a series of 22 indicators focusing on evaluating progress towards a ‘rights-respecting culture.’ (8) WBA focuses on stakeholder engagement, as a common feature and critical enabler of respect for human rights, in relation to embedding respect.

Effective engagement involves listening to stakeholder input and factoring it into company decision making. Human rights policies, impact assessments, management plans and grievance mechanisms should all be informed by relevant stakeholder engagement in order to be legitimate, effective and avoid creating negative impacts. Affected and potentially affected stakeholders are a priority for stakeholder engagement as they are the groups most at risk or vulnerable to harm. CSI 6 (engaging with potentially affected and affected stakeholders) is used as a signpost for the embedding expectation, along with the indicators for human rights due diligence and remedy.

## Access to remedy

Access to remedy is a human right in and of itself, and therefore a core part of respecting human rights. Unless a company actively engages in the remediation of adverse impacts it has caused or contributed to, it cannot fully meet its responsibility to respect human rights. Negative human rights impacts may occur despite a company’s best efforts, given the complexity of activities and business relationships involved. Companies need to be prepared for this, so they can respond quickly and effectively.

***Expectation 4 – Companies are expected to provide or cooperate in the provision of remedy where they have caused or contributed to adverse impacts, in accordance with the UNGPs.***

Where a company identifies that it has caused or contributed to negative human rights impacts, it should provide for or cooperate in the provision of remedy through legitimate processes. Companies should establish or participate in effective operational-level grievance mechanisms for stakeholders who may be negatively impacted by company activities. Remediation processes provided by the state or third-party institutions (e.g. multi-stakeholder initiatives) can offer alternative channels for affected stakeholders to raise complaints or concerns.

As part of providing remedy, companies should enable access to mechanisms to manage complaints and concerns from workers, external individuals and communities, with user involvement in the mechanisms’ design and performance. Companies should also be transparent about how the mechanisms operate and the fact that they do not impede access to state-based or international mechanisms. Finally, companies should

provide or cooperate in the provision of remedy to victims where companies have caused or contributed to adverse human rights impacts and should be transparent about the approaches they take to ensure this.

Regarding the access to remedy expectation, core social indicators 7 (grievance mechanisms for workers) and 8 (grievance mechanisms for external individuals and communities) have been included as the signposts, drawing on two of the seven CHRB indicators relating to remedies and grievance mechanisms.

## Core labour standards and the SDGs

Companies are expected to respect multiple human rights. But in expecting companies to commit to respecting the rights of workers, we are referring, at a minimum, to the rights contained in the ILO Declaration on Fundamental Principles and Rights at Work, which covers the following four fundamental principles and rights at work, laid out in eight conventions (referred to as the ILO Core Labour Standards):

- freedom of association and the effective recognition of the right to collective bargaining (Convention No. 87 and No. 98)
- elimination of all forms of forced or compulsory labour (Convention No. 29 and No. 105)
- effective abolition of child labour (Convention No. 138 and No. 182)
- elimination of discrimination in respect of employment and occupation (Convention No. 100 and No. 111).

Because issues such as forced and child labour are more relevant to some sectors than others, the core social indicators have a limited focus on addressing these issues and they are signposted to in indicator 2 (commitment to respect the human rights of workers). They will be addressed in more detail in the other systems transformations methodologies where relevant (e.g. child labour in the Food and Agriculture Benchmark) and the social spotlights (e.g. freedom of association in the Corporate Human Rights Benchmark). WBA also recognises the initiatives that are already driving change in these areas and will look to collaborate and reinforce impact where relevant (e.g. forced labour in the apparel supply chain assessed by [KnowTheChain](#) and the [Global Child Forum's Corporate Sector and Child Right's Benchmark](#)).

Cases of child labour, forced labour, discrimination and restrictions on workers associating all represent human rights abuses. Informed by appropriate human rights due diligence, companies will understand which of the ILO Core Labour Standards are most important in terms of the risks that fundamental rights will be infringed, or in terms of the opportunities to advance the SDGs and systems transformations by supporting collective bargaining rights, or in eliminating discrimination, child labour and forced labour. Depending on the context, these issues will be more or less relevant to companies' own operations and value chains.

Where such issues are prevalent in company operations or value chains, companies are expected to address them as laid out below.

- **Freedom of association and collective bargaining** – Companies are expected to eliminate any restrictions on workers attempting to exercise their rights to associate and bargain. Companies should also support the elimination of restrictions on workers in their value chains.

- **Non-discrimination** – Companies are expected to eliminate discrimination based on gender, race, ethnicity or any other characteristic, at all stages of the employment relationship. Companies should support efforts to eliminate discrimination in their value chains.
- **Child labour** – Companies are expected to eliminate child labour from their operations and support the eradication of child and forced labour in their value chains, while avoiding negative outcomes for children as a result of their actions.
- **Forced labour** – Companies are expected to eliminate forced labour from their operations and support the eradication of forced labour in their value chains.

The following sub-sections discuss the importance of the ILO Core Labour Standards in relation to the SDGs.

**Freedom of association and collective bargaining** are fundamental human rights enshrined in both the International Bill of Human Rights and ILO Conventions 87 and 98, and the freedom to associate is seen as a prerequisite to collective bargaining. Upholding these rights is essential to the enjoyment of other human rights. In enjoying these rights, workers can use collective power to improve their working terms and conditions, in turn supporting multiple SDGs, including SDG 8 (decent work), SDG 10 (reduced inequalities) and SDG 16 (accountable and inclusive institutions).

Companies that actively support freedom of association and collective bargaining create an enabling environment for the protection of fundamental rights and the realisation of multiple SDGs. Similarly, without workers' associations, the incorporation of worker voices into business decisions becomes less likely, undermining causes such as a just transition.

**Forced labour** refers to situations in which people are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities. Despite forced labour being prohibited under ILO Convention 29 since 1930, tens of millions of people are currently victims of forced labour in both developed and developing countries and across all types of economic activity (9). The elimination of forced labour will contribute to decent work (supporting SDG 8), reduce inequalities (supporting SDG 10) and assist in building sustainable economies.

**Child labour** is work that deprives children of their childhood, their potential and their dignity and that is harmful to physical and mental development (10) – is endemic, with various estimates placing the number of children (aged 5 to 17) in employment in the 100-200 million range (11) (12). Tens of millions of these children are engaged in the worst forms of child labour, including labour that is hazardous to their health and safety. In the least developed countries, approximately one in four children are engaged in labour that is considered detrimental to their health and development.

Companies can be linked to child labour in various ways: directly employing children, benefitting from the low cost of child labour in the supply chain, failing to conduct adequate due diligence (to identify child labour deep in the supply chain), failing to pay living wages (preventing parents from keeping their children in school) or incentivising child labour by setting high production targets (13).

Eliminating child labour in company operations and value chains will contribute to the fulfilment of multiple SDGs, including SDG 4 (quality education), SDG 8 (decent work), target 16.2 (end abuse, exploitation,

trafficking and all forms of violence and torture against children) and particularly target 8.7 (take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms).

**Discrimination.** WBA recognises the right of all people to secure their human rights without discrimination on any grounds, including sex, race, colour, language, religion, political opinion, national/social origin, property, sexual orientation, gender identity/status, marital status, disability or pregnancy/maternity status. Discrimination is linked to other core social issues as it may impact remuneration, occupational health and safety, and gender equality, among others (14).

Discrimination can negatively impact the achievement of multiple SDGs and targets, including target 8.5 (decent work for all men and women), target 8.8 (safe and secure working environments for ... migrant workers), SDG 10 (reduction of inequality, including target 10.2: empower and promote economic inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status), SDG 3 (healthy lives and well-being for all) and SDG 5 (achievement of gender equality and an end to all forms of discrimination against all women and girls everywhere). Companies that fail to eliminate discriminatory practices in their activities should be held to account.

## Expectations regarding decent work

To WBA, decent work involves providing secure, safe and healthy work, where people are fairly and equally remunerated, where workers have a meaningful say in decision making, where discrimination is not just eliminated but the barriers to equal treatment have been removed, and where all people are enabled to pursue the opportunities and choices they value. WBA expects companies to provide decent work in their own operations and to promote decent work in their value chains.

### Decent work and the SDGs

In 2015, decent work and the four pillars of the ILO's Decent Work Agenda (employment creation, social protection, rights at work and social dialogue) became integral to the 2030 agenda, with SDG 8 focusing on sustained, inclusive and sustainable economic growth, full and productive employment and **decent work for all**. The ILO defines decent work as 'summing up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men'.

In terms of the SDG2000, the following SDG 8 targets are most immediately relevant:

**8.5** – By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

**8.7** – Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour ... and by 2025 end child labour in all its forms.

**8.8** – Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, particularly women migrants, and those in precarious employment.

For the SDG2000 companies in scope for the seven systems transformations, WBA has selected the following four core topics for decent work. These are clearly not exclusive, nor are they ‘the end of the conversation’ when it comes to decent work. However, they represent an initial focus area as WBA regards them as the most important issues that can cut across all sectors and geographies. The four topics are **living wages, diversity and balance, healthy and safe workplaces** and **worker empowerment**.

Issues such as paid sick leave, redundancy, pension contributions and parental leave as well as the existence of a recognised employment relationship are all important to decent work. Employment models that remove worker protections and provisions (such as reliance on zero-hour contracts or gig working) have the potential to undermine the realisation of the SDGs. Due to the variety of business models and large number of countries where the companies in scope operate, these more contextual issues have not been included in this first framework.

Achieving a healthy, safe, secure, fairly remunerated, equitable and representative workplace relies in part on worker freedom of association and collective bargaining, and is not reconcilable with discrimination, child labour, forced labour or the suppression of workers’ rights. As such, decent work implies **zero discrimination, forced labour, child labour or worker suppression**. Because issues like child and forced labour may not be salient for all SDG2000 companies, these four expectations are not dealt with in detail in the core social indicators, but are signposted by core social indicator 2 (commitment to respect the human rights of workers).

The Corporate Human Rights Benchmark deals with these issues in more detail for high-risk sectors. Where relevant to the individual transformations, these issues should also be addressed as transformation-specific social indicators in the other six transformation methodologies.

The following sections describe the decent work expectations and which core social indicators are used to point towards their achievement. It should be noted that decent work clearly depends on respect for human rights and, as such, expectations 5-8 are all signposted by the core social indicators related to respect for human rights (CSIs 1-8).

## Healthy and safe workplaces

Healthy and safe workplaces go beyond physically safe environments; mental health and well-being are also critical elements of decent work. While all people have the right to healthy and safe working conditions, the ILO estimates that 6,000 people die every day as a result of work-related accidents and diseases. This is in addition to over 340 million work-related accidents and over 160 million work-related illnesses annually (15). Companies have the ability to impact hundreds of millions of workers through their operations and value chains and have a responsibility to help address these impacts.

***Expectation 5 – Companies are expected to provide healthy and safe workplaces for all workers and support efforts to ensure healthy and safe workplaces in their value chains (encompassing physical and mental health and well-being as well as freedom from violence, harassment or threats, both physical and non-physical).***

The exact health and safety profile of each company in the SDG2000 will vary, but this is a universal expectation. Key SDGs related to health and safety include SDG 3 (good health) and SDG 8 (decent work and economic growth) (16) and in particular these two targets:

3.9 – By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

8.8 – Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment.

WBA signposts the expectation concerning healthy and safe workplaces with core social indicators 9 (health and safety fundamentals) and 11 (working hours fundamentals).

## **Living wage**

There are numerous definitions of living wage but the core concept is to provide fair remuneration that is sufficient for a decent living for a worker and his or her family, based on a regular work week not including overtime hours and where workers receive equal pay for equal work. A living wage is sufficient to cover food, water, clothing, transport, education, health care and other essential needs for workers and their officially entitled dependents and provide some discretionary income. Precarious work, zero-hour contracts and business models that remove traditional worker benefits can all impact how a living wage is defined for a specific context.

***Expectation 6 – Companies are expected to ensure workers are paid a living wage and should support efforts to ensure workers in their value chains are paid a living wage.***

WBA believes that living wages have exceptional potential to address multiple SDGs directly and indirectly. At the same time, minimum wage laws are neither universally applied nor necessarily adequate to ensure a decent quality of life. As such, a living wage is a critical enabler of the private sector's contribution to the 2030 agenda. Article 7 of the International Covenant on Economic, Social and Cultural Rights recognises the right of everyone 'to just and favourable conditions of work, including fair and non-discriminatory remuneration that provides a decent living for workers and their families'.

A non-discriminatory living wage is particularly important because it contributes directly and indirectly to the fulfilment of several other fundamental human rights of both the workers and their dependents (such as the rights to food, water, health, adequate housing, education and family life).

A living wage may also help to ensure no one is left behind by underpinning decent work (SDG 8), reducing inequalities (SDGs 5 and 10), ending poverty (SDG 1) and supporting good health and well-being (SDG 3). It may also prevent children from having to work, supporting quality education (SDG 4) and decrease the prevalence of hunger (SDG 2) by enabling adequate access to quality food and nutrition. To signpost the living

wage expectations, WBA uses core social indicators 10 (living wage fundamentals) and 11 (working hours fundamentals). Living wages will be a strong focus area for WBA in the future.

## Worker empowerment

Empowered workers are able to enjoy their fundamental rights, can be fully included in the workplace, be heard and have a meaningful say in the decisions that affect them. Empowered workers can help address multiple issues including child labour, forced labour, discrimination, gender and ethnic pay gaps, unreasonable working hours and unsafe working conditions. Worker empowerment is seen as a catalyst for the realisation of decent work (SDG 8), reduced inequalities (SDG 10) and gender equality (SDG 5), particularly where worker protections are weak and where the balance of power in the employment relationship is heavily skewed in favour of the company. In many places, this potential is not just unrealised but actively suppressed through union busting (17) and related discrimination.

It is crucial for companies to eliminate restrictions on workers' rights, but it is not enough for companies to merely tolerate workers who exercise their freedom to associate or engage in collective bargaining. Without active support and an enabling environment, workers' rights will not be fully realised, worker voices are unlikely to be integrated into business decision making and the workplace will not be truly inclusive.

***Expectation 7 – Companies are expected to enable the empowerment of all workers so that they, or their representatives, can represent their interests and influence matters that affect them at work. Companies should support worker empowerment in their value chains.***

Beyond contributing to a decent workplace, or the potential business benefits associated with an engaged workforce who have a meaningful say in the decisions that affect them, worker representation will be increasingly important for the large-scale transitions in our economies that must take place to achieve the 2030 agenda. For example, the transition away from carbon-intensive energy production towards a renewable and regenerative economy may cause significant disruption to workers. A 'just transition', where no one is left behind, is therefore impossible without the active participation of the people affected by the transition.

## Diversity and balance

Balance refers to an equitable distribution of opportunities and resources. Achieving balance involves addressing barriers to equality of outcome and creating cultures where every person feels safe and free from discrimination, no matter their gender identity or expression, race or ethnicity, sexuality, religion, background or other characteristic. Eliminating discrimination is a necessary, but insufficient, step to achieving equality of opportunity or outcome. Balanced workplaces are those where systemic issues such as the lack of diversity in company leadership and management have been addressed. When combined with the achievement of equal pay for equal work, diversity and balance will help eliminate problems such as gender and ethnic pay gaps.

***Expectation 8 – Companies are expected to achieve 'balance' across all levels of management, representative of their operating context, for all relevant diversity categories (e.g. gender and ethnicity), and they should support efforts to achieve balanced representation in their value chains.***

The expectation regarding diversity and balance is linked to multiple SDGs, notably SDG 5 (achieve gender equality and empower all women and girls), SDG 10 (reduce inequality), target 10.2 (empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status), SDG 8 (decent work) and target 8.5 (achieve full and productive employment and decent work for all women and men ... and equal pay for work of equal value).

This expectation is necessarily broad, to capture all the possible contexts for the SDG2000 companies. It is signposted by core social indicator 13 (workforce diversity disclosure fundamentals) and 14 (gender equality and women's empowerment fundamentals).

### **Diversity, discrimination, equality, equity, justice and inclusion: untangling the terminology**

If **diversity** describes the differences within groups, **discrimination** means the prejudicial treatment of people on the basis of those differences. Discrimination produces and entrenches inequalities of opportunity and outcome. Eliminating discrimination is a necessary, but insufficient, step to achieving **equality** of opportunity or outcome. **Equity** goes beyond non-discrimination, by recognising and addressing existing inequalities. Equity requires positive action to identify and address inequalities without disadvantaging other groups. **Justice** refers to a situation in which systemic barriers to equality have been addressed. **Inclusion** is where people are valued for their differences. However, inclusion does not equate to diversity, nor does diversity guarantee inclusion.

Different groups have different interpretations and uses for the terms diversity, inclusion, justice and equity. At their heart, they can be seen as different ways of looking at fairness. Organisations who focus on 'diversity and inclusion' may simultaneously be discussing equity and justice but not explicitly using that language.

## **Expectations regarding ethical conduct**

WBA expects companies to act ethically. According to the Institute of Business Ethics, 'Ethics goes beyond the legal requirements for a company and is, therefore, about discretionary decisions and behaviour guided by values.' (18) In developing the list of societal expectations, WBA identified several issues that could have exceptional impact on companies' contribution to the SDGs and, in contrast to expectations like 'respect human rights', they were not all covered by normative standards or internationally agreed frameworks. These issues are linked to 'ethical action'.

The four areas of ethical action that WBA has chosen to focus on are (protecting) data privacy, (fair) corporate taxation, (eliminating) bribery and corruption and (responsible) lobbying and political engagement, covered by expectations 9-12. The following sections set out the ethical action expectations and which core social indicators are used to signpost them. It should be noted that there are clear links between respect for human rights and ethical conduct and, as such, expectations 9-12 are all signposted by the core social indicators related to respect for human rights (CSIs 1-8).

## Data privacy

Privacy is a human right (enshrined in Article 12 of the Universal Declaration of Human Rights and Article 17 of the International Covenant on Civil and Political Rights) and is a guarantor of human dignity. Privacy is important for maintaining personal security, protecting identity and promoting freedom of expression in the digital age. (19) Data plays an increasingly important role in business and society at large. Companies collect, use, sell and/or provide growing amounts of personal data pertaining to their staff, customers, clients and other stakeholders. Companies also facilitate the collection, use and sharing of personal data for other companies and governments.

As a result, companies are at particular risk of negatively impacting the right to privacy and are also therefore linked to SDG target 16.10 (protect fundamental freedoms). At the same time, useful data on people will be critical for tracking and monitoring progress towards the SDGs.

***Expectation 9 – Companies are expected to respect the right to privacy of employees, workers, users, customers, clients and any individuals who may be affected by company activities.***

The use and misuse of personal data can have significant impacts on individuals as well as the SDGs. Personal information can be used to support discrimination and the exclusion of people from the workplace (undermining SDG 8 – decent work) or participating in public life. It can also be used to undermine legitimate democratic processes (with democracy being seen as essential for sustainable development and the eradication of poverty and hunger in the 2030 agenda (1)).

Companies are expected to respect the right to privacy of employees, workers, users, customers, clients and any individuals who may be affected by company activities. This expectation goes far beyond the protection of personal data. Companies should assess the risks to and impacts on people caused by their activities in relation to privacy and personal data, from data breaches to the sharing of information with governments and the facilitation of third parties (including through the provision of access, hardware, software and platforms). In accordance with the UNGPs, companies are expected to avoid, mitigate and remediate human rights impacts relating to privacy issues. WBA signposts this expectation via core social indicator 15 (personal data protection fundamentals).

## Corporate taxation

Companies are expected to pay a fair amount of tax. Tax revenues provide the fundamental resources that enable legitimate (state) actors to support the protection, well-being and development of their people, and are therefore vital to the achievement of the SDGs (20). Unfortunately, large amounts of tax revenue are lost because of tax avoidance and evasion. This presents a key obstacle to sustainable economic, political and social development, and by extension to the achievement of the SDGs that are dependent on government funding (21).

***Expectation 10 – Companies are expected to have a socially responsible approach to corporate taxation, overseen by the highest governing body and supported by appropriate controls and transparency, which complies with both the letter and spirit of the law in the countries where they operate; ensuring the right amount of tax is paid, at the right time, in the countries in which it creates value.***

Companies can undermine the realisation of rights and the achievement of the 2030 agenda through their involvement in or connection with tax evasion and avoidance practices, which ultimately deprive states of critical resources. As the payment of taxes directly impacts a State's ability to deliver on the 2030 Agenda, it has the ability to impact on **all the SDGs** that are dependent on government funding. In addition, tax is clearly linked to target 17.1 (strengthen domestic resource mobilisation, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection).

Corporate tax issues overlap with lobbying, political influence, bribery and corruption issues. WBA this expectation regarding socially responsible approaches to corporate taxation via core social indicator 16 (responsible tax fundamentals).

## **Bribery and corruption**

As with tax evasion and avoidance, corruption is a key obstacle to sustainable economic, political and social development, severely limiting progress towards the SDGs (21). With an estimated USD 1 trillion paid in bribes and a USD 2.6 trillion cost of corruption each year, the extent of the problem is staggering (22), particularly in countries where these sums represent money that may be used to directly undermine the realisation of the SDGs instead of supporting them.

***Expectation 11 – Companies are expected to eliminate bribery and corruption in all its forms in relation to their activities, including in their value chains. They are expected to have a systemic approach to anti-bribery and anti-corruption that is overseen by the highest governing body and supported by appropriate controls and public disclosures.***

Corruption and bribery can indirectly impact all the SDGs. From WBA's perspective, target 16.5 is most clearly linked to businesses (substantially reduce corruption and bribery in all their forms). WBA signposts the expectation regarding the elimination of bribery and corruption via core social indicator 17 (anti-bribery and anti-corruption fundamentals).

## **Lobbying and political engagement**

Companies can use a range of tools to influence the political process, such as political donations and engagement, advertising, public relations and mobilising trade associations and advocacy groups (23). The outcomes of both lobbying and corporate political engagement may have positive and negative impacts on society, a positive impact being a policy environment that supports and rewards actors that contribute to a more sustainable future.

***Expectation 12 – Companies are expected to have a socially responsible approach to direct and indirect lobbying and political engagement, overseen by the highest governing body and supported by appropriate controls and transparency, and which at a minimum does not undermine either the 2030 agenda or international human rights frameworks.***

Due to the vast range of lobbying and political engagement activities, any SDGs and targets that companies may interact with have the potential to be positively or negatively impacted by those activities. As such,

lobbying and political engagement can be critical enablers of, or risks to, the 2030 agenda and companies' contribution to it.

The activities themselves, by their very nature, carry risks of bribery, corruption, conflicts of interest and financial and reputational damage (24). SDG targets 16.5 (substantially reduce corruption and bribery in all their forms), 16.6 (develop effective, accountable and transparent institutions at all levels) and 16.7 (ensure responsive, inclusive, participatory and representative decision making at all levels) have clear links to corporate political influence. WBA signposts this expectation with CSI 18 (responsible lobbying and political engagement fundamentals).

## Corporate purpose and WBA social expectations

The 12 expectations for the social transformation described above define how companies should act on a day-to-day basis. They are not all-encompassing but concentrate on three key areas with a focus on people and the transformations needed to achieve the SDGs, overlapping and supporting broader governance and environmental issues. WBA believes the 2,000 keystone companies should *already* be meeting these expectations. However, we know this is not the case, which is why we need a transformation. We also recognise that many companies do not, or say they cannot, accommodate broader groups of stakeholders because of the way they are set up, with company bylaws or business models providing justification for acting in ways that prioritise profit over other considerations. As such, the prevailing model for corporate purpose (where the purpose of a company is to maximise short-term financial value for shareholders) may be a structural barrier to the social transformation.

Conversely, a company whose **purpose is to focus on profitably solving societal problems without profiting from societal harms** would be well placed to support the transformations needed to achieve the SDGs. A transformation in corporate purpose could therefore be an enabler of the social transformation.

A good purpose statement does not guarantee responsible business conduct. Similarly, acting responsibly does not guarantee wider societal problems will be solved. However, a successful company that supports a systems transformation (solving a societal problem) while acting responsibly (without profiting from harms) would be acting with true social purpose. Conversely, a company that behaves in a way that contradicts these expectations and harms people would not be seen to be acting with purpose.

Controversies related to the social expectations will be used to provide a non-scored narrative on whether companies are potentially profiting from societal harms and therefore not acting with purpose. This will support the core social indicator assessments and provide an insight into behaviours 'on the ground'.

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How the 18 core social indicators relate to the 12 expectations for the social transformation, in support of the three key enablers concerning human rights, decent work and ethical conduct, are summarised in Figure 8 on the following page.

Figure 8: Core social indicators within the framework

Enablers for social transformation	...demonstrated by meeting expectations...	...that are signposted by Core Social Indicators (CSI):
<b>Respect human rights</b>	Commit to respect human rights	<b>CSI 1</b> Commitment to respect human rights <b>CSI 2</b> Commitment to respect the human rights of workers
	Carry out human rights due diligence	<b>CSI 3</b> Identifying human rights risks and impacts <b>CSI 4</b> Assessing human rights risks and impacts <b>CSI 5</b> Integrating and acting on human rights risks and impacts
	Embed respect for human rights	<b>CSI 6</b> Engaging with affected and potentially affected stakeholders
	Provide access to remedy	<b>CSI 7</b> Grievance mechanisms for workers <b>CSI 8</b> Grievance mechanisms for external individuals and communities
<b>Provide and promote decent work</b>	Provide healthy and safe workplaces	<b>CSI 9</b> Health and safety fundamentals <b>CSI 11</b> Working hours fundamentals
	Pay a living wage	<b>CSI 10</b> Living wage fundamentals <b>CSI 11</b> Working hours fundamentals <b>CSI 12</b> Collective bargaining fundamentals
	Enable worker empowerment	<b>CSI 12</b> Collective bargaining fundamentals
	Achieve diversity balance across management	<b>CSI 13</b> Workforce diversity disclosure fundamentals <b>CSI 14</b> Gender equality and women's empowerment fundamentals
<b>Act ethically</b>	Protect data privacy	<b>CSI 15</b> Personal data protection fundamentals
	Pay fair taxes	<b>CSI 16</b> Responsible tax fundamentals
	Eliminate bribery and corruption	<b>CSI 17</b> Anti-bribery and anti-corruption fundamentals
	Responsibly lobby and influence policy	<b>CSI 18</b> Responsible lobbying and political engagement fundamentals

## Workstreams to meet social expectations

WBA's theory of change is based on creating indicators and collecting data to produce publicly available methodologies and benchmarks. These methodologies and benchmarks enable key stakeholders (including companies, financial institutions, governments and multilaterals, civil society, the media and our Allies) to make more informed decisions, leading to companies changing their behaviour and practices. Our ultimate goal is transformed systems and positive business impact on people, workers, communities and the environment, particularly in developing countries, which is achieved when others use the information we produce.

WBA's social transformation aims to incentivise companies to meet societal expectations regarding responsible business conduct that leaves no one behind. There are too many expectations and topics for us to focus on simultaneously. As a result, we have prioritised three workstreams in support of the social transformation.

The **first** is embedding the 'leave no one behind' principle into the other six transformations, by incentivising companies to meet expectations regarding responsible business conduct as part of those transformations' theories of change. Many companies will not meet the core social indicators, so the six transformation benchmarks will encourage companies to meet this baseline. However, there may be significant gaps between current company performance, the core social indicators and the achievement of the expectations. So, the **second** workstream seeks to drive change in specific social areas that cut across multiple transformations and sectors. WBA's focus will be those areas that can have a catalytic effect on responsible business conduct or company contributions to the SDGs. This work will be informed by **spotlight benchmarks** (see the 'Spotlight benchmarks' section below). The initial focus areas for this second workstream are based on the following three problems:

- business failure to respect human rights, representing a broad market failure;
- gender inequality in the workplace, from a gender pay gap to representation; and
- lack of a living wage for workers, linked to precarious work and reduced worker representation.

There may be opportunities to help companies meet other societal expectations, and WBA will map and work with pre-existing initiatives to avoid duplication of efforts. Instead, we will concentrate on issues that are cross-cutting and can support the other systems transformations. This is the **third** workstream, which will rely more on collaboration with Allies and building on the core social indicator data, rather than producing bespoke benchmarks. An example could be providing the social data for all North American companies to an organisation that wants to create a ranking of corporate approaches to addressing racial inequality for that geography. WBA can support work with a narrow topic or geographical focus but is unlikely to lead it.

To help guide our social transformation work, an Expert Review Committee (ERC) will be set up. This will comprise one social champion from each of the other transformation ERCs, plus several individuals with expertise across multiple social topics and stakeholder groups. The ERC will aid the selection and prioritisation of spotlight benchmarks and collaboration with third parties. It will also identify opportunities for collective impact, in support of the social transformation and changing company behaviour.

## Workstream 1 - Embed principle of 'leave no one behind' in the other six transformations

The following sections explain the approach to integrating the 'leave no one behind' principle in the food and agriculture, financial, decarbonisation and energy, urban, circular and digital systems transformations. As a guiding principle, every transformation benchmark will assess companies on the core social indicators, which will make up a minimum of 20% of the final ranking. The value of the transformation-specific social indicators will be different for each transformation, and it will be up to the relevant transformation benchmark teams to determine the final weighting of 'social' within the relevant methodologies. The justification for this approach can be found in the [social transformation consultation feedback report](#).

The social transformation framework was developed after the publication of the first digital and decarbonisation and energy transformation benchmarks but alongside the Food and Agriculture Benchmark methodology and the scoping study for the financial system. There will be some sequencing issues to implement changes in the methodologies, but from 2023, all transformation benchmarks should have fully integrated both the core and transformation-specific social indicators. The timings and progress are discussed in the following sections for each transformation.

Figure 9 – Embedding the principle of 'leave no one behind' in all systems transformations



## Food and agriculture transformation

### Aim of the transformation

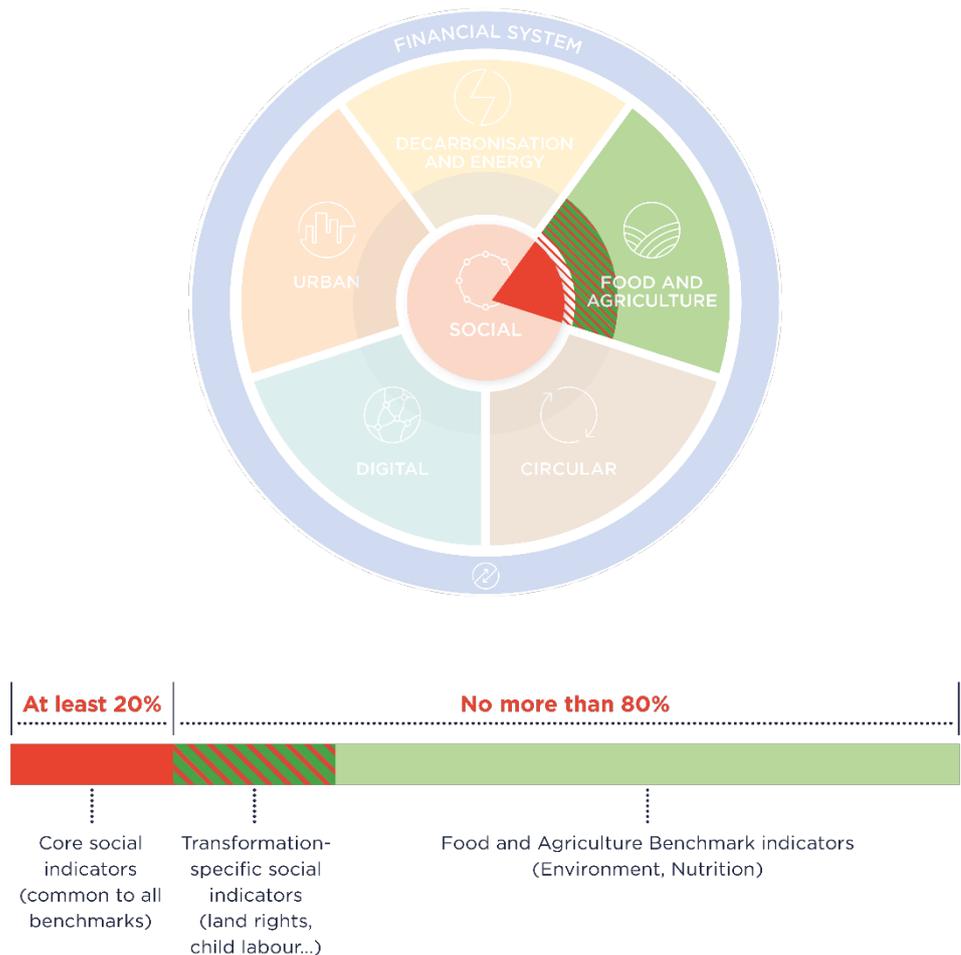


The food and agriculture transformation requires large-scale and fundamental action led by those who drive environmental, health and social pressures in the system. This transformation aims to stimulate the most influential food and agriculture companies to apply sustainable business practices throughout their operations as well as use their influence to encourage value chain partners to do the same. WBA’s Food and Agriculture Benchmark will rank 350 keystone companies and will be updated on an iterative basis.

### Relevance of the core social expectations

Social inclusion is a priority area for the food and agriculture transformation. Social issues, such as land rights and child and forced labour, are prevalent in many agricultural supply chains and require a robust **human rights due diligence** approach to identify and address them. In addition, worker livelihoods must be improved, ensuring a **living income and living wage**, underpinned by **collective bargaining** and responsible sourcing practices.

Figure 10 – Embedding the principle of ‘leave no one behind’ in the Food and Agriculture Benchmark



## Transformation-specific social issues

In July 2020, the food and agriculture transformation launched its methodology framework. This outlined the key topics underpinning the food transformation agenda, with social inclusion as one of its focus areas. Beyond the core social expectations, transformation-specific social issues include resource rights, such as land tenure and access to water, smallholder productivity and climate resilience as well as a deeper look at salient labour issues such as child and forced labour, smallholders' living income and workers' living wage.

## Progress and timeline

A [baseline](#) of the 350 companies in the food and agriculture transformation has been published. The baseline provides an initial understanding of where companies currently stand with regard to their commitments to the food transformation, including in relation to social issues. The results show that companies are not driving social change, with over one third of the companies assessed not sufficiently acknowledging their responsibility to ensure that the human rights of workers in their supply chains are respected and failing to demonstrate any intention to improve the livelihoods of smallholder farmers. Some 40% of the companies assessed do not publicly commit to eliminating child and forced labour in their own operations and supply chains.

In Q1 2021, the food and agriculture benchmark methodology will be published, integrating the core social and transformation-specific social indicators from the outset (labelled as the social inclusion theme). In Q3 2021, the first iteration of the Food and Agriculture Benchmark should be published to coincide with the inaugural UN Food Systems Summit. The second iteration of the benchmark is due to be released in 2022 and the third iteration in 2023.

### Spotlight benchmarks for the food and agriculture transformation

The food and agriculture framework has two spotlight benchmarks to allow for deeper analysis of key sectors and issues. **The Seafood Stewardship Benchmark** assesses how the world's leading seafood companies contribute to the sustainable management of our oceans and coastal ecosystems as well as how they help ensure responsible social practices are implemented across all stages of the supply chain. **The Access to Seeds Index** measures and compares the world's leading seed companies' efforts to enhance the productivity of smallholder farmers, with global companies assessed alongside key small- and medium-sized companies in specific regions. Both methodologies are being reviewed against the core social indicators, but the 20% weighting may be adjusted for spotlights due to their contextual focus.

## Decarbonisation and energy transformation

### Aim of the transformation



A major decarbonisation and energy transformation is needed to prevent the worst impacts of climate change and limit global warming to well below 2°C. Without urgent climate action, the world will experience more extreme weather events, rising sea levels and negative impacts on ecosystems. These will have a disproportionate effect on the poorest and most vulnerable populations for decades to come. We believe that private sector engagement alongside action by governments and civil society are critical for meeting the Paris Goals. WBA's Climate and Energy Benchmark will rank 450 keystone companies in high-emitting sectors and will be updated on an iterative basis.

### Relevance of the core social expectations

The transition to a net-zero world risks leaving many people behind, if not paired with an intentional focus on social inclusion. The private sector has a critical role to play in facilitating a just transition. **Labour rights**, and especially **collective bargaining** and worker relationship structures, will be key in ensuring those employed in high-emitting sectors are included in the 'new' green economy. Additionally, **human rights due diligence** is fundamental in identifying and addressing the severe human rights risks that are salient in the supply chains of high-emitting keystone companies.

### Potential transformation-specific social issues

A just transition sits at the intersection between the need to decarbonise and provide universal access to sustainable energy and the necessity to achieve this in a way that leaves no one behind and manages the risks to and negative impacts on society that will occur with transformational change. WBA will develop and publish a set of just transition indicators against which all 450 companies in scope of the decarbonisation and energy transformation will be assessed. These indicators will assess topics such as stakeholder engagement on the just transition (including social dialogue), green and decent job creation, reskilling workers and social protection. Following the publication of these indicators, all future climate and energy benchmarks will assess companies on these just transition indicators.

### Progress and timeline

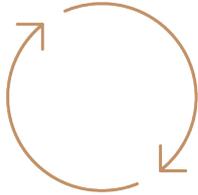
To date, 80 companies in the decarbonisation and energy transformation have been assessed on their contributions to the Paris Goals. However, these companies have not been assessed on social elements,<sup>1</sup> given that the assessment pre-dated the development of the social transformation framework. In 2021, 180 companies across the oil and gas, electric utilities and automotive sectors will be assessed against a combined decarbonisation and social methodology to provide a just transition-focused assessment that will be timed to coincide with the 26th UN Climate Change Conference of the Parties (COP 26) in the United Kingdom. The remaining 270 companies will be benchmarked before 2024, incorporating the core social and just transition indicators from the outset.

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<sup>1</sup> Except for insights into whether a company is supporting climate-negative lobbying and trade associations.

## Circular transformation

### Aim of the transformation



A shift away from a linear system, which generates extreme amounts of waste and exacerbates the climate crisis, is more urgent than ever. Several companies have already committed to implementing circular principles, but much more needs to be done. We believe that a wide application of circular models is necessary and should not be limited to a niche set of companies. WBA has identified 750 companies, spanning a dozen goods-producing industries, that will be benchmarked on their circular efforts.

### Relevance of the core social expectations

Circular supply chains will only be truly sustainable if companies focus not only on reducing their ecological footprint but also on managing their social impacts. As with all other transformations, a strong **human rights due diligence** approach is fundamental for identifying and addressing all human rights risks, including those upstream and downstream in the value chain, particularly those associated with waste management.

### Potential transformation-specific social issues

As part of the methodology development process that will take place during 2021, WBA intends to scope additional social issues that are especially relevant for the circular transformation.

### Progress and timeline

The circular transformation was scoped in 2020. In 2021, the circular benchmark methodology will be developed and published including transformation-specific social indicators. The first iteration of the benchmark will be published thereafter and will assess companies in scope on the core social indicators and transformation-specific social indicators.

## Digital transformation

### Aim of the transformation



Digital technology can be a powerful enabler of the SDGs. However, widespread divides around access to technology, digital skills, inclusive technology development and exposure to online risks and harms persist, slowing the potential to achieve the SDGs. As such, digital technology companies – from mobile money providers that give the unbanked access to financial resources, to internet and web applications that help people connect and cooperate globally – have significant potential to accelerate progress towards the SDGs. To unleash this potential, the barriers excluding billions of people from accessing and harnessing digital technology need to be removed. WBA’s Digital Inclusion Benchmark aims to highlight industries and companies that are currently leading the way in fostering digital inclusion, to trigger a race to the top across the digital sector as well as hold underachieving companies accountable. It will rank 200 keystone companies and will be updated on an iterative basis.

### Relevance of the core social expectations

In order to do no harm and leave no one behind, the rapidly evolving digital industry must ensure the existence of policies and processes to **protect privacy and personal data**. Additionally, technology companies have an extensive global footprint and a wide spectrum of salient human rights risk in both their upstream and downstream value chains. A robust **human rights due diligence** process will thus be fundamental in enabling companies to identify, prevent and address these risks in a timely and effective manner. **Fair tax** is also an issue for digital companies that have limited physical footprints in the countries where their value is generated.

### Transformation-specific social issues

Since the digital transformation focuses on digital inclusion, transformation-specific social indicators are integrated throughout the methodology. In line with the ‘leave no one behind’ principle, a special emphasis is placed on digital access and inclusion of all, regardless of age, sex, disability, race, ethnicity, origin, religion, economic or other status. Other social issues encompassed by the methodology include skills development, inclusive employment, cybersecurity and school connectivity.

### Progress and timeline

In 2020, the [first iteration of the Digital Inclusion Benchmark](#) was published. It assessed 100 companies on digital inclusion, which is arguably inherently social. In 2021, the second iteration of the benchmark will be published and will assess the 150 companies in scope against the current methodology. The core social indicators will be used to assess all 150 companies, but the 2021 ranking will be unlikely to integrate the core social scores. Rather, they will be shown alongside the digital scores and ranking. The third iteration of the benchmark is planned for release in 2022, fully integrating the core social indicators and any additional transformation-specific social indicators into the final ranking.

## Urban transformation

### Aim of the transformation



By 2050, the world's urban population is expected to nearly double, making urbanisation one of the most transformative megatrends of this century. Sustainable urban development is socially inclusive, environmentally sustainable and resilient and provides opportunities for all, as emphasised by the New Urban Agenda adopted in Quito, Ecuador in 2016. Businesses and governments have a vital role to play in delivering this agenda, and public-private cooperation is increasingly important for the development and management of urban infrastructure and the provision of public services. WBA has initially selected 302 companies, spanning heavy machinery to waste management, as part of the urban transformation.

### Progress and timeline

We plan to scope the urban transformation in 2022, if certain fundraising targets are met. As part of the scoping, WBA will consider the potential transformation-specific social indicators against which the companies in scope should be assessed. If the scoping goes ahead, it is likely that the first iteration of the benchmark will be published in 2023, integrating the social indicators from the outset.

## Financial system transformation

### Aim of the transformation



Although the global economy is highly decentralised and involves millions of enterprises all over the world, financial resources are concentrated and managed by a relatively small number of intermediaries. This makes financial institutions key decision makers in the allocation and stewardship of resources, affording them a distinct role in the global economy in support of the SDGs. Consequently, the Financial System Benchmark aims to identify the actions that financial institutions can take to improve their impact on people, workers, communities and the environment. The benchmark will assess 400 leading financial institutions – including asset managers, banks, insurance companies, pension funds, sovereign wealth funds and development finance institutions – on their contribution to the 2030 agenda.

### Relevance of the core social expectations

Financial institutions have an extensive footprint, which opens up opportunities to drive positive change and progress towards the SDGs as well as risks of adverse social impacts across the globe, through their own operations and their investment value chain. The benchmark will likely assess financial institutions on their organisational practices, market signalling activities, capital allocation, and financial products and services provided. Strong **human rights due diligence processes**, efforts to promote **decent work**, including by disclosing information on workforce diversity and gender equality and ensuring that financial institutions **act ethically** through data protection, tax, lobbying and anti-corruption practices, are essential for fostering social inclusion.

### Potential transformation-specific social issues

Beyond the core social expectations, the scoping report, which was developed in 2020, looks at the ability of the financial system to address issues related to inclusion, capital allocation and broader interconnected challenges such as climate and inequality.

### Progress and timeline

Research and consultation on the scope of the financial system transformation took place in 2020. In 2021, the Financial System Benchmark methodology will be developed, including transformation-specific social indicators, with a first benchmark planned for 2023. This will assess companies on the core social indicators and the transformation-specific social indicators.

## Workstream 2 - Spotlight benchmarks

To assess the gap between current corporate performance on social issues and societal expectations, WBA will develop spotlight benchmarks. The purpose of these benchmarks is to assess companies on cross-cutting social issues that, if addressed, can be catalytic for the SDGs. These spotlight benchmarks will help close the gap between the core social indicators and the high-level societal expectations and accelerate impact on company contribution to the SDGs.

While there are many potential social issues that WBA could focus on, from living wages to racial justice and inclusivity, our early consultations with stakeholders identified two initial priority areas for spotlight benchmarks: corporate human rights and gender. In the future, spotlights will be informed by the broad findings of the core social indicator assessments, but an initial focus will be the living wage, as discussed below. This approach aligns with WBA’s preference to achieve scale first and depth later.

### Respect for human rights

Figure 11 – 2020 Key findings report for CHRHB



As noted earlier, human rights are inextricably linked to the SDGs, and companies have a responsibility to respect human rights. However, there is a market failure in relation to corporate respect for human rights, which undermines the achievement of the SDGs. Markets are not routinely promoting corporate human rights responsibility or innovation through investment decisions and the allocation of capital, media scrutiny, regulation or advocacy for companies that are managing their human rights risks and

impacts well. Because of this, most companies have no reason to account for their social ‘costs’; their impacts on human rights. As a consequence, capital is being misallocated: companies that impose the costs of their negative impacts on workers, communities and local governments are able to raise capital at the same rate as their more responsible peers, ultimately making them more competitive.

To address this market failure, WBA will benchmark companies on their human rights performance to create competition, drive accountability and provide evidence for policy intervention. Instead of reinventing the wheel, the [Corporate Human Rights Benchmark](#) (CHRHB) – which assesses and ranks companies in high-risk sectors on their human rights performance – has been integrated into our Alliance and acts as a spotlight benchmark to help address this market failure and therefore support the social transformation.

In 2020, WBA published assessments of 230 companies from five high-priority sectors, namely agricultural products (fourth iteration), apparel (fourth iteration), extractives (fourth iteration), electronics manufacturing (second iteration) and automotive manufacturing (first iteration). The CHRHB team also analysed the initial Social transformation framework | 34

response of these 230 companies to the COVID-19 pandemic, focusing on the human rights implications of the crisis.

In 2021, we aim to start the year by releasing the results of the one-off COVID-19 study. The revised CHRB methodology is due for release in Q2, with subsequent benchmarks for two or three sectors planned for Q4. Thereafter, sectors are likely to be reassessed bi-annually, rather than annually, with the core social indicators providing an annual update of progress on key aspects of ‘respect for human rights’.

## Gender equality and women’s empowerment

Figure 12 – Gender Benchmark methodology report



Gender equality and women’s empowerment are the explicit focus of SDG 5, but they are integral to all dimensions of inclusive and sustainable development, with 54 gender-specific targets included in the other 16 SDGs.

Accordingly, action taken to drive gender equality and women’s empowerment does not only advance one SDG but advances all the SDGs and therefore sustainable development as a whole.

However, women continue to experience various forms of discrimination and violence in all spheres of life due to social norms, patriarchal power structures and gender stereotypes (25). In the workplace, gender inequality manifests itself in a variety of ways, such as low levels of women represented in leadership positions, a persistent gender pay gap, discrimination against pregnant women and new mothers, limited support for women’s reproductive health and sexual harassment (26). As major employers, companies are uniquely positioned to drive gender equality and women’s empowerment across their value chains.

Accordingly, through its Gender Benchmark, WBA will benchmark companies on how they drive and promote gender equality and women’s empowerment to accelerate corporate progress in closing the gender gap. The Gender Benchmark acts as a spotlight benchmark in support of the social transformation.

In 2020, the Gender Benchmark published a baseline assessment of the gender impacts of the most influential apparel companies globally. In mid-2021, the first iteration of the full benchmark will be launched. Following the launch, WBA will identify and use the lessons learned from the first iteration to explore how the methodology can be adjusted to make a rapid assessment of a company’s contribution to SDG 5, with the aim of expanding the benchmark’s scope to assess more sectors, and therefore more companies, in the SDG2000.

## Living wage

Figure 13 – Living Wage Spotlight



A living wage can contribute to the direct and indirect fulfilment of a range of fundamental human rights of both workers and their dependents, and therefore the achievement of multiple SDGs.

Companies have a critical role to play in improving the lives of workers and their families by taking steps to ensure workers are paid a living wage and supporting efforts to ensure workers in their value chains are also paid a living wage; simultaneously supporting the achievement of the SDGs and respecting and enabling workers' rights.

Accordingly, WBA is considering benchmarking companies on how they address living wages, or the living wage gap. A living wage benchmark would act as a spotlight benchmark in support of the social transformation.

In 2021, WBA will scope a potential living wage spotlight benchmark, with the aim of publishing an approach in 2022. This will be informed by the performance of the first 1,000 companies on the living wage and working hours indicators, and engagement with key stakeholders to determine the best focus areas and the need to develop a bespoke benchmark, versus working with pre-existing initiatives (such as the Living Wage Foundation, Global Living Wage Coalition, the Sustainable Trade Initiative and the UN Global Compact's SDG Ambition Living Wage Benchmark).

## Workstream 3 – Support and build on the work of Allies and other pre-existing initiatives

Figure 14 – Workstream 3



WBA recognises that there are too many social issues to address through our benchmarks alone and we will not be able to focus on every topic that is important to every stakeholder.

Where there are opportunities to reinforce and support the work of Allies using our methodologies and data, we will look to create change in support of the SDGs. This could be through the development by third parties of new benchmarks which build on the core social data and expand into specific topics, or the use of the methodology at national, regional or investment-portfolio levels. We aim to drive more impact through collaboration, especially in areas where we cannot currently go alone.

## Core social assessment

As described in earlier sections, the core social indicators point towards the achievement of the high-level expectations (**signposting**) regarding respect for human rights, providing and promoting decent work and acting ethically. Companies that do not meet these core social elements will be seen as failing to demonstrate sufficient commitment to the high-level expectations and therefore to responsible conduct. Accordingly, all companies should meet the core social indicators, regardless of the sector in which they operate.

The core social indicators are summarised below:

- CSI 1. Commitment to respect human rights
- CSI 2. Commitment to respect the human rights of workers
- CSI 3. Identifying human rights risks and impacts
- CSI 4. Assessing human rights risks and impacts
- CSI 5. Integrating and acting on human rights risks and impacts
- CSI 6. Engaging with affected and potentially affected stakeholders
- CSI 7. Grievance mechanisms for workers
- CSI 8. Grievance mechanisms for external individuals and communities
- CSI 9. Health and safety fundamentals
- CSI 10. Living wage fundamentals
- CSI 11. Working hours fundamentals
- CSI 12. Collective bargaining fundamentals
- CSI 13. Workforce diversity disclosure fundamentals
- CSI 14. Gender equality and women's empowerment fundamentals
- CSI 15. Personal data protection fundamentals
- CSI 16. Responsible tax fundamentals
- CSI 17. Anti-bribery and anti-corruption fundamentals
- CSI 18. Responsible lobbying and political engagement fundamentals

Companies will be assessed on the core social indicators based on publicly available information (with one exception relating to controversies, discussed below) in order to drive transparency around responsible business conduct. Company information that is not in the public domain will not be considered.

## Development of the core social indicators

The core social indicators were developed through an extensive research and multi-stakeholder engagement process. The process included:

- initial workshopping with the CHRB, Business and Human Rights Resource Centre, Workforce Disclosure Initiative, EIRIS Foundation and WBA staff
- extensive desk-based research on hundreds of existing initiatives
- testing indicator topics with WBA Allies and key stakeholders
- publication of the draft indicators and proposed weighting and scoring methodology
- 12 WBA roundtables that were attended by more than 150 participants
- two roundtables organised by Caux Round Table Japan that were attended by 40 participants

- one roundtable organised by the International Trade Commission Technical Working Group that was attended by 15 participants
- one roundtable organised by Business Fights Poverty that was attended by 272 participants
- a joint WBA/European Commission scoping session that was attended by the European External action Service (EEAS), Directorate-General for International Cooperation and Development (DEVCO) and Directorate-General for Justice.
- over 26 bilateral calls with subject-matter experts
- written feedback from over 20 organisations.

In addition, WBA tested the core social indicators to ensure they were broadly applicable to the different sectors covered by the SDG2000. This was done by WBA's internal research team, the [Columbia Center on Sustainable Investment](#) and [SustainoMetric](#). Further details can be found in the [social transformation consultation feedback report](#).

The core social indicators align with:

- Stakeholders' expectations. Following the release of the [social transformation draft methodology](#) in June 2020, WBA launched its public consultation phase, inviting all interested stakeholders to provide feedback on the draft over a 14-week period. The feedback received is included in the [social transformation consultation feedback report](#). This feedback was used to refine each of the indicators.
- Normative standards. International conventions and declarations setting out the normative standards for corporate behaviour were a key source we drew on to clarify expectations regarding corporate policies, practices and performance, such as the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.
- Existing initiatives. Another key source was indicators and metrics from existing benchmarks, standards and frameworks, such as WBA's Corporate Human Rights Benchmark, Gender Benchmark and Digital Inclusion Benchmark as well as the Global Reporting Initiative's standards. A comprehensive mapping of the core social indicators to existing benchmarks, standards and frameworks will be conducted in 2021.

A full list of the materials reviewed during the development of the CSIs is included in Annex 1.

## Format of the core social indicators

The next sections detail each core social indicator, which all follow a standard format:

- **Topic:** a short descriptor of the issue.
- **Indicator:** sets out the topic-specific outcome(s) expected of a company.
- **Elements:** sets out what companies will be assessed against for the indicator.
- **Sources:** lists the key existing initiatives that the indicator aligns with or builds upon.
- **Scores available:** sets out the possible scores that a company can receive based on the elements of an indicator that it meets (i.e. 0, 0.5, 1).
- **Weighting:** sets out whether an indicator receives single or double weighting.

## Scoring the core social indicators

Each core social indicator will be scored on a scale of 0 to 1. The scale will be represented by three levels:

1. Fully met: a company meets all of the elements for a particular indicator (1 point).
2. Partially met: a company meets some of elements for a particular indicator (0.5 points).
3. Not met: a company meets none of the elements for a particular indicator (0 points).

In cases where an indicator can be met by fulfilling one element, a partially met score of 0.5 points is not available. A company can only fully meet (1 point) or not meet (0 points) such indicators.

Indicators will be scored on publicly available information. While policy documents do not have a time limit, other evidence of action will be limited to information published within the last three years unless stated otherwise.

## Weighting the core social indicators

Each core social indicator will be singly weighted, with the exception of the following indicator topics that form part of the human rights due diligence process:

- assessing human rights risks and impacts
- integrating and acting on human rights risks and impacts.

Given the foundational importance of human rights due diligence not only for embedding corporate respect for human rights but also in enabling decent work and ethical conduct, the two indicator topics listed above will receive double weighting. As such, the 18 core social indicators will represent a total of 20 points.

The table on the following page shows the weighting per indicator and per pillar.

Figure 15 – Weighting of the core social indicators

<b>Core social indicators – Weightings per indicator and maximum points per indicator grouping</b>					
<b>Respect human rights</b>	<b>Max. pts</b>	<b>Provide and promote decent work</b>	<b>Max. pts</b>	<b>Act ethically</b>	<b>Max. pts</b>
1. Commitment to respect human rights	1	9. Health and safety fundamentals	1	15. Personal data protection fundamentals	1
2. Commitment to respect the human rights of workers	1	10. Living wage fundamentals	1	16. Responsible tax fundamentals	1
3. Identifying human rights risks and impacts	1	11. Working hours fundamentals	1	17. Anti-bribery and anti-corruption fundamentals	1
4. Assessing human rights risks and impacts	2	12. Collective bargaining fundamentals	1	18. Responsible lobbying and political engagement fundamentals	1
5. Integrating and acting on human rights risks and impacts	2	13. Workforce diversity disclosure fundamentals	1		
6. Engaging with affected and potentially affected stakeholders	1	14. Gender equality and women's empowerment fundamentals	1		
7. Grievance mechanisms for workers	1				
8. Grievance mechanisms for external individuals and communities	1				
<b>Max. points</b>	<b>10/20</b>	<b>Max. points</b>	<b>6/20</b>	<b>Max. points</b>	<b>4/20</b>
<b>Total points available = 20</b>					

## Referenced sources for the core social indicators

The table below lists the acronyms for sources referenced directly within individual core social indicators and which were used to build the indicators and elements. A wider set of materials was also used to inform development of the core social indicators more generally. These materials are listed in Annex 1.

Source	Acronym
<a href="#">Danish Institute for Human Rights – Indicators for Business</a>	HRIB
<a href="#">Ethical Trading Initiative Base Code</a>	ETI
<a href="#">Fair Labor Association Workplace Code of Conduct and Compliance Benchmarks</a>	FLA
<a href="#">General Data Protection Regulation (EU) 2016/679</a>	GDPR
<a href="#">Global Living Wage Coalition</a>	GLWC
<a href="#">Global Reporting Initiative</a>	GRI
<a href="#">International Covenant on Economic, Social and Cultural Rights</a>	ICESCR
<a href="#">Ranking Digital Rights</a>	RDR
<a href="#">Social Accountability 8000 International Standard</a>	SA8000
<a href="#">The B Team – A New Bar for Responsible Tax: The B Team Responsible Tax Principles</a>	B Team Tax Principles
<a href="#">Transparency International UK – Open Business Principles and Guidance for Anti-Corruption Corporate Transparency</a>	TI Anti-Corruption Principles
<a href="#">Transparency International UK – Wise Counsel or Dark Arts? Principles and Guidance for Responsible Corporate Political Engagement</a>	TI Political Engagement Principles
<a href="#">UN Guiding Principles on Business and Human Rights</a>	UNGP
<a href="#">UN Guiding Principles Reporting Framework</a>	UNGPRF
<a href="#">WBA Corporate Human Rights Benchmark</a>	CHRB
<a href="#">WBA Gender Benchmark</a>	GB
<a href="#">WBA Digital Inclusion Benchmark</a>	DIB
<a href="#">World Economic Forum – Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation White Paper (September 2020)</a>	WEF
<a href="#">Workforce Disclosure Initiative</a>	WDI

## Core social indicators 1-8: Respect human rights

### CSI 1: Commitment to respect human rights

<b>Indicator</b>	The company publicly commits to respecting all internationally recognised human rights across its activities.	
<b>Indicator element(s)</b>	(a) The company has a publicly available policy statement committing it to respect human rights, which is approved by the highest governance body.	<b>Indicator element guidance</b>  To meet indicator element (a), the company's policy statement must explicitly: <ul style="list-style-type: none"> <li>• commit to respect human rights, or</li> <li>• commit to respect the rights in the Universal Declaration of Human Rights, or</li> <li>• commit to respect the rights in the International Bill of Human Rights, or</li> <li>• commit to respect all internationally recognised human rights.</li> </ul> <p>A policy that only covers a part of the company's activities will not meet the indicator element.</p>
<i>This indicator is fully met by meeting indicator element (a).</i>		
<b>Sources</b>	CHRB A.1.1; UNGP 11 and 12; UNGPRF A1; GRI 103-2	
<b>Scores available</b>	0 (not met), <del>0.5 (partially met)</del> , 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

Useful definitions	
Governance body	A committee or board responsible for the strategic guidance of the organisation, the effective monitoring of management and the accountability of management to the broader organisation and its stakeholders.
Highest governance body	A formalised group of persons charged with ultimate authority in an organisation.
Human rights	Basic international standards aimed at securing dignity and equality for all. Every human being is entitled to enjoy these rights without discrimination.

## CSI 2: Commitment to respect the human rights of workers

<b>Indicator</b>	The company publicly commits to respecting the principles concerning fundamental rights at work in the eight ILO core conventions as set out in the ILO Declaration on Fundamental Principles and Rights at Work. It also has a publicly available statement of policy committing it to respect the human rights of workers in its business relationships.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting both of the elements (a) and (b).</i>	<p>(a) The company has a publicly available policy statement committing it to respecting the human rights that the ILO has declared to be fundamental rights at work, which is approved by the highest governance body.</p> <p>AND</p> <p>(b) The company has a publicly available statement of policy that expects its business relationships to commit to respecting the human rights that the ILO has declared to be fundamental rights at work.</p>	<p><b>Indicator element guidance</b></p> <p>Indicator element (a) would be met by an explicit commitment to respecting ‘the human rights that the ILO has declared to be fundamental rights at work’ collectively. It would also be met by an explicit commitment to respect each of the human rights that the ILO has declared to be fundamental rights at work, namely: freedom of association and the right to collective bargaining, and the rights not to be subject to forced labour, child labour and discrimination in respect of employment and occupation.</p> <p>Indicator element (b) would be met by placing a ‘requirement’ instead of an ‘expectation’ on business relationships. However, it would not be met by using language such as ‘business relationships are encouraged to respect...’.</p>
<b>Sources</b>	CHRB A.1.2; UNGP 12 and 16(c); UNGPRF A1; GRI 103-2	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

Useful definitions	
Business relationships	The relationships a company has with business partners, entities in its value chain and any other State or non-State entity directly linked to its operations, products or services. They include indirect relationships in its value chain, beyond the first tier, and minority as well as majority shareholding positions in joint ventures. It covers both upstream and downstream relationships.

### CSI 3: Identifying human rights risk and impacts

<b>Indicator</b>	The company proactively identifies its human rights risks and impacts.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting both of the elements (a) and (b).</i>	<p>(a) The company describes the process(es) to identify its human rights risks and impacts in specific locations or activities covering its own operations.</p> <p>AND</p> <p>(b) The company describes the process(es) to identify its human rights risks and impacts in specific locations or activities through relevant business relationships.</p>	<b>Indicator element guidance</b>  To meet indicator elements (a) and (b), the company must have a clear process or processes in place to identify its risks to and impacts on people. This could include undertaking desk-based research to identify key risks in the company's industry and the regions in which it operates and analysing its internal process(es) to understand its own human rights risks.
<b>Sources</b>	CHRB B.2.1; UNGP 17 and 18; UNGPRF B2 and C3; HRIB 1.2.1; GRI 412-1 and 414-2	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

Useful definitions	
Human rights due diligence	An ongoing risk management process that a reasonable and prudent company needs to follow in order to identify, prevent, mitigate and account for how it addresses its adverse human rights impacts. As set out in the UN Guiding Principles 17-21, this includes four key steps: identifying and assessing actual and potential human rights impacts; integrating and acting on the findings; tracking responses; and communicating about how impacts are addressed.
Human rights risks	Any risks that its operations may lead to one or more negative human rights impacts. They therefore relate to its potential human rights impacts. Importantly, a company's human rights risks are the risks that its operations pose to human rights. This is separate from any risks that involvement in human rights impacts may pose to the enterprise, although the two are increasingly related.

## CSI 4: Assessing human rights risks and impacts

<b>Indicator</b>	Having identified its human rights risks and impacts, the company assesses them and then prioritises its salient human rights risks and impacts.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting one of the elements (a) or (b).</i>	<p>(a) The company describes its process(es) for assessing its human rights risks and discloses what it considers to be its salient human rights issues. This description includes how relevant factors are taken into account, such as geographical, economic, social and other factors.</p> <p>OR</p> <p>(b) The company publicly discloses the results of its assessments, which may be aggregated across its operations and locations.</p>	<p><b>Indicator element guidance</b></p> <p>Regarding element (a), in assessing the salience of its human rights issues, the company should consider:</p> <ul style="list-style-type: none"> <li>• Scale: the gravity of the impact</li> <li>• Scope: the number of individuals who are or could be affected</li> <li>• Remediability: any limits on the ability to restore those affected to a situation at least the same as, or equivalent to, their situation before the adverse impact.</li> </ul>
<b>Sources</b>	CHRB B.2.2; UNGP 17, 18 and 24; UNGPRF B1, B2 and C3; HRIB 1.2.1; GRI 412-1 and 414-2	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	<b>Double</b> (i.e. this represents two points out of a maximum of 20 points)	

Useful definitions	
Salient human rights issues	Those human rights that are at risk of the most severe negative impacts through a company's activities or business relationships. They therefore vary from company to company.
Severe human rights impact	A negative human rights impact is severe by virtue of one or more of the following characteristics: its scale, scope or irremediability. Scale means the gravity of the impact on the human right(s). Scope means the number of individuals that are or could be affected. Irremediability means the ease or otherwise with which those impacted could be restored to their prior enjoyment of the right(s).

## CSI 5: Integrating and acting on human rights risk and impact assessments

<b>Indicator</b>	The company integrates the findings of its assessments of human rights risks and impacts into relevant internal functions and processes by taking appropriate actions to prevent, mitigate or remediate its salient human rights issues.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting one of the elements (a) or (b).</i>	<p>(a) The company describes its global system to take action to prevent, mitigate or remediate its salient human rights issues, AND this includes a description of how its global system applies to its supply chain.</p> <p>OR</p> <p>(b) The company provides an example of the specific conclusions reached and actions taken or to be taken on at least one of its salient human rights issues as a result of assessment processes in at least one of its activities/operations in the last three years.</p>	<b>Indicator element guidance</b>  Regarding element (a), where the company has a clear global system, it can be assumed that this system or approach is used in each particular location the company operates in.
<b>Sources</b>	CHRB B.2.3; UNGP 17, 19 and 24; UNGPRF C4; GRI 103-2	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	<b>Double</b> (i.e. this represents two points out of a maximum of 20 points)	

Useful definitions	
Supply chain	Refers to all supply chain business relationships, tier 1 and beyond, including subcontractors.

## CSI 6: Engaging with affected and potentially affected stakeholders

<b>Indicator</b>	As part of identifying and assessing its human rights risks and impacts, the company identifies and engages with stakeholders whose human rights have been or may be affected by its activities.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting both of the elements (a) and (b).</i>	<p>(a) The company discloses the categories of stakeholders whose human rights have been or may be affected by its activities.</p> <p>AND</p> <p>(b) The company provides at least two examples of its engagement with stakeholders whose human rights have been or may be affected by its activities (or their legitimate representatives or multi-stakeholder initiatives) in the last two years.</p>	<p><b>Indicator element guidance</b></p> <p>In order to meet elements (a) and (b), identifying and engaging with stakeholders must be part of the company's identification and assessment of its human rights risks and impacts.</p> <p>Regarding element (b), engaging with potentially and actually affected stakeholders means engaging in a dialogue with the stakeholders who might be, or are, impacted by the company's activities and/or with their legitimate representatives and/or with multi-stakeholder initiatives. Depending on the nature of the company's operations, stakeholders can include (but are not limited to) workers, their families, local communities and any other person or group of people whose life and environment may be impacted.</p>
<b>Sources</b>	UNGP 18 and 21; UNGPRF C2; GRI 102-42, 102-43 and 102-44	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

Useful definitions	
Stakeholder	Any individual or organisation that may affect or be affected by a company's actions and decisions.
Stakeholder engagement	An ongoing process of interaction and dialogue between a company and its stakeholders that enables the company to hear, understand and respond to their interests and concerns, including through collaborative approaches.

## CSI 7: Grievance mechanisms for workers

<b>Indicator</b>	The company has one or more channel(s)/mechanism(s) (its own, third party or shared) through which workers can raise complaints or concerns, including in relation to human rights issues.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting element (a).</i>	(a) The company indicates that it has one or more channel(s)/mechanism(s), or participates in a third-party or shared mechanism, accessible to all workers to raise complaints or concerns related to the company.	<b>Indicator element guidance</b>  An explicit reference to human rights is not required, but it must be clear to stakeholders that a channel/mechanism designed to cover other topics (e.g. a corruption hotline) can be used to raise human rights complaints or concerns as well.  A mechanism that is purely anonymous will not meet the indicator element as it will not necessarily provide access to remedy for affected individuals.
<b>Sources</b>	CHRB C.1; UNGP 22, 29 and 30; UNGPRF C6.1 and C6.3; GRI 103-2	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

Useful definitions	
Remediation/remedy	Refers to both the process of providing remedy for a negative human rights impact and the substantive outcomes that can counteract, or make good, the negative impact. These outcomes may take a range of forms such as apologies, restitution, rehabilitation, financial or non-financial compensation, and punitive sanctions (whether criminal or administrative, such as fines), as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition.
Worker	An individual performing work for a company, regardless of the existence or nature of any contractual relationship with that company.

## CSI 8: Grievance mechanisms for external individuals and communities

<b>Indicator</b>	The company has one or more channel(s)/mechanism(s) (its own, third party or shared) through which individuals and communities who may be adversely impacted by the Company can raise complaints or concerns, including in relation to human rights issues.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting element (a).</i>	(a) The company indicates that it has one or more channel(s)/mechanism(s), or participates in a shared mechanism, accessible to all external individuals and communities who may be adversely impacted by the company (or individuals or organisations acting on their behalf or who are otherwise in a position to be aware of adverse impacts), to raise complaints or concerns.	<b>Indicator element guidance</b>  An explicit reference to human rights in the mechanism is not required, but it must be clear to stakeholders that a channel/mechanism designed to cover other topics (e.g. a corruption hotline) can be used to raise human rights complaints or concerns as well.  A mechanism that is purely anonymous will not meet the indicator element as it will not necessarily provide access to remedy for affected individuals.
<b>Sources</b>	CHRB C.2; UNGP 22, 29 and 30; UNGPRF C6.1 and C6.3; GRI 103-2	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

## Core social indicators 9-14: Provide and promote decent work

### CSI 9: Health and safety fundamentals

<b>Indicator</b>	The company publicly commits to respecting the health and safety of workers and discloses relevant data. It also places health and safety expectations on and monitors the performance of its business relationships.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting all of the elements (a) to (d).</i>	<p>(a) The company has a publicly available policy statement committing it to respect the health and safety of workers.</p> <p>AND</p> <p>(b) The company discloses quantitative information on health and safety for its workers.</p> <p>AND</p> <p>(c) The company has a publicly available statement of policy that expects its business relationships to commit to respecting the health and safety of their workers.</p> <p>AND</p> <p>(d) The company discloses how it monitors the health and safety performance of its business relationships.</p>	<p><b>Indicator element guidance</b></p> <p>To meet element (a), the company's policy statement could can commit to providing a healthy and safe workplace, respecting the health and safety of its workers or equivalent language.</p> <p>Element (b) would be met by at least disclosing information in line with GRI 403-9:</p> <ul style="list-style-type: none"> <li>• the number and rate of fatalities as a result of work-related injuries</li> <li>• the number and rate of high-consequence work-related injuries (excluding fatalities)</li> <li>• the number and rate of recordable work-related injuries</li> <li>• the main types of work-related injuries</li> <li>• the number of hours worked.</li> </ul> <p>To meet element (c), the company's policy statement must include an expectation that its business relationships commit to providing healthy and safe workplaces, respecting the health and safety of their workers or equivalent wording.</p>
<b>Sources</b>	CHRB A.1.2, D.1.7.a and D.1.7.b; GRI 403-9; ICESCR Art. 7; HRIB 3 and 8.2.1; FLA VII.HSE.3; SA8000 IV.3.5 and IV.3.7	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

## CSI 10: Living wage fundamentals

<b>Indicator</b>	The company is committed to paying its workers a living wage and supports the payment of a living wage by its business relationships.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting all of the elements (a) to (c).</i>	<p>(a) The company discloses a time-bound target for paying all workers a living wage or that it has achieved paying all workers a living wage.</p> <p>AND</p> <p>(b) The Company describes how it determines a living wage for the regions where it operates.</p> <p>AND</p> <p>(c) The company describes how it works to support the payment of a living wage by its business relationships.</p>	<b>Indicator element guidance</b>  Element (a) would not be met where a target does not state the year in which a company intends to achieve the goals.  Element (b) would be met where a company: describes how it works with relevant trade unions (or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law) to determine a living wage, or describes the methodology it uses to determine a living wage (e.g. the Anker Methodology for Estimating a Living Wage, the Massachusetts Institute of Technology Living Wage Calculator).  Element (c) would be met where a company: requires its business relations to pay their workers a living wage, or expects its business relationships to pay their workers a living wage AND provides a description of how it works with its business relationships.
<b>Sources</b>	CHRB D.1.1.a and D.1.1.b; ICESCR Art. 7; HRIB 2.4.1 and 8.2.3; ETI 5; SA8000 IV.8.1; GLWC	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

Useful definitions	
Living wage	There are numerous definitions of living wage but the core concept is to provide a decent standard of living for a worker and his or her family. A living wage is sufficient to cover food, water, clothing, transport, education, health care and other essential needs for workers and their family based on a regular work week not including overtime hours.

## CSI 11: Working hours fundamentals

<b>Indicator</b>	The company does not require workers to work more than the regular and overtime hours and places equivalent expectations on its business relationships.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting all of the elements (a) to (c).</i>	<p>(a) The company publicly states that workers shall not be required to work more than 48 hours in a regular work week or 60 hours including overtime.</p> <p>AND</p> <p>(b) The company publicly states that all overtime work must be consensual and be paid at a premium rate.</p> <p>AND</p> <p>(c) The company has a public expectation that its business relationships shall not require workers to work more than 48 hours in a regular work week or 60 hours including overtime.</p>	<b>Indicator element guidance</b>  Element (a) and (c) would not be met if a company's position on a regular work week is '60 hours including overtime' but excludes the key 48 hours element. This is to avoid a scenario where a company defines a regular work week as 55 hours, with only five hours of premium overtime, thereby making up a total of 60 hours.  The exception to this would be where a company explains there is a legally defined maximum regular work week of 48 hours, or less, in every country in which both it and its business relationships operate.
<b>Sources</b>	ETI 6; ILO No. 1, 14 and 106; FLA VIII	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

## CSI 12: Collective bargaining fundamentals

<b>Indicator</b>	The company discloses information about collective bargaining agreements covering its workforce and its approach to supporting the practices of its business relationships in relation to freedom of association and collective bargaining.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting both of the elements (a) and (b).</i>	<p>(a) The company discloses the proportion of its total direct operations workforce covered by collective bargaining agreements.</p> <p>AND</p> <p>(b) The company describes how it works to support the practices of its business relationships in relation to freedom of association and collective bargaining.</p>	<b>Indicator element guidance</b>  In order to meet element (b), a company should explain more than just how it observes or monitors its business relationships, as part of its work to support business relationships in relation to freedom of association and collective bargaining. For example, with respect to its suppliers, it could provide training to them or conduct joint projects with them.
<b>Sources</b>	CHRB D.1.6.a and D.1.6.b; WDI 9.2 and 9.5; WEF Core Dignity & Equality	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

Useful definitions	
Collective bargaining	Collective bargaining refers to all negotiations that take place between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more workers' organisations, on the other, for: (a) determining working conditions and terms of employment; and/or (b) regulating relations between employers and workers; and/or (c) regulating relations between employers or their organisations and a workers' organisation or workers' organisations.
Collective bargaining agreements	Collective bargaining agreements (CBA) are written agreements regarding working conditions and terms of employment concluded between one or more employers or employers' organizations, on the one hand, and one or more representative workers' organizations or duly elected and authorised representatives of the workers (according to national laws and regulations), on the other.

### CSI 13: Workforce diversity disclosure fundamentals

<b>Indicator</b>	The company discloses the percentage of employees for each employee category by at least four indicators of diversity.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting all of the elements (a) to (d).</i>	<p>(a) The company discloses the proportion of its total direct operations workforce for each employee category by age group.</p> <p>AND</p> <p>(b) The company discloses the proportion of its total direct operations workforce for each employee category by gender.</p> <p>AND</p> <p>(c) The company discloses the proportion of its total direct operations workforce for each employee category by race or ethnicity.</p> <p>AND</p> <p>(d) The company discloses the proportion of its total direct operations workforce for each employee category by one or more additional indicators of diversity (e.g. disability, sexual identity and marital and family status, etc).</p>	<b>Indicator element guidance</b>  <p>Regarding elements (a), (b), (c) and (d), employee category breakdown can be by level (such as senior management, middle management) and/or function (such as technical, administrative, production).</p> <p>In accordance with GRI 405, the suggested age groups for reporting on this disclosure are: under 30 years old, 30-50 years old and over 50 years old.</p> <p>If the company explains it is unable to meet element (c) because of legal restrictions on the collection of ethnic or racial data in certain jurisdictions, it can still fully meet this indicator by satisfying elements (a) (b) and (d).</p>
<b>Sources</b>	WDI 4.3 and 4.5; GRI 405-1; WEF Core Dignity & Equality	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

## CSI 14: Gender equality and women's empowerment fundamentals

<b>Indicator</b>	The company publicly commits to gender equality and women's empowerment and discloses quantitative information on gender equality and women's empowerment.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting all of the elements (a) to (d).</i>	<p>(a) The company has a public commitment to gender equality and women's empowerment.</p> <p>AND</p> <p>(b) The company discloses one or more time-bound targets on gender equality and women's empowerment.</p> <p>AND</p> <p>(c) The company has at least 30% women on the highest governance body.</p> <p>AND</p> <p>(d) The company discloses the ratio of the basic salary and remuneration of women to men in its total direct operations workforce for each employee category, by significant locations of operation.</p>	<b>Indicator element guidance</b>  Element (a) would be met if, for example, a company is a signatory to the UN Women's Empowerment Principles. Element (a) would not be met if a company's commitment relates to specific aspects of gender equality and women's empowerment (e.g. representation in leadership). The commitment must be broader than that and cover multiple aspects.  Element (b) would not be met where a target does not state the year in which a company intends to achieve the goals. Targets could relate to representation (e.g. gender equality in leadership), closing the gender pay gap, improving women's health and well-being and / or preventing violence and harassment.
<b>Sources</b>	GB 1 and 11; GRI 405-1 and 405-2	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

## Core social indicators 15-18: Act ethically

### CSI 15: Personal data protection fundamentals

<b>Indicator</b>	The company publicly commits to protecting personal data and has a global approach to data privacy.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting both of the elements (a) and (b).</i>	<p>(a) The company has a public commitment to protecting personal data.</p> <p>AND</p> <p>(b) The company has a global publicly available privacy statement in relation to the collection, sharing and access to personal data.</p>	<p><b>Indicator element guidance</b></p> <p>To meet element (a), the company could, for example:</p> <ul style="list-style-type: none"> <li>• commit to respecting the right to data privacy, or</li> <li>• commit to protecting personal data or information.</li> </ul> <p>A company would not meet element (a) where it only commits to protecting the personal data of a certain group of people, such as employees, to the exclusion of other groups, like customers. A commitment to protect personal data should relate to all stakeholders whose personal data is being processed by the company.</p> <p>To meet element (b), the company must at least:</p> <ul style="list-style-type: none"> <li>• disclose the types of user information it collects</li> <li>• disclose the types of third parties that user information is shared with, and</li> <li>• allow a user to retrieve a copy of user information collected by the company.</li> </ul>
<b>Sources</b>	DIB U.3; RDR P3, P4 and P8; GDPR Art. 13	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

## CSI 16: Responsible tax fundamentals

<b>Indicator</b>	The company has a public global tax approach and discloses its corporate income tax payments on a country-by-country basis.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting all of the elements (a) to (c).</i>	<p>(a) The company has a publicly available global tax strategy, which is approved by the highest governance body.</p> <p>AND</p> <p>(b) A governance body or executive-level position is tasked with accountability for compliance with the company's global tax strategy.</p> <p>AND</p> <p>(c) The company clearly discloses the amount of corporate income tax paid for each tax jurisdiction where the company is a resident for tax purposes.</p>	<b>Indicator element guidance</b>  For the purposes of element (a), the company's tax strategy could take various forms, including a policy, standard or code of conduct.  In order to meet element (c), the company's disclosures should not be spread across various reports; they need to be easily accessible and should be contained in one report, document or webpage.
<b>Sources</b>	GRI 207-1, 207-2 and 207-4; B Team Responsible Tax Principle 1 and 7	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

## CSI 17: Anti-bribery and anti-corruption fundamentals

<b>Indicator</b>	The company publicly prohibits bribery and corruption and takes steps to identify and address bribery and corruption risks and incidents.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting all of the elements (a) to (d).</i>	<p>(a) The company has a publicly available policy statement prohibiting bribery and corruption.</p> <p>AND</p> <p>(b) The company describes the process(es) to identify its bribery and corruption risks and impacts in specific locations or activities covering its own operations.</p> <p>AND</p> <p>(c) The company includes anti-bribery and anti-corruption clauses in its contracts with business relationships.</p> <p>AND</p> <p>(d) The company indicates that it has a confidential and anonymous channel/mechanism accessible to all stakeholders to raise bribery and corruption concerns and complaints without fear of reprisals.</p>	<b>Indicator element guidance</b>  Element (a) would also be met where if the company states that it has 'zero tolerance for bribery and corruption'.  In order for element (d) to be met, the channel/mechanism must be accessible to both internal and external stakeholders.
<b>Sources</b>	GRI 205-3; TI Anti-Corruption Principles 1.1, 1.2, 1.3, 1.11, 1.12 and 1.13	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

## CSI 18: Responsible lobbying and political engagement fundamentals

<b>Indicator</b>	The company has an approach to lobbying and political engagement and has related controls in place.	
<b>Indicator element(s)</b>  <i>This indicator is fully met by meeting all of the elements (a) to (d).</i>	<p>(a) The company has a publicly available policy statement(s) (or policy(ies)) setting out its lobbying and political engagement approach.</p> <p>AND</p> <p>(b) The company has a publicly available policy statement that specifies that it does not make political contributions.</p> <p>AND</p> <p>(c) The company discloses its expenditures on lobbying activities.</p> <p>AND</p> <p>(d) The company requires third-party lobbyists to comply with its lobbying and political engagement policy (or policies).</p>	<b>Indicator element guidance</b>  Where a company allows political contributions, it would meet element (b) if it only allows them by exception and clearly states the criteria for making them.
<b>Sources</b>	TI Political Engagement Principles, Recommendations 5, 8 and 9	
<b>Scores available</b>	0 (not met), 0.5 (partially met), 1 (fully met)	
<b>Weighting</b>	Single (i.e. this represents one point out of a maximum of 20 points)	

Useful definitions	
Lobbying	Any direct or indirect communication with public officials, political decision makers or representatives for the purposes of influencing public decision making and carried out by or on behalf of any organised group.
Political engagement	The ways in which a company contributes to or participates in the political process. This includes but is not limited to activities such as political contributions, indirect political expenditure, lobbying, advocacy through trade associations and other membership bodies, the revolving door, secondments, training and workshops for public sector officials and politicians, and political activities related to the workplace.

## Corporate purpose and controversies assessment

The kind of corporate purpose required to achieve the systems transformations was earlier defined as ‘profitably solving societal problems without profiting from societal harms’. The 18 core social indicators point towards the ‘problem solving’ element of corporate purpose and can also be viewed as a commentary on whether a company is well placed to identify, avoid, mitigate and remediate harms. Where a company is meeting the core social indicators but is also *causing, contributing or linked to negative impacts*, this would clearly cast doubt on whether the company is *actually acting with purpose*.

As part of the core social assessment, we intend to screen companies for controversies that indicate they are acting in a manner that is contrary to the expectations set out in this framework. Types of controversies include alleged and confirmed cases of bribery, workplace fatalities, union busting, discrimination and wage violations. We propose that controversies will not initially affect a company’s score. Rather, the company will be assigned a ‘red flag’ alongside its CSI scores. In screening companies for controversies, external sources of information, such as press articles, will be used.

We are working with the idea that a company observed to be profiting from societal harms is ‘not acting with social purpose’ (if true social purpose for a company is profitably solving societal problems without profiting from societal harm). The number of red flags, in combination with performance on the core social indicators, will allow WBA to provide a commentary on whether companies are not acting with purpose.

## Mapping social

We recognise that multiple initiatives (like GRI, WEF metrics, IPIECA) already use ‘core’ to define a mandatory set of reporting requirements and we already map the indicators to key frameworks. But this is a rapidly changing space. We will continue to review frameworks and standards and will publish a more detailed mapping of the core social indicators in due course.

Being grounded in international norms, new frameworks should hopefully not contradict the core social indicators, but we will pay particular attention to the revised GRI standards and the developments in the European Union regarding non-financial reporting. Where accepted frameworks or norms shift, we will engage with Allies to understand what impact this should have on our methodologies. Emerging indicators, such as those being developed as part of the thinking around ‘transformation thresholds’, will be reviewed for their ability to assess and track company performance towards meeting the social expectations (27).

Our ambition is to publish mapping at several levels:

- equivalence mapping for the social expectations (e.g. living wage in the ETI base code and the UN Global Compact SDG Ambition benchmarks)
- reporting standards mapping (i.e. showing that if a company reports against this part of GRI/SASB or other standard, then the right type of information should be available for WBA to make an assessment on a specific indicator)
- equivalence mapping of the core social indicators to other assessments (i.e. where indicators or data points from the core social assessment could feed into other benchmarks like the Corporate Human Rights Benchmark, KnowTheChain, Workforce Disclosure Initiative and so on).

## Next steps

In 2021, WBA plans to assess 1,000 of the SDG2000 companies against the core social indicators set out in this framework. The companies assessed will be those that are in scope of the benchmarks WBA will publish in 2021, namely the Digital Inclusion Benchmark, Food and Agriculture Benchmark and Climate and Energy Benchmark, as well as a subset of those companies that are part of the financial system and circular transformations. The assessments will be integrated into the various benchmarks.

In 2022, WBA plans to assess the remaining SDG2000 companies against the core social indicators and integrate the assessments into the various benchmarks published that year. From 2023 onwards, WBA aspires to update the core social assessments of the SDG2000 companies on an annual basis, but the process and timeline for updating company scores will be decided on in due course.

To avoid over-burdening companies, WBA does not plan to engage with companies solely on the core social assessments. Instead, engagement will take place as part of the research cycle of the relevant transformation benchmarks. The exception to this is the 60 companies that are currently only in the social transformation and none of the other transformations. Company performance against the core social indicators will be made publicly available once a company has gone through a benchmark cycle and/or they have had a chance to engage with WBA and provide feedback.

The timeline for integrating the core social indicators into the different benchmark methodologies is detailed in the ‘Leave no one behind – Social within the other six transformations’ section above and is summarised below in Figure 16.

Figure 16 – Key activities for social transformation 2021-2023

	2021	2022	2023
<b>Core social assessment</b>	<ul style="list-style-type: none"> <li>1,000 companies assessed on core social indicators</li> </ul>	<ul style="list-style-type: none"> <li>2,000 companies assessed on</li> </ul>	<ul style="list-style-type: none"> <li>Rolling assessment of 2,000</li> </ul>
<b>Social within the other six transformations</b>	<ul style="list-style-type: none"> <li>Integration into Food and Agriculture Benchmark</li> <li>Integration into Climate and Energy Benchmarks</li> </ul>	<ul style="list-style-type: none"> <li>Integration into Digital Inclusion Benchmark</li> <li>Integration into Financial System Framework</li> </ul>	<ul style="list-style-type: none"> <li>Full integration into all</li> </ul>
<b>Spotlight benchmarks</b>	<ul style="list-style-type: none"> <li>Corporate Human Rights Benchmark</li> <li>Gender Benchmark</li> <li>Mainstreaming of Gender Benchmark methodology</li> <li>Scoping of Living Wage Benchmark</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Human Rights Benchmark</li> <li>Gender Benchmark</li> <li>Living Wage Benchmark (TBC)</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of Corporate Human Rights Benchmark, Gender Benchmark and Living Wage Benchmark cycles</li> </ul>

## Annex 1: Materials reviewed to develop the core social indicators

### Principles and normative standards

- International Labour Organization conventions:
  - Freedom of association and the effective recognition of the right to collective bargaining (Convention No. 87 and No. 98)
  - Effective abolition of child labour (Convention No. 138 and No. 182)
  - Elimination of all forms of forced and compulsory labour (Convention No. 29 and No. 105)
  - Elimination of discrimination in respect of employment and occupation (Convention No. 100 and No. 111)
  - Occupational safety and health (Convention No. 155)
  - Working hours (Convention No. 1, No. 14 and No. 106)
- Organisation for Economic Co-operation and Development:
  - OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)
  - OECD Due Diligence Guidance for Responsible Business Conduct (2018)
  - OECD Guidelines for Multinational Enterprises (2008)
  - OECD Inclusive Framework on Base Erosion and Profit Shifting
- United Nations:
  - Gender Dimensions of the Guiding Principles on Business and Human Rights (2019)
  - Guiding Principles on Business and Human Rights (2011)
  - Human Rights Indicators: A Guide for Measurement and Implementation (2012)
  - International Covenant on Civil and Political Rights (1966)
  - International Covenant on Economic, Social and Cultural Rights (1966)
  - Sustainable Development Goals (2015)
  - Convention on the Elimination of All Forms of Discrimination Against Women (1979)
  - Convention on the Elimination of All Forms of Racial Discrimination (1965)
  - Convention on the Rights of the Child (1989)
  - Universal Declaration of Human Rights (1948)
- UN Global Compact:
  - Ten Principles of the UN Global Compact (2018)

### Corporate reporting frameworks, disclosure initiatives and benchmarks

- BankTrack Human Rights Benchmark
- B-Lab SDG Action Manager
- Consumer Goods Forum Sustainability Supply Chain Initiative
- Future-Fit Business Benchmark
- Global Reporting Initiative
- KnowTheChain
- Platform Living Wage Financials
- Ranking Digital Rights
- Renewable Energy & Human Rights Benchmark Methodology
- Social and Labor Convergence Program
- Sustainability Accounting Board Standards
- Transparency International UK – Corporate Political Engagement Index 2018: Rating Private Sector Political Transparency

- United Nations Conference on Trade and Development – Guidance on core indicators for entity reporting on contribution towards implementation of the Sustainable Development Goals
- United Nations Guiding Principles Reporting Framework
- WBA Corporate Human Rights Benchmark methodologies
- WBA Digital Inclusion Benchmark methodology
- WBA Gender Benchmark methodology
- Workforce Disclosure Initiative
- World Economic Forum – Toward Common Metrics and Consistent Reporting of Sustainable Value Creation: Consultation Draft
- World Economic Forum – Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation: White Paper

## Other

- B Team – A New Bar for Responsible Tax: The B Team Responsible Tax Principles
- Climate Disclosure Standards Board – CDSB Framework for reporting environmental and climate change information: Advancing and aligning disclosure of environmental information in mainstream reports
- Critical Resource – A Manifesto for Better ESG Data in the Resource and Energy Sector
- Danish Institute for Human Rights – Indicators for Business
- Ethical Trading Initiative – Base Code
- European Commission – Proposal for a Directive of the European Parliament and of the Council on Adequate Minimum Wages in the European Union
- Fair Labor Association – Workplace Code of Conduct and Compliance Benchmarks
- Fair Wear Foundation Labour Standards
- Future-Fit Business Benchmark BE21 – The right tax is paid at the right time
- General Data Protection Regulation (EU) 2016/679
- Global Living Wage Coalition
- Global Reporting Initiative – Discussion Paper: Corporate Reporting on Poverty
- Global Reporting Initiative – Exposure Draft of Universal Standards: GRI 101, GRI 102 and GRI 103
- Global Reporting Initiative and UN Global Compact – Business Reporting on the SDGs: An Analysis of the Goals and Targets
- Institute for Human Rights and Business – Just Transitions for All: Business, Human Rights and Climate Action
- Institute for Human Rights and Business – Respecting Human Rights in the Time of the COVID-19 Pandemic: Examining Companies’ Responsibilities for Workers and Affected Communities
- International Trade Union Confederation – 2019 ITUC Global Rights Index: The World’s Worst Countries for Workers
- Living Wage Foundation – The Sustainable Development Goals and the Living Wage
- Office of the High Commissioner for Human Rights – Tackling Discrimination against Lesbian, Gay, Bi, Trans & Intersex People: Standards of Conduct for Business
- Principles for Responsible Investment – Advancing Tax Transparency: Outcomes from the PRI Collaborative Engagement 2017-2019
- Responsible Lobbying – An Evaluation Framework
- Shift – Leadership and Governance Indicators of a Rights-Respecting Culture
- Shift – Respecting Trade Union Rights in Global Value Chains: Practical Approaches for Business
- Social Accountability 8000 International Standard
- Social and Human Capital Coalition – Social and Human Capital Protocol

- Transparency International UK – Open Business: Principles and Guidance for Anti-Corruption Corporate Transparency
- Transparency International UK – Wise Counsel or Dark Arts? Principles and Guidance for Responsible Corporate Political Engagement
- UK Equality and Human Rights Commission – Business and human rights: A five-step guide for company boards
- United Nations – Global Sustainable Development Report 2019: The Future is Now: Science for Achieving Sustainable Development
- United Nations Children’s Fund, UN Global Compact and Save the Children – United Nations Children’s Rights and Business Principles
- United Nations Global Compact – SDG Ambition Benchmark Reference Consultation Draft
- United Nations Research Institute for Social Development – Measuring Corporate Sustainability Towards Accounting Fit for the SDGs
- Women’s Empowerment Principles
- WBA – Measuring What Matters Most: Seven Systems Transformations for Benchmarking Companies on the SDGs
- World Business Council for Sustainable Development – Reinventing Capitalism: A Transformation Agenda

## Annex 2: Glossary

<b>Affected stakeholder</b>	An individual whose human rights have been or may be affected by a company's operations, products or services.
<b>Bribery</b>	The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages.
<b>Business activities</b>	Everything that a company does in the course of fulfilling the strategy, purpose, objectives and decisions of the business. This may include activities such as mergers and acquisitions, research and development, design, construction, production, distribution, purchasing, sales, provision of security, contracting, human resource activities, marketing, conduct of external/government relations including lobbying, engagement with stakeholders, relocation of communities and social investment.
<b>Business relationships</b>	The relationships a company has with business partners, entities in its value chain and any other State or non-State entity directly linked to its operations, products or services. They include indirect relationships in its value chain, beyond the first tier, and minority as well as majority shareholding positions in joint ventures. It covers both upstream and downstream relationships.
<b>Child labour and child work</b>	A 'child' is anyone under the age of 18 as defined by the Convention on the Rights of the Child (CRC). A child can 'work' at an earlier age than 18 as specified in ILO Convention 138 Minimum Age for Admission to Employment (1973) – i.e. if the age is above the age for finishing compulsory schooling, is in any case not less than 15 years of age (and at 14 years of age in specific circumstances in developing countries) and as long as it is not 'hazardous work'. 'Child labour' is work by people under 18 ('children') that is not permitted (as set out above). 'Child work' is work by people under 18 ('children') that is permitted. Child work is carried out by 'young workers'.
<b>Collective bargaining</b>	Collective bargaining refers to all negotiations which take place between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more workers' organisations, on the other, for: (a) determining working conditions and terms of employment; and/or (b) regulating relations between employers and workers; and/or (c) regulating relations between employers or their organisations and a workers' organisation or workers' organisations.
<b>Collective bargaining agreements</b>	Collective bargaining agreements (CBA) are written agreements regarding working conditions and terms of employment concluded between one or more employers or employers' organizations, on the one hand, and one or more representative workers' organizations or duly elected and authorised representatives of the workers (according to national laws and regulations), on the other.

<b>Corruption</b>	The abuse of entrusted power for private gain. Corruption can be classified as grand, petty or political, depending on the amounts of money lost and the sector where it occurs.
<b>Embedding</b>	The macro-level process of ensuring that a company's responsibility to respect human rights is driven across the organisation, into its business values and culture. It requires that all personnel are aware of the company's public commitment to respect human rights, understand its implications for how they conduct their work, are trained, empowered and incentivised to act in ways that support the commitment, and regard it as intrinsic to the core values of the workplace. Embedding is one continual process, generally driven from the top of the company.
<b>Employee category</b>	Breakdown of employees by level (such as senior management, middle management) and function (such as technical, administrative, production).
<b>Employees</b>	All those workers who hold paid employment jobs, which are those where the incumbents hold employment contracts, which give them a basic remuneration not directly dependent upon the revenue of the unit for which they work.
<b>Fundamental rights at work</b>	These rights are set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and cover: (a) freedom of association and the effective recognition of the right to collective bargaining; (b) the elimination of all forms of forced or compulsory labour; (c) the effective abolition of child labour; and (d) the elimination of discrimination in respect of employment and occupation.
<b>Forced labour</b>	Forced labour refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities. Forced labour, contemporary forms of slavery, debt bondage and human trafficking are closely related terms though not identical in a legal sense. Most situations of slavery or human trafficking are, however, covered by ILO's definition of forced labour.
<b>Governance body</b>	A committee or board responsible for the strategic guidance of the organisation, the effective monitoring of management and the accountability of management to the broader organisation and its stakeholders.
<b>Highest governance body</b>	A formalised group of persons charged with ultimate authority in an organisation.
<b>Human rights</b>	Basic international standards aimed at securing dignity and equality for all. Every human being is entitled to enjoy these rights without discrimination.
<b>Human rights due diligence</b>	An ongoing risk management process that a reasonable and prudent company needs to follow in order to identify, prevent, mitigate and account for how it addresses its adverse human rights impacts. As set out in the UN Guiding Principles

17-21, this includes four key steps: identifying and assessing actual and potential human rights impacts; integrating and acting on the findings; tracking responses; and communicating about how impacts are addressed.

**Human rights risks**

Any risks that its operations may lead to one or more negative human rights impacts. They therefore relate to its potential human rights impacts. Importantly, a company's human rights risks are the risks that its operations pose to human rights. This is separate from any risks that involvement in human rights impacts may pose to the enterprise, although the two are increasingly related.

**Living wage**

There are numerous definitions of living wage but the core concept is to provide a decent standard of living for a worker and his or her family. A living wage is sufficient to cover food, water, clothing, transport, education, health care and other essential needs for workers and their family based on a regular work week not including overtime hours.

**Lobbying**

Any direct or indirect communication with public officials, political decision makers or representatives for the purposes of influencing public decision making and carried out by or on behalf of any organised group.

**Negative human rights impact**

Occurs when an action removes or reduces the ability of an individual to enjoy his or her human rights. Human rights impacts can either have occurred or be ongoing or be potential human rights impacts in the future.

**Personal data**

Any information relating to an identified or identifiable person. An identifiable person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.

**Policy commitment to respect human rights**

A high-level and widely available statement by a company that sets out its intention to respect human rights with the expectation of being accountable for achieving that aim.

**Political engagement**

The ways in which a company contributes to or participates in the political process. This includes but is not limited to activities such as political contributions, indirect political expenditure, lobbying, advocacy through trade associations and other membership bodies, the revolving door, secondments, training and workshops for public sector officials and politicians, and political activities related to the workplace.

**Remediation/remedy**

Refers to both the process of providing remedy for a negative human rights impact and the substantive outcomes that can counteract, or make good, the negative impact. These outcomes may take a range of forms, such as apologies, restitution, rehabilitation, financial or non-financial compensation and punitive sanctions

(whether criminal or administrative, such as fines), as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition.

**Remuneration**

Basic salary plus additional amounts paid to a worker.

**Salient human rights issues**

Those human rights that are at risk of the most severe negative impacts through a company's activities or business relationships. They therefore vary from company to company.

**Severe human rights impact**

A negative human rights impact is severe by virtue of one or more of the following characteristics: its scale, scope or irremediability. Scale means the gravity of the impact on the human right(s). Scope means the number of individuals that are or could be affected. Irremediability means the ease or otherwise with which those impacted could be restored to their prior enjoyment of the right(s).

**Stakeholder**

Any individual or organisation that may affect or be affected by a company's actions and decisions.

**Stakeholder engagement**

An ongoing process of interaction and dialogue between a company and its stakeholders that enables the company to hear, understand and respond to their interests and concerns, including through collaborative approaches.

**Suppliers**

Defined as tier 1 and beyond, including subcontractors.

**Supply chain**

Refers to all supply chain business relationships, tier 1 and beyond, including subcontractors.

**Tax jurisdiction**

Country or territory with autonomous taxing powers similar to a country.

**Trade union**

A trade union is defined as a workers' organization constituted for the purpose of furthering and defending the interests of workers.

**Value chain**

A company's value chain encompasses the activities that convert input into output by adding value. It includes entities with which the company has a direct or indirect business relationship and which either (a) supply products or services that contribute to the company's own products or services or (b) receive products or services from the company.

**Worker**

An individual performing work for a company, regardless of the existence or nature of any contractual relationship with that company.

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