



THE UNIVERSITY OF
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The Financial Services Human Rights Benchmark



Methodology

Sydney Law School

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Contents

Overview	2
Origins of this project.....	2
A Outline of the benchmark.....	2
Structural influences.....	3
Six human rights categories	4
Five domains of impact.....	6
Five factors that shape human rights performance.....	7
Indicators to measure performance	8
Reliance on publicly available data	9
Indicating levels of performance: Traffic light signals.....	9
B The 2020 Benchmarking Report	11
Sample selection	11
Reference year.....	12
Refining the indicators.....	12
Risk management process (Governance, Policy and Due Diligence factors) data	13
Outcomes data.....	13
Colour coding human rights performance.....	14
Individual company reports.....	15
Potential limitations.....	15
Appendix 1: Generic risk management process indicators.....	16
Appendix 2: Outcomes indicators (as initially devised)	19
About the project team.....	30
Contact.....	30

This report is presented for the purpose of disseminating information and research findings for the benefit of the public. It has been prepared on the basis of evaluation of human rights performance based on publicly available material for the 22 ASX listed entities included in the sample.

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Overview

This document outlines the methodology used to devise the Financial Services Human Rights Benchmark (FSHRB). This benchmark has been devised specifically for financial services and represents a world-first development in the area of benchmarking human rights in this important sector of our economy. We first present an outline of this benchmark, before explaining how we arrived at this particular structure for the benchmark. By outlining our benchmark development methodology we shall demonstrate its similarities to other benchmarks in the ESG space but, more particularly, we will demonstrate that the basis of this benchmark is grounded in existing research methods.

We then outline the methodology used to apply the FSHRB to a sample of 22 ASX-listed financial services entities (FSEs) based on their 2019 financial year. The findings of this exercise can be found in the 2020 report.

Origins of this project

The temporal event that motivated the decision to devise a human rights benchmark specific to financial services was the 2017 debate in Australia around the introduction of a Modern Slavery Act to mandate reporting by companies with at least \$100 million revenue in Australia of whether there was any modern slavery within their own operations or their supply chain. The reporting requirement found in s 54 of the *Modern Slavery Act 2015* (UK) was the model that the proponents of the Australian had in mind. While a parliamentary committee was conducting this inquiry, the Federal Attorney-General's department launched a consultation on the adoption of an Act.¹

We were also familiar with the then newly established *Corporate Human Rights Benchmark* which focused on industries with a physical product – namely, agriculture, extractives, apparel, and now technology. Our concern, however, was to devise a benchmark that focused on the human rights implications of a services industry, namely finance, which we knew from our prior work on the relationship between finance and human rights to be both neglected and often misunderstood.²

Just how neglected and misunderstood was made strikingly clear throughout the proceedings of the Hayne Royal Commission into the banking, financial services and superannuation sectors which unfolded during the first year of our project in 2018. For while it was true that many of the leading financial institutions in our sample possess explicit and sometimes quite detailed policies on their assumed 'human rights responsibilities',³ example after example of carelessness, unethical behaviour, misconduct and illegality in the provision of financial services to customers and clients exposed a widespread lack of understanding throughout the sector of the human rights impacts of its actions. "Financial services misconduct is not a victimless crime," as we noted in our submission to the Royal Commission, adding that one of the most important reasons the public was so appalled by these revelations was because "community expectations ... reflect the fundamental principles upon which human rights are based - namely, to be treated with respect, dignity, fairness and equality such that one's security and welfare are protected and promoted."⁴

And while the Hayne Royal Commission was concerned principally with the retail and some commercial financial services sectors, its telling exposure of the disjuncture between what financial institutions say about human rights and what they do about them in practice underlined for us the need for a tool such as our Benchmark to help close that gap. That need has, if anything, become even greater both in light of the continuing litany of socially irresponsible behaviour by financial institutions that continue to hit the headlines, and by the fact that our initial exposure drafts of the Benchmark were greeted with enthusiasm by those inside and outside (but related to) the finance sector.

A. Outline of the benchmark

We measure FSE performance against **6 human rights categories** across **5 domains** where financial service entities impact human rights, using **5 factors** to assess risk, outcomes and impacts, with **indicators** (proxies) to measure factor performance within each domain. For convenience, we call this the **655i benchmark model**. It's a simple way to remember the key elements of the benchmark.

¹ Attorney-General (Cth), *Modern Slavery in Supply Chains Reporting Requirement, Discussion Paper* (16 August 2017).

² See David Kinley, *Necessary Evil: How to fix finance by saving human rights* (2018).

³ See, for example, ANZ's [Our Approach to Human Rights](#); CBA's [Human Rights Position Statement](#); NAB's [Group Human Rights Policy](#); and Westpac's [Human Rights Position Statement and 2020 Action Plan](#).

⁴ Kym Sheehan and David Kinley, [Community Expectations: Putting People Before Profit Means Taking Human Rights Seriously](#), Sydney Law School Research Paper No 18/73 (2018).



Figure 1: the 655i benchmark

Structural influences

Our choice of structure (domains, factors and indicators) reflects several influences. In terms of the overall structure and our selection of factors, we were influenced by our analysis of a selection of benchmarks and reporting frameworks, including the Corporate Human Rights Benchmark, BankTrack’s Human Rights Benchmark, EIRIS-VIGEO Supply Chain benchmarking, CSRS Monitor supply chain benchmarking, Sustainability Accounting Standards Board (SASB) Standards,⁵ Global Reporting Initiative,⁶ TCFD Reporting, the UN Guiding Principles, MSCI ESG Ratings Methodology, the Dow Jones Sustainability Index, GIIN Impact frameworks, and Know the Chain. We also examined initiatives such as the UN Principles of Responsible Investment, the Equator Principles and, when they were released, the Principles for Responsible Banking.

We observed how these benchmarks deployed risk management as a framing device. Risk management approaches emphasise the policies and processes within the entity to identify and manage risk, that is governance, policy positions and due diligence. This appears consistent with the approach required by the UN Guiding Principles on Business and Human Rights. It is also an approach that FSEs are very comfortable with, as risk management underpins their business operations. We adopted a risk management approach in devising some of the factors to include in the FSHRB (Governance, Policy Positions and Due Diligence).

We were also influenced by the study of benchmark indices by Casey O’Connor and Sarah Labowitz.⁷ The range of performance indicators they observed that can be used to capture social performance⁸ were classified into six categories,⁹ summarised in the table below

Measure type	Description
Contextual	Gives context to the other measures eg general risks faced by industry or via particular activities or by geography.

⁵ For example, FN0101, FN0102, FN0103, FN0201, FN0202, FN0203, FN0301.

⁶ For example, GRI 401, GRI 402, 403, 404, 405, 406, 407,408, 409, 410, 411, 412, 413, 414, 415, 415, 418, 419.

⁷ *Putting the ‘S’ in ESG: Measuring Human Rights Performance for Investors* (NYU Stern Center for Business and Human Rights, March 2017) (*‘Putting the S in ESG’*)

⁸ Social performance can be considered as the human capital, workplace health and safety, labour relations and standards, human rights, demographic changes, supply chain, community impacts.

⁹ *Putting the S in ESG*, 45-48.

Measure type	Description
Input	Resources invested into achieving performance, eg financial investments in people training, systems, leadership involvement in these programs and systems
Activity	Measures the actions taken into achieving financial performance via non-financial means, eg creation of policies, governance processes, procedures
Output	Provide evidence of how processes and policies are functioning, eg number of safety toolbox talks in the reporting period, level of non-compliance with risk appetite statement, percentage of women in management roles
Outcome	Measures that confirm the effect the company is having on people or the world, eg experiences of clients subjected to unfair treatment
Impact	Measures longer-term and larger-scale changes, eg local communities thriving, levels of workforce participation, modern slavery eradicated from food and clothing supply chains

Table 1 Measure types and definitions

The first four categories reflect what is happening inside the company/group which they measure by documenting what the company is doing internally to identify its social risks.¹⁰ Much corporate disclosure to date is focused on these types of measures.¹¹ This is unsurprising: investors primarily focused their efforts on these types of measures,¹² as do regulators, because they speak to the issue of risk management.¹³

The last two categories of 'outcomes' and 'impacts', capture the difference the company's non-financial performance made on communities affected by the company's operations. This is not about corporate philanthropy or charitable efforts, but rather the impacts resulting from the core business operations of the company. We used this insight to add two additional factors to our Benchmark: Outcomes and Impact.

After initial screening to identify metrics of interest, we used this classification system to analyse the benchmarking and reporting frameworks to allow us to identify appropriate indicators to include within our benchmark.

Six human rights categories

In seeking to understand the range of conduct that FSEs currently engaged in that could be said to impact human rights we focused initially on the retail sector alone. We chose to do so not only because that sector has the widest and most direct impact on people's lives, but also because that was the sector the Hayne Royal Commission was focusing on at the very same time as our research was unfolding. To this end, we used media releases issued by ASIC over the period 1 January 2017 to 3 September 2018 to identify both misconduct and poor conduct across a wide range of financial services. We translated the financial services law conduct concepts into human rights conduct concepts, arriving then at four human rights categories.¹⁴

Subsequently, as our research broadened to encompass all other major sectors of financial services and as we scrutinised other benchmarks and reporting frameworks, as well as existing reporting practices used by Australia FSEs we uncovered a variety of different approaches to identifying human rights. Some referred specifically to standard international human rights instruments (most especially the Universal Declaration on Human Rights), or the core ILO obligations, while other used the SDGs or simply made vague references to 'human rights' without specifying further what those rights are. Working from these approaches back to the fundamental human rights principles,¹⁵ as well as our earlier study, we finally settled on a total of six human rights categories of relevance to the activities of FSEs, as per [Figure 2](#) below and following commentary.

¹⁰ Social risk is defined in the ASX Corporate Governance Council's Principles of Corporate Governance and Recommendations (4th edition, 2019) as 'the potential negative consequences (including systemic risks and the risk of consequential regulatory responses) to a listed entity if its activities adversely affect human society or if its activities are adversely affected by changes in human society.'

¹¹ ASIC, *Climate-risk Disclosure by Australia's Listed Companies, Report 593* (September 2018), pp. 7-8; ACSI, *ESG Reporting by the ASX 200* (August 2019), pp. 5-6 (key findings).

¹² For example, ACSI and FSC, *ESG Reporting Guide for Australian Companies* (2015), 9.

¹³ See for example, John Lonsdale, '[The story behind the numbers: Combatting the high cost of non-financial risks](#)', Speech at the 2019 Actuaries Summit, Sydney (3 June 2019); John Price, '[Governance and Risk Management Forum - Keynote Panel](#)', Governance and Risk Management Forum, Melbourne, 20 June 2019.

¹⁴ This study was the basis of [our submission](#) to the Royal Commission into Misconduct in Banking, Financial Services and Superannuation. We explain our methodology for translating financial services law conduct concepts into human rights concepts in our submission's appendix.

¹⁵ We found the Danish Institute of Human Rights' [SDG-Human Rights Data Explorer](#) particularly useful for this task.



Figure 2: The six human rights categories

These six categories - detailed below - are for the most part amalgams of singular rights as typically identified in international human rights instruments. Their combination in this way serves not only to represent the close interrelationship of the relevant rights within and between each category, but also to ‘demystify’ the sometimes arcane language of human rights that otherwise confuses (or even repels) financiers. As such we believe these six human rights categories are both true to label and intuitive to all financial sector stakeholders thereby making their relevance and applicability to the finance sector more readily understood.

Privacy and information ¹⁶	Privacy and protection against misuse or abuse of personal information protection against FSE providing misleading information or withholding information that materially impairs a person’s informed “consent” regarding contractual relations with FSEs.
Anti-discrimination ¹⁷	No discrimination on illegitimate grounds such as gender, race, indigeneity, or disability.
Economic security ¹⁸	<p>“Quality” of goods and services necessary for the enjoyment of basic economic, social and cultural rights (including the “continuous improvement of living conditions” such as housing, health care and education) is “not sacrificed for the sake of increasing profits.”</p> <p>Also covers fair remuneration both within FSEs and their suppliers, contractors and clients.</p>
Health and safety ¹⁹	Rights to workplace health and safety as pertaining in the FSEs themselves, their suppliers, contractors and clients (re: commercial lending), and as pursued (or not) by FSEs in their broader societal interactions.

¹⁶ As per International Covenant on Civil and Political Rights (ICCPR), Article 17 (the right to privacy) and Article 19 (the right to free speech, which includes the right to impart and receive information).

¹⁷ As per the ICCPR, Article 2(1); *International Covenant on Economic, Social and Cultural Rights (ICESCR)*, Article 2(2); and ILO Conventions No.111 (on preventing discrimination in employment).

¹⁸ As per the ICESCR, Articles 6 & 7 (right to work under conditions that are just and fair), and 11 (right to an adequate standard of living). Words in quotations are taken from the UN Committee on Economic, Social and Cultural Rights, General Comment 24 (2017), on *State obligations under the International Covenant on Economic, Social and Cultural Rights in the context of business activities*, para. 22, except for “continuous improvement of living conditions” which is stipulated in Article 11 of the Covenant.

¹⁹ As per ICESCR, Article 7 (safe and healthy working conditions) and Article 12 (environmental and industrial hygiene); ICCPR, Article 8 (rights against slavery, forced and compulsory labour); and ILO Conventions No.29 and No.105 (on the elimination of forced and compulsory labour), and No.138 and No.182 (proscribing child labour)

Voice and participation ²⁰	Right to freely express views relevant to functions of FSE or the impact of their actions, including the right to association and participation in decisions directly affecting their interests – especially employees (in FSEs, their suppliers, contractors and clients), communities (including indigenous), and, in certain circumstances, broader societal interactions (eg regarding relevant policy positions).
Right to remedy ²¹	Right to appropriate means of redress or “effective remedy” when human rights standards are violated or infringed.

Table 2 Human rights categories defined

Five domains of impact

Our benchmark involves **five domains** where FSEs can impact human rights (retail customers, commercial lending and investment, employees, suppliers, interactions with society), illustrated below in [Figure 3](#).

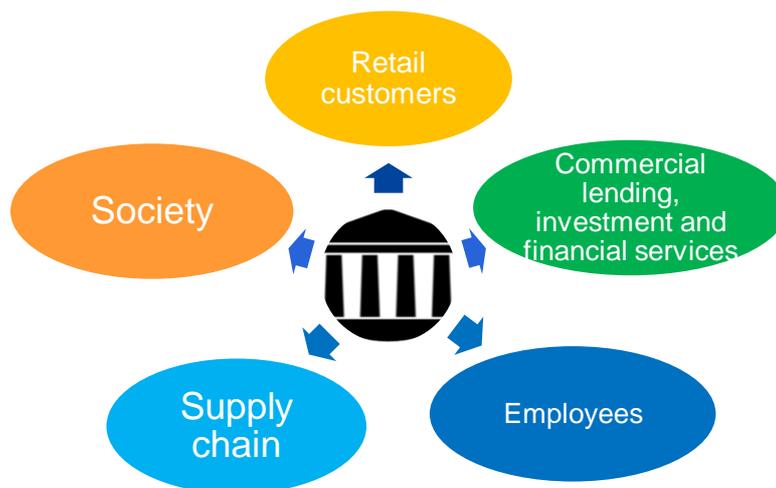


Figure 3: Five domains where financial institutions impact human rights

These domains can best be understood by considering the range of products and services offered by Australia’s Big 4 Banks (ANZ, Commonwealth Bank of Australia, National Australia Bank and Westpac)

Day-to-day business (Retail customers) involves the basic banking product (savings accounts; term deposits) as well as the credit products (credit cards, car loans, personal loans, home loans, overdrafts) offered to retail customers. The FSE will typically directly cause or contribute to the human rights impact on its customers.

Commercial lending, investment and financial services involves providing services and lending funds to commercial enterprises for commercial purposes, as well as the FSE issuing its own investible securities, such as bonds, where the proceeds will be used for further lending (such as a green bond to raise funds to lend to renewable energy projects). The size of the commercial enterprise includes small and medium enterprises up to multinational corporations and institutional investors. While an FSE can directly cause or contribute to the human rights impact, it will more typically be linked to the impact of the borrowers’ activities in which case the FSE’s human rights impact will be indirect, rather than direct.

Employees are individual persons who are directly employed by the financial institution. The range of impacts extends from non-discrimination to health and safety, and economic security. The FSE will directly cause or contribute to the human rights impact.

Suppliers are individuals or corporate entities who supply goods or services directly to the financial institution. One aspect of this domain relates to typical supply chain issues, where the FSE might be linked to the impact of the suppliers’ activities, but not directly cause or contribute. The second aspect of this

²⁰ As per ICCPR, Article 19 (right to free speech), and Article 22 (right to association); ICESCR, Article 8 (trade union rights); and ILO Conventions No.87 (on freedom of association), No.98 (on rights to collective bargaining), and No.169 (on indigenous peoples, regarding their free and informed consent and compensation concerning acts of dispossession).

²¹ As per the ICCPR, Article 2(3), from which the words “effective remedy” are drawn. In the business context the UN *Guiding Principles on Business and Human Rights* (2011) direct businesses to provide adequate remediation for human rights breaches (GP 22), ensure access to effective remedies (GP 25), including state-based grievance mechanisms (GPs 26 & 27) and business-based grievance mechanisms (GPs 29 & 30).

domain relates to the commercial conduct of the FSE vis-à-vis small and medium sized enterprise suppliers, where the financial institution will directly cause or contribute.

Society as a domain considers the impact on society at large of the FSE's civic actions via its contributions to public policy and law reform debates either directly or via its membership of industry groups, political donations and political expenditures. The financial institution will likely be linked but not necessarily directly cause or contribute to the human rights impacts.

The intuition for the Society domain comes from our observation of debates around climate change and public policy advocacy by mining and energy companies. This has been an issue in shareholder proposals in the Australian market.²² Corporate public policy advocacy and, more particularly, corporate lobbying of politicians, has also been of interest to shareholders, as well as other stakeholders, in the US listed equities market.²³

Our domains are a unique feature of our benchmark when compared to other benchmarks and reporting models. Through them we seek to cover the range of activities undertaken by financial services entities, while also recognising that the human rights categories take on particular expression in different domains.

Five factors that shape human rights performance

Within each domain, we consider **five factors** that shape that human rights performance (governance, policy positions, due diligence, outcomes and impacts). These are summarised below in [Figure 4](#).

Our factors are analogous to themes, or measurement themes, in other benchmarks. By way of example, the Corporate Human Rights Benchmark has six measurement themes: governance, policies, embedding respect, human rights due diligence, remedies and grievance mechanisms, and transparency. However, they also bring in outcomes and impacts as factors that describe human rights performance.

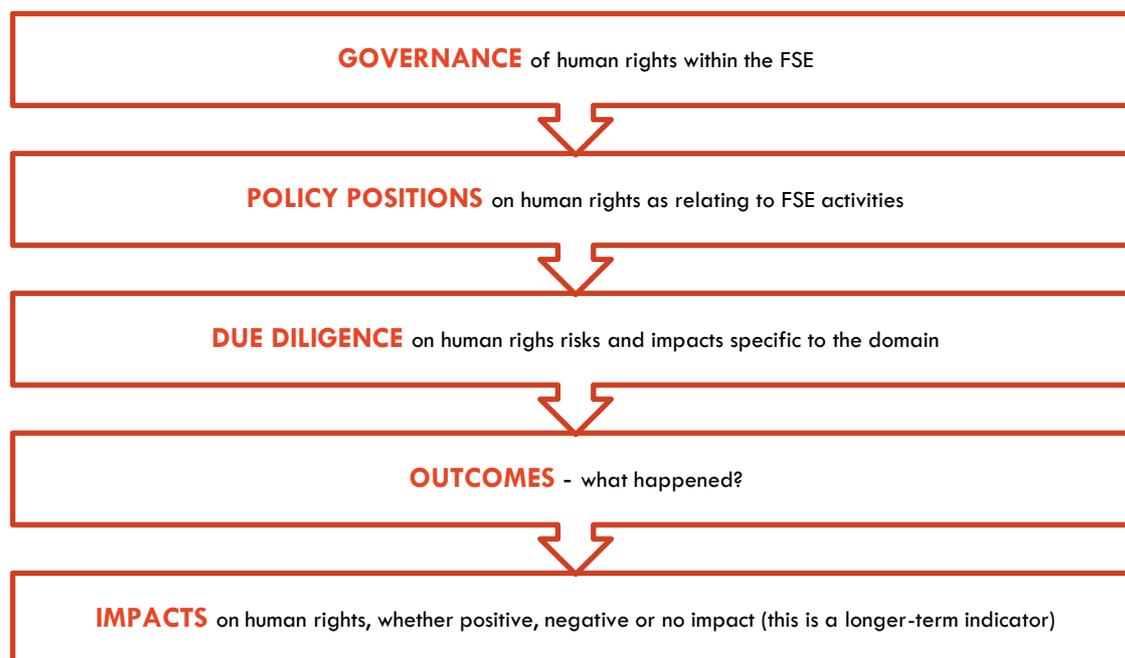


Figure 4: Five factors that shape the human rights impact of financial services entities

There is an inter-relationship between these five factors and the sequence is deliberate, beginning with Governance, flowing through policy positions around the human rights categories as they manifest within a particular domain. Due diligence is domain specific and thus needs to consider the outcomes of the prior factors of Governance and Policy Positions. Outcomes measures what happened over a one-year time frame; whereas Impacts seeks to capture performance over the medium to long term.

We illustrate this relationship with reference to the society domain below in [Figure 5](#). Note these are not the only indicators we consider in this domain.

²² Australian Council of Superannuation Investors, *Shareholder Resolutions in Australia: Is There a Better Way?* (2017), 14-16.

²³ [As You Sow, Proxy Preview 2020](#) (18 March 2020), 5, notes that corporate political activity was the largest single category of shareholder proposals filed in 2020 (18%).

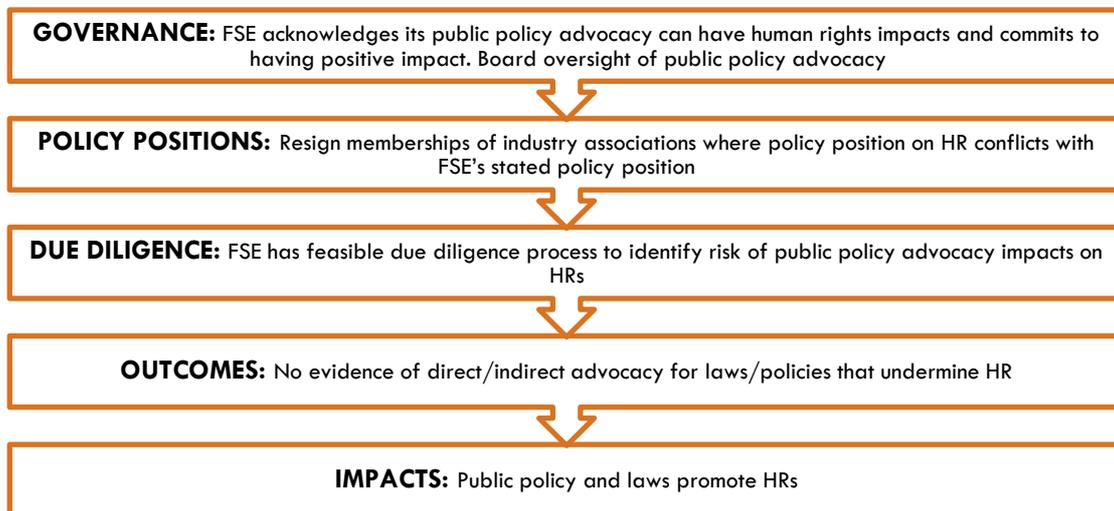


Figure 5 Illustrating the relationship between factors

Indicators to measure performance

Each factor has a **set of indicators** we use to measure the human rights performance of the financial institution within a domain. The indicators for governance of day to day activities (Retail customers) are separate and differ from the indicators for governance of commercial lending and investment. A different set of indicators measures the human rights outcomes for employees, distinct from the human rights outcomes for suppliers.

Having explicitly included Outcomes and Impacts as two of the five factors we also devised indicators for these factors, so as to address the absence of outcome and impact measures from many benchmark indices as noted by O'Connor and Labowitz.²⁴ Given the nature of impacts are over a longer-term and involve larger-scale changes, we anticipate our description such impacts will be suggestive/ speculative (at least initially). Over time, the evidence for these impacts will emerge.

A further influence comes from the statements of the larger FSEs on their human rights impact (see the earlier sample statements from Australia's Big 4 banks at footnote 3). These statements recognise that FSEs impact on the human rights of very different stakeholders such as customers, employees and suppliers, but also on society. We differ in our approach to measuring these impacts by looking not at the charitable work of the financial institutions, but at their core commercial activities.

We sought both **qualitative (QL)** and **quantitative (QT)** indicators. We also identified information sources as being internal (information generated by the FSE, coded as INT) or external (information generated by a third party, such as a regulator, or a court, coded as EXT). We note that an indicator could provide evidence for more than one of our human rights categories.

Because indicators are domain specific, but some indicators linked to a human rights category would be easily adaptable across domains, we had to consider how we could ensure we treated like indicators alike, irrespective of the domain. To do this, we adopted an approach of commonality for the indicators linked with risk management (Governance, Policy Positions and Due Diligence).

The generic Governance, Policy Positions and Due Diligence factors can be found below in Appendix 1.

Unlike the risk management process factors, Outcomes are domain specific and thus instead of a common approach, we adopted a *consistent approach* when structuring the indicator elements by human rights category.

An illustration of such consistency is our process to devise outcomes indicators on right to remedy (R2R) (except for society domain which is a very different domain to the other domains where relationships are based on contractual relationships with FSEs). Here we sought evidence of inappropriate means (by the FSE) of redress that thereby resulted in provision of an ineffective remedy when human rights standards were transgressed. Thus, one is external proceedings (QT, EX), while the other is the size of any fines or remediation (QT, EX).²⁵ A further indicator is how the FSE conducted itself before, during and after any relevant proceedings.²⁶

The list of outcomes indicators devised for the benchmark can be found in Appendix 2.

²⁴ Putting the S in ESG, above n 7, 16-20.

²⁵ There is also at QT INT indicator of remediation disclosures made by the FI itself.

²⁶ When considering court action, we distinguish between class actions as a separate category to claims made by individual litigants.

The Society domain required a different approach. The indicators are essentially the same across the human rights categories – namely, evidence of direct advocacy and/or indirect advocacy relating to the particular human rights category of interest. The specifics of these indicators will change each reference period that we examine.

At this time, we have not devised any impact indicators. The model views impact as a medium-to-long term indicator of performance and our view is that we wished to firstly obtain a clearer picture of what human rights performance actually exists before devising a set of impact indicators.

Reliance on publicly available data

In constructing the various components of our Human Rights Benchmark we consciously decided only to draw upon publicly available data sources, whether sourced from the FSEs themselves or from third parties. We are aware that other benchmarks use questionnaires sent to prospective benchmarked entities, inviting private responses. Our motivation to rely solely on publicly available data sources is driven by the twin concerns of (i) not compromising our data sets, and (ii) stimulating more transparency around human rights in financial services.

A challenge we faced in relying on publicly available information disclosed by the FSEs themselves was the availability and comparability of the data disclosed. This is due directly to the voluntary nature of much of the human rights and people information we sought. There is no legal obligation on our even our listed FSEs to disclose many of the documents we sought. There is currently no mandatory sustainability reporting here in Australia, so whether or not an FSE releases a separate sustainability report (which may or may not contain relevant human rights information) is a matter of preference. There is no consistent set of employee data beyond the required board disclosures, remuneration report disclosures and WGEA gender equity data disclosures.

The public availability of information can also arise when considering third parties. One issue is timing: it is not possible to get a consistent 'reference year' definition for all the data items sought. We therefore had to set some parameters about what would be considered related to the reference year or fall outside it.

A different challenge relates to confidentiality of some data. Employee-FSE disputes are one such example, particularly when an anti-discrimination tribunal is involved. It is not possible in these instances to get a full picture of what is happening in relation to these types of claims. Confidentiality of data can also arise in relation to law reform consultations, our primary focus for the Society domain. An important aspect of seeking public consultation on proposed law reforms in a democracy relates not only to the opportunity available to any individual or corporate body to make a submission, but to the ability to see how parties making submissions sought to influence the reform. It allows us to see 'whose voices are listened to.' We recognise that some submissions will remain confidential because they disclose sensitive information. But it appears that in some consultations where no submissions are released even though the topic of the consultation appears to be of a kind that does not seek to elicit such sensitive information that something else is going on.

We comment on this matter further below when discussing our methodology for the 2020 benchmark report.

Indicating levels of performance: Traffic light signals

Like other existing benchmarks in the ESG space, we intend our benchmark to enable users to view FSE performance measured against the benchmark. We understand that some users like to get a clear snapshot of where a particular FSE sits vis-à-vis others within the same sector (eg insurance, banking) as well as generally across the broader financial services industry, and that a rating or score can provide such an overview.

We have opted to use a traffic light system (red-amber-green) as a way of communicating our assessment of the company's performance **within the five domains of its operations**. This traffic lights system is summarised below.

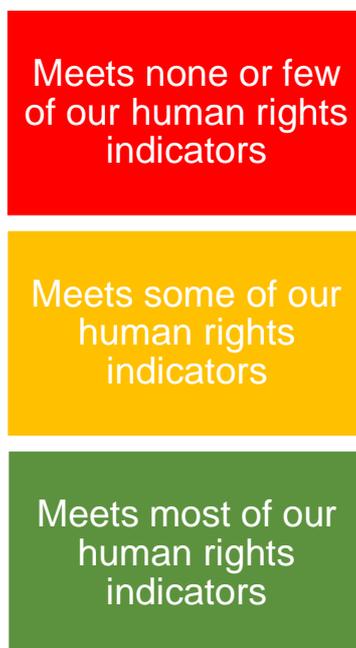


Figure 6: The traffic light system

In formulating our assessment, we identify the requirements within each domain by **examining each of the five factors** (governance, policy positions, due diligence, outcomes and impacts) and the relevant indicators for each factor. Each FSE will therefore have five traffic light colour-codes altogether, one per domain.

We considered, but ultimately rejected, the idea of devising a more detailed scoring mechanism that provided an overall 'score' for each FSE's human rights performance. Our reasons not to adopt such a mechanism are both philosophical and pragmatic. From a philosophical viewpoint, we believe an overall score could muddy the nuanced insights we anticipate the 655i model provides on FSE human rights performance. An overall score could mean strong performance in one domain would overshadow weak or concerning performance in another domain. We view our current approach as overcoming this potential weakness.

From a pragmatic perspective, devising a detailed scoring mechanism is complex. Given our model has more than 100 indicators, debates as to whether the 'correct' weight is given to an indicator within the overall score would be distracting and likely undermine the holistic approach we seek to take.

B. The 2020 Benchmarking Report

Having devised the benchmark, we sought to apply its method to assess the human rights performance of Australia's financial services sector. We set out our methodology for the 2020 Benchmarking Report in this section.

Sample selection

For our first report of financial services human rights performance by Australian financial services entities, we decided to choose a sample from ASX listed entities. These entities are likely to have better disclosure of the types of human information and policy positions that we had identified as indicators in our model. This approach would allow us to include our largest financial institutions, with the exception of stand-alone superannuation funds (such as the industry superannuation funds).

We started with an ASX listed sample of GICS classification Financial Services. We identified 56 entities initially to benchmark. After a search of their websites for policy documents, annual reports, sustainability reports and other information, we identified a lack of disclosure for many entities as reducing our ability to make meaningful findings. We therefore made the decision to reduce the sample to 22 ASX listed FSEs. These FSEs are listed below

AMP Ltd (AMP)	Australia New Zealand Banking Group Ltd (ANZ)
AfterpayTouch Group Ltd (APT)	Bendigo and Adelaide Bank Ltd (BEN)
Bank of Queensland Ltd (BOQ)	Commonwealth Bank of Australia Ltd (CBA)
Challenger Financial Group Ltd (CGF)	HUB24 Ltd (HUB)
Insurance Australia Group Ltd (IAG)	IOOF Ltd (IFL)
Magellan Financial Group Ltd (MFG)	Macquarie Group Ltd (MQG)
National Australia Bank Ltd (NAB)	Netwealth Group Ltd (NWL)
Pendal Group Ltd (PDL)	Perpetual Limited (PPT)
Pinnacle Investment Management Group (PNI)	Platinum Asset Management Ltd (PTM)
QBE Insurance Ltd (QBE)	Steadfast Group Ltd (SDF)
Suncorp Group Ltd (SUN)	Westpac Banking Corporation Ltd (WBC)

Table 3 FSE sample 2019

Our sample captures a broad range of Australian financial services, with the exception of stand-alone superannuation entities, as noted below in Figure 7.

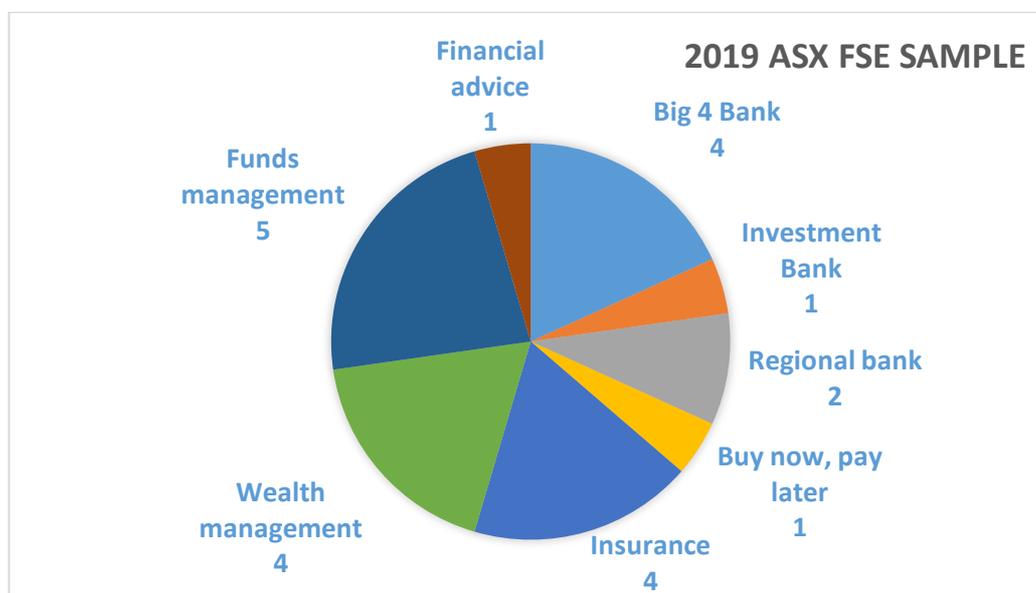


Figure 7: FSE sample by sub-industries

Our sample FSEs vary in size as measured by revenue and employees, as indicated below in [Figure 8](#).

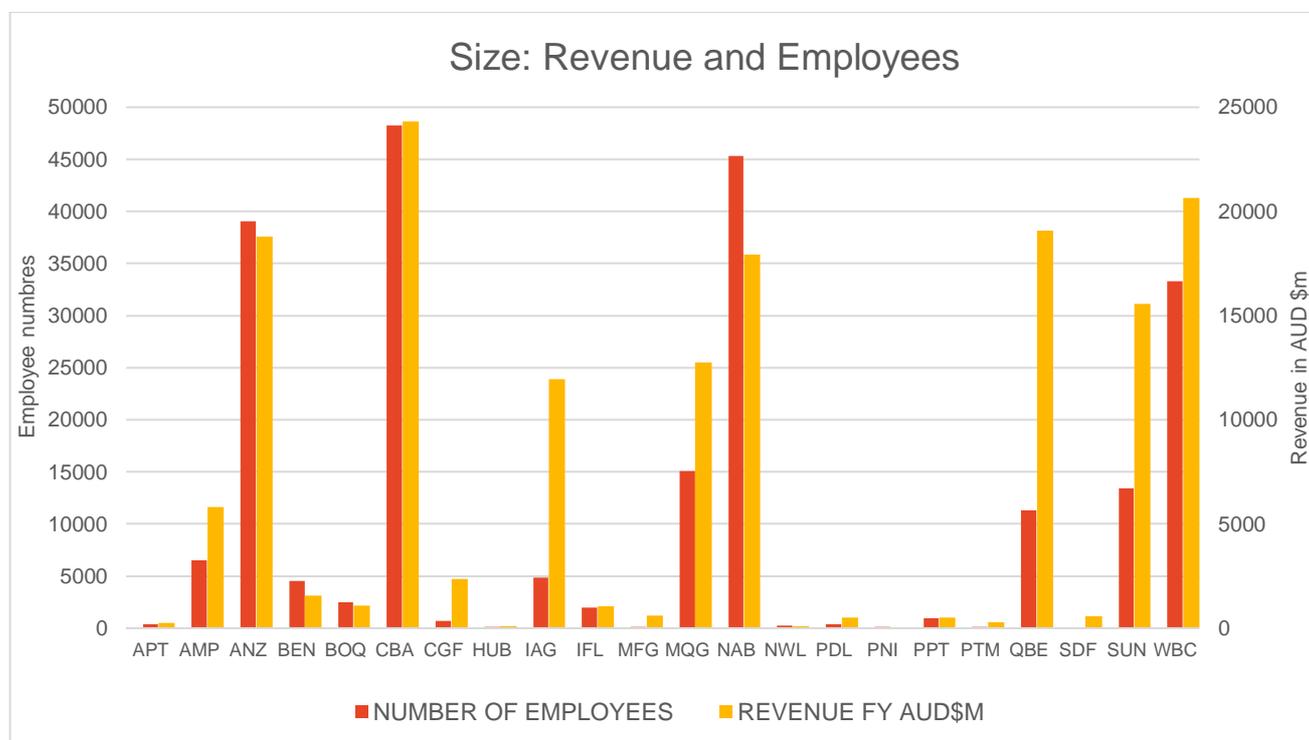


Figure 8: Sample FSEs size by revenue and by employees

Reference year

Our reference year is 2019. Given our sample FSEs have different financial year ends, we selected company sourced data that reflect their 2019 financial year (for example, selecting the annual report reflected the financial year ending on a date within 2019). When searching for other company documents, such as policy positions, we endeavoured to obtain the policy position that applied during their financial year. We recorded all document dates as part of our data collection as a way of ensuring that this occurred.

In terms of data items from third party sources, we typically worked with calendar year 2019, as this is the timeframe most choose to report on. There are exceptions to this:

- (a) For our AFCA complaints data, we started from 1 October 2018 and run to 31 December 2019;
- (b) For the law reforms we examined in Domain 5, we looked at reforms over a period from 1 October 2018 to 30 September 2019
- (c) For ASIC media releases, we work over the period from 1 October 2018 to 31 December 2019.

There is no simple way to resolve this timing issue so that all of our data perfectly matches our reference period. We do not believe that this would alter our analysis or ratings.

Refining the indicators

When devising the benchmark, we compiled indicators for governance, policy positions, due diligence and outcomes. Our generic list of governance indicators was used for the 2019 benchmark exercise. However the generic list of policy position and due diligence indicators devised as part of the benchmark model were refined over the data collection period as we came to terms with the availability and quality of disclosures.

Typically policy positions of interest to us are not required to be disclosed; and those that are disclosed are not required to reflect any particular format. An example of the types of policy positions that are affected relates to the supply domain in our model. Our largest sample FSEs, having been exposed to the UK *Modern Slavery Act* reporting requirements, typically have comprehensive disclosure of their policies relating to suppliers; our smaller, domestic-based FSEs do not. This will change over time as all of our sample FSEs would be captured by the threshold for reporting under the *Modern Slavery Act 2018* (Cth).

We devised our initial set of indicators against the backdrop of the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*, together with other indicators that reflected our research, as described above. We also refined our list of outcomes indicators as we became aware not only of limitations in data that meant our outcome indicator, while sound, could not be measured, but also new sources of data (typically from regulators in the form of new reports).

An illustration of data unavailability is found in the society domain, where we sought to identify the contributions each sample FSE made to particular law reform processes. A few of the law reforms we identified did not end up disclosing

any submissions to the law reform. We could not know ahead of time that this would occur, as prior experience of the reform convener (such as ASX Corporate Governance Council, Treasury, or the Australian Human Rights Commission, among others) indicated they typically made non-confidential submissions public.

An illustration of new data relates to the release of further ASIC and APRA media releases and reports that mention one or more of our sample FSEs.

Our final list of outcomes indicators is disclosed on our website.

Based on this experience, we reasonably anticipate that future applications of the benchmark will require adjustments to outcomes indicators. This is especially true for any new types of financial services covered in future benchmark reports. However, it is also likely to arise as a result of newly emerging issues, regulatory changes to disclosure requirements, and evolving disclosure practices.

Risk management process (Governance, Policy and Due Diligence factors) data

The primary sources of this information come from documents released by the sample FSE. This includes routine periodic disclosure (annual report, any sustainability report, annual results presentation to investors, corporate governance statement), as well as policy documents (such as the Board Charter, and the remits of the Board Committees; procurement policy, employee-related policies).

Outcomes data

We typically sought to triangulate outcomes data so that we were not relying upon one item as THE indicator of performance but, instead, building up a more nuanced picture of performance. This could involve using both EXT and INT sources of data. For each outcomes data item we devised a description of the data item so that we could ensure what that data item was telling us about performance.

An example is provided below of the Retail domain relating to customer complaints. The first data item (AFCA Complaints Data) provides different information to that provided by the second data item (Disputes Handling Data), and the third data item (remediation spend and provisions) draws upon the FSE's own disclosures.

DATA ITEM	AFCA COMPLAINTS DATA
Summary of data	Data on the number of complaints lodged by a customer with the Australian Financial Complaints Authority (AFCA). Data collected on complaints received, as well as the progress and status of complaints resolution.
External (EXT) or Internal (INT)	EXT
Time period	1 October 2018 to 31 December 2019
HR category	Economic security Privacy and information Right to remedy
Our data collection method	We hand collected data from the AFCA Datacube at two time periods, November 2019 (complaints from 1 October 2018 to 30 June 2019) and July 2020 (complaints from 1 July 2019 to 31 December 2019). Complaints are by the 'AFCA Reporter' (business or trading name); we have aggregated the data to report at the group level by identifying the various brand names used by each of our FSE sample members via a search of their websites and annual reports.

We have a related data item on retail customer disputes that draws upon internal FSE data. This presents a different picture to that disclosed by the AFCA data as some disputes do not proceed to AFCA but are resolved at the FSE level. Because FSEs could disclose historic data, we were also able to get a sense of how the rate of internal disputes increased in FY19 compared with FY18. Such information provided context for the FY19 disclosures.

DATA ITEM	DISPUTES HANDLING DATA
Summary of data	Number of disputes and outcome of dispute

External (EXT) or Internal (INT)	INT
Time period	FSE's 2019 financial year
HR category	Right to remedy
Our data collection method	We searched the annual report using the terms 'dispute' and 'customer' to identify the numbers of customer disputes lodged with the FSE and the outcomes of those disputes.

Our final data item relates to remediation spend and provisions within the accounts for future remediation spend. This shows clearly the dollar impact on the FSE of customer remediation. The size of future provisions gives some insight as to whether the problems are largely resolved or continuing.

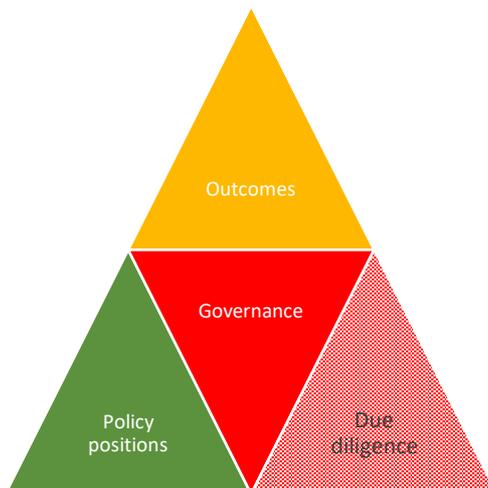
DATA ITEM	REMEDIATION SPEND AND PROVISIONS
Summary of data	Data on the dollar amount of the spend by the FSE on retail customer remediation during FY19, plus the dollar amount of the provisions for future remediation spending, as disclosed in the FY19 financial reports.
External (EXT) or Internal (INT)	INT
Time period	FSE'S 2019 financial year
HR category	Economic security Right to remedy
Our data collection method	We reviewed the FY19 annual report using the term 'remediation'.

We also have regulator media releases and reports, as well as parliamentary and NGO reports which add further context to these data items and assist us in rating the performance using our traffic lights system.

Colour coding human rights performance

To communicate overall performance for each domain using our traffic light system, we considered performance across the four factors of Governance, Policy Positions, Due Diligence and Outcomes. Our approach requires us to make a judgement call on the basis of all available evidence. We considered whether the absence of disclosure from the sample FSE could convey a different picture of performance from the view we could form (for example from external data sources). This is noted in our report for each company by way of a general comment and we reflect this in the colour coding.

Set out below is an example of our colour coding for each factor in a domain. In this example,



AMBER, but it could also be RED.

Governance is coded RED to signal that the FSE did not meet the performance requirements of this domain.

Policy positions are coded GREEN as the FSE appeared to have good policy positions (as measured by the indicators set for this factor).

Due diligence was not clearly evident from the FSE's disclosures but our view is that performance in that domain is likely to not satisfy the performance requirements. Hence the pixelated shade of RED indicates the absence of disclosures.

The final factor, *Outcomes*, is coded AMBER to reflect the evidence of performance as captured by our indicators.

Having engaged in this analysis, we then reach an overall view of performance for the domain. In this example, our call would depend on the specific reasons underlying the factor colour coding. At best it would be

Individual company reports

Our company Report Cards for each sample FSE can be found on [our website](#).

Potential limitations

As with all benchmarks of this kind, we are aware of the limitations of ours. Specifically, we see three areas where our analysis may be limited: (i) the choice of indicators to capture factor performance; (ii) the quality of the available data; and (iii) our ability to achieve consistency in our own data capture and analysis. There is an interrelationship between the first two limitations.

Our choice of indicators at the stage of benchmark development reflected our research efforts and intuition. At this second stage of analysing the data to prepare the 2020 benchmarking report, we faced an absence of disclosures that required us to make the pragmatic decision to adapt some indicators, while excluding others. We believe that this hasn't had a negative impact on our results because the absence of attention via Governance to human rights risks had a flow-on effect to policy positions and due diligence.

As noted earlier in this report, we only use publicly available data, whether produced and disseminated by the sample FSE, or produced and disseminated by a third party. We did not pay for any data and did not use proprietary databases. Thus, the quality of the data we can use is determined by those responsible for preparing the data. For the data sourced from FSEs themselves, there is a notable lack of disclosure, even within this end of the listed company market. Even where data is disclosed, there is potential for each FSE that does disclose to report different data items, even where that data item is a quantitative item.

Our own data collection and coding practices involved Dr Sheehan and a team of law student research assistants (RAs). We had the benefit of a stable team through the development of the benchmark and our first data gathering efforts. We endeavoured to develop each RA's knowledge base by confining their efforts to only one or two domains. Dr Sheehan wrote instructions for each data task as well as undertaking data analysis across the four factors (ie excluding Outcomes) examined in the 2020 report.

Appendix 1: Generic risk management process indicators

Governance indicators

These 13 indicators are common across all five domains, with specific wording of the indicator (based on the indicator number) for each domain. For example, 'G1 Recognition': for the retail domain, the indicator is 'FSE recognises that its commercial activities with its retail clients can have both positive and negative human rights impacts.'

INDICATOR NUMBER	Elements within the governance indicators (refer to Indicators Master Lists)
G.1	Recognition Commitment to respect human rights (ideally the specific human rights categories for the domain) <i>[OR, as an alternative the commitment specified in the next row]</i>
G.2	Commitment to respect human rights (alternative to specific groups of people, eg customers, employees)
G.3	Highest management level oversight and responsibility
G.4	Cascading accountability throughout FSE and information flow to Board to allow for an assessment of the effectiveness of accountability mechanisms
G.5	Engagement of Board and others in capacity building of human rights knowledge relevant to the domain
G.6	Board uses information on human rights impacts when making strategic decisions
G.7	Board skills matrix includes human rights relevant to the domain
G.8	Involvement of risk function in assessing human rights risk
G.9	Involvement of audit function in confirming human rights outcomes
G.10	Involvement of external audit function in confirming human rights outcomes
G.11	Remuneration schemes consider these human rights
G.12	Disciplinary schemes consider these human rights
G.13	FSE's statement of its values and culture refers to human rights relevant to domain (or to particular identifiable group eg retail customers, employees)

Policy Positions indicators

There are seven core indicators. It is possible that a domain will have its own additional indicators. It is also possible for there are a number of elements within an indicator for a domain. The core indicators differ across each domain, although we have adopted a common approach to these indicators where possible.

INDICATOR NUMBER	Elements within the indicator
P.1	FSE has a policy to address the risk that its activities will have impacts on the privacy and information rights of a specified group relevant to the domain (if >1 group can be specified for a domain, then the policy breaks this down) <i>(ie this is specific to privacy and information rights)</i>
P.2	FSE has a policy to address the risk that its activities will have impacts on the non-discrimination rights of a specified group relevant to the domain (if >1 group can be specified for a domain, then the policy breaks this down) <i>(ie this is specific to non-discrimination rights)</i>
P.3	FSE has a policy to address the risk that its activities will have impacts on the economic security rights of a specified group relevant to the domain (if >1 group can be specified for a domain, then the policy breaks this down) <i>(ie this is specific to economic security rights)</i>
P.4	FSE has a policy to address the risk that its activities will have impacts on the health and safety rights of a specified group relevant to the domain (if >1 group can be specified for a domain, then the policy breaks this down) <i>(ie this is specific to health and safety rights)</i>
P.5	FSE has a policy to recognise the voice and participation rights of a specified group relevant to the domain (if >1 group can be specified for a domain, then the policy breaks this down) <i>(ie this is specific to voice and participation rights)</i>
P.6	FSE has a policy to provide rights to remedy of a specified group relevant to the domain (if >1 group can be specified for a domain, then the policy breaks this down) <i>(ie this is specific to rights to remedy)</i>
P.7	Remuneration policies do not encourage practices that are likely to lead to adverse human rights impacts relevant to the domain

Due diligence indicators

The 13 indicators differ slightly across each domain, although we have adopted a common approach to these indicators where possible.

For some of the indicators there is an alternative that might reflect the actual position within the company, so these are 'paired'. The first indicator in the pair is when there is domain-specific information. Where there is no domain specific information, or indeed no information, we code the second indicator in the pair.

The paired indicators are:

INDICATOR NUMBER	Elements within the indicator
D1	statement re coverage of due diligence process OR
D2	statement there is a due diligence process but lacks specifics
D3	description of process to assess human rights risks and human rights impacts for the domain OR
D4	description of process to assess human rights Risks and impacts but not domain specific
D5	description of process to integrate findings of assessment of risks and impacts for the domain OR
D6	description of process to integrate findings of assessment of risks and impacts but not domain specific
D7	specifics on actions re findings for a domain OR
D8	specifics on actions re findings but not domain specific
D9	process to monitor and evaluate actions for a domain OR
D10	process to monitor and evaluate actions but not domain specific
D11	communications on addressing actions, links to a domain OR
D12	communications on addressing actions, not linked to a domain

The final indicator is an overall conclusion

D13	In light of the human rights risks likely to arise from the FSE's activities in the domain, the due diligence process is feasible
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Appendix 2: Outcomes indicators (as initially devised)

The table of outcomes indicators below uses the following abbreviations

HUMAN RIGHTS CATEGORIES

Privacy and information (P&I)

Anti-discrimination (AD)

Economic security (ES)

Health and safety (H&S)

Voice and participation (V&P)

Right to remedy (R2R)

OUTCOME METRIC TYPES

Qualitative (QL)

Quantitative (QT)

DATA/ EVIDENTIARY SOURCES

FSE's own documents (INT)

Any other source external to the FSE (EXT)

Indicator number	Human category	rights	Retail	Commercial investment and lending services (CLIS)	Employees	Supply chain and suppliers	Society
O.1.	P&I		Evidence from regulatory actions with P&I impacts (SO: ASIC Media releases and reports; ombudsman reports – financial and privacy; court proceedings likely around Information impacts) QT EXT	Evidence of privacy and data breaches involved SMEs (SO: media, Privacy Commissioner, FSE own documents, court documents) QT EXT QT INT	Instances of data breaches involving employee information (SO: media, Privacy commissioner, unions) and there may be also FSE own documents QT EXT maybe also INT from FSE's own disclosures	Evidence or complaints on misuse of supplier information (SO: complaints to Privacy Commissioner;	Direct advocacy by FSE on public policy dealing with P&I QT EXT (maybe additional via INT)
O.2.	P&I		Nature of the impacts QL EXT			Numbers and nature of complaints taken to ABSFEO and ACCC and evidence FSE's conduct in proceedings	Indirect advocacy by FSE regulatory bodies (of which FSE is a member) on public policy dealing with P&I

Indicator number	Human category	rights	Retail	Commercial investment and lending services (CLIS)	Employees	Supply chain and suppliers	Society
						(SO: ABSFEO and ACCC media, also court reporting) (applies to all FSEs) QT QL EXT	QT EXT QT INT maybe additional information on its advocacy on amendments to voluntary principles such as Equator Principles, UN PRI, UN Principles of Responsible Banking
O.3.	AD		As above for Q1 (Additional EXT source via AHRC, state-based commissions)	Evidence of loan term and tenor differences that reflect diversity features not commercial features (SO: FSE's own documents) QT INT Possibly EXT sources	Metrics on women's decision-making in FSEs, eg % of women on board (SO: FSE's own documents) % of women in leadership (SO: FSE's report to WGEA) QT INT % of employees by category/level of employment and diversity criteria (SO: FSEs own data) QT INT % of employees identifying as having a disability (SO: FSE's own data)	FSE ceases to work with businesses and individuals where evidence of negative human rights impacts relating to discrimination (SO: applies to all HRs, but here looking at Anti-discrimination information sources relevant to jurisdiction) QL INT Maybe also EXT	Direct advocacy by FSE on public policy dealing with AD QT EXT (maybe additional QT via INT)

Indicator number	Human rights category	Retail	Commercial investment and lending services (CLIS)	Employees	Supply chain and suppliers	Society
				<p>QT INT</p> <p>% of workforce over 50</p> <p>(SO: FSE's own data)</p> <p>QT INT</p>		
O.4.	AD	<p>Evidence from complaints brought to AHRC, state based AD mechanisms and courts</p> <p>(SO: media, AHRC documents, FSE own disclosures, union, court reports)</p> <p>QT QL EXT</p> <p>QT QL INT</p>	<p>Evidence of complaints to/ scrutiny of its CLIS activities by domestic or international bodies (eg OECD National Contact Point); or evidence from NGOs (eg BankTrack)</p> <p>Evidence of successful remediation of AD disputes</p> <p>(SO: FSE'S own disclosures, union disclosures, NGO disclosures, media)</p> <p>QT QL EXT</p> <p>QT QL INT</p>	<p>Evidence from complaints brought to AHRC, state based AD mechanisms and courts</p> <p>(SO: media, AHRC documents, FSE own disclosures, union, court reports)</p> <p>QT QL EXT</p> <p>QT QL INT</p>	<p>Workers in supply chain are not subject to discrimination based on sex, race, age, gender, ability or sexuality</p> <p>(SO: FSE documents; third party supply chain sources; ILO-linked and UNHR linked sites)</p>	<p>Indirect advocacy by FSE regulatory bodies (of which FSE is a member) on public policy dealing with AD</p> <p>QT EXT</p>
O.5.	ES	<p>Evidence from regulatory actions of ES impacts</p> <p>(SO: ASIC Media releases and reports; ombudsman reports – financial and privacy; court proceedings likely around Information impacts)</p> <p>QT EXT</p>	<p>Range of measures relating to investment and green issues, eg</p> <p>a. \$ invested and % portfolio in green and/or social impact bonds</p> <p>b. \$ invested and % portfolio in energy access, energy efficiency and renewable energy; distinguish between real assets and debt</p>	<p>Pay gap data and plans to address</p> <p>(SO: FSE own documents)</p> <p>QT QL INT</p> <p>Compare with industry averages</p> <p>(SO: WGEA pay gap report)</p>	<p>Workers in supply chain are paid a living wage. Where there is underpayment, evidence exists of concrete plans to address underpayment</p> <p>(SO: FSE's own documents, third party supply chain sites, Living Wages foundation for data)</p> <p>QT EX INT</p>	<p>Direct advocacy by FSE on public policy dealing with ES</p> <p>QT EXT (maybe additional via INT)</p>

Indicator number	Human rights category	Retail	Commercial investment and lending services (CLIS)	Employees	Supply chain and suppliers	Society
			<p>c. \$ invested in GHG extractive and energy industries (GICS energy sector)</p> <p>d. \$ loans to microfinance or social enterprises or social impact projects</p> <p>e. \$ to higher risk investment via underwriting, venture capital or R&D for energy access, energy efficiency and renewable energy projects</p> <p>f. Participation in PPPs with social impact objectives, including those abiding with the government's <i>Principles for Social Impact Investing</i></p> <p>(SO: FSE's own documents)</p> <p>QT INT</p>	QT QL INT EXT		
O.6.	ES	<p>Nature of the impacts identified in O5</p> <p>QL EXT</p>	<p>Range of factors relating to lending to SMEs, eg</p> <p>\$ to SMEs for social impact projects which may include energy access, energy efficiency and renewable energy projects</p> <p>(SO: FSE own documents)</p> <p>QT INT</p>	<p>CEO-WORKER pay gap (ratio)</p> <p>(SO: FSE own documents)</p>	<p>Evidence of FSE's approach to suppliers who breach water and land rights of operations in supply chain</p> <p>(SO: FSE's own documents, third party supply chain websites)</p>	<p>Indirect advocacy by FSE regulatory bodies (of which FSE is a member) on public policy dealing with ES</p> <p>QT EXT (maybe additional via INT)</p>

Indicator number	Human rights category	Retail	Commercial investment and lending services (CLIS)	Employees	Supply chain and suppliers	Society
O.7.	H&S		<p>Evidence of breach of H&S laws by financed entities and FSE's response</p> <p>(SO: court reports, media, 3rd party reports – eg NGOs; maybe also FSE own documents)</p> <p>QT QL EXT INT</p>	<p>a. Evidence of standard workplace hours and breaks</p> <p>(SO: Union data)</p> <p>QT QL EXT</p> <p>b. Parental leave take-up rate, by gender, return to work rate, retention rate</p> <p>(SO: FSE own documents)</p>	<p>No evidence of under-age workers in supply chain (verified)</p> <p>(SO: FSE documents and third party supply chain websites)</p> <p>QT EXT INT</p>	<p>Direct advocacy by FSE on public policy dealing with H&S</p> <p>QT EXT (maybe additional via INT)</p>
O.8.	H&S	-	<p>People's (including indigenous communities) exposed to higher risk of negative health issues arising from projects financed by FSE</p> <p>(SO: 3rd party/NGO reports, media)</p> <p>QT QL EXT</p>	<p>c. Evidence of harassment/ bullying</p> <p>(SO: AHRC, union data)</p> <p>QT QL EX</p> <p>d. Evidence of complaints to OHS regulators re breaches of laws and FSE's conduct during proceedings</p> <p>QT QL EXT</p>	<p>Health and safety of workers in supply chain is respected (evidence of lack of respect)</p> <p>(SO: FSE documents and third party labour force data; media and court reports)</p> <p>QT QL EXT</p> <p>QT QL INT</p>	<p>Indirect advocacy by FSE regulatory bodies (of which FSE is a member) on public policy dealing with H&S</p> <p>QT EXT (maybe additional via INT)</p>
O.9.	V&P	-	<p>People's (including indigenous communities) experience violations of self-governance and cultural rights in projects funded by FSE</p> <p>(SO: 3rd party/NGO reports, media)</p> <p>QL QT EXT INT</p>	<p>Adverse action claims determined by FCC, FCA and also FWC</p> <p>(SO: media, court documents)</p> <p>QT QL EXT</p>	<p>Cases taken to ABSFEO and FSE's conduct in proceedings</p> <p>QT QL EXT</p>	<p>Direct advocacy by FSE on public policy dealing with V&P</p> <p>QT EXT (maybe additional via INT)</p>

Indicator number	Human rights category	Retail	Commercial investment and lending services (CLIS)	Employees	Supply chain and suppliers	Society
			(this indicator includes overseas projects that can affect indigenous people and/or non-indigenous people)			
O.10.	V&P	-		FSE treatment of employee whistle blowers (SO: media, court documents. FSE own reports) QL EXT INT	Cases taken to ACCC and FSE's conduct in proceedings QT QL EXT	Indirect advocacy by FSE regulatory bodies (of which FSE is a member) on public policy dealing with V&P QT EXT (maybe additional via INT)
O.11.	R2R	Evidence from regulatory actions with P&I, AD, E&S of FSE's conduct in proceedings (other than class action proceedings) (SO: ASIC Media releases and reports; ombudsman reports; AHRC reports, media; court reports) QL EXT (maybe also have INT for significant events)	Evidence from complaints mechanisms where complaint relates to CLIS activities and there is a human rights dimension to the complaint, including a. internal FSE complaints b. SME complaints to regulatory bodies c. arbitration proceedings d. court proceedings. For all of the above, evidence of FSE's conduct during the process (SO: Data from FSE internal complaints process (QL QT INT); court proceedings (QL QT EXT); Other forms of arbitration (QL QT EXT INT)	FSE conduct in workplace hearings in FWC, FCC, FCA or other courts (SO: media, court documents) QL QT EXT	FSE signs up to National Payment Transparency Register (ABSFE0) QT EXT	Direct advocacy by FSE on public policy dealing with R2R QT EXT likely also INT

Indicator number	Human category	rights	Retail	Commercial investment and lending services (CLIS)	Employees	Supply chain and suppliers	Society
O.12.	R2R		Size of fines imposed by regulator or court, plus remediation paid to retail customer by FSE QT EXT (maybe also have INT for significant events)	Evidence of complaints about negative human rights impacts of FSE's CLIS borrowers/clients, such as complaints to National Contact Point and FSE's conduct in response		A public method of dialogue between FSE and Supplier is enabled which does not compromise the business relationship or bargaining position of the Supplier QL INT	Indirect advocacy by FSE regulatory bodies (of which FSE is a member) on public policy dealing with R2R QT EXT (maybe additional via INT)
O.13.	Extra P&I		Evidence of change to information around products and services QT, QL, INT (eg could be updated product disclosure)				
O.14.	Extra AD		Evidence of change to products targeting a particular group QT, QL, INT		Evidence of gender diverse recruitment (Targets, % recruited) QT, INT Maybe also EXT reporting (Eg WGEA data for women)	Evidence of sourcing services from a diverse range of suppliers, including companies run by indigenous people; companies run by women entrepreneurs; companies with social impact aims QT, QL, EXT QT, QL INT	
O.15.	Extra ES		Evidence of use of hardship policy or otherwise dealing with clients facing financial challenges QT, QL, INT	a. Tonnes of CO ₂ avoided or abated for current year and trend over time OR b. MWh of renewable energy generated by portfolio	Evidence of pay rates, pay increases and FSE conduct during EA or other workplace wages negotiations (SO: FSE documents, union data, media, FWC reports)		

Indicator number	Human rights category	Retail	Commercial investment and lending services (CLIS)	Employees	Supply chain and suppliers	Society
			<p>c. Number of jobs created in energy access, energy efficiency and renewable energy</p> <p>d. Number of people from marginalised communities with improved access to utilities, including renewable sources of energy</p> <p>(SO: FSE own documents)</p> <p>QT INT</p>			
O.16.	Extra H&S	-		<p>LTIFR or other lag injury data; fatalities</p> <p>(SO: FSE own documents)</p> <p>QT INT</p>	<p>Workers in supply chain have appropriate rest times (meeting ILO standards)</p> <p>(SO: FSE own documents, third party supply chain sites)</p> <p>QT QL EXT</p> <p>QT QL INT</p>	
O.17.	Extra V&P	-		<p>% eligible employees who are members of union (eg FSU)</p> <p>(SO: FSE own data, Union data)</p> <p>QT INT</p> <p>QT EXT</p>	<p>Workers in supply chain have access to collective bargaining strategies</p> <p>(SO: FSE own documents and third party/ILO data)</p> <p>QL INT</p> <p>QT EXT</p>	

Indicator number	Human rights category	Retail	Commercial investment and lending services (CLIS)	Employees	Supply chain and suppliers	Society
O.18.	Extra R2R	Class actions commenced and/or settled during the period involving retail customers R2R QT EXT		Number of grievances received, % provided with a remedy internally (SO: FSE own documents) QT INT Number/ % of grievances escalated to external forms of remedy (SO: Court documents, media) QT EXT Employee satisfaction data (SO: FSE'S own documents) QT INT	FSE remedies all relevant parties for breaches of human rights to the extent FSE is responsible QT QL EXT Maybe also INT	
O.19.	Further Extra	Evidence of retail customer data breaches by FSE P&I (SO: FSE own documents, media) QT QL INT QT QL EXT	\$ lent to microfinance institutions ES QT INT			
O.20.	Further Extra	Conduct of FSE in class actions involving retail customers	\$ and number of project finance applications declined due to human rights risks			

Indicator number	Human rights category	Retail	Commercial investment and lending services (CLIS)	Employees	Supply chain and suppliers	Society
		(court reports, media, FSE's own communications) R2R QL EXT QL INT	All HRs QT INT			
O.21.	Further Extra	Evidence of change to products or processes to reduce risks of –ve ES impacts ES QT QL INT	\$ and number of project finance applications approved by FSE only after FSE was able to negotiate improved human rights outcomes or commitments (eg an action plan to include grievance mechanisms) All HRs QT INT			
O.22.	Further Extra	Canstar ratings of core retail products (SO: EXT) QT QL	Range of measures relating to support of women entrepreneurs, eg a. \$ lent to women entrepreneurs/ women's development organisations as % of lending portfolio b. \$ lent to women-focused micro-financed institutions c. Specific products exist to support women entrepreneurs d. Jobs created for women by lending practices			

Indicator number	Human rights category	Retail	Commercial investment and lending services (CLIS)	Employees	Supply chain and suppliers	Society
			ES QT INT			

About the project team



Professor David Kinley

David holds the Chair in Human Rights Law at the University of Sydney Law School. He is also an Academic Expert member of Doughty Street Chambers in London.

He specialises in relations between the global economy and human rights and has worked for more than 25 years all over the world with governments, international organisations, law firms, corporations and NGOs in the field.

His recent books include *Civilising Globalisation: Human Rights and the Global Economy* (2009), *The International Covenant on Economic, Social and Cultural Rights* (2014, with Saul and Mowbray)), and *Necessary Evil: How to Fix Finance by Saving Human Rights* (2018). He also has a TEDx video: *How Much Do Banks Owe Us?*



Dr Kym Sheehan

Kym's academic interests are in the area of corporate law, corporate governance and finance, with an emphasis on regulatory tools. Her research interest in human rights and business came via her initial research on a modern slavery act for Australia in 2017.

It was this research and a mutual interest in finance that led to David and Kym applying for funding via the Sydney Law School's Special Projects Scheme in 2017.

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