SUMMARY OF THE MINIMUM STANDARDS FOR MSIs TO PROTECT AND PROMOTE HUMAN RIGHTS*

Core Elements	Topics	Rationale	Summarized Minimum Standards
Standards	Sufficiency	The MSI's standards are the requirements placed on its targeted actors (TAs). The TAs of an MSI are ordinarily governments or companies. Standards must be mandatory and clearly expressed in specific terms, and should refer to international law where relevant. If standards are voluntary and vague it is difficult to assess if TAs are changing their behavior and meeting the goals of the MSI.	• Obligatory standards with a clear timeline for compliance • Verifiable standards that are specific and objective
Implementation	Incentive Regime	To maximize the potential of the MSI to cause industry-wide change, TAs should be encouraged to join the MSI, and motivated to comply with standards. While having an incentive regime (e.g. product certification or labeling) is not critical, to advance the protection of human rights any such regime must be based on verified compliance and continuous improvement with MSI standards through independent and ongoing evaluation.	*If an incentive regime exists:* • Requirements for joining the MSI are different from requirements to receive the benefit of the incentive regime • Requires verified compliance with MSI standards to receive incentives, based on an independent and ongoing evaluations assessing compliance with standards. (see below)
Implementation	Monitoring: Evaluations	TAs should be regularly monitored to ensure they are meeting MSI standards, as this promotes compliance and accountability. The monitoring system must be rigorous and comprehensive. To ensure the most accurate information, evaluators should be qualified and independent, and required to conduct on-site evaluations that involve frank interviews from a range of stakeholders. Evaluations that are desk-bound or conducted under the control of the TA lack credibility and may fail to detect breaches of the MSI's standards. Protection against reprisals ensures that interviewees are able to provide candid feedback, and ensures the integrity of the monitoring system.	• Regular and standardized evaluations conducted by an independent external evaluator are mandatory for all TAs • Policies to prevent conflicts of interest between the evaluator and TA • MSI prescribes mandatory and standardized evaluationprocedures that: o Permit direct stakeholder input o Require on-site visits o Require interviews o Include measures to prevent reprisals against interviewees. • Evaluators report on compliance and discuss incidents of non-compliance with every MSI standard • Results of the evaluation provided directly to the MSI, with a comment period for TAs

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Implementation	Monitoring: Reporting	Another form of monitoring compliance is through reporting from the TA to the MSI or public regarding compliance and implementation of MSI standards. Internal reporting improves internal dialogues and increases internal accountability structures. Where the MSI or TA publicly reports on compliance and performance, this provides for greater external and internal accountability, while acknowledging TAs who meet or exceed MSI standards. To preserve the integrity of the MSI, there should be policies preventing TAs from claiming to be in compliance with standards, if this has not been verified.	• TAs regularly report to the MSI or public on compliance with and implementation of standards, including specific breaches of MSI standards • MSI regularly reports publicly on TA compliance with and implementation of standards, including specific breaches of MSI standards • TAs prohibited from claiming compliance with standards without MSI verification
Implementation	Grievance Mechanisms	Grievance mechanisms provide a means for affected stakeholders to hold TAs to account for alleged violations of human rights or MSI standards. In addition to providing redress, they may capture and correct violations of standards that were not detected by an MSI's monitoring systems. To be effective, grievance mechanisms must be accessible, transparent, predictable, equitable, legitimate and rights-compatible. While it is not necessary to require TAs to have operational-level grievance mechanisms, MSIs should also ensure that any mechanisms established by TAs to address breaches of MSI standards or relevant human rights standards are adequate. MSIs should have the power to safeguard the integrity of hearings regarding the application of MSI standards.	• MSI should require that any operational-level complaint mechanisms include independent decision-makers. The MSI should have the power to intervene or hear complaints if they are not resolved after a specified time • MSI has its own grievance mechanism that is accessible by multiple forms of filing • Members and affected communities are permitted to file grievances to the MSI • The system allows complainants to remain anonymous to the TA against whom the complaint is made where appropriate • Complainants can designate an advocate or representative • Where complainants are provided with an advocate, there are measures to avoid conflicts of interest • Appointment process for independent decision-makers is transparent and contains a conflict of interest policy • The decision-making process is clear and transparent, with timeframes for resolving complaints • The number of complaints filed and resolved is published • Official decisions are published • Communication with complainants at each step of the process • Grievances are evaluated against MSI standards

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Implementation	Accountability Mechanisms	There should be clearly defined obligations on TAs, and clearly defined processes for imposing specified sanctions if those obligations are not met. Without mechanisms to hold members who breach standards accountable, the MSI lacks the means to protect and promote human rights. MSIs should have recourse to a range of defined sanctions that are effective in enforcing compliance and thus promoting change. Where members are in noncompliance, this should be publicly disclosed to ensure the credibility of the MSI and deter others from breaching standards or rules. The process of ensuring accountability and imposing sanctions should be transparent to promote internal accountability.	• MSI has the power to sanction TA for non-compliance with standards, failure to report to the MSI, upheld grievances and issuing unauthorized statements of compliance • MSI has a range of defined sanctions available, including suspension or expulsion • MSI has a clear process, including timeframes, for imposing sanctions • MSI publicizes incidents of non-compliance *If recommendations are provided by the MSI to TAs:* • MSI designates timeline for compliance and a process
Implementation	Systems Development & Operationalization	Companies or governments may have to make significant adjustments to their previous practices in order to best protect and promote human rights. MSIs should facilitate the development of internal policies or systems that will lead to institutional change. This may range from requiring senior management to consider human rights issues, through to developing operational-level policies.	•MSI requires TAs to change mandatory policies, procedures or contracts to comply with MSI standards
Implementation	Programs and Outreach	Many stakeholders outside of the MSI may not be aware of the MSI. In particular, rights-holders may not be aware of the possible human rights protection that the MSI may afford them. MSIs that reach out to affected communities and other non-members to inform them about the MSI and opportunities for involvement may experience improved participation levels and improved community acceptance.	• MSI has the power to sanction TA for non-compliance with standards, failure to report to the MSI, upheld grievances andvissuing unauthorized statements of compliance. • MSI sponsors outreach programs to non-members • MSI offers local outreach program in an affected community to local groups using targeted information in the local language • MSI offers information relating to businesses, products and services of TAs that are in compliance with MSI standards

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Implementation	Stakeholder Learning and Engagement	One of the critical benefits of MSIs is that they offer a space for stakeholders to interact and share knowledge, best practices and experiences. While not necessary, if utilized these programs should benefit all stakeholders and include carefully tailored confidentiality that allows participants to be candid in their discussions.	*If a learning program exists:* • All stakeholder members are able to participate • Learning program activity has space for confidential discussions
Interal Governance	Stakeholder Involvement	Including diverse stakeholders with equal voices maximizes the diversity of skills, resources and values in an MSI. See the importance of including affected communities below (pg 7). The different impacts and human rights concerns of different geographic regions, indicates the need for geographic diversity to ensure that all regions where the MSI's standards are applied are included. NGO participation must be seen as free of influence from TA's. Ensuring that global or regional MSIs also includes local actors, particularly from the regions where an MSI's standards are applied, not only increases local ownership and but also increases awareness of the MSI's actual impact on human rights and other issues.	• Representation from TAs, civil society and affected communities • Involvement of at least one of each stakeholder group, including affected community, from each geographic region where the MSI's standards apply • At least one national or local NGO and community from each geographic region where the MSI's standards apply • NGOs and affected populations do not have a reduced ability to participate in the MSI • Conflict of interest provisions for NGOs regarding relationships with TAs
Internal Governance	Funding and Resources	Publishing detailed financial reports that demarcate expenditure on implementation and non-implementation activities enables external scrutiny of whether the MSI spend its money prudently and also increases external accountability. Like any non-profit organization, to be effective an MSI should maximize the proportion of expenditure that it allocates to implementing its standards and activities. A strong funding base is encouraged to ensure that the MSI can make long-term strategic decisions and be sufficiently resourced to implement them. However, any funding system must be transparent and allow for equitable participation from all members, particularly those with limited financial resources.	• MSI publishes financial reports that list categories of expenditure, including proportion spent on administration and implementation • MSI spends more than one-third of its budget on implementation • Different membership fees for different stakeholder types • Individual voluntary contributions of members and non-members publicized (if allowed)

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Interal Governence	Decision-Making Functions and the Balance of Power	Clearly defined decision-making processes are necessary to address issues that will arise during an MSI's implementation, such as handling instances of non-compliance, reviewing compliance and reviewing the MSI's performance and development. These are large tasks that should be shared evenly amongst multiple decision-making bodies and require administrative support. Diversity of decision-makers on governing boards or sub-committees will improve the quality of, and increase support for, decisions. Participation of NGO and community members in these decision-making bodies ensures the representation of the perspective of rights-holders impacted by the MSI, provides local knowledge and expertise, and increases the likelihood of successful implementation of decisions. Transparent appointments or elections and clear procedures for decision-making may increase the legitimacy and efficiency of boards.	• MSI has governing bodies to make overall decisions and to review implementation of MSI standards and policies • MSI has staff to administer and implement MSI decisions • Bodies allow membership from every stakeholder group and expressly require membership of at least one NGO and one representative from affected communities • Governing bodies have: o Transparent appointment or election processes o Policy to record the decision making process o No veto power for any member o Clear procedures for decision-making o Equally weighted votes o Power to make binding decisions • Meetings are conducted in relevant languages
Interal Governence	Dispute Resolution	A well-defined procedure for addressing disputes regarding governance will ensure that the MSI is able to resolve internal disputes. Without such a mechanism, MSIs risk being caught in a procedural deadlock that distracts from the overall mission of the MSI. This procedure must fair, efficient and transparent.	• MSI has a dispute resolution system for internal governance issues that is accessible to all members • Appointment process for decision-maker is transparent, leads to an equitable outcome and contains a conflict of interest policy • The number of complaints filed and resolved is published • Official decisions are published • Set timeframes for resolving complaints
Development	Formation of the MSI	MSIs will benefit from a better understanding of the issues that require attention and how to address them if all the relevant stakeholders to an industry are included. In particular, MSIs must take to care to include the communities who are affected by an industry and local NGOs.	• MSI publishes information detailing the formation process of the MSI • Impact assessment conducted during MSI formation • MSI specifically invited NGOs and communities to participate in MSI formation and offered to bear their cost of participation

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Development	Review of the MSI's performance	Compulsory periodic reviews allow MSI to keep up with changing external and internal conditions, and to understand the strengths and weaknesses of the MSI to protect and promote human rights. They provide a mechanism for encouraging evolution and reform of the MSI. Input from a broad range of stakeholders, especially NGOs and affected communities, will give greatest insight into the existing human rights impacts of the MSI. To be credible the process and outcomes of reviews should be transparent, and should lead to subsequent reform in the MSI.	• MSI has processes for regularly reviewing standards, internal governance, implementation and effectiveness of MSI as a whole • MSI assesses affected populations' awareness of the MSI • Review processes permits input from wide range of stakeholders, including NGOs and communities • Reviews provide recommendations • MSI has processes to evaluate implementation of recommendations provided by reviews • MSI publicly reports review results
Transparency	Transparency and Accessibility	Transparency through publicly available information allows external independent evaluation of the MSI, which helps to create a feedback loop and promote MSI accountability and integrity in the attaining of its stated goals. Transparency also enables those impacted by the MSI, as well as MSI members, to make use of MSI mechanisms to enforce compliance of MSI standards. Transparency incentivizes TAs to comply with and uphold MSI standards to avoid negative publicity.	• MSI standards are publicly available in the local language(s) of the geographic area(s) where the standards apply • MSI Provides contact points in the geographic areas where standards apply • Key governance documents are publicly available in the local language(s) of the geographic area(s) where the standards apply. This includes:
Transparency	Transparency and Accessibility	For transparency to promote accountability and thus facilitate change, the information provided must be accessible to local communities who are then able to provide feedback and input based on the local impact of MSI activities.	o List of members o List of members of decision-making bodies o Audited financial accounts o Documents setting out the governance structure and decision-making process o Disciplinary procedures for breach of internal governance rules o Annual report of key activities and developments

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Affected Community Involvement		Inclusion of the communities or rights-holders affected by an MSI (e.g. workers or landholders) is critical because ultimately an MSI aims to improve conditions for these communities. Affected communities should not be excluded from participating in making decisions that will affect their rights, and their inclusion will increase the legitimacy and acceptance of MSIs as solution to business and human rights issues.	*These indicators are captured in the elements identified in the above that relate to affected community involvement, however result in a separate score being generated.* • Affected communities are represented in MSI membership and have equal participation in MSI functions and all decision-making bodies. • Membership includes affected communities from all geographical regions to which the MSI's standards apply. • The MSI sponsors programs and provides information for affected communities, and in local languages • Members of local communities can file complaints with the MSI • The MSI invited participation from affected communities in the formation process, bearing the costs of their participation • The MSI conducted comprehensive industry impact assessments during each process of formation • During reviews, the MSI assesses the level of public awareness of the MSI and solicits inputs from affected communities

*In addition to evaluating whether an MSI is meeting the minimum standards necessary to protect and promote human rights, the MSI Evaluation also evaluates whether an initiative is following good practices or adopting innovative approaches to human rights. Those indicators are not addressed in the table above, as they are not scored or part of the scorecard. Instead they are discussed in the long-form report of each evaluated MSI.