



# 5 STEPS

**TOWARDS**

# MANAGING THE HUMAN RIGHTS IMPACTS OF YOUR BUSINESS

**GETTING STARTED WITH HUMAN RIGHTS DUE DILIGENCE**



Network Germany

twentyfifty®

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RIGHTS IMPACTS OF  
YOUR BUSINESS

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DUE DILIGENCE



## Network Germany

### **The Global Compact and the Global Compact Network Germany (DGCN)**

The Global Compact was launched by the United Nations in 2000. It is a strategic and international platform for learning and dialogue on sustainable and responsible business, involving civil society organisations, business and national governments. Working with its partners, the Global Compact has shaped the international dialogue on sustainability and the development of business strategies and tools to achieve it. As a platform for multi-stakeholder learning and dialogue, the Global Compact convenes webinars, workshops, coaching, conferences and technical forums in its work. Through the local networks, which organise and run many of these events, businesses can advance sustainability topics which they feel ought to be tackled and play an active role in shaping the dialogue. The Global Compact Network Germany is one of the most active in the world with more than 370 current participants.

**[www.globalcompact.de](http://www.globalcompact.de)**

## twentyfifty®

### **twentyfifty Ltd.**

twentyfifty Ltd. is a management consultancy working with multinational companies and their global value chains to understand and manage social impact using a human rights framework. twentyfifty has over a decade's experience of helping companies turn commitments to respect human rights into practice and implement the UN Guiding Principles, working in many countries, and with particular strength in the extractives, technology, travel, food and garments industries.

twentyfifty combines core capabilities of organisational development and stakeholder engagement, with intimate knowledge of the UN and global human rights frameworks. It supports its clients in developing and leading corporate responsibility programs; incorporating the respect for human rights into strategy, policy and processes; and building capacity through training, coaching and facilitation to implement responsible business practices.

**[www.twentyfifty.co.uk](http://www.twentyfifty.co.uk)**

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# INTRODUCTION

As entrepreneurs, business leaders, managers, or employees we want to be proud of our companies, positive about the work we do, and the **impact we have on our communities and wider society**. Whether it is by building a better car to get someone from A to B, producing healthy food that customers enjoy or providing finance to enable someone to start a business – we want to make a difference to the lives of others and we are at our best when our work allows us to live up to our personal values.

As responsible entrepreneurs, we want to maximise our business' positive contributions, and avoid or minimise any negative impacts. To do so, we will often rely on our gut feeling to guide our decisions. What feels wrong, is often wrong. While this approach has its merit, as businesses of all sectors and sizes operate more internationally, it is not so easy to see or sense the impacts of all your decisions. Therefore businesses both large and small are being encouraged to set up **human rights due diligence processes** in order to **know, and be able to show**, how they go about understanding and addressing their impacts on people and society, and ensuring they respect basic human rights.

This guide sets out a simple and thorough process for any company, but particularly small and medium-sized enterprises, to get started with identifying its potential human rights impacts on those people directly affected by its activities, and those whose lives it touches through its relationships with suppliers or other parties. It provides you with tools and approaches to understand what your business already does to address these impacts, and where it can improve. By doing this, the guide helps you to take your first steps towards human rights due diligence.

It is structured along 5 basic steps:



Under each step, the guide provides you with a set of suggested activities that you can try out and tailor to the needs of your business. The activities suggested are illustrated through examples from the fictional company Henel & Sorbier SARL (H&S). An online platform featuring further references and tools for each of the steps has been developed in support of this publication and will be updated on a regular basis. Whenever further information is available ONLINE, it will be indicated with this sign: 

### HENEL & SORBIER SARL



H&S is a French family-owned SME producing essential oils for the pharma and cosmetics industry. The company supports a respectful working environment and maintains long-term relationships with customers and suppliers. Bigger corporate clients audit H&S on a regular basis. Recently, a major client requested further information about H&S' approach to human rights. This triggered internal discussions at top management level. As a result, an H&S product manager was mandated to gather further information and suggest possible next steps to company management.

This guide does not attempt to outline how to establish a 'perfect' human rights due diligence process, but to fill an existing gap concerning short introductory guidance to get companies started. It has been based on management consultancy twentyfifty's more than ten years experience of supporting companies to respect human rights, good practice guidance where it is available, and the lessons learned by companies in the Human Rights Peer Learning Group of the Global Compact Network Germany. Feedback from small and medium-sized companies, acting as peer reviewers, has been integrated. If you are ready to take your first steps go ahead and jump right to step 1 on page 11. If you need a bit more background information or convincing, the next part provides more details.

# WHY DO I NEED A PROACTIVE HUMAN RIGHTS APPROACH?

Technology and globalisation have enabled even small companies to source and sell across the globe. The longer and more complex business value chains get – the more removed businesses become from their impacts on people producing, transporting, selling or buying their products. Under these conditions, identifying the full range of impacts our business decisions can have on human rights, is no simple task.

For example, sourcing from countries such as Bangladesh where production costs are low helps companies to provide clothing at low prices to their customers – but the rapid growth in production and lax safety standards has led to severe impacts on thousands of workers. Most notably on those who lost their lives or were maimed in the Tazreen fire and Rana Plaza building collapse. Also in Europe, companies face human rights-related challenges such as ensuring gender equality in the workplace. Media reports have highlighted poor working conditions, especially for migrant workers, in the logistics, cleaning, meat processing or construction sectors. These examples show that businesses can impact human rights wherever they operate, including in countries with high levels of regulation.

These and other incidents have triggered a growing public interest in how companies conduct their business across their value chains. Larger businesses with global operations and a strong brand identity are increasingly critiqued by media, consumers, civil society and investors on the basis of their impacts on human rights, and are passing on those expectations to small and medium sized businesses in their supply chain. Concerns about the need for more responsible business conduct in a globalised economy have led to the development of a global framework setting out for the first time a defined corporate responsibility to respect human rights.

The *UN Guiding Principles on Business and Human Rights*, adopted by the United Nations Human Rights Council in 2011, set out the basic social expectation that **businesses respect human rights**, which means not to have a negative impact on human rights. Human rights provide a universally recognised benchmark against which governments and corporations are increasingly being publicly held to account by civil society. The UN Guiding Principles have already influenced the sustainability debate and EU and national policy making. Individual governments

have drafted National Action Plans to implement them, and many businesses have committed to, and started, putting them into practice. Your business customers may already have started to ask questions about how you ensure your business respects human rights.

*“In many ways, tourism depends on people. Social responsibility has therefore always formed part of our sustainability management. The adoption of the UN Guiding Principles on Business and Human Rights in 2011 provided us with an opportunity to revisit what we had in place and understand more about our impacts on people’s rights. We could then systematically integrate human rights in our management processes.”* **Manager, Tourism Tour Operator**

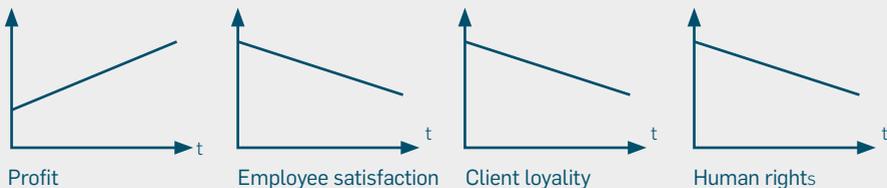
In a nutshell, respecting human rights means your business should treat all people affected by your operations, products and services with respect for their human dignity and basic freedoms. Companies are expected to **‘know and show’** that they respect human rights in their daily business practice. To deliver on the responsibility to respect requires embedding respect for human rights within the business through adequate policies, due diligence and remediation processes.

Companies are expected to proactively identify where they can or do have negative impacts on human rights and ensure they take adequate measures to prevent, mitigate and where needed remediate them. In essence, human rights due diligence is a proactive means for companies to systematically identify, assess, prevent and address harm to people – through business structures, policies, processes and, most importantly, the day-to-day ethical behaviour and decision-making of managers and employees. Embedding respect for human rights is an ongoing learning process that will look differently for each company, depending on the company’s size and structure, location, products, types of business relationships and the associated risk for having negative impacts.

There are clear business benefits of being proactive in identifying and addressing your impacts on people’s basic human rights, which can include but are not limited to:

- Preparing for, or meeting upcoming regulation
- Meeting customer requirements
- Improving risk management
- Avoiding and reducing managerial, operational, and legal costs
- Protecting reputation
- Standing out as a trusted partner when compared to competitors
- Building better and more sustainable relationships with suppliers
- Improving creditworthiness
- Improving services for consumers, especially groups of vulnerable consumers, and product quality management
- Employee satisfaction and retention

#### Would you invest in this company?



Source: UN Global Compact Learning Platform for Swiss SMEs / Working Paper No. 1, 2008

Human rights due diligence doesn’t require starting from scratch. Companies will already have in place a variety of processes they can build on, and using a human rights lens may lead to new insights in processes such as product safety standards, risk checks, personnel management or environmental practices. The five steps outlined in this guide, help you explore how to make progress with regard to your own human rights due diligence approach.

## STEP 01

# Build understanding

## STEP 02

## STEP 03

## STEP 04

## STEP 05

### Objectives of this step:

- Familiarise yourself with basic elements and concepts of a human rights approach
- Understand what human rights means in a business context and for your sector
- Understand the concepts of impact and affected individuals and groups

### Approach & possible activities:

You should start with building a basic knowledge and understanding about human rights and the range of possible impacts business activities and relationships can have on them. We recommend that you familiarise yourself with:

- The basic concept of human rights
- The impact that businesses can have on them and the relevant human rights issues for your sector

This will help you prepare for mapping the potential human rights impacts of your own business in the next step.

### A human rights approach for businesses involves:

- Understanding how your business can impact people through own activities and business relationships
- Looking at risk to harm people and not only business risks
- Considering that some people or groups may face a higher risk for being harmed than others, for example children, minorities, persons with disabilities etc.
- Understanding that harm cannot be offset with positive actions
- Ultimately, preventing and minimising negative and increasing positive impacts on people

### What are human rights?

The idea of human rights is as simple as it is powerful: that all people have a right to be treated with dignity. Human rights are basic rights and freedoms belonging to all human beings without exception. Every individual is entitled to enjoy human rights without discrimination. These include, but are not limited to the rights of workers.



Human rights reflect basic human needs and relate to a broad range of issues, such as security, housing, water, privacy, discrimination, freedom of expression, working conditions etc. The concept of human rights is founded on basic values such as freedom, respect, equality, dignity, empowerment and accountability.

Human rights are often expressed and guaranteed by law, for example in the form of international treaties and translated into national laws. The International Bill of Human Rights (Universal Declaration of Human Rights and two Covenants implementing it) and the International Labour Organization (ILO) core conventions comprise the minimum core of internationally recognised human rights. The human rights of specific groups are spelled out in separate treaties, such as the Convention on the Rights of the Child (CRC) or the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW).

To get a feeling for the breadth of human rights, we suggest that you have a look at the *Universal Declaration of Human Rights* from 1948, a milestone document in the history of human rights.

Check the website of the *Business and Human Rights Resource Centre* and browse the information on your business sector or companies from your sector to get a feeling for which human rights issues are discussed. The media headlines below relate to some examples for human rights related business impacts. Which ones could also be relevant for your business sector?

### Examples for human rights related business impacts taken from news media

Clothing to dye for: the textile sector must confront water risks

### Examples for human rights at risk

- Right to life
- Right to an adequate standard of living
- Right to water and sanitation,
- Right to health, ....

**Will privacy survive a Digital Age of corporate surveillance?**

- Right to privacy
- Rights to freedom of thought, conscience and religion
- Rights to freedom of expression and opinion, ...

WAITING IN PAIN: MIGRANT'S CASE HIGHLIGHTS MODERN SLAVERY IN GERMANY

- Right not to be subjected to slavery, servitude or forced labour
- Right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment
- Right to enjoy just and favourable conditions of work, ...

**Tech firms must do more for women, says equal opportunity chief**

- Right to enjoy just and favourable conditions of work
- Right to a family life
- Right to equality before the law, equal protection of the law, and rights of non- discrimination, ....

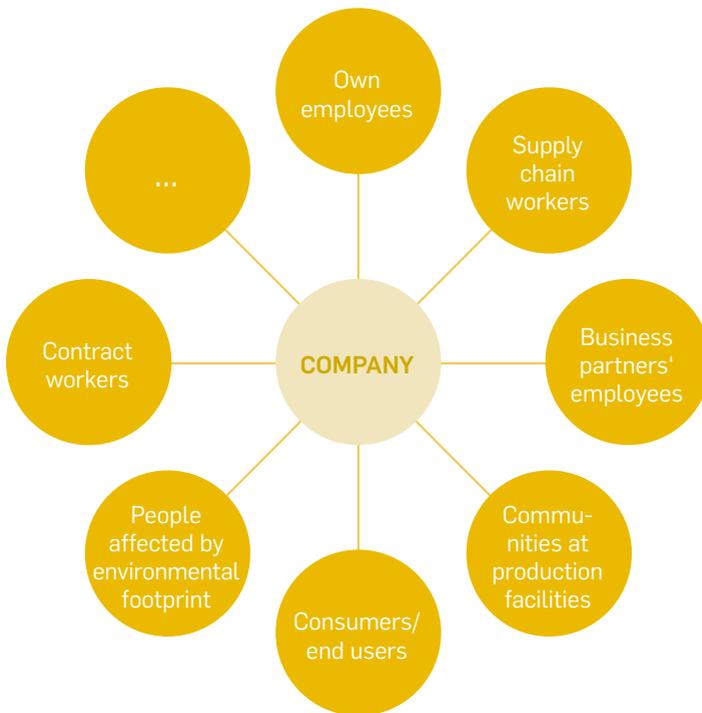
Tianjin explosions: warehouse “handled toxic chemicals without licence”

- Right to life
- Right to health
- Right to an adequate standard of living
- Right to enjoy safe and favourable conditions of work, ...

Marketing and advertising to children: the issues at stake

- Right to health
- Rights of children, ....

Chart I below provides you with an indication of the individuals and groups whose rights might be (negatively) impacted through a company's business operations or relationships. Among them, some are likely to face a greater challenge in getting their voice heard and a higher risk for being harmed than others. Examples are children living in the communities around production facilities or migrant workers employed by suppliers or business partners. Think about which of these groups are most likely to be affected in your sector! Are any ones missing?



*I. Potentially affected groups*

**HENEL & SORBIER SARL**

**Upon consulting the Business and Human Rights Resource Centre and reading through media articles, H&S' product manager discovers that:**

- Human rights issues for H&S' sector are not only about labour standards but concern a range of additional topics, for example product safety and marketing, the rights of indigenous groups or minorities affected by land development, or the livelihoods of communities living around farms
- Amongst others, the German and the US government are currently developing *National Action Plans on Business and Human Rights*. A competitor has published a sustainability statement on the company website including a commitment to respecting human rights

If you want to dive a bit deeper into the topic of business impacts on human rights you can consult a range of introductory resources. For instance, the publication *'respecting human rights – an introductory guide for business'* provides you with exemplary case studies and background information on a number of human rights, e.g. children's rights in the workplace or the right to an adequate standard of living (housing, food and water). The EU publication *'my business and human rights'* provides you with questions to ask yourself in relation to 15 business situations that may carry a risk of negative impacts on human rights and a list of human rights, with brief examples of how enterprises could, if they are not careful, negatively impact them .

STEP 01

STEP 02

## Map potential impacts

STEP 03

STEP 04

STEP 05

### Objectives of this step:

- Develop an overview of main areas for potential human rights impacts of your company and its business relationships
- Identify groups of people that could be affected by your business activities and relationships

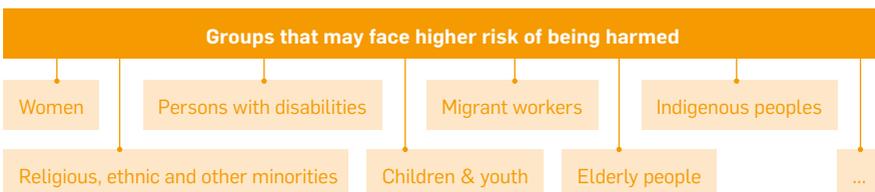
### Approach & possible activities:

(Potential) human rights impacts can stem from your business' own operations or be linked to the manufacturing of its products or services, or their use throughout the value chain. To obtain an overview, try to generate a simple map of your main business activities and relationships from raw materials, manufacturing and logistics through to delivery of the product or service to the customer (and not forgetting returns or recycling if that is part of your business).

Then based on your knowledge from step 1, think through which groups of people could be affected along this simplified value chain, and how their rights could be impacted. Check H&S' sample overview of potential impacts below as inspiration for how to proceed.

It is helpful to make explicit who the individuals and groups are who may face a higher risk of being (negatively) affected by your business. For example, they may have special requirements, or are likely to struggle to make their needs known, or are traditionally excluded in society. You can use Chart I and II and H&S' overview below as a starting point.

Your initial impact map will be imperfect and you will identify areas where you need further information. This is simply a starting point and you will refine your overview during the following steps.



II. Groups potentially at higher risk

- You can use media and civil society reports or databases to help you understand more about the main areas of potential human rights impacts associated with your companies' activities and relationships. They will naturally depend on your sector and the countries you are operating in. A pharma company, for example, can impact the health of its consumers through its products. For a food and beverage company, working conditions in its agricultural supply chain will be very relevant. In the IT sector, privacy and freedom of expression of users will be an important area of potential impact.
- If you are looking for a quick overview of major human rights issues at product or country level the *CSR Risk Check* can help you. Other sources providing information on human rights issues at country level are listed in the orange box below . Those reports and databases have not been designed for a business audience, so you have to translate the information back to your specific business activities and relationships and how they could impact people. For example, if governmental authorities systemically discriminate against women or a minority it is very likely these groups are exposed to higher risks at the workplace or as part of local communities affected by a new production plant or an investment project in this particular country.
- If you have good contacts already, and if it is feasible for you, you can also start to reach out informally to trade unions, relevant NGOs, business associations or government counterparts at this early stage to understand what they think are potential impacts for your sector and company and refine your impact map with that input.

#### Information sources on human rights risks

- *CSR risk check* (sector and country risks)
- *Business and Human Rights Resource Centre* search by country or sector
- *ITUC workers' rights country index*
- *US State Department human rights country reports*
- *Amnesty International* and *Human Rights Watch* (country reports)
- *Human Rights and Business Country Guide*

## H&S' sample overview of potential human rights impacts

H&S is producing essential oils, with a largely permanent and highly qualified workforce in France. It purchases unrefined oil from intermediaries all over the world. These middlemen are sourcing small quantities of unrefined oil from local agricultural smallholders and forest farmers. Some of the raw materials have to be handpicked. Other important business partners are logistics providers and packaging materials suppliers. **The H&S' product manager develops the following preliminary overview of H&S' main areas for potential human rights impacts including information about potentially affected groups and those at particular risk:**

	SOURCING RAW MATERIALS / SUPPLY CHAIN
AREAS OF POTENTIAL HUMAN RIGHTS IMPACTS	<ul style="list-style-type: none"> <li>▪ Hazardous working conditions and child labour possible in some sourcing countries</li> <li>▪ Occupational health and safety at farming level and in refineries</li> <li>▪ Working conditions of migrant and contract/seasonal workers at farming level, e.g. overtime, redundancy and layoff at the end of peak season</li> <li>▪ Health effects of pesticide use on farm workers and farming communities</li> <li>▪ Impacts on livelihood, e.g. drinking water/access to land of farming communities</li> <li>▪ Transport safety and labour conditions on ships and in warehouses</li> <li>▪ Bribery and corruption in the transport sector</li> <li>▪ ....</li> </ul>
POTENTIALLY AFFECTED GROUPS	<ul style="list-style-type: none"> <li>▪ Workers, communities (farms, refineries)</li> <li>▪ Intermediaries' employees</li> <li>▪ Logistics providers' employees</li> </ul>
GROUPS AT PARTICULAR RISK	<ul style="list-style-type: none"> <li>▪ Migrant workers on ships and farms</li> <li>▪ Children</li> <li>▪ Female workers and community members in some countries</li> <li>▪ ...</li> </ul>
RELEVANT BUSINESS FUNCTIONS	<ul style="list-style-type: none"> <li>▪ Procurement, Quality Management, Logistics</li> </ul>
RELEVANT BUSINESS RELATIONSHIPS	<ul style="list-style-type: none"> <li>▪ Intermediaries</li> <li>▪ Logistics providers</li> <li>▪ Office materials suppliers</li> <li>▪ IT equipment suppliers</li> </ul>

PRODUCTION IN FRANCE	SALES AND END USE
<ul style="list-style-type: none"> <li>▪ Discrimination against employees with family responsibilities</li> <li>▪ Data security and privacy of employees</li> <li>▪ Occupational health and safety at the production sites</li> <li>▪ Pollution and waste management</li> <li>▪ Working hours and conditions, payment of minimum wages esp. for potential subcontractors/migrant workers (e.g. subcontractors building the new office site, cleaning personnel)</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ Product safety and misuse</li> <li>▪ Unethical marketing (e.g. using discriminatory images)</li> <li>▪ ...</li> </ul>
<ul style="list-style-type: none"> <li>▪ Employees in France</li> <li>▪ Personnel at business partners</li> </ul>	<ul style="list-style-type: none"> <li>▪ Subcontractors/sales people</li> <li>▪ Service providers' personnel</li> <li>▪ End consumer</li> </ul>
<ul style="list-style-type: none"> <li>▪ Female employees, disabled employees, persons with family responsibilities, young workers, migrant workers (cleaning personnel)</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ Young or disabled end consumers, female employees, disabled employees, persons with family responsibilities</li> <li>▪ ...</li> </ul>
<ul style="list-style-type: none"> <li>▪ Health &amp; Safety, Quality Management, Human Resources, Research and Development, Internal Audit</li> </ul>	<ul style="list-style-type: none"> <li>▪ Marketing, Sales, Quality Management, Customer Support</li> </ul>
<ul style="list-style-type: none"> <li>▪ Packaging providers</li> <li>▪ Service providers (e.g. cleaning personnel)</li> <li>▪ IT providers</li> <li>▪ Security personnel</li> <li>▪ Temporary employment agencies</li> </ul>	<ul style="list-style-type: none"> <li>▪ External sales agents</li> </ul>

STEP 01

STEP 02

STEP 03

## Identify existing processes and gaps

STEP 04

STEP 05

### Objectives of this step:

- Map the management processes your company has in place to address potential impacts and identify gaps and further information needs
- Reach out to others in your business to refine your initial mapping

### Approach & possible activities:

You will now have a basic understanding of the human rights issues relevant to your business. The next step is to map what existing processes you have in place to prevent and mitigate the potential impacts you have identified. This will help you understand if existing processes are appropriate given your business' potential impacts or if there are gaps that need to be filled to ensure you effectively prevent negative impacts from occurring, or become aware if they have happened so that you are able to address them. Possible information sources are: corporate policies and code of conducts, employee statistics and surveys, health and safety procedures, supplier policies, audit processes and results, environmental management systems, customer complaints mechanisms and so on.

In order to refine your map, you will need to engage with others in your business. You can use this opportunity to raise general awareness about the main potential impacts you have identified and make sure your understanding of existing processes is informed by the expertise and experience of your colleagues in the relevant departments. Along the way you will find yourself educating your colleagues as well as further informing yourself about the breadth and depth of the impacts the business can have.

- You can start with making a list of key business functions that most likely need to be involved when addressing the human rights impacts identified previously and what processes to look into. You can use Chart III for inspiration.



III. Overview of selected relevant corporate functions and issue areas covered by them

### **This can help you when engaging your colleagues:**

- Look out for meeting formats/structures already in place such as CSR meetings or workshops you could build on to engage your colleagues. If possible, try to organise a cross-functional workshop, a discussion round or provide feedback opportunities via mail or telephone. If feasible, meet with your colleagues in person
- To prepare your meetings, it might help to collect some arguments why addressing human rights issues is important to your business. These could relate to some of the potential business benefits outlined on page 10
- When introducing the topic use vocabulary which is familiar to your colleagues. This means, you don't necessarily have to talk about 'human rights' with each of them. Fairness, respect, corporate values, integrity, health and safety, product security or being a responsible businessman could be entry points for different counterparts within your business. Short introductory videos on business & human rights or providing visuals of relevant affected groups/ examples of human rights impacts relevant to your sector can also help you make the topic more tangible for your colleagues 
- Convey the message to your colleagues that their input and expertise is needed for moving forward and ultimately for remaining a well performing and responsible business. No one wants to have negative impacts on other people through their job. If you make colleagues aware of existing risks and practical opportunities for improvement, they will most likely be responsive
- Remember to keep your colleagues involved in the identification of next steps and to communicate progress towards them – respecting human rights will only work if everybody in the business watches out for potential impacts in daily business practice

- With your colleagues' help refine your list of potential impacts and gain an overview about the management processes your company has in place to address them. Are they aware of the potential impacts you have identified? Would they add others to your list? Do they know of past incidents or near misses pointing to potential impacts? How do they prevent negative impacts from occurring in the context of their daily work? What checks and processes does your company have? Is there an indication about how well they perform and where there might be gaps?
- Together with your colleagues, document the information in an overview or chart. This can look similar to the one from H&S below. At this point, you will start to identify gaps, i.e. where you have a potential human rights impact and either no or potentially insufficient measures in place to prevent or mitigate it. These gaps can present risks to your business (reputational, legal, operational, etc.), as well as risks to the people it potentially affects.
- Remember that most of your existing processes will not directly refer to human rights, nor will they always be spelled out or formalised. That is not necessarily a problem, but you need to make sure that you have a decent level of checks and safeguards in place to prevent negative human rights impacts from occurring, make sure you become aware when something has gone wrong and be able to adequately address it. Human rights due diligence is not about being perfect from the beginning, or not making mistakes, but having thorough checks in place and aiming for continuous improvement.

*“As a medium-sized enterprise, requests from customers in the public sector drew our attention to the importance of human rights for our business. We learned about the numerous opportunities for smaller companies to engage and work towards sustainable supply chains in cooperation with suppliers and raw material producers.”* **Manager, Utilities Company**

When reviewing your management processes, you can also have a look at the Organisational Capacity Assessment Instrument (OCAI), a self-assessment tool with 22 questions. It can help you to assess your management capacity related to major elements of the corporate responsibility to respect human rights along a spectrum from “reactive” to “human rights promoter” .



## H&S' overview of processes and gaps

At a cross-functional workshop, H&S representatives from different departments develop the following initial overview of existing processes and gaps to address some of H&S' main areas for human rights impacts:

BUSINESS FUNCTIONS CONCERNED	AREA OF POTENTIAL HUMAN RIGHTS IMPACT	WHAT IS IN PLACE TO CURRENTLY ASSESS/PREVENT/MANAGE THESE RISKS?
Procurement, Quality Management	<b>Working conditions at farming and refineries level</b>	<ul style="list-style-type: none"> <li>▪ H&amp;S quality personnel occasionally visits intermediaries and sometimes smallholders or refineries directly, but does not explicitly look into working conditions at farming or refinery level</li> <li>▪ Contracts with intermediaries include a clause stating they commit to uphold the 10 UN Global Compact Principles</li> <li>▪ H&amp;S partly sources certified raw materials for example with a Rainforest Alliance or Fairtrade certificate</li> <li>▪ All palm oil is sourced from traders that are members of the Roundtable on Sustainable Palm Oil</li> <li>▪ Annual training on H&amp;S' sourcing priorities and product development strategy is in place</li> <li>▪ ...</li> </ul>
Human Resources	<b>Discrimination against women/ persons with family responsibilities</b>	<ul style="list-style-type: none"> <li>▪ External auditors sometimes raise questions on equal opportunities</li> <li>▪ Company management promotes open-door policy</li> <li>▪ Works council is in place</li> <li>▪ Fairness of recruitment processes is high on the agenda of HR Manager</li> <li>▪ Special precautions for pregnant employees in place</li> <li>▪ ...</li> </ul>
Quality, Sales and Marketing	<b>Product safety</b>	<ul style="list-style-type: none"> <li>▪ Product safety is an essential part of H&amp;S quality profile and on top of the company agenda</li> <li>▪ Regular quality checks</li> <li>▪ External and internal audits</li> <li>▪ No reported incidents</li> <li>▪ Product misuse and product labeling instructions are communicated to clients by sales agents</li> </ul>

## GAPS IDENTIFIED

- No department/person responsible for the topic
- Validity of the information provided by intermediaries is not checked
- No process in place to understand human rights situation in new sourcing countries or risks associated with intermediaries
- No Code of Conduct or auditing process for intermediaries or farming level in place
- Procurement department sources according to price and product quality, does not currently apply additional social criteria when ranking offers
- ...

## FURTHER INFORMATION NEEDS

- Get further information about quality assessment processes. How often do colleagues travel to sourcing countries? What kind of information do they gather there? Do they sometimes have the opportunity to speak with workers at farming or refinery level?
- How does your sampling process work? Do you know how delays or pricing changes are passed on to the smallholders?
- ...

- In employee handbook there is no information provided on non-discrimination/ equal opportunities
- Unclear whether open door policy is an appropriate mechanism for employees to raise concerns or grievances as there are no reported cases
- ...

- Is there a statement or written document available highlighting the company position on equal opportunities/non-discrimination?
- What is the percentage of women/men in management positions working part-time?
- Is the employee survey covering non-discrimination/ equal opportunities?
- ...

- None identified

- None identified

STEP 01

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STEP 04

## Prioritise your actions and agree next steps

STEP 05

### Objectives of this step:

- Based on your gap assessment, prioritise what to do next to improve your business' management of its human rights impacts
- Designing a company-specific roadmap

### Approach & possible activities:

Once you have identified the main areas of human rights impacts for your business and gaps in your systems to manage them, it might seem like a huge task to fill them and you might feel unsure how to move forward. In the previous steps you will surely have identified some quick wins, e.g. where you can easily integrate a missing element in a policy or a training package for relevant staff. For other issues you might feel that you still don't have enough information to know if the potential impacts you have identified are really well prevented or mitigated in practice.

In light of limited resources, your company will need to prioritise next steps and identify key areas where a deeper assessment of your actual impacts and the performance of your management processes in practice will need to take place. This step outlines some approaches and options for doing so. This should enable you to draft a company-specific human rights roadmap determining short and long term goals, an initial timeline and who is responsible for overseeing and implementing the measures required to achieve your objectives.

Following a human rights approach, all your impacts need to be properly addressed. When deciding where to start you will need to base your prioritisation on where there is greater risk of having the most severe human rights impacts. This relates to:

- how grave a human rights impact would be (e.g. life of a person is in danger)
- how widespread the impact would be (how many people could be affected)
- how hard it would be to put right the resulting harm (could it be compensated/cleaned up or would it be irreversible, e.g. injury or death)

Of course, in practice, the likelihood of having a negative impact will also influence your prioritisation. It will be higher in a country with a weak record on human rights, or a supply chain where much manual, low-skilled labour is involved, or where you deal with business partners known to have poor performance or limited capacity. Other considerations that might guide where to focus your efforts are how much leverage you have to change the practices of your suppliers, or other business partners, and how engaged and willing your colleagues in a certain business area are to review and improve their practices.

Therefore, for different companies different starting points will be useful to determine what to focus on next, and where to engage in deeper analysis. A tourism operator active in the global South may want to focus its attention on two or three higher-risk countries it organises travel to. An IT provider with a range of products with possible privacy concerns, will focus on the product lines with the highest associated risks for negative impact first.

## **i** H&S' sourcing countries prioritisation matrix

Based on the previous steps H&S has identified that the biggest risks for negative impacts currently lie in its sourcing of raw materials. In a workshop with the procurement team H&S has come up with the following country prioritisation matrix for its main sourcing countries:



**Associated sourcing quantity**



> 1.000l



> 500l



> 100l

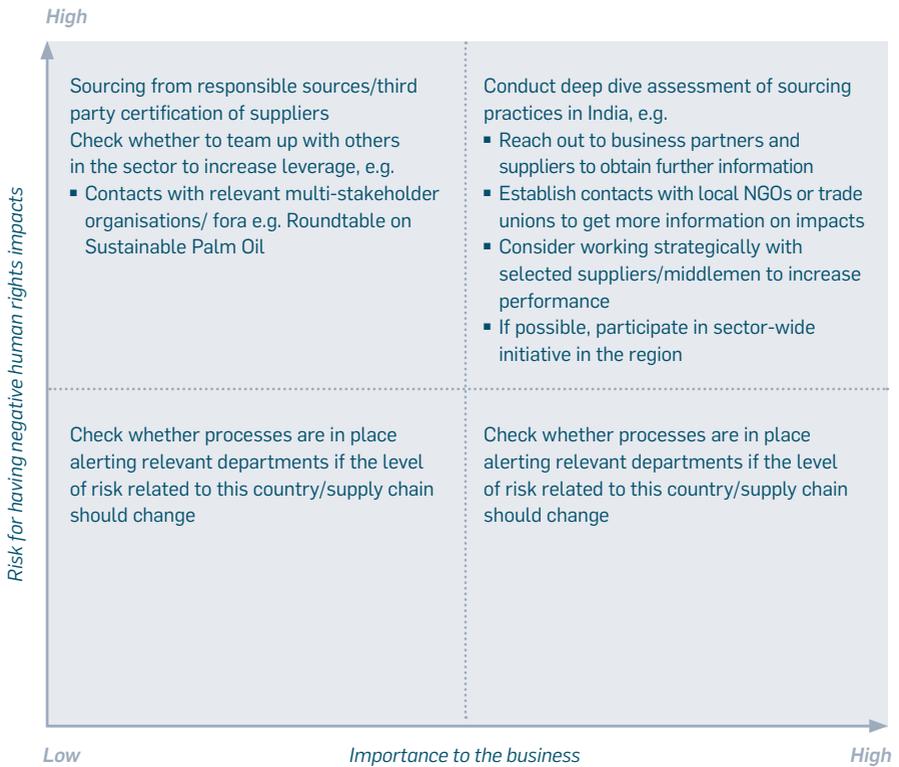
**The y-axis** relates to the level of risk for potential negative human rights impacts in H&S supply chain in that country (determined by what H&S is sourcing from the country and the human rights situation in the country)

**The x-axis** refers to the importance of the sourcing market to H&S (meaning the criticality of the sourced goods for H&S' essential oil production/the availability of alternative sourcing countries)

## H&S' interpretation of sourcing countries prioritisation matrix



Based on the country prioritisation H&S decided to take the following actions regarding the sourcing countries/supply chains in the four quadrants.



A similar approach can be used for the prioritisation of suppliers, products, services or countries of operations, etc. – depending on what is relevant for your business. A financial services provider, for example, might want to start with prioritising business relationships accordingly.

Based on your prioritisation and definition of next steps, you will need to document your plan in an accessible format helping you and your colleagues to move forward. The sort of actions likely to arise from your gap assessment and prioritisation will involve:

- Making changes to the way you do business to avoid a potential or actual impact and related risks
- Training individuals who need to be aware of, and recognise particular risks
- Increasing monitoring of media and other sources of information about human rights issues
- Changing, enhancing, updating existing processes governing sales, procurement, community engagement etc. (or even ending them)
- Formalising or introducing new policies
- Undertaking further investigations to improve your understanding of impacts
- Joining industry initiatives
- Identifying criteria according to which you are going to measure your progress in achieving these objectives

*“As a family owned business, we have always been mindful of the working conditions in our manufacturing factories. We do not want anybody harmed because of our business. Major customers with extensive sustainability programs inspired us to obtain a more detailed overview about our potential impacts, to develop further measures where necessary and to communicate these efforts more proactively.”*

**Manager, Garment Manufacturer**

Throughout this process and in preparation of the next steps, it may help you to reach out to industry associations, sector initiatives, multi-stakeholder initiatives or other relevant networks. Check for relevant dialogue opportunities or events to exchange with other companies or competitors on best practices and implementation challenges.

## **i** H&S draft human rights roadmap

H&S' has developed the initial roadmap below to concretise objectives, responsibilities and timelines. You can use this as a template for designing your own roadmap in cooperation with your relevant colleagues.

No	Area	Objective	Activity
1	Management	Human rights are integrated in key risk analysis processes	Integrate human rights criteria in sourcing country selection process
2			Integrate human rights criteria in intermediaries selection process
3			...
4	Training	Train and sensitise employees	Develop webinar on H&S social and ecological sustainability strategy and the implications for H&S' business functions
5			Integrate information on employees' rights and open door policy in employee handbook
6			...
7	Understanding impacts	Improve understanding of impacts in supply chain	Conduct pilot audit with high risk suppliers
8			Send small delegation to India and organise exchange with affected groups and local NGOs

Responsibility	Start	Deadline	State of Implementation	Comment
Procurement, Mrs. Tulon	05/2015	09/2016	Not started	In cooperation with the H&S' sustainability group and Research and Development
Procurement	06/20XX	12/20XX	Not started	In cooperation with Quality and Research and Development
...	...	...	...	
Human Resources	05/20XX	10/20XX	Not started	Consider existing formats/ webinars offered by business networks or multi-stakeholder initiatives
Human Resources	07/20XX	08/20XX	Not started	
...	...	...	...	
Procurement	05/20XX	12/20XX	Not started	
Human rights contact point	06/20XX	12/20XX	Not started	

## CASE STUDY

# Studiosus



*Dialogue forum with local stakeholders in Nicaragua. Source: Studiosus Reisen*

Studiosus is a German tourism tour operator which specialises in modern study tour journeys. Studiosus has 320 employees in Germany and works with 570 tour guides in travel destinations all around the world. A cross-functional '**social compatibility committee**' consisting of representatives from the tourism, marketing, public relations, tour guide and management systems departments and top management is responsible for key decisions in relation to Studiosus' sustainability management.

In 2011, an NGO study on the potential human rights impacts of the tourism sector was published. Studiosus' quality and sustainability manager used this overview to develop a **self-assessment excel template** to understand more about Studiosus' potential human rights impacts in each of its operating countries. The assessment was sent to country and procurement teams. The country managers were encouraged to use existing meetings and conferences for confidential face-to-face conversations with local service providers to obtain relevant information. A short conversation guide was developed to support them in this process.

The evaluation of the self-assessment highlighted the following areas for potential human rights impacts throughout Studiosus' operating countries:

- Working conditions in transport and accommodation sector (busses and hotels)
- Child labour/child protection
- Protection of minorities against discrimination
- Protection of privacy
- Impacts on livelihood of local communities (especially food and water and community involvement)

In view of the outcomes of the human rights self-assessment, Studiosus' social compatibility committee decided to **review and update key processes to mitigate some of the potential impacts identified**. This concerned the cooperation with local service providers, program conceptualisation, and the information provided to customers. A range of internal discussion rounds with other relevant departments informed the review process. Simultaneously, the human rights topic was integrated in existing training formats for employees and annual seminars for Studiosus' tour guides.

The review process resulted in an **updated sustainability matrix with human rights related measures for each company division** (e.g. transport, accommodation, tour guides, travel destination) updated on a regular basis. Exemplary measures introduced in the past years included:

- Cross-functional working groups to integrate social clauses in contracts with services providers
- Regular updates of customer catalogues to include human rights related information
- Establishment of a human rights alert e-mail address
- Development of a Supplier Code of Conduct
- Development of a Studiosus Tour Guides' Code of Conduct for encounters on travel
- Development of a Code of Conduct regarding appropriate behaviour when photographing

STEP 01

STEP 02

STEP 03

STEP 04

STEP 05

## Move towards ongoing due diligence

### Objectives of this step:

- Implement your road map and set up continuous processes that enable ongoing due diligence

### Approach and possible activities:

By pursuing the steps outlined before, you have successfully taken your first steps on the way towards human rights due diligence. In the previous steps you have identified relevant potential human rights impacts of your business and assessed how well your processes are equipped to prevent and mitigate negative impacts. You have identified and prioritised concrete actions you can take to improve your performance. Going forward you will now implement and monitor the implementation of your road map. This will involve identifying indicators that help you measure improvements in your performance, e.g. number of employees trained on human rights or the number of procurement contracts reviewed according to human rights criteria. Celebrate successes and improvements and start communicating about your identified risks and actions.

A thorough ongoing due diligence process will look for continuous improvement in all the elements shown in Chart IV. This means creating systems and processes that are appropriate for the nature and scale of your business, and enable you to become aware of changes in your impact profile over time, reacting to them, providing remediation in case something has gone wrong, tracking your performance and communicating what you are doing to your potentially affected groups and other relevant stakeholders.



#### *IV. Components of human rights due diligence*

You should look out for opportunities for embedding human rights offered by an upcoming review of existing systems, e.g. introduction of new compliance procedures, an upcoming investment opportunity in a new country, new product development or a general update of a company policy. In any case, ongoing due diligence requires engagement within and outside of the business, especially with those groups of people potentially impacted by your business. This engagement will inform you about your actual impacts, whether your mitigation actions work, if your processes are sufficient and how best to remediate when something has gone wrong. Regularly exchanging with others in your sector or companies in a similar situation to learn from each other's experiences can help you refining and adapting your approach over time. Above all, understand that human rights due diligence is a learning process, and that the basis of it is a proactive, mindful inquiry into the impacts and how they can be managed which improves over time.

Closing the gaps in your existing business practices and establishing continuous due diligence practices is likely to involve some of the measures highlighted in the table below. Page 39 highlights H&S' potential way forward.

## Establishing continuous due diligence practices

Ongoing due diligence is likely to require ...	Implementation examples of what this might include
<p><b>Assigning clear responsibility and ensuring ongoing focus for the human rights topic</b></p>	<ul style="list-style-type: none"> <li>▪ Assign responsibility to an individual – human rights focal point – or (existing) cross-functional working group with clear reporting lines to top management. This person/group can act as an internal consultant, a coordinator or a spokesperson on the human rights topic within and outside the business. Your focal point should continue the engagement process started and communicate progress to relevant colleagues, employees and affected groups</li> </ul>
<p><b>Assessing your actual human right impacts in light of the risks and gaps identified in Step 3 and 4</b></p>	<ul style="list-style-type: none"> <li>▪ Obtain further information about the situation of people potentially affected by your business, e.g. service providers' employees or communities affected throughout your value chain</li> <li>▪ Try to engage with business partners and workers in your value chain or communities, e.g. when travelling to your sourcing or production countries</li> <li>▪ Find out more about multi-stakeholder initiatives gathering information on the ground</li> <li>▪ Ask your middlemen/suppliers about their practices to ensure labour and human rights are respected</li> </ul>
<p><b>Reviewing key management processes in light of risks and gaps identified</b></p>	<ul style="list-style-type: none"> <li>▪ Changing where you source from, or the way you conduct a particular business activity to avoid a risk or prevent an impact</li> <li>▪ Auditing high risk suppliers, review selection criteria for other business partners, improving employee complaint or grievance mechanisms</li> <li>▪ Developing a code of conduct for business partners and suppliers including a requirement to respect human rights</li> <li>▪ Integrating human rights in existing risk analysis processes</li> </ul>
<p><b>Encouraging a culture of learning and improvement through regular information opportunities for employees and the definition of clear objectives for the company</b></p>	<ul style="list-style-type: none"> <li>▪ Develop a self-learning tool for employees, communicate regularly on your progress at employee meetings, train your procurement team, collect best practices and communicate them internally, send key employees to relevant trainings</li> <li>▪ Integrate your commitment to respect human rights in your public company value statement</li> <li>▪ Develop one or several human rights key performance indicators for relevant departments</li> </ul>
<p><b>Actively seeking feedback and input from external stakeholders and affected groups to understand more about your impacts and potential grievances and improve your grievance handling</b></p>	<ul style="list-style-type: none"> <li>▪ Establish contact with trade unions and civil society representatives both in your home and in production countries</li> <li>▪ Reconsider how affected groups can reach out to your business in case of grievances or complaints related to negative human rights impacts and how you could improve their access to these mechanisms</li> <li>▪ Post a relevant article on your website</li> <li>▪ Attend relevant industry association meetings or trainings</li> </ul>

Ongoing due diligence is likely to require ...	H&S' way forward
<p><b>Assigning clear responsibility and ensuring ongoing focus for the human rights topic</b></p>	<p>H&amp;S' product manager starting off the process will be in charge to lead on the next steps and will act as human rights contact point. H&amp;S' sustainability group consisting of human resources, procurement, quality and a top management representative will oversee the process and meet regularly to assess H&amp;S progress against its human rights roadmap.</p>
<p><b>Assessing your actual human right impacts in light of the risks and gaps identified in Step 3 and 4</b></p>	<p>H&amp;S has decided it would like to know more about the working conditions on smallholder farms in India. It contacts a local Indian NGO and sends a small delegation on the ground. Together with the NGO representatives, they visit smallholder farms producing for H&amp;S selected by the NGO and organise discussions with workers and community members. The conversations confirm a number of the risks identified during desk research in France. H&amp;S learns about an opportunity to participate in a sector wide human rights impact assessment in India conducted by a consortium of government, business and civil society organisations.</p>
<p><b>Reviewing key management processes in light of risks and gaps identified</b></p>	<p>Based on the results and insights gathered in the impact assessment process, H&amp;S reviews the performance goals of its procurement department. H&amp;S requires its logistics business partners in France to provide the company with documentation of labour practices and payment of minimum wages before a new contract is signed. A regular assessment of key business decisions against the risk for potential negative impacts in cooperation with relevant departments forms part of the job of the H&amp;S sustainability group with support of the human rights contact point.</p>
<p><b>Encouraging a culture of learning and improvement through regular information opportunities for employees and the definition of clear objectives for the company</b></p>	<p>Based on the information needs identified in the gap assessment, H&amp;S' human resources department will develop a more detailed training module for the sourcing and quality team in cooperation with the human rights contact point.</p>
<p><b>Actively seeking feedback and input from external stakeholders and affected groups to understand more about your impacts and potential grievances and improve your grievance handling</b></p>	<p>The details of H&amp;S human rights contact person are published on the company website and printed on the backside of the company business cards. H&amp;S' product manager now occasionally participates in relevant dialogue fora. She gets into contact with civil society representatives to hear about their understanding of H&amp;S' sector risks and expectations towards company grievance mechanisms.</p>

We hope you will find this publication useful to get your business started with human rights due diligence. If you would like to dive deeper, please visit our [\*online platform\*](#)  or the [\*Business and Human Rights Resource Centre\*](#) for further resources on each aspect of human rights due diligence including good practices. As this is a relatively new area of corporate practice, we suggest you team up with others and join dialogue and learning fora organised for example by your local Global Compact Network to develop your due diligence approach further. We hope you will enjoy the learning experience and being involved in this interesting field and wish you the best of success moving forward.



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