



United Nations Global Compact



A Guide for Business:

How to Develop a Human Rights Policy

Second Edition (2015)

INSIDE COVER

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United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to align their strategies and operations with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues. It is the main UN initiative for engagement with the private sector. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate policies and practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with over 8,000 companies and 4,000 non-business signatories based in 160 countries.

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Office of the United Nations High Commissioner for Human Rights

The Office of the United Nations High Commissioner for Human Rights (OHCHR) is a key branch of the United Nations human rights structure. The High Commissioner is responsible to the United Nations Secretary-General for encouraging the international community and States to uphold universal human rights standards. OHCHR seeks to work with an ever-wider range of actors, including the private sector, to promote respect for human rights throughout the world. OHCHR is the focal point in the United Nations system for implementation of the UN Guiding Principles on Business and Human Rights, and has a mandate to lead the business and human rights agenda within the United Nations. OHCHR serves as secretariat for the United Nations intergovernmental body on human rights, the Human Rights Council, including its special procedures, such as the Working Group on Business and Human Rights, and inter-governmental working groups such as the one open-ended intergovernmental working group established to elaborate a legally binding instrument on human rights and transnational corporations. OHCHR has supported the human rights component of the United Nations Global Compact since it was launched in 2000.

www.ohchr.org

The Guide in summary

1. Overview - what is a human rights policy?

- It is a company's public expression of its commitment to meet its responsibility to respect internationally recognized human rights standards. At a minimum, this means the rights set out in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work

2. Why respect human rights?

- All companies have a responsibility to respect human rights, which means to avoid infringing on the human rights of others and to address these impacts where they occur, as set out in the UN Guiding Principles on Business and Human Rights
- Companies that are participants of the United Nations Global Compact make a public commitment to respect and support human rights and comply with international standards
- Respecting human rights is the right thing to do
- Companies that respect human rights earn and secure their 'social license to operate', and avoid potentially costly company-community conflicts
- Companies that respect human rights may better anticipate and manage operational and regulatory risks, and are well poised to comply with future legal and regulatory requirements
- Companies that respect human rights may gain commercial benefits associated with good human rights practices, e.g., attracting investment, procurement, top-quality recruits and reputational benefits

3. Why develop a human rights policy?

- To provide a basis for embedding the responsibility to respect human rights through all business functions
- To respond to relevant stakeholder expectations
- To identify policy gaps and initiate a process that alerts the company to new areas of human rights risk
- To elaborate on the company's commitment to respect and support human rights
- To build increased trust with external stakeholders and to start to understand and address their concerns
- To foster the development of in-house learning, management capacity and leadership on human rights issues
- To demonstrate international good business practice

4. Key Steps - the process behind the policy

Developing a human rights policy can be a dynamic, though not always a predictable, process. Do not expect perfection at first. Many companies update their policies as they gain experience with identifying and addressing their human rights impacts

- Assign senior management responsibility to drive the process
- Involve cross-functional personnel (human resources, legal, procurement, security, etc.) in the process to build understanding, know-how and a sense of common purpose
- Identify and draw on internal and/or external human rights expertise
- Map existing company policies to identify human rights coverage and gaps
- Conduct a basic mapping of the company's key potential human rights impacts
- Consult internal and external stakeholders to identify and respond to their expectations
- Communicate the policy internally and externally
- Reflect human rights policy in operational policies and procedures

5. What are the key components of a human rights policy?

All policies – whether stand-alone or integrated – should at a minimum comprise:

- An explicit commitment to respect all internationally recognized human rights standards – understood, at a minimum, as the International Bill of Rights and the ILO's Declaration on the Fundamental Principles and Rights at Work
- Stipulations concerning the company's expectations of personnel, business partners and other relevant parties
- Information on how the company will implement its commitment

It may also contain:

- An overview of the steps taken to develop the policy
- Information on the company's key human rights priority areas
- A description of how the company will deal with conflicts between international human rights principles and applicable host-government legal requirements
- A commitment by the company to "support" (i.e. contribute to the positive realization of) human rights
- A summary of those human rights (including labour rights and others) that the business recognizes as likely to be the most salient for its operations and information on how it will account for its actions to meet its responsibility to respect human rights

6. Next steps - Path to implementation

- Assessing the company's human rights impacts and risk areas, including country analyses, new operation assessments and stakeholder consultation
- Integrating human rights throughout the company, looking at business processes, training, communication, management systems, etc.
- Taking action and tracking performance, including by identifying progress measurement indicators
- Communicating on how impacts are addressed
- Providing for or cooperating in remedying an adverse human rights situation that a company has caused or contributed to through legitimate processes, including establishing or participating in effective operational-level grievance mechanisms for individuals and communities that may be adversely affected by the company's activities

1. Overview - what is a human rights policy?

A human rights policy can take many forms and has no definitive template. However, some essential elements are set out in the UN Guiding Principles on Business and Human Rights, the global authoritative standard for business and human rights endorsed by the UN Human Rights Council in 2011.¹

As a basis for embedding their commitment to respect human rights, the UN Guiding Principles provide that companies should express their commitment to meet this responsibility through a publicly available 'statement of policy'. At a minimum, this commitment should encompass the rights set out in the International Bill of Human Rights² and the principles concerning fundamental rights set out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.³ The policy however does not unilaterally define the boundaries of the company's responsibility.

The human rights policy sets out how the company respects human rights by having policies and processes in place to identify, prevent, mitigate and account for how it addresses its adverse human rights impacts. Many human rights policies also elaborate on the company's commitment to *support* human rights, that is, to make a positive contribution to promote or advance human rights, in addition to the minimum requirement to respect human rights.⁴ Human rights policies explicitly use the words "human rights", but can either be stand-alone statements or expressed within company statements of business principles, codes of conduct or other values-related statements and documentation.

The policy is approved at the most senior level of the business⁵ and sets out the company's expectations of its personnel, business partners and other parties linked to the company's operations, products or services.⁶ As such, it should be publically available and communicated internally and externally,⁷ and be reflected in operational policies and procedures so as to ensure that it is embedded throughout the company.⁸

To commensurate with this key role, the policy should be informed by relevant internal or external expertise, the level of which will differ depending on the complexity of the company's operations.⁹

Adopting a human rights policy is a precursor to a company's human rights due diligence towards meeting its responsibility to respect human rights. It sends a clear signal to internal and external stakeholders that the company is striving to embed human rights into its operational policies and procedures and to understand the human rights impacts of the business, both positive and negative. It also signals a commitment to take respect for human rights sufficiently seriously to allocate management time and resources to developing and implementing a policy, including by consulting externally.

A Guide for Business: How to Develop a Human Rights Policy seeks to outline why companies should respect human rights, the principal reasons for adopting a human rights policy, its key components and the best-practice processes to develop one.

¹ See A/HRC/17/31.

² The "International Bill of Human Rights" consists of the Universal Declaration of Human Rights and the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

³ UN Guiding Principles, Principle 12.

⁴ UN Global Compact Principle One asks companies to both respect and support human rights.

⁵ UN Guiding Principles, Principle 16(a).

⁶ UN Guiding Principles, Principle 16(c).

⁷ UN Guiding Principles, Principle 16(d).

⁸ UN Guiding Principles, Principle 16(e).

⁹ UN Guiding Principles, Principle 16(b).

2. Why respect human rights?

SUMMARY: Why respect human rights?

- All companies have a responsibility to respect human rights, which means to avoid infringing on the human rights of others and to address these impacts where they occur, as set out in the UN Guiding Principles on Business and Human Rights
- Companies that are participants of the United Nations Global Compact make a public commitment to respect and support human rights and comply with international standards
- Respecting human rights is the right thing to do
- Companies that respect human rights earn and secure their 'social license to operate', and avoid potentially costly company-community conflicts
- Companies that respect human rights may better anticipate and manage operational and regulatory risks, and are well poised to comply with future legal and regulatory requirements
- Companies that respect human rights may gain commercial benefits associated with good human rights practices, e.g., attracting investment, procurement, top-quality recruits and reputational benefits

Values: a universal responsibility

As the duty-bearers under international human rights law, governments have a duty to *protect* human rights. However, companies have a responsibility to *respect* international human rights standards, which means not to infringe on people's rights and to address adverse human rights impacts that they cause, contribute to or which are directly linked to their operations, products or services by their business relationships.¹⁰

This universal responsibility is articulated in the UN Guiding Principles on Business and Human Rights¹¹, which is structured around the three independent, but inter-related pillars of the "Protect, Respect and Remedy" framework: the State duty to protect human rights (Pillar I), the corporate responsibility to respect human rights (Pillar II) and access to remedy for victims of human rights abuses (Pillar III). Pillar II establishes the 'Responsibility to Respect' as the minimum global standard on human rights for all businesses wherever they operate. Put another way, the corporate responsibility to respect exists independently of States' human rights duties. Among other things, this means that businesses have the responsibility to respect international human rights standards regardless of whether they are operating in an area of weak governance and/or domestic regulations that do not comply with international human rights, or in a more stable context. In areas where there is weak governance or a general lack of rule of law, the risks of infringing human rights may be greater.¹² The UN Guiding Principles and the three pillar framework have widespread support from business and civil society.

The responsibility to respect human rights is incorporated in Principles One and Two of the United Nations Global Compact. A [joint note](#) by the Global Compact and the Office of the High Commissioner for Human Rights (OHCHR) on the relationship between the UN Guiding Principles and the commitments undertaken by Global Compact signatories, explains that the "Guiding Principles provide further conceptual and operational clarity for the two human rights principles championed by the Global Compact".¹³

It is important to note that companies bear this responsibility to respect human rights even in the absence of a clear 'business case'. However, many companies do find that respect for human

¹⁰ According to the Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie, "Protect, respect and remedy: a framework for business and human rights", doing no harm "is not merely a passive responsibility for firms but may entail positive steps – for example, a workplace anti-discrimination policy might require the company to adopt specific recruitment and training programmes" (A/HRC/8/5).

¹¹ See A/HRC/17/31.

¹² See UN Global Compact/ PRI's Guidance on Responsible Business in Conflict-Affected & High-Risk Areas: A Resource for Companies & Investors. https://www.unglobalcompact.org/docs/issues_doc/Peace_and_Business/Guidance_RB.pdf (accessed 2 March 2015).

¹³ The UN Guiding Principles on Business and Human Rights: Relationship to UN Global Compact Commitments, UN Global Compact & OHCHR, Updated 2014. Available at: https://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/GPs_GC%20note.pdf (Accessed 15 March 2015).

rights is also beneficial for the business, as illustrated by the commercial and legal drivers outlined below.

Commercial

Many companies believe that showing respect for human rights gives them a competitive advantage over competitors that overlook the area.

Exercising human rights due diligence can help companies attract investment. Investment that favours good environmental, social and corporate governance is expanding¹⁴ and becoming increasingly mainstream, with asset managers like BlackRock, AXA Investment Manager, Calvert and HSBC all now offering funds with such criteria, some covering human rights. Indices like the FTSE4Good and Dow Jones Sustainability Index include human rights criteria in their performance indicators.¹⁵ And some national State pension funds and major public sector funds also screen on labour and human rights, e.g., the United States teachers' and researchers' pension fund TIAA-CREF (US\$ 523 billion) and the Norwegian Government Pension Fund (US\$ 893 billion).

In recent years soft law in human rights is becoming a greater focus for customers and who they choose to do business with. Many recent NGO campaigns have focussed on consumer concerns about, for example, improving respect for human rights in supply chains or the human rights elements of environmental impacts. The effective venue for enforcing the corporate responsibility to respect human rights is not the courtroom but the boardroom. As such, there has been a proliferation of ranking initiatives, such as the Access to Medicine Index¹⁶, Behind the Brands' Scorecard¹⁷, and the forthcoming Corporate Human Rights Benchmark¹⁸, which will rank companies on their human rights performance, and the Ranking Digital Rights initiative, which will rank the world's major Information and Communication Technology (ICT) companies on how they respect users' rights to free expression and privacy.¹⁹

Good human rights practice can help attract new business, including public sector procurement, which represents an average of 12% of GDP across OECD countries.²⁰ For example, suppliers of the Government of the Netherlands are expected to comply with specific human rights criteria.²¹ Similar examples are increasing as more governments respond to the call to prepare National Action Plans to implement the UN Guiding Principles.²² A growing number of smaller companies in the value chains of global companies are themselves developing an explicit human rights position²³ including in order to attract business, because they know that many multinationals demand such standards of their suppliers and business partners.²⁴ In recruitment, too, surveys show that corporate ethics is an increasingly important area; an increasing number of applicants ask hiring managers how company values, including on human rights, are translated into day-to

¹⁴ Over 1300 institutional investors have also signed up to the United Nations-backed Principles for Responsible Investment and together account for more than US\$ 45 trillion worth of assets under management in over 36 countries.

¹⁵ FTSE4Good has incorporated principles from the UN Guiding Principles into its assessment criteria. Companies assessed to meet certain risk exposure are asked whether they have a statement of support for international human rights standards and a commitment to apply the UN Guiding Principles.

¹⁶ See: <http://www.accesstomedicineindex.org/> (accessed 4 March 2015).

¹⁷ See: <http://www.behindthebrands.org/en-us/scorecard> (accessed 4 March 2015).

¹⁸ See: <http://www.ihrb.org/es/our-work/corporate-human-rights-benchmark.html> (accessed 5 April 2015).

¹⁹ See: <https://rankingdigitalrights.org/> (accessed 4 March 2015).

²⁰ See: http://www.oecd-ilibrary.org/sites/gov_glance-2011-en/09/01/index.html?contentType=%2fns%2fStatisticalPublication%2c%2fns%2fChapter&itemId=%2fcontent%2fchapter%2fgov_glance-2011-46-en&mimeType=text%2fhtml&containerItemId=%2fcontent%2fserial%2f22214399&accessItemIds= (accessed 4 March 2015).

²¹ See The Government of Netherlands, National Action Plan on Business and Human Rights, <http://business-humanrights.org/media/documents/dutch-national-action-plan-dec-2013.pdf>, at 5 (accessed 4 March 2015).

²² DIHR-ICAR Briefing Note: Protecting Human Rights through Government Procurement. See http://www.humanrights.dk/files/media/dokumenter/business/unwg_8_may_workshop_icar_dihr_procurement_final.pdf (accessed 4 March 2015).

²³ In doing so, SMEs can refer to the European Commission's guide to human rights for small and medium-sized enterprises. See http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr-sme/human-rights-sme-guide-final_en.pdf (accessed 4 March 2015).

²⁴ GE, for example, incorporates its expectation that suppliers respect human and labour rights into its Supplier Integrity Guide and supplier contracts. "A supplier's failure to correct any assessment findings inconsistent with [relevant policies] within designated time frames results in termination of business." See <http://www.gesustainability.com/building-things-that-matter/supply-chain/supplier-expectations/> (accessed 4 March 2015).

day activities.²⁵ Securing and maintaining a social licence to operate and avoiding potentially costly company-community conflict is another incentive. Increasingly, it is understood that a failure to respect human rights can also translate into operational risks for companies, for example by causing costly delays to projects and operations. Support for human rights can also be a source of innovation for the introduction of new product and service lines or adjustment to existing ones.

Finally, various other international standards have been revised to reflect the content of the UN Guiding Principles, including the OECD Guidelines for Multinational Enterprises and the International Finance Corporation's Performance Standards on Environmental and Social Sustainability.

Legal

The responsibility to respect human rights is not a legal duty imposed on companies by treaty, but it is not a law-free zone either. The provisions of many international human rights treaties are embedded in domestic law (e.g., safety, health, anti-discrimination), and many Governments have adopted the Rome Statute of the International Criminal Court, which – depending on the provisions of their own criminal code – may mean that they are empowered to prosecute companies for certain international human rights violations.

Domestic legislatures are increasingly creating “hard law” in relation to respect for human rights, including mandating human rights due diligence. In the United States, the 2010 California Transparency in Supply Chains Act requires certain businesses to disclose the efforts they are making, if any, to eradicate human trafficking and slavery from their supply chains. In the UK, the Companies Act 2006 requires that company directors have regard to the impact of the company's operations on the community²⁶ and “quoted companies” must include information about human rights issues/policies in their strategic reports.²⁷ Moreover, the UK's Modern Slavery Act of March 2015 provides that commercial organisations must prepare a slavery and human trafficking statement annually detailing, among other matters, their due diligence processes in relation to slavery and human trafficking in their operations and supply chains.²⁸ As of April 2015, there are proposals in both France²⁹ and Switzerland³⁰ concerning mandatory due diligence requirements.

Similar examples are likely to increase as states create national action plans (“NAPs”) to implement the UN Guiding Principles. According to the Business and Human Rights Resource Centre website, as of April 2015 seven states have developed NAPs and 23 more have committed to do so. Moreover, the Council of Europe has called on its member states to develop NAPs.³¹

Further, because the responsibility to respect human rights has become an international standard of conduct endorsed not only by the United Nations Human Rights Council but also by business associations, NGOs and Governments, failure to live up to that standard and infringing human rights can lead to calls for legal liability, or at least allegations that might be considered by non-judicial grievance mechanisms, such as by a national contact point of the Organization for Economic Co-operation and Development (OECD).³²

²⁵ “Recently, the idea has emerged that the key to winning the talent war through recruitment is to place greater emphasis on the reputation of an organization for social responsibility, not just a company's overall reputation or its reputation as a good employer.” See <http://sloanreview.mit.edu/article/how-much-does-a-companys-reputation-matter-in-recruiting/> (accessed 4 March 2015).

²⁶ Section 172(1)(d) of the UK Companies Act 2006.

²⁷ UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, Section 414C(7) of the Companies Act 2006, as amended by the Strategic Report Regulations.

²⁸ Modern Slavery Act 2015 (UK). See: <http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted/data.htm> (accessed 20 April 2015).

²⁹ *Proposition de loi relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre* (Adopted by the French National Assembly 30 March 2015). See (in French): <http://www.assemblee-nationale.fr/14/ta/ta0501.asp> (Accessed 20 April 2015).

³⁰ *Parliament Motion 14.3671, Mise en oeuvre du rapport de droit comparé du Conseil fédéral sur la responsabilité des entreprises en matière de droits humains et d'environnement*. After the proposal was voted down in the Swiss parliament, the Swiss Coalition for Corporate Justice announced that it will begin collecting signatures for a popular initiative on the proposal. See: http://www.parlament.ch/e/suche/Pages/geschaefte.aspx?gesch_id=20143671 (accessed 20 April 2015).

³¹ Council of Europe, Declaration of the Committee of Ministers on the UN Guiding Principles on business and human rights, 16 April 2014. Available at: <https://wcd.coe.int/ViewDoc.jsp?id=2185745&Site=CM&BackColorInternet=C3C3C3&BackColorIntranet=EDB021&BackColorLogged=F5D383> (accessed 20 April 2015).

³² See John F. Sherman and Amy Lehr, “Human rights due diligence: Is it too risky?” A Working Paper of the Corporate Social Responsibility Institute, No. 55 (Cambridge, Massachusetts, Harvard University, February 2010). Available at: http://www.hks.harvard.edu/m-rcbg/CSRI/publications/workingpaper_55_shermanlehr.pdf

Finally, global momentum around the issue continues to build with the adoption of a resolution in the UN Human Rights Council, supported by 20 countries that established a working group to elaborate on a legally binding treaty on business and human rights.³³

3. Why develop a human rights policy?

SUMMARY: Why develop a human rights policy?

- To provide a basis for embedding the responsibility to respect through all business functions.
- To respond to relevant stakeholder expectations
- To identify policy gaps and initiate a process that alerts the company to new areas of human rights risk
- To elaborate on the company's commitment to support human rights.
- To build increased trust with external stakeholders and to start to understand and address their concerns
- To foster the development of in-house learning, management capacity and leadership on human rights issues
- To demonstrate international good business practice

To provide a basis for embedding the responsibility to respect through all business functions

In order to ensure that the company's responsibility to respect human rights is embedded through all business functions, it should express its commitment to do so by developing a human rights policy. Such a policy is the first step in showing that the company understands its responsibility to respect human rights. It provides the basis for publicly affirming company values and embedding the responsibility into company operations and the way it does business.

To respond to stakeholder expectations

As indicated above, there is an emerging international consensus about what steps companies should take to demonstrate their commitment to respecting human rights, most notably represented by the "Protect, Respect and Remedy" framework and the UN Guiding Principles. Having a human rights policy is explicitly required by the UN Guiding Principles,³⁴ and increasingly expected by relevant stakeholders, including investors, business partners and Governments.

To identify policy gaps and alert the company to new areas of risk

A company can both **cause** and **contribute** to adverse human rights impacts through its own activities. Further, it may find that its operations, products or services are **directly linked** to adverse impacts due to its business relationships. The company's existing policies may not address all of these dimensions.

A company may not realize its potential to impact particular human rights without first identifying what human rights mean to the business. Developing a policy can be the catalyst. More and more companies worldwide report that developing and implementing a human rights policy has helped them see human rights risks and become better equipped to deal with human rights issues that arise.

Existing policies may benefit from a human rights approach. For example, environmental policies can focus solely on technical solutions to perceived technical problems and miss the potential impact on communities and people's rights. A human rights approach can also strengthen the consistency of existing company policies by demonstrating their alignment with universal values.

³³ See: <http://business-humanrights.org/en/binding-treaty> (accessed 4 March 2015).

³⁴ The "Guiding principles on business and human rights: implementing the United Nations 'protect, respect and remedy' framework" contain clear recommendations on the parameters of a company's human rights policy commitment (A/HRC/17/31, Guiding Principle 16).

Moreover, traditional risk management processes that focus on legal compliance and/or risks to the company (rather than risks to stakeholders) may miss key potential human rights impacts. As such, a human rights policy and commensurate implementation mechanisms can play a key role in mitigating/managing risks that may previously have been overlooked.

To build trust with stakeholders and address their concerns

Adopting a human rights policy implies a commitment by the company to a human rights approach, through engaging with stakeholders, having appropriate transparency, and a human rights focus. Such an approach is rarely required by existing policies. Policies that focus only on the impact on the company may be inconsistent with a human rights approach, and miss risks.

Making people part of the process by engaging with stakeholders can help companies build trust. A human rights policy shows a commitment to being a responsible corporate citizen and provides interested stakeholders with an accessible means of gauging company performance. Many companies also find that external stakeholders become more willing to engage constructively with them when they have a human rights policy and human rights approach in place, and will usually talk with the company before considering adversarial action, e.g., a boycott or litigation.

To trigger in-house human rights learning, management capacity and leadership

The very process of developing a human rights policy can have positive managerial spin-offs. Many companies say that developing the policy helped:

- Raise awareness and understanding of the company's human rights impact across departments
- Build leadership commitment around human rights so that there was political support inside the company for resources to be assigned to policy implementation
- Generate in-house managerial capacity, insights for future priorities and enthusiasm around the topic

A human rights policy also provides managers with a public statement to frame responses to human rights questions.

After preparing its "Approach to Human Rights" document, Cadbury reported that "the inspirational language used throughout the document helped motivate employees and stakeholders to show their support for the new vision."³⁵

To demonstrate good business practice

It is increasingly becoming good international business practice to have a human rights policy or position statement. 24 of the FTSE 100 Index listed companies had such a policy in 2014, with 59 including human rights in their other policies.³⁶ By March 2015, the Business & Human Rights Resource Centre had identified some 354 companies worldwide with an explicit human rights policy position. Its findings, which record only publicly available policies that explicitly use the term human rights, reflect a growing trend among businesses from all continents making a public commitment to respect and support human rights. An early example of this trend was also evident in the pledge signed by more than 250 global CEOs to mark the sixtieth anniversary of the Universal Declaration of Human Rights in December 2008.³⁷

No more reasons not to have a policy

Companies are seeing that by having a human rights policy they can start to better identify their potential human rights impacts, start to build in-house management capacity and demonstrate to stakeholders a sincere commitment to respect and support human rights. A BSR/Net Impact/GlobeScan poll of 700 business professionals from across the globe in late 2014 ranked

³⁵ Lauren Gula and Ye Jin, "Cadbury and human rights: finding the best approach", in *Embedding Human Rights in Business Practices III* (United Nations Global Compact, 2009), p.44 See: https://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/EHRBIII.pdf

³⁶ Jim Wright, GOXI, "Human Rights and the FTSE 100 in 2014", 5 Nov 2014. See: http://goxi.org/profiles/blogs/human-rights-and-the-ftse-100-in-2014-by-jim-wright-jwright-jmwe?xg_source=activity (accessed March 2015).

³⁷ See, for details, www.unglobalcompact.org/issues/human_rights/CEO_Statement.html (accessed 15 March 2015).

human rights as the most significant priority in CSR/sustainability for the year ahead.”³⁸ Companies that are signatories to the United Nations Global Compact commit to aligning their strategies and operations with universally accepted principles in the areas of human rights and labour. According to a 2014 survey, 91% of UN Global Compact companies surveyed have a human rights policy in place.³⁹ Further, empirical evidence illustrates that companies that are participants of the UN Global Compact are more responsive to civil society human rights concerns than non-participants.⁴⁰

Why have relatively few companies globally backed up their pledges on human rights with a policy or other due diligence measures? Historical obstacles can partly explain it. Back in 2007, human rights remained, in the words of the Special Representative of the Secretary-General on business and human rights, “mysterious for business” and companies did not fully know what was expected of them. Workplace issues aside, “human rights... were seen as the exclusive domain of States and no universally agreed framework” existed on the expectations of business.

However, an agreed international business and human rights framework now exists – the United Nations “Protect, Respect, Remedy” framework and the UN Guiding Principles for its implementation – applying to companies as well as States. In addition, there is a growing body of management guidance tools that help demystify human rights for business and map practical action. The business and human rights discourse has also become global and accessible to companies of all sizes and sectors; daily updates on the Business and Human Rights Resource Centre’s website⁴¹ now appear in many languages, based on research from every continent. In short, there are fewer and fewer reasons not to develop a human rights policy.

KEY READINGS: Why respect human rights and why develop a human rights policy?

- UN Guiding Principles on Business and Human Rights. Available at: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf (Links to the UN Guiding Principles in six other languages are available at: https://www.unglobalcompact.org/issues/human_rights/the_un_srsg_and_the_un_global_compact.html)
- UN Global Compact Human Rights and Business Learning Tool. Available at: <http://human-rights-and-business-learning-tool.unglobalcompact.org/site/> (Accessed 15 March 2015).
- *How to Do Business with Respect for Human Rights: A Guidance Tool for Companies*, Global Compact Network Netherlands, Business & Human Rights Initiative, 2010.
- Business and Human Rights Resource Centre, Company Policy Statements on Human Rights. Available at: <http://business-humanrights.org/en/company-policy-statements-on-human-rights> (Accessed 29 May 2015).
- United Nations Global Compact Guidance: www.unglobalcompact.org/Issues/human_rights/Tools_and_Guidance_Materials.html

4. Key Steps

SUMMARY: Key steps

- Developing a human rights policy can be a dynamic, though not always a predictable process. Do not expect perfection at first. Many companies update their policies as they gain experience.
- Assign senior management responsibility to drive the process.
- Involve cross-functional personnel (human resources, legal, procurement, security, etc.) in the process to build understanding, know-how and a sense of common purpose.
- Identify and draw on internal and/or external human rights expertise.
- Map existing company policies to identify human rights coverage and gaps.
- Conduct a basic mapping of key potential impacts.
- Consult internal and relevant external stakeholders to identify and respond to their expectations.
- Communicate the policy internally and externally.
- Reflect human rights policy in operational policies and procedures.

³⁸ Details of the BSR/Net Impact/Globescan State of Sustainable Business Poll survey can be found at: <https://netimpact.org/sites/default/files/documents/gs14netimpactbsrfinal.pdf> (accessed 15 March 2015).

³⁹ United Nations Global Compact 2014 Implementation Survey, *DNV Impact Assessment* (forthcoming).

⁴⁰ Menno T. Kamminga, *Company Responses to Human Rights Reports: An Empirical Analysis*, page 9. Available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2559255 (accessed 29 May 2015).

⁴¹ www.business-humanrights.org.

The development of a human policy can be a dynamic process. When first developing a human rights policy, managers should not feel under pressure to achieve perfection. Many best practice examples today took shape over several years and have undergone review.

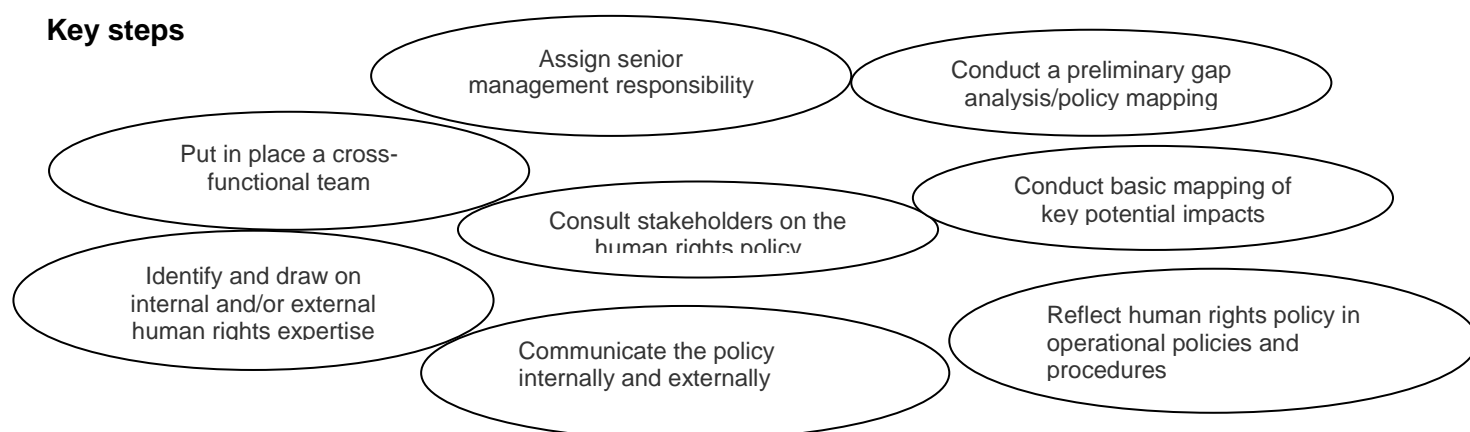
Barclays developed its first human rights policy in 2004 under the sponsorship of the Group Vice-Chairman. It was signed off by the company's Group Brand and Reputation Committee.⁴² The policy was revised in 2006, 2008 and again in 2010. "Policies and practices are updated to take account of new issues raised and growing awareness and familiarity within the business of the human rights impacts of our decisions. Policies are refreshed to keep them alive and topical and ensure they are communicated regularly."⁴³ **Barclays PLC**

Each of the steps in this section is important, but the precise order can vary. Some companies report that they did not initially have senior management buy-in and that the impetus for a policy came from below, with the mapping analysis and stakeholder feedback being instrumental in winning senior management support and having resources assigned for policy implementation.

No single sequence will suit every company. The timing of the policy's release is largely a matter of choice. Some companies will release an initial short statement to raise in-house awareness or in response to stakeholder pressure, even before the other steps are complete; they may then follow up the initial statement with a longer policy document. Others release their human rights policy statement only when they are ready to integrate it into their management systems.

There can be overlap between the steps needed to draft a policy, to assess the company's human rights impact and to integrate them both in the company's management systems. However, mapping of potential risks and stakeholder consultation, for example, will be of a different magnitude when undertaken to inform a human rights policy versus when it is undertaken for an impact assessment.

Key steps



Assign senior management responsibility. The decision to draft a policy is often made by the chief executive or by one or more senior executives. Whoever instigates the project, a member of senior management will typically need to be appointed to lead the process, sign off on the final policy and assign resources needed for its implementation. The UN Guiding Principles state that the policy commitment should be approved at the most senior level of the business.⁴⁴

Some companies find that before beginning the drafting process, identifying and summarizing for senior management the "business case" for developing a policy can be a very useful exercise to gain or cement internal buy-in. This might include identifying the key business value drivers and benefits to the organization of preparing a policy, examples of actual or potential impacts on rights-holders caused, contributed to or linked to the company or industry, the potential impacts/cost of proceeding without a policy, benchmarking against industry peers and/or an explanation of where

⁴² The Committee was composed of senior management from the different Barclays businesses and central functions.

⁴³ Philippa Birtwell, Head of Reputation Risk Management, Barclays PLC.

⁴⁴ UN Guiding Principles, Principle 16(a).

a policy fits into the broader road map towards addressing the company's responsibility to stakeholders.

Establish a cross-functional team. Many companies put in place a cross-functional team, committee or task force to help steer the policy through the company. Whether driven by a team or not, the company needs to capture in-house knowledge from across various business units and functions, consider varying legal jurisdictions, draft the policy and later communicate it internally and oversee training and reporting needs. In many cases, a team or committee will retain responsibility for the policy and any revisions in the medium to long term.⁴⁵

Draw on internal and/or external expertise. Making basic policy decisions within the overlapping frameworks of a company's existing standards and commercial management systems, while bearing in mind varying stakeholder expectations, can be demanding. Where human rights expertise exists internally, there is a strong case to keep the process largely in-house to ensure that any lessons learned stay within the company and help build capacity over time. However, where internal human rights expertise is lacking or the company's business operations are particularly complex, external expertise should usefully be drawn from credible online or written resources or through consultation with recognized experts.

Conduct a basic policy gap analysis/mapping exercise to determine which of the internationally recognized human rights are already covered by the company's existing policies and identify any relevant ones that are missing.

Most companies find that longstanding corporate policies and codes of conduct already address human rights but that they do not use human rights language, e.g., policies on diversity, non-discrimination, bullying or harassment, health and safety, minimum-age provision or working hours.

Drafting a human rights policy will not necessarily highlight entirely new issues for the business, but can help express and link together existing positions in a different way, or shine a light on issues that might otherwise get overlooked.

The UN Guiding Principles state that companies have a responsibility to respect *all* internationally recognized human rights, not just a select few, and a human rights policy needs to reflect this fact. Operationally, while companies need to be alert to all potential human rights risks, "in practice, some rights will be more relevant than others in particular industries and circumstances and will be the focus of heightened company attention. However, situations may change, so broader periodic assessments are necessary to ensure that no significant issue is overlooked."⁴⁶ In addition, companies also need to take into account the important principle of international human rights law that human rights are interdependent and indivisible, and that they cannot choose to ignore negative impacts on some human rights, while respecting others.

Resource tip: When developing a policy, tools like *Human Rights Translated: A Business Reference Guide* can help managers become familiar with the full spectrum of human rights and identify which may have to be prioritized given the company's unique geographical footprint, relationships, industry and operating context.

Conduct basic mapping of key potential impacts. Even during the first phase of developing a policy, many companies have found it helpful to do some basic mapping of the company's key potential human rights impacts (or *salient* impacts) in order to inform the policy drafting process, and/or so that these salient impacts can be acknowledged in the text of the policy itself. In conducting this mapping, it may be helpful to consider industry guidance, known country risks or impacts and the experiences of other companies. This will need to be taken to another level during the impact assessment phase of human rights due diligence.

⁴⁵ See Rachel Davis and David Kovick, "Organizing the Human Rights Function within a Company", See: https://www.unglobalcompact.org/docs/issues_doc/human_rights/Human_Rights_Working_Group/GoodPracticeNote_HumanRightsFunction.pdf (Accessed 26 May 2015).

⁴⁶ "Business and human rights: further steps toward the operationalization of the 'protect, respect and remedy' framework – Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie" (A/HRC/14/27).

Resource tips: The *Human Rights and Business Dilemmas Forum* (www.hrbdf.org) allows users to search by human right or by country to identify known potential business impacts on human rights. The *HRCA Quick Check* (<https://www.unglobalcompact.org/resources/29>) allows companies to create a general overview of the human rights risks in their operations.

Consult internal and relevant external stakeholders. In addition to ensuring that the policy is informed by relevant internal and/or external expertise, the company should identify key stakeholders. This is to help ensure that the policy is fit for purpose and addresses expectations and concerns of potentially affected groups and other relevant stakeholders. For example, workers and their representative organizations (trade unions) are important stakeholders for labour-related human rights; and engagement with them is generally referred to as “social dialogue”.⁴⁷ Relevant stakeholders could also include industry peers that have already adopted a policy, those behind sector-based multi-stakeholder initiatives who have experience of advising companies in a similar position and business associations. Companies should also consider involving socially responsible investors, clients, civil society experts, consumers, campaign groups, academics and community groups. Involving potential critics in the process will give a reality check. Some companies share an early draft of the policy with stakeholders to elicit feedback. Some of the stakeholders that provide input into the policy will become useful allies during later due diligence phases.

Communicate the policy internally and externally. No policy can be effective unless it is communicated. The policy should be publicly available. It needs to be disseminated to all employees to raise awareness and establish systems of accountability, and be coupled with relevant training. As is discussed below, it should also stipulate expectations of business partners and other relevant external parties and so should be communicated actively to those with whom the company has contractual relationships, others directly linked to its operations (e.g. security providers), investors, and, in the context of significant risks⁴⁸, to potentially affected stakeholders. As the emphasis on transparency and “knowing and showing” respect for human rights increases, companies can only benefit from proactive communication about their progress on addressing human rights issues.

Reflect the human rights policy in operational policies and procedures. Establishing the policy is the first step in a process of actively addressing human rights issues. Companies should carefully consider how other policies and practices they have in place relate to the expressed commitment to respect human rights. Lack of coherence is a common risk; areas where discrepancies may arise include procurement and lobbying. If the human rights policy is not effectively reflected in other policies and procedures and embedded in management across all functions, neglect can quickly become reality even with all the best intentions in place. This issue also relates to the broader question of how to implement the company’s commitment to human rights, which is addressed in the final section of this Guide.

KEY READINGS: Key Steps

- *UN Guiding Principles on Business and Human Rights*. (See above)
- *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, OHCHR, 2012. Available at: http://www.ohchr.org/Documents/Publications/HR.PUB.12.2_En.pdf (Accessed 15 March 2015)
- *Developing Corporate Human Rights Policies and the Role of Legal Counsel*, UN Global Compact, 2014. Available at: https://www.unglobalcompact.org/docs/issues_doc/human_rights/Human_Rights_Working_Group/HRPolicies_LegalCounsel_GPN.pdf (Accessed 15 March 2015)
- *A Guide to Integrating Human Rights into Business Management*, BLIHR, United Nations Global Compact and OHCHR, 2nd ed., 2010.
- *Human Rights Translated: A Business Reference Guide*, Castan Centre, International Business Leaders Forum, United Nations Global Compact and OHCHR, 2008. Available at: http://www2.ohchr.org/english/issues/globalization/business/docs/Human_Rights_Translated_web.pdf (Accessed 15 March 2015)

⁴⁷ More information on social dialogue can be obtained from the ILO, see e.g. <http://www.ilo.org/public/english/dialogue/download/brochure.pdf> (Accessed 26 May 2015).

⁴⁸ For more information on high risk circumstances, see “Human Rights Due Diligence in High Risk Circumstances: Practical Strategies for Businesses”, Shift, 2014. Available at: http://shiftproject.org/sites/default/files/Shift_HRDDinhighriskcircumstances_Mar2015.pdf (Accessed 15 March 2015).

- *Human Rights and Business Dilemmas Forum*, UN Global Compact & Maplecroft. Available at: <http://hrbdf.org/> (Accessed 15 March 2015).
- *Human Rights Compliance Assessment Quick Check*, Danish Institute for Human Rights, 2006. Available in 5 languages from <https://hrca2.humanrightsbusiness.org/Page-TheHrcaQuickCheck-23.aspx> (Accessed 15 March 2015)
- *How to Do Business with Respect for Human Rights: A Guidance Tool for Companies*, Global Compact Network Netherlands, Business & Human Rights Initiative, 2010. Available at: http://www.gcneland.nl/report_business_human_rights.htm (Accessed 29 May 2015).
- *Social Dialogue at Enterprise Level: Successful Experiences*, ILO, Geneva, 2004. Available at: www.ilo.org/public/libdoc/ilo/2005/105B09_252_engl.pdf (accessed 15 March 2015)
- United Nations Global Compact Guidance: www.unglobalcompact.org/Issues/human_rights/Tools_and_Guidance_Materials.html (accessed 15 March 2015)

5. What are the key components of a good human rights policy?

Few human rights policies are the same. In the absence of regulatory guidelines, many companies simply do what fits best within the company's existing policy commitments and internal processes. The UN Guiding Principles uses the generic term of a "statement", leaving the concrete format of the document to the discretion of the company. Common conventions however do exist, many of which were identified by the Special Representative on business and human rights and his team during the first mandate (2005-2008),⁴⁹ and many good practice policy examples can be found in the policy bank available via the Business & Human Rights Resource Centre's website (www.business-humanrights.org).

SUMMARY: What are the key components of a human rights policy?

All policies – whether stand-alone or integrated – should at a minimum comprise:

- An explicit commitment to respect all internationally recognized human rights standards – understood, at a minimum, as the International Bill of Rights and the ILO's Declaration on the Fundamental Principles and Rights at Work
- Stipulations concerning the company's expectations of personnel, business partners and other relevant parties
- Information on how the company will implement its commitment

It may also contain:

- An overview of the steps taken to develop the policy
- Information on the company's key human rights priority areas
- A description of how the company will deal with conflicts between international human rights principles and applicable host-government legal requirements
- A commitment by the company to "support" (i.e. contribute to the positive realization of) human rights
- A summary of those human rights (including labour rights and others) that the business recognizes as likely to be the most salient for its operations and information on how it will account for its actions to meet its responsibility to respect human rights

A stand-alone versus an integrated human rights policy?

Human rights policies generally fall into two categories: stand-alone statements and policies that are integrated within the company's wider standards literature, e.g., employee codes of conduct; ethical sourcing standards; environment, health and safety guidelines; and social/community investment commitments. Recently, there appears to be a gradual trend towards the integrated model (particularly among companies that have revised their policy approach at least once), but there are reasonable arguments in favour of either strategy and managers will need to determine for themselves which is better suited to their company.

⁴⁹ See "Business recognition of human rights: Global patterns, regional and sectoral variations", addendum to the Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises (A/HRC/4/35/Add.4).

“An advantage cited for free-standing procedures is that the relevant issues get the attention and professionalization they deserve. But a disadvantage may be that it is not connected to the rest of the company. In contrast, folding human rights due diligence into ongoing processes may put human rights on par with other key issues when managers evaluate potential projects, but the unique attributes of human rights may thereby get diminished.” **Special Representative, April 2009**⁵⁰

Stand-alone or free-standing policies have an advantage in external communication, making it easier for interested stakeholders to access information they require. Stand-alone statements are commonly employed by companies that are developing a human rights policy for the first time and allow the company to set out its intentions while it goes about building the requisite in-house knowledge and capacity to assess and manage its human rights impacts.

For companies with well-established codes of conduct on employment or ethical sourcing guidelines, etc., the integrated approach may be easier to deliver and avoid a multiplicity of standards that could generate internal confusion. Integrated policies can suggest that human rights considerations are more deeply engrained within the company’s overall thinking, which can appeal to external stakeholders. Neither approach is right or wrong.

A compromise option, which draws on both models, is to produce a readily accessible public human rights statement that cross-references established codes and policies, highlighting where the human rights-related elements can be found within existing management standards. This allows for effective communication and can sit well with current systems. It may, however, require new policy elements to be drawn up to address human rights issues that had previously gone unaddressed.

[Our] “Sustainability” policy has a specific section on Human Rights. ...also the Management System Guidelines on Security and Planning and Controls that refer to the respect of human rights were issued. **Eni S.p.A.**

Language tip: To gain buy-in within the company it is important to use practical, clear and concise language to explain the context and issues. Since much human rights language was originally designed for States, it can initially seem alien to business readers, so a company may need to make a few adaptations; stakeholder consultation can help ensure that both in-house and external stakeholders are comfortable with the end product. Some companies find that the inspirational language associated with human rights can actually be helpful in generating internal support.

We believe that the full respect of human rights and democracy are the best context to develop our operation, and that our commitment to human rights results from our Ethical principles more than from our legal obligations; we understand that implementing these principles adds value and competitiveness to the company. **Cerrejón**

We recognize the important responsibility we have to respect human rights and we aim to bring the power of technology to bear to promote respect for human rights throughout the world. **Microsoft**

Step 1: Consider fundamental elements

A) A commitment to respect international human rights standards

Business activities can impact “virtually the entire spectrum of internationally recognized human rights”.⁵¹ As such, the statement of policy should make explicit use of the words *human rights*. Some stakeholders view policies that fail to use the words human rights less favourably.⁵² A good human rights policy should at a minimum refer to:

- The Universal Declaration of Human Rights

⁵⁰ A/HRC/11/13.

⁵¹ UN Guiding Principles, Principle 12 (Commentary).

⁵² The Business & Human Rights Resource Centre’s website links only to “statements by companies that explicitly refer to human rights” in its policy bank, see www.business-humanrights.org/Documents/Policies (accessed 15 March 2015).

- The International Covenant on Civil and Political Rights
- The International Covenant on Economic, Social and Cultural Rights
- The International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work⁵³

[The Universal Declaration of Human Rights and the two Covenants are commonly referred to collectively as the International Bill of Human Rights.]

If the activities of the company may have adverse effects on particular groups that may be at heightened risk of vulnerability or marginalization, additional standards in other international human rights instruments (such as those concerning indigenous people, certain minorities etc.) may need to be considered.⁵⁴ In some cases where a company has significant interaction with a potentially vulnerable group, it may decide to prepare and refer to a separate, dedicated policy in relation to that group, e.g. an indigenous peoples' or children's rights' policy (see further Section 5 below for resource tips in relation to specific rights and rights holders). Reference to the company's other external commitments may also be appropriate.

Well-written policies also often contain a message about the meaning and value to the company of the commitment to respect human rights.

Process tip: In some countries the language of human rights is considered sensitive. Where managers encounter this they may find it helpful to explain to colleagues that the UN Global Compact received its mandate from the UN General Assembly, and thus enjoys the support of all 193 UN Member States.⁵⁵

Some companies additionally refer to other relevant standards, such as the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.⁵⁶ There are also voluntary initiatives, many of which have principles or codes that address a unique set of human rights challenges, for instance:

- The United Nations Global Compact
- The Ethical Trading Initiative
- The Fair Labour Association
- The Global Network Initiative
- The Kimberley Process
- The Voluntary Principles on Security and Human Rights (Extractive Sector)

Examples of corporate policy statements:

General statements of human rights commitment

Novo Nordisk is committed to meeting its responsibility to respect human rights as defined by the UN Guiding Principles on Business and Human Rights [...] Novo Nordisk A/S

ABB is committed to developing an organizational culture which implements a policy of support for internationally recognized human rights and seeks to avoid complicity in human rights abuses. We support the principles contained within the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO Core Conventions on Labour Standards. ABB Group

Mitsubishi Corporation believes that respect for human rights is an important component of CSR in the development of its global business. [...] Mitsubishi Corporation also supports all international norms and codes regarding human rights, including the Universal Declaration of Human Rights, the core labor standards of the ILO (International Labour Organization) and the Voluntary Principles on Security and Human Rights. Mitsubishi

⁵³ ILO considers its eight core conventions to be "fundamental" and they form the basis of the ILO 1998 Declaration of Fundamental Principles and Rights at Work. These eight conventions underpin the four United Nations Global Compact Labour Principles, see A/HRC/14/27 and <https://www.unglobalcompact.org/Issues/Labour/>

⁵⁴ See: <http://www.ohchr.org/EN/ProfessionalInterest/Pages/CoreInstruments.aspx> (accessed 15 March 2015).

⁵⁵ See General Assembly resolution 64/223 (para. 14).

⁵⁶ Available at: www.ilo.org/empent/Whatwedo/Publications/lang-en/docName--WCMS_094386/index.htm (accessed 15 March 2015).

*Our commitment to respect human rights and labour standards is based on the International Bill of Human Rights, including the Universal Declaration of Human Rights and the International Labour Organization's (ILO) 1998 Declaration on Fundamental Rights and Principles at Work. **Statoil***

*[...] We respect international human rights principles aimed at promoting and protecting human rights, including the United Nations Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and we actively participate in the United Nations Global Compact. **The Coca-Cola Company***

B) Coverage of the policy

The policy should clearly set out to whom it applies. If the policy applies to a corporate “group”, a definition of group companies is helpful. The UN Guiding Principles specify that companies should respect human rights throughout their operations; generally, a corporate policy would normally apply to at least all business units where a company has a controlling interest. However, depending on how the company is structured, in some cases business units may have separate or additional policies. The policy should also clearly state how it applies to relationships with suppliers and other entities with which the company does business.

Examples of corporate policy statements:

*“The Human Rights Policy applies to The Coca-Cola Company, the entities that it owns, the entities in which it holds a majority interest, and the facilities that it manages.” **The Coca Cola Company***

*The Diageo Human Rights & Anti-discrimination Policy applies to all Diageo employees and employees of subsidiaries and joint ventures where Diageo has a controlling interest. It also applies, as far as is reasonably achievable, to our upstream and downstream supply chain through partners, suppliers and third party contractors. In joint ventures where Diageo does not have overall control, the leaders and managers of those businesses are strongly encouraged to adopt the same or similar standards. If any human rights issues arise in joint ventures we will work actively with the business leaders to address them. **Diageo***

*This Policy applies to all employees of ArcelorMittal subsidiaries and affiliates worldwide. In addition, our subcontractors working at our sites are expected to comply with this Policy. **ArcelorMittal***

C) Stipulating expectations

The UN Guiding Principles require that the statement of policy sets out the company's expectations of its personnel as well as its business partners and other relevant parties, such as state governments.

Examples of corporate policy statements:

*If any employee believes that someone is violating the Human Rights Policy or the law, they are asked to report it immediately to their manager, Human Resources, Company legal counsel or EthicsLine. **The Coca Cola Company***

*Hitachi expects its business partners and other parties whose own impacts may be directly linked to Hitachi's operations, products or services to respect and not infringe upon human rights, and will respond appropriately where they are not respecting human rights. **Hitachi***

*We seek to establish relationships with entities that share the same principles and values as Vale. We also promote human rights awareness and respect along our value chain, including the adoption of legal contractual clauses. In the event of disrespect to human rights, duly proven by government authorities and mechanisms provided by legislation, we notify the supplier/partner or the customer so they may adopt corrective measures and, in cases in which such measures are not taken, we then are entitled to rescind the respective commercial relationship. **Vale***

D) Implementation mechanisms

It can be useful to set out how the policy will be implemented within the company's corporate processes, for example its risk management and oversight/monitoring mechanisms.

Examples of corporate policy statements:

*The Board of Unilever is responsible for ensuring adherence to these commitments and our senior management has responsibility for overseeing their implementation and ensuring that any breaches of our Code of Business Principles are investigated. **Unilever***

*Human Rights Due Diligence: Recognizing the United Nations Guiding Principles of Business and Human Rights, we are striving to conduct human rights due diligence. Considering the impacts human rights violation can cause, we will prioritize appropriate actions to identify, prevent or mitigate those impacts in our value chains. We will regularly review and update the progress on our efforts, and annually communicate the results through our CSR report and other communication tools. Where we identify that we have caused or directly contributed to adverse human rights impacts, we would engage in appropriate remediation processes by ourselves or in cooperation with other stakeholders. **Fujitsu Ltd.***

*With Our Direct Business Partners: Incorporating appropriate principles of The Spirit & The Letter into contracts with suppliers, business partners and distributors. Monitoring adherence by key suppliers in emerging markets to environmental, health and safety standards, prohibitions against forced and child labor, and local wage and hour laws. Evaluating human rights issues involving our direct business partners—particularly in emerging markets—and considering practical responses within the relevant context. Advancing application of the ILO Declaration through engagement and collaboration. **General Electric***

Step 2: Consider additional elements

A) An overview of the steps taken to develop the policy

Often accompanying the human rights policy or position statement is an outline by the company of the policy's scope and the steps it has taken to develop the policy/position statement. Overviews of this kind do not usually go into much detail but simply summarize some of the processes the company has undertaken to develop the policy, for example, if it appointed a cross-functional team, if any policy mapping exercise was carried out or how it consulted stakeholders.

Examples of corporate policy statements:

Senior management leadership and cross-functional task forces

*The importance ascribed to human rights by Eni... is also demonstrated by the fact that the CEO... has adhered to the initiative promoted by the High Commissioner for Human Rights as well as by the Global Compact document drafted at the time of the sixtieth anniversary of the Universal Declaration of Human Rights. **Eni S.p.A***

*Yahoo has formally established a dedicated Business & Human Rights Program (BHRP) in order to lead our efforts to make responsible decisions in the areas of free expression and privacy. [...]The BHRP has created a virtual, cross functional team in order to draw upon the expertise of Yahoo employees across the company to continue its centralized leadership on global strategy, industry initiatives, business decision-making, and internal and external stakeholder engagement. The virtual team is comprised of senior - level employees in product, law enforcement, security, public affairs, corporate affairs, investor relations and global policy. The virtual team also includes employees in different geographies, including Asia, Europe, Latin America and the Middle East. **Yahoo!***

Human rights mapping exercises

*This commitment follows an expert third-party review of our business to understand the extent to which ANZ policies and practices are meeting the requirements of these standards, with a particular focus on human rights. The review assessed ANZ's performance against guidelines set out in global human rights instruments [...]. It found that ANZ complied with, and in many cases exceeds, most criteria in Australia and New Zealand [...]. The review also found more work was required to understand and mitigate human rights risks in our supply chain, our lending decisions in our institutional business and our operations and partnerships in Asia, Pacific and India. [...]. **Australia and New Zealand Banking Group Limited (ANZ Bank)***

Stakeholder consultation

*We listen to the views of our stakeholders. For customers, shareholders, employees and suppliers we have formal ways of doing this [including] specific mechanisms [...] to encourage open feedback. We have engaged our employees [...] through our representation committees, known as Business Involvement Groups and carried out an anonymous survey to gauge their views. [...] During the last year, we carried out detailed research with our customers. [...] We also had regular discussions with Government, regulators, community partners, trade associations as well as environmental, human rights and animal welfare groups [...]. CSR [corporate social responsibility] is constantly evolving as expectations change and new issues emerge. This means that whilst our approach to CSR is underpinned by a core set of values, it also has to be adaptable and flexible. **Marks & Spencer***

B) Setting human rights priorities

Companies have a responsibility to respect all internationally recognized human rights. However, in practice, some human rights risks will likely be more salient than others, and thus need particular focus. Some companies prefer to highlight their particular human rights priorities and risks in their policy statements. As human rights situations may change, though, companies should both ensure that they respect all human rights and periodically review their human rights priorities.

Example of corporate policy statement:

*We believe our main responsibilities lie in a number of critical areas: employee rights, the right to access finance for vulnerable and disadvantaged members of the community and the risk of human rights violations within our supply chain. **The Westpac Group***

C) Legal jurisdiction issues

The corporate responsibility to respect human rights exists independently of the need to comply with national laws and regulations protecting human rights. Challenges may arise when national law directly conflicts with international human rights standards or does not fully comply with them. In such circumstances, companies are expected to seek ways to respect internationally recognized human rights.⁵⁷

Examples of corporate policy statement:

*Hitachi adheres to national law and regulation in each market in which it operates. Where Hitachi faces conflicts between internationally recognised human rights and national laws, the company will follow processes that seek ways to honour the principles of international human rights. **Hitachi***

*The working conditions of our employees are, at minimum, in compliance with internationally recognized labor standards and the laws of the countries we operate in. Compliance with the ILO's core labor standards is mandatory for us worldwide. This includes the prevention of child and forced labor, adherence to the principle of non-discrimination in the workplace, the right of freedom of association and assembly, and the right to collective bargaining. This applies provided national law does not explicitly prohibit adherence to the ILO core labor standards. In such cases, we develop innovative approaches to promote the adoption of the principles that form the foundation of these international standards. **BASF***

D) Commitment to support human rights

Some companies also elaborate on the company's commitment to support human rights, that is, to make a positive contribution to human rights. The UN Global Compact encourages companies to take additional voluntary actions to support human rights whether through core business activities, strategic social investment and philanthropy, public policy engagement and advocacy or

⁵⁷ See Annie Golden Bersagel, "Meeting the Responsibility to Respect in Situations of Conflicting Legal Requirements", Good Practice Note (United Nations Global Compact, 2011), Available at: https://www.unglobalcompact.org/docs/issues_doc/human_rights/Human_Rights_Working_Group/Conflict_of_Laws_GPN.pdf

partnership and other forms of collective action. The responsibility to respect human rights is a baseline expectation, and a company cannot compensate for human rights harm by performing good deeds elsewhere.⁵⁸ Such commitments must be a complement, and not substitute or trade off for a company's responsibility to respect international human rights.

Examples of corporate policy statements:

*We operate across vast geographic locations, including areas where social, economic and political factors may put human rights and acceptable working conditions at risk. Our actions to support and respect human rights in these areas help us to live up to our commitment to do no harm and to leave communities better off. **AngloGold Ashanti Ltd.***

*We are committed to ending Indigenous disparity and have in place a dedicated program that provides the required skills and addresses barriers to employment for Aboriginal people. We require our supply chain to help in our efforts to end Indigenous disparity through the provision of skills and employment. **Fortescue Metals Group***

*[...] In addition to working with respect for human rights, we pursue opportunities to support human rights where we can make a positive impact. **Novo Nordisk A/S***

Step 3: Provisions on human rights for workers

Human rights policies/position statements often include provisions on the human rights of workers who directly or indirectly perform work linked to the company. For large companies these issues may already be covered under existing employee codes of conduct; the policy-mapping exercise referred to in the “Key Steps” section above should help identify any gaps.

The level of detail a company goes into will vary. Some offer a short sentence on key labour rights issues that outline their commitment. Others refer stakeholders to company literature, such as codes of conduct, where additional detail is to be found. Some companies publicly disclose more than others.

More detailed provisions may be needed for some rights if the company operates in countries where a particular right is known to be at special risk, or if the industry faces a unique rights challenge. For example, retail companies with operations where child labour is prevalent may have more detailed child labour provisions than companies for whom the risk of child labour is low.

Key human rights-related areas regularly covered in human rights policy documentation include:

- Accessibility for persons with disabilities
- Child labour/minimum age workers/worst forms of child labour
- Employment relationship
- Equality
- Fair wages/compensation
- Forced/bonded/compulsory labour
- Health and safety
- Maternity protection
- No harsh or degrading treatment/harassment
- Non-discrimination
- Right to form or join a trade union and to bargain collectively
- Right to strike
- Working conditions - including working hours

Resource tips: The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy provides guidance to companies on human rights at work and is a valuable

⁵⁸ “Clearly, companies may undertake additional commitments voluntarily or as a matter of philanthropy. [...] These are worthy endeavours that may contribute to the enjoyment of human rights. But what it is desirable for companies to do should not be confused with what is required [...], namely to respect human rights throughout its operations and relationships” (A/HRC/11/13).

resource for companies developing a human rights policy. ILO has developed a resource platform specifically for business called the ILO Help Desk for Business: www.ilo.org/business. Specific questions can be submitted via assistance@ilo.org.
Global Framework Agreements: More than 100 multi-national enterprises have signed agreements with global trade union organisations (Global Union Federations) covering labour rights. Such agreements are company policy and can be part of the due diligence process.⁵⁹

Examples of corporate policy statements:

Child labour

*As per Chilean law and conventions ratified by Chile, children under 18 are not allowed to work in operations or jobs requiring excessive force, nor in activities that may be hazardous to their health or safety. Those under 21 years require pre-employment medical examinations to work in underground mines. [...] Codelco adheres to the principles established in the Convention on the Rights of the Child of the United Nations, and in Convention 138 of the ILO. **Codelco***

*Child labour is not used. There is no recruitment of child labour. If any incidence of child labour is identified in the supplier's industry and region, the supplier shall initiate, or participate in, a programme to transfer any children involved in child labour into quality education until they are no longer children. No one under eighteen years old is employed at night or in hazardous work or conditions. In this Code, "child" means anyone under fifteen years of age, unless national or local law stipulates a higher mandatory school leaving or minimum working age, in which case the higher age shall apply; and "child labour" means any work by a child or young person, unless it is considered acceptable under the ILO Minimum Age Convention 1973 (C138). **Pentland Group plc***

Employment relationship

*GDF SUEZ recognizes the importance of secure employment for both the individual and for society through a preference for permanent, open ended and direct employment. GDF SUEZ and all sub-contractors shall take full responsibility for all work being performed under the appropriate legal framework and, in particular, shall not seek to avoid obligations of the employer to dependent workers by disguising what would otherwise be an employment relationship or through the excessive use of temporary or agency labour... **ICEM (now IndustriALL), BWI, and PSI agreement with GDF Suez (now Engie) (2010)***

*Hiring Contract and Temporary Employees to Full-Time Positions: Sysmex Corporation actively hires contract employees and temporary employees as full-time personnel. We have clarified our internal regulations for hiring people working on limited, fixed-term contracts, offering them fair opportunities for promotion. We put this information on our intranet to encourage thorough understanding of these rules. When renewing temporary employees' contracts, for employees that meet certain conditions we notify temporary placement agencies of the possibility of employing such personnel directly. **Sysmex***

Fair wages/compensation

*To give workers remuneration which satisfies their basic needs and those of the members of their family who are directly dependent on them. **Carrefour S.A.***

*Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Our business partners must pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. If the compensation paid does not meet the workers' basic needs and provide some discretionary income, our business partners are required to take appropriate actions that seek to progressively realize a level of compensation that does. **PVH Corp.***

Forced/bonded labour

*Business partners must not use forced labour, whether in the form of prison labour, indentured labour, bonded labour or otherwise. No employee may be compelled to work through force or intimidation of any form, or as a means of political coercion or as punishment for holding or expressing political views. **Adidas***

⁵⁹ For more information on Global Framework Agreements, see https://www.unglobalcompact.org/Issues/Labour/Global_Framework_Agreements.html (accessed 28 May 2015).

*We have zero tolerance for modern slavery, forced labour and human trafficking, and will ensure our operations are free from these practices. We will work with our business partners and suppliers to influence the elimination of modern slavery, forced labour and human trafficking. We are proactively and progressively engaging with our supply chain on each of these issues. Our approach is in keeping with Fortescue's Code of Conduct and aligned with the United Nations Guiding Principles on Business and Human Rights and the United Nations Global Compact. **Fortescue Metals Group***

Freedom of association/collective bargaining

*The rights of the employees to choose to be a member of a trade union and to bargain collectively as permitted by local laws and regulations must not be interfered with or restricted. In situations or countries in which the rights regarding freedom of association and collective bargaining are restricted by law, parallel means to freedom of association and collective bargaining must be facilitated for all personnel by the vendor. **The Lego Group***

*UNI and Telefónica reaffirm their support for the fundamental human rights in the workplace, in particular freedom of association and the right to collective bargaining. In that regard, the company is committed to complying with the ILO Conventions concerning freedom of association and trade union rights and to recognising the right to organise and the right of unions to represent and negotiate on behalf of the workers, without prejudice to existing local legislation. Telefónica respects the rights of all workers to form and join unions of their own choice and to bargain collectively... **UNI-Telefónica agreement (January 2015)***

Health and safety

*Nobody should ever be at greater risk because they work for us. Everybody has the right to go home in the same state as they come to work. Members of the public are also entitled to expect us to make sure our activities do not harm them. We are committed to eliminating the risk of serious harm from all our activities, and to keeping our people healthy. Every Balfour Beatty business must design and execute its work so that safety and health are planned in from day one – for everyone. **Balfour Beatty plc***

*We believe that all injuries and occupational illnesses, as well as safety and environmental incidents are preventable, and our goal for all of them is zero. We will promote off-the-job safety for our employees. Our commitment is set forth in the DuPont Safety, Health, and Environmental Commitment. **E.I. du Pont de Nemours and Company (DuPont)***

Migrant workers

*Migrant Labor: We expect all workers, including imported and migrant workers, to be provided wages, benefits and working conditions that are fair and in accordance with local law. We do not condone holding workers' passports to keep them from leaving, charging any type of fee or deposit for employment, or any other unfair practice. We review these policies in detail during our audit process and expect our vendors to share these views and comply. **Target Corporation***

No harsh or inhuman treatment/Harassment

*The IKEA supplier shall not engage in or support the use of corporal punishment, threats of violence or other forms of mental or physical coercion. The IKEA supplier shall not make use of public warning and punishment systems. [...] The IKEA supplier shall not engage, support or allow any form of harassment or abuse in the workplace. [...] Harassment can be any offensive act, comment or display that humiliates, insults or causes embarrassment, or any act of intimidation or threat [...]. **IKEA***

*Employees of a Tata company shall be treated with dignity and in accordance with the Tata policy of maintaining a work environment free of all forms of harassment, whether physical, verbal or psychological. **Tata Group***

Non-discrimination

The Fortune Global 500 survey and report on business recognition of human rights⁶⁰ into over 300 companies conducted by the United Nations Special Representative during his first mandate both found that over 90 per cent of companies already had policies addressing discrimination.

⁶⁰Human Rights Policies and Management Practices of Fortune Global 500 Firms: Results of a Survey, available at: <http://www.reports-and-materials.org/sites/default/files/reports-and-materials/Ruggie-survey-Fortune-Global-500.pdf> (accessed 28 May 2015).

*We respect each individual's human rights and will not discriminate on the basis of race, colour, religion, creed, sex, age, social status, family origin, physical or mental disability or sexual orientation, nor will we commit other violations of human rights. Such discrimination will not be tolerated. We will be resolute in upholding human rights in everything we do and will not tolerate such discrimination in others. Ignorance and inaction do not constitute excuses for discrimination. **Fujitsu Ltd.***

*In all aspects of employment, such as recruitment, compensation and benefits, training, promotion, transfer and termination, we will treat individuals justly and in a non-discriminatory manner, solely according to their abilities to meet the requirements and standards of their role. We will do so without regard to factors such as (though not limited to) race, religion, colour, ethnic or national origin, disability, sexual orientation, gender or marital status. **Diageo***

Working conditions, including hours

*We will treat all employees fairly and honestly regardless of where they work. All staff will have a written contract of employment, with agreed terms and conditions, including notice periods on both sides. All staff are entitled to reasonable rest breaks, access to toilets, rest facilities and portable water at their place of work, and holiday leave in accordance with the legislation of the country where they work. All employees are provided with appropriate job skills training. **Tesco***

*HEINEKEN recognizes the right to rest and leisure and will therefore always comply with local laws, regulations and/or local customs with regard to working hours and overtime. [...] HEINEKEN will generally not require its staff to work in excess of a maximum of 48 hours per week (less in some cases, depending on local laws) and will provide at least one day off for every seven-day period. **Heineken International***

KEY READINGS: Components of a policy - human rights of workers

- The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- *The Labour Principles of the United Nations Global Compact: A Guide for Business*, ILO-United Nations Global Compact, 2008 (reprint 2010) Available at: <https://www.unglobalcompact.org/resources/261> (Accessed 29 May 2015)
- Rules of the Game. A brief introduction to International Labour Standards, ILO, Department of International Labour Standards, Geneva, 2009 (rev. ed.)
- ILO Helpdesk for Business on international labour standards (www.ilo.org/business)

Step 4: Provisions on non-labour related rights issues

Each company will need to determine for itself which given human rights may need to be prioritized – whether because they pose unique challenges to the company's industry and its relationships or because the company does business in one or more high-risk locations – and whether these merit a specific policy provision. At the same time, it is important to note that even if the particular operating conditions of a company mean that some rights are at greater risks than others, the responsibility to respect applies to all internationally recognized human rights. Thus, while not all human rights issues may merit specific policy provisions at a given point in time, the policy should nevertheless stress the company's commitment to respect all human rights. To raise awareness internally that human rights risks may change as situations evolve, the policy should also stipulate that it will be subject to review if proven inadequate through the company's ongoing human rights due diligence process.

Companies do not always use human rights language to describe policy provisions that address non-labour rights issues; for example, company security arrangements may impact on the rights to life and security of persons, but will normally be listed by the company as a policy on security arrangements, rather than a policy on the right to life.

Resource tip: The publication *Human Rights Translated: A Business Reference Guide* is a recommended resource.

Examples of corporate policy statements:

Clinical trials

We are committed to ensuring that the human rights of people taking part in our clinical research are protected, including through the informed consent process and procedures to protect patient privacy. We are committed to patient-centred promotional practices which are ethical, responsible and principled.

GlaxoSmithKline plc

Engaging with Government officials/Advocacy

*We reserve the right to express to governments, when necessary, our position concerning our operations, employees and shareholders and our belief in the importance of respecting Human Rights. **Total S.A.***

*[T]he critical question facing business is “how” to operate within repressive countries to enable people living there to benefit from ICT products the way people do in other, freer countries. Key factors in making this approach a success include engaging with local stakeholder groups to help shape the local human rights approach, using a company’s leverage to respect human rights, and undertaking appropriate due diligence to minimize human rights risk. **Microsoft Corp.***

Exploitation of children

*Marriott condemns all forms of exploitation of children. The Company does not recruit child labor, and supports the elimination of exploitative child labor. Marriott also supports laws duly enacted to prevent and punish the crime of sexual exploitation of children. Marriott will work to raise awareness concerning such exploitation, and will cooperate with law enforcement authorities to address any such instances of exploitation of which the Company becomes aware. Marriott has a long history of supporting program[me]s and partnerships that help at-risk young people and their families prepare for and find meaningful employment [and] program[me]s that help children break out of the cycle of poverty that makes them and their families vulnerable. **Marriott International Inc.***

Resource tip: The *Children's Rights and Business Principles* are a comprehensive set of principles to guide companies on the full range of actions they can take in the workplace, marketplace and community to respect and support children's rights.⁶¹ Moreover, some companies with substantial interactions with children have introduced a dedicated child protection policy. UNICEF and Save the Children's *Children's Rights in Policies and Codes of Conduct: a tool for companies* recommends ways for all businesses to incorporate children's rights into their policies and codes of conduct, based on the Children's Rights and Business Principles and reaching beyond the traditional focus areas of child labour and philanthropy.⁶²

Indigenous peoples' rights

*We respect the diversity of indigenous peoples, acknowledging the unique and important interests that they have in the land, waters and environment as well as their history, culture and traditional ways. Wherever we operate, we engage with communities and seek to understand the social, cultural, environmental and economic implications of our activities, so that we can respond to concerns and work to optimise benefits and reduce negative impacts, both for the local community and for the overall economy. **Rio Tinto Group***

*The Company recognises and respects the importance of indigenous peoples' culture, heritage and traditional rights and supports the identification, recording, management and protection of indigenous cultural heritage sites. **BHP Billiton Ltd.***

Resource tip: It should also be noted that some companies with substantial interactions with and/or impacts on indigenous peoples have taken the step of preparing a dedicated indigenous peoples policy. Whether preparing such a dedicated policy or incorporating the issue into the overarching human rights policy, the UN Global Compact's *The Business Reference Guide to the UN Declaration on the Rights of Indigenous Peoples* (<https://www.unglobalcompact.org/resources/541>) is a useful resource for companies with potential impacts on the rights of indigenous peoples. For examples of how companies are respecting and supporting the

⁶¹ *Children's Rights and Business Principles*, UNICEF, UN Global Compact & Save the Children, 2012. Available at: https://www.unglobalcompact.org/docs/issues_doc/human_rights/CRBP/Childrens_Rights_and_Business_Principles.pdf (Accessed 15 March 2015)

⁶² *Children's Rights in Policies and Codes of Conduct: a tool for companies*, UNICEF and Save the Children, 2013. Available at: http://www.unicef.org/csr/css/Children_s_Rights_in_Policies_26112013_Web.pdf (Accessed 7 May 2015)

rights of indigenous peoples, see *The Practical Supplement to the Business Reference Guide to the UN Declaration on the Rights of Indigenous Peoples* (<https://www.unglobalcompact.org/resources/1451>).

Migrant workers

*Those who face the poorest access to diabetes care are vulnerable population groups such as low-income groups in emerging economies, children, migrants in developed countries and other disadvantaged communities. Novo Nordisk's approach to access to health focuses on vulnerable groups in general – whether they live in the developing world or are disadvantaged groups in rich societies. **Novo Nordisk***

Security

*That the task of guaranteeing the security of our employees, assets, and facilities is developed with efficiency but also with total compliance with the law and with respect to human rights. **Cerrejón***

*We only allow armed security when required by law or when considered that there is no other way to manage security risks. All armed guards must meet our standards, based on UN guidelines and conventions on the use of force and the Voluntary Principles on Security and Human Rights. Armed guards must first try to resolve a security incident without using force. If this fails then they should only use the minimum force needed and offer help to anyone – including offenders – injured as a result. **Royal Dutch Shell plc***

KEY READINGS: Components of a human rights policy – other rights

- *Human Rights Translated: A Business Reference Guide*, Castan Centre, International Business Leaders Forum, United Nations Global Compact and OHCHR, 2008. Available at: http://www2.ohchr.org/english/issues/globalization/business/docs/Human_Rights_Translated_web.pdf (Accessed 15 March 2015)
- *Human Rights and Business Dilemmas Forum*: <http://hrbdf.org>
- Business & Human Rights Resource Centre website: www.business-humanrights.org/Documents/Policies

6. Next Steps - Path to Implementation

Developing a human rights policy is only the first step for a company to know and show that it respects human rights. Embedding it throughout the relevant processes and procedures of the whole business is necessary to ensure its effective implementation.

A properly embedded human rights policy will guide the human rights due diligence process that is necessary for a company to know and show that it respects human rights. Human rights due diligence is the ongoing process taken to identify, prevent and mitigate and account for negative human rights impacts which the company may cause or contribute to through its own activities or which may be directly linked to the company's products, operations or services by a business relationship. The process will vary in complexity with the size of the business, the risk of human rights impacts, and the nature and context of the business operations. Like the policy creation process, human rights due diligence should draw on internal and/or independent external human rights expertise and involve appropriate and meaningful consultation with potentially affected stakeholders. A human rights due diligence process comprises the following elements:

- (a) An assessment of the company's actual and potential human rights impacts
- (b) Integration of the assessment's findings across relevant internal functions and processes in order to ensure that potential adverse human rights impacts are effectively prevented and mitigated, and that actual impacts are remediated, as appropriate
- (c) Tracking the effectiveness of the responses taken to address actual and potential impacts through monitoring processes, including providing for or cooperating in the remediation of negative human rights impacts the company has caused or contributed to
- (d) Tracking progress, through appropriate metrics and systems and being prepared to communicate how human rights impacts are addressed

In addition to instituting a process of on-going human rights due diligence, companies are expected to have in place processes to enable the remediation of any adverse impacts that they cause or contribute to. When companies identify that they have caused or contributed to adverse impacts, they should either provide for remedy or cooperate in their remediation through legitimate

processes. Remediation may be achieved through judicial mechanisms or non-judicial mechanisms such as dialogue, mediation, or arbitration.

The key is to ensure that the human rights policy becomes more than just a piece of paper. Having a policy and doing nothing to implement it can potentially be worse than having no policy at all. Failing to act, or acting inadequately, in contradiction with a policy, can open a company to criticism from a wide variety of sources, not just human rights NGOs but also those who look at the integrity of its corporate governance. Implementation is therefore critical.

Key points to consider when moving towards implementation of the human rights policy

Assessing impact

- Undertaking a human rights baseline study for the business, including country-risk analyses
- Undertaking a human rights impact assessment at the time of acquisitions, engagement with new business partners and at the pre-feasibility stage of any major new project with the potential to negatively impact human rights, and on an ongoing basis as human rights risks may change over time. Some high risk operating contexts, such as conflict-affected areas, will require additional attention and heightened due diligence
- As part of their human rights approach, consulting potentially affected groups and other stakeholders in a meaningful way, with particular attention to vulnerable groups
- Assessing impacts from the perspective of impacted stakeholders, and prioritising action based on the severity and likelihood of impact to these stakeholders. For most companies, this will represent a subtle but significant departure from generic risk management frameworks which tend to focus on risks to the company

Note: In many cases, it is not possible to assess all the potential or actual human rights impacts a business has across all the areas of its value chain. This is particularly the case for businesses that have long or complicated supply chains. In these instances, businesses should identify areas where the risk of adverse impacts is most significant (*salient* human rights impacts) and prioritise these areas for human rights due diligence.

Integrating human rights throughout the company

- Integrating and acting on the findings of the impact assessment
- Engaging in ongoing stakeholder consultation to build relationships across the company and with external groups
- Reviewing company training to include human rights criteria as appropriate and identifying target groups that may need additional learning support
- Embedding human rights into management systems, including responsibilities in job descriptions and performance appraisals
- Designing or revising relevant business processes to incorporate due diligence. This may include mergers and acquisition processes and checklists, existing risk management systems or audit programs and processes to engage or manage relationships with business partners (e.g. dealers, franchisees, suppliers, licensees or customers) such as supplier pre-selection processes, capacity building activities and/or audit programs
- Revising the language of policies, procedures, operating procedures or other company documents to reflect the revised system, people and process changes
- Integrating human rights into the company's internal and external communications, e.g., Intranet or Web 2.0 systems, to ensure relevant stakeholders understand the policy and business implications of not adhering to it or failing to act on impact assessment findings

Taking action and tracking performance

- Taking action to address actual or potential impacts. The UN Guiding Principles provide that the action that the company should take will vary depending on whether (a) the company has

caused or contributed to an impact, or (b) it is directly linked to that impact through its business relationships⁶³

- Identifying indicators for measuring human rights performance, developing and implementing systems for acquiring qualitative and quantitative data, drawing on both internal and external feedback, including from affected stakeholders, and reviewing the findings to inform future strategy

Communicating on how impacts are addressed

- Having in place systems for tracking the effectiveness of the actions taken to address potential or actual human rights impacts
- Publically communicating on commitments, targets and performance (including through the Global Compact Communication on Progress for United Nations Global Compact participants). The communication should be of a form and frequency that reflects the enterprise's human rights impacts and that is accessible to its intended audiences
- The communication should provide information that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact

Resource tip: The *UN Guiding Principles Reporting Framework* aims to help companies meaningfully report on their human rights performance.

Remediation

- If a company finds that it has caused or contributed to negative human rights impacts, it is expected that it engages actively in remediation
- The company should provide for or cooperate in the remediation of such impacts through legitimate mechanisms
- Establishing or participating in operational-level grievance mechanisms can be an effective means of providing access to remedy for individuals and communities that may be adversely impacted by the company's activities if these mechanisms meet certain criteria.⁶⁴ Effective remediation processes can also help prevent impacts from escalating further
- However, it should be noted that grievance mechanisms should neither be used to undermine the role of legitimate trade unions in addressing labour-related disputes, nor to preclude access to judicial or other non-judicial grievance mechanisms

KEY READINGS: Next steps - the path to implementation

- UN Guiding Principles on Business and Human Rights (as above).
- *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide* (as above).
- *Human Rights Compliance Assessment Quick Check* (as above)
- *Human Rights and Business Dilemmas Forum*: www.hrbdf.org.
- *Human Rights and Business Country Guide*, Danish Institute for Human Rights. Available at: <http://hrbcountryguide.org/> (Accessed 15 March 2015)
- *Guidance on Responsible Business in Conflict-Affected & High-Risk Areas: A Resource for Companies & Investors*, UN Global Compact & PRI, 2010. Available at: https://www.unglobalcompact.org/docs/issues_doc/Peace_and_Business/Guidance_RB.pdf (accessed 15 March 2015)
- *Human Rights Due Diligence in High Risk Circumstances: Practical Strategies for Businesses*, Shift, 2014. Available at: http://shiftproject.org/sites/default/files/Shift_HRDDinhighriskcircumstances_Mar2015.pdf (Accessed 15 March 2015)
- *Bringing a Human Rights Lens to Stakeholder Engagement*, Shift, 2013. Available at: <http://shiftproject.org/sites/default/files/%20Bringing%20a%20Human%20Rights%20Lens%20to%20Stakeholder%20Engagement.pdf> (Accessed 15 March 2015)
- *Assessing the effectiveness of company grievance mechanisms*, CSR Europe, 2013. Available at: <http://www.csreurope.org/sites/default/files/Assessing%20the%20effectiveness%20of%20Company%20Grievance%20Mechanisms%20-%20CSR%20Europe%20%282013%29.pdf> (Accessed 15 March 2015)

⁶³ UN Guiding Principles, Principle 19.

⁶⁴ See UN Guiding Principles, Principles 29-31.

- “Remediation and Operational-Level Grievance Mechanisms” in *Oil and Gas Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights*, European Commission, 2012. Available at: <http://www.shiftproject.org/sites/default/files/OG/ECHRSG.OG.12.pdf> (Accessed 15 March 2015)
- *Human Rights Supplement to Communication on Progress Guidance* UN Global Compact. https://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/HR_COP_Reporting_Guidance.pdf
- *UN Guiding Principles Reporting Framework*, Shift & Mazars, 2015. See: <http://www.ungpreporting.org/> (Accessed 29 May 2015)
- Other United Nations Global Compact Guidance (regularly updated): www.unglobalcompact.org/Issues/human_rights/Tools_and_Guidance_Materials.html.

Sector Guidance on Implementing the UN Guiding Principles:

- European Commission guides for the Oil and Gas, Employment and Recruitment, and ICT sectors. See <http://www.shiftproject.org/ec-sectoral-guides-corporate-responsibility-respect-human-rights>
- Industry guidance, for example that produced by IPIECA (oil & gas sector), A4ID (legal profession), UNEP Financial Initiative (finance sector) etc., can be a very useful entry point for many businesses.

Human rights policies for small and medium-sized enterprises

The universal baseline expectation that companies should respect human rights applies to all companies regardless of size. Many of the legal pressures and some, though not all, of the commercial drivers for respecting human rights apply equally to big and small companies. For companies to show respect for human rights requires due diligence, of which a human rights policy is only the first step. How companies go about this in practice will depend considerably on the resources available, as well as the level of the company’s risk of negatively impacting human rights.

It is not unusual for multinational companies to have formal policies and procedures to ensure that non-financial issues like human rights are properly addressed company-wide, including across functions and business units, whereas such policies are rare or non-existent among small to medium-sized enterprises (SMEs). Human rights, however, are a new consideration even for many large companies and in the absence of a uniform template or regulation governing human rights policies, SMEs and multinationals alike can draw upon examples in this Guide to help develop a policy or position statement that is best suited to their own circumstances.

SMEs are reminded that many larger companies’ human rights policies often started as or even remain statements that are just a few paragraphs long; this may be the best model. In developing a human rights policy specific to their needs and situation, SMEs could check that their human rights policy/position statement shows that they have:

- Given overall responsibility for the policy to a senior figure in the company;
- Taken steps to understand the human rights issues that might be relevant (human rights focus);
- Involved colleagues from all departments or teams; and
- Talked with and listened to their stakeholders, possibly including those that may be affected by company activities.

And that the human rights policy or statement at a minimum has a sentence that is:

- An explicit commitment by the company to respecting human rights that refers to internationally recognized human rights standards.

In a small enterprise with very limited human rights risks, it may be sufficient to provide a policy note to staff, highlighting the responsibility to respect human rights and key issues for their attention (for example, non discrimination), what this means for staff practices and what accountability there will be (including the consequences for breaches).

Resource tip: The European Commission has published a *Guide to human rights for small and medium-sized enterprises*. See: http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr-sme/human-rights-sme-guide-final_en.pdf (Accessed 15 March 2015)