

Shift

Embedding Respect For Human Rights into your company's management systems and disclosure

6 March 2018 | Mumbai

About Shift

- The leading centre of expertise on the UN Guiding Principles on Business and Human Rights
- A non-profit organization led by a team that was centrally involved in developing the UN Guiding Principles
- Helping governments, businesses and their stakeholders put the UN Guiding Principles into practice
- Chaired by Professor John Ruggie, former UN Special Representative on Business and Human Rights
- Companies we are currently working with include ABN AMRO, Citi, Coca-Cola Company, Ericsson, Firmenich, Fujitsu, H&M, Heineken Group, Hitachi, Inditex, Next, PepsiCo, Procter & Gamble, Sime Darby, Statoil, Total, Unilever and Wells Fargo

www.shiftproject.org

Our plan and key questions to address for today

- **Session 1, 09:45 - 11:00:** Why does business responsibility to respect human rights matter?
- **Session 2, 11:15 – 13:00** What might be my organization's leading risks to people (salient human rights issues)?
- **Session 3, 13:30 - 15.00:** How can my organization deal with challenging realities when implementing respect for human rights?
- **Session 4, 15:15 – 16:30:** Practical implementation of the UN Guiding Principles on business and human rights

Ground-rules

- ***Participate, Discuss, Ask questions, Raise challenges***
- You are the experts in your respective businesses
- Share your knowledge and expertise: learn together
- Chatham House Rule: Confidentiality within the room
- Don't leave something unsaid

Session 1: The Corporate Responsibility to Respect Human Rights

Why human rights matter for companies, and what is expected of them when it comes to impacts on people

Business and Human Rights Headlines



India to legalise mica mining in bid to tackle endemic child labour

Bengaluru garment hub's dirty secret: Sexual harassment in the workplace

Indian leather workers risk health, life to make shoes for global market: report

Bayer and Syngenta exposed thousands of Indian farmers to highly hazardous pesticides

Rajasthan Stone Quarries: Promoting Human Rights Due Diligence and Access to Redress in Complex Supply Chains

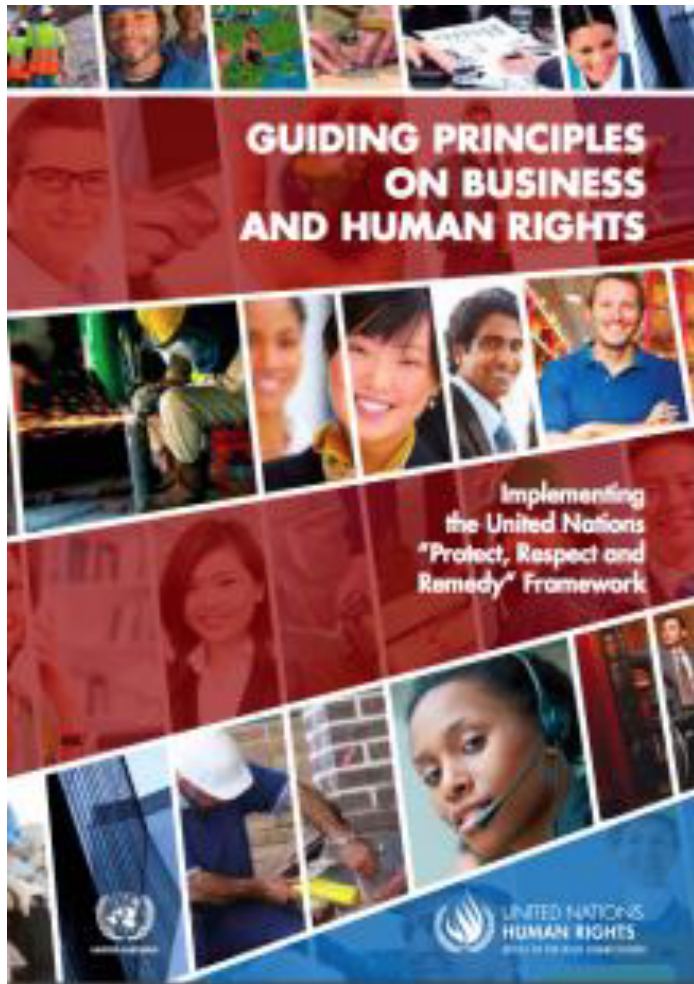
What are human rights?



EXAMPLES OF BUSINESS IMPACTS ON PEOPLE

Human Right	Example of how business might be involved with an impact on the right
Right to enjoy just and favorable conditions of work	<ul style="list-style-type: none">• Cleaning staff that are employed by a third-party company and are paid extremely low wages with no or very limited entitlements to sick pay or leave
Right to an adequate standard of living	<ul style="list-style-type: none">• Failing to provide adequate sanitation facilities for workers in a company-owned factory.
Right to freedom of movement	<ul style="list-style-type: none">• Employers withholding workers' identity documents (for instance, where migrant workers are relied upon by companies or their suppliers).
Right to life	<ul style="list-style-type: none">• Lethal use of force on peaceful protesters by security forces to protect company resources, facilities, or personnel;

UN Guiding Principles on Business and Human Rights

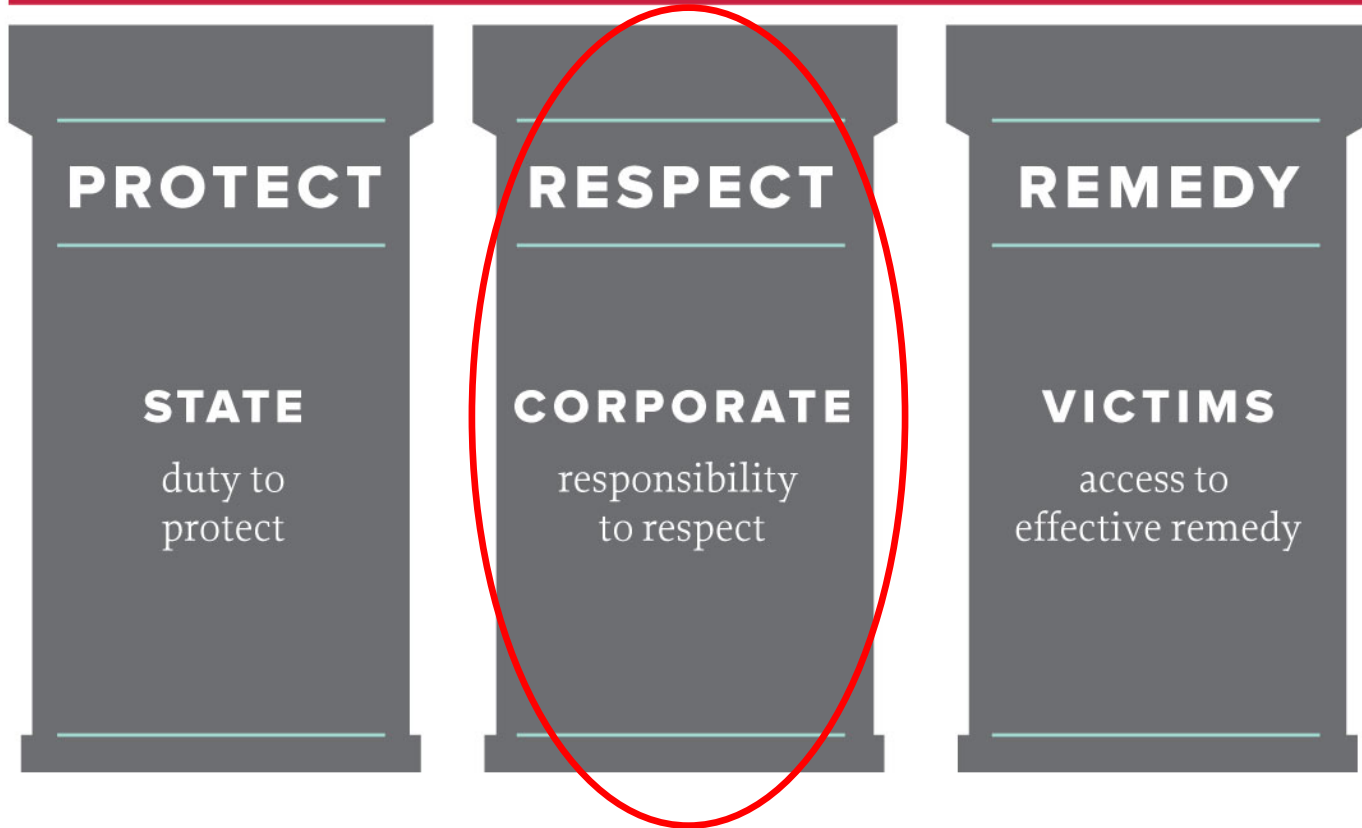


31 principles

Since 2011, convergence of International standards on Human Rights towards the Guiding Principles

THREE PILLARS of the UN GUIDING PRINCIPLES

HUMAN RIGHTS



Corporate Responsibility to Respect

Basic Premise: Prevent and Address Harm to People

Corporate Responsibility to Respect Human Rights

- Manage **risk to people**, not just risk to business
- In own operations and all **business relationships**
- Compliance with **national law** may not be sufficient
- **Cannot offset** negative impacts by 'doing good'



Policy Commitment
and Embedding

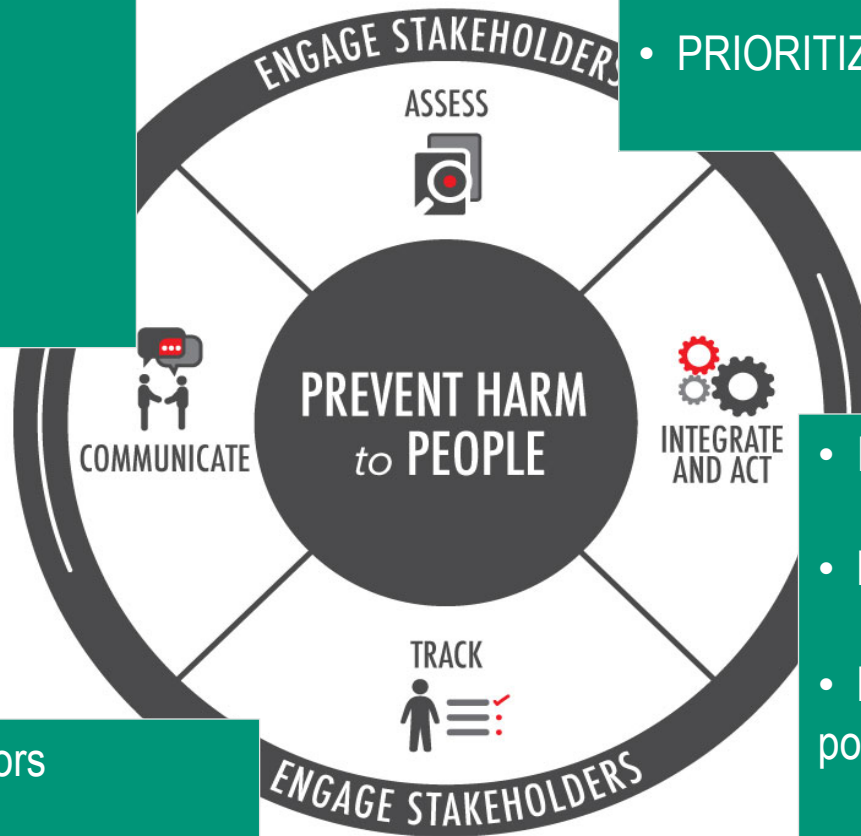
Human Rights Due
Diligence

Remedy and Grievance
Mechanisms

Human Rights Due Diligence

- INFORM stakeholders, wherever appropriate
- REPORT formally on significant risks

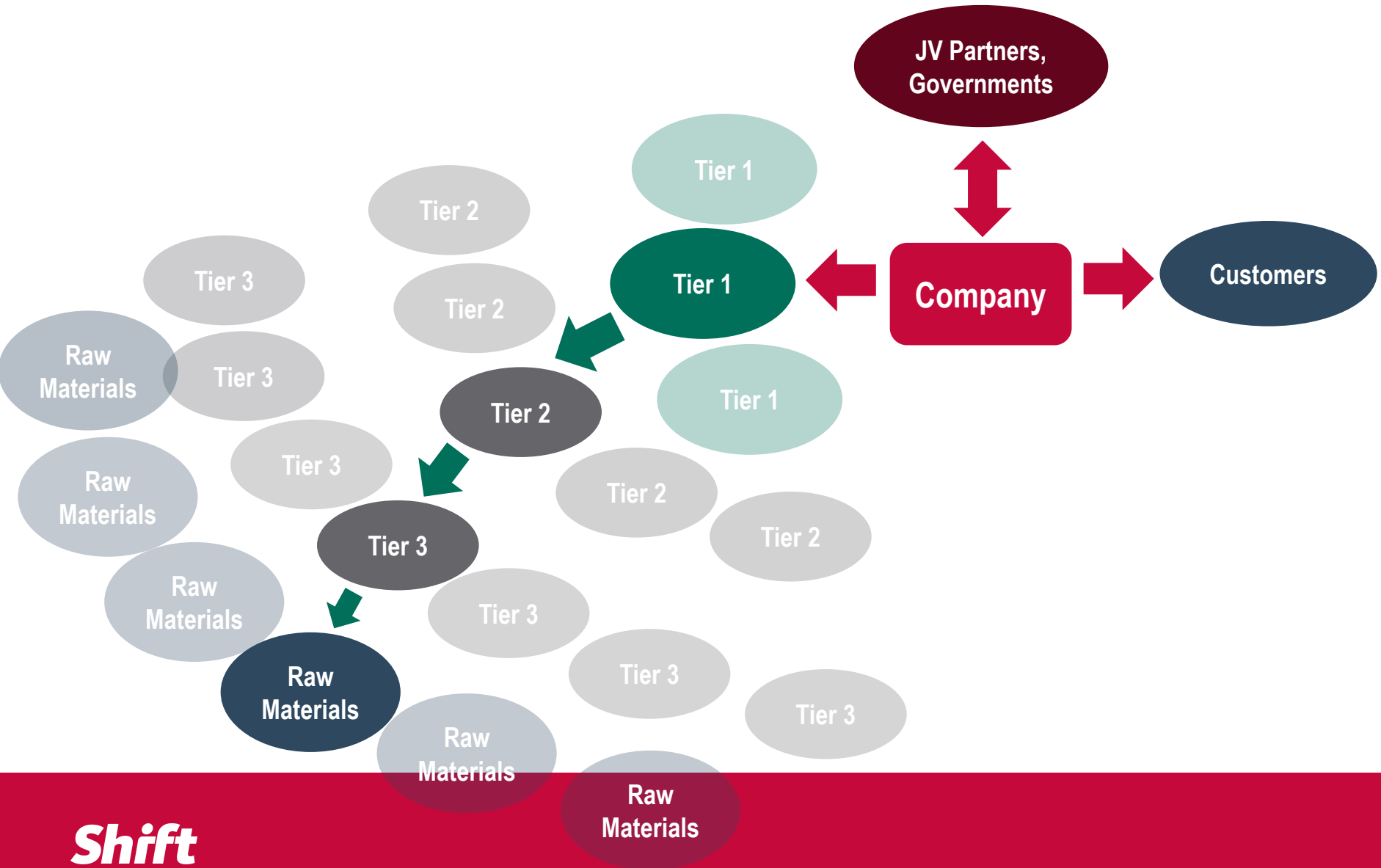
- IDENTIFY impacts on people
- EVALUATE their severity
- PRIORITIZE for attention



- DEVELOP indicators
- MEASURE effectiveness

- INCORPORATE findings
- BUILD leverage
- PREVENT and MITIGATE potential impacts
- REMEDY actual impacts

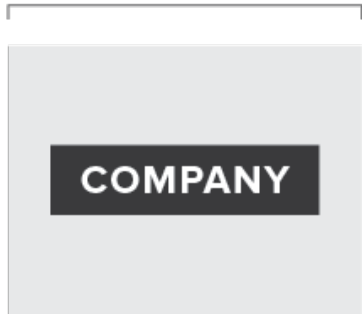
Look for risk *beyond* the direct commercial relationships



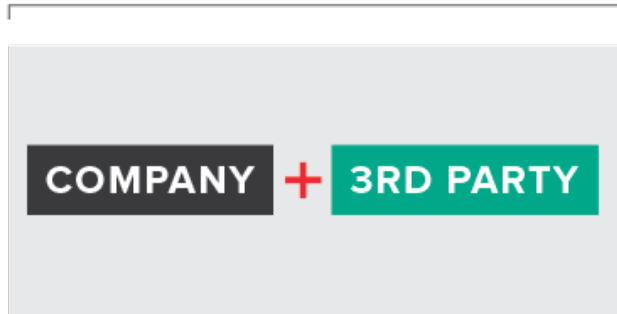
ROLE in IMPACTS



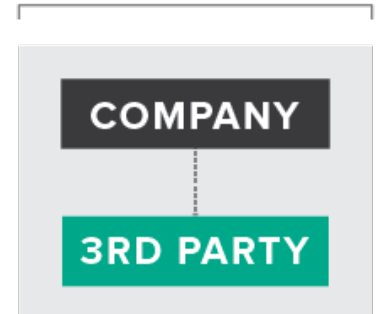
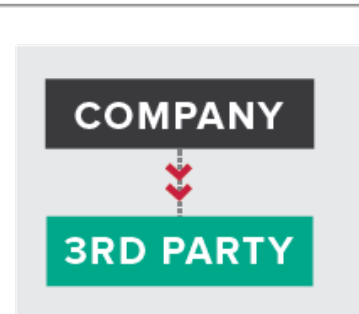
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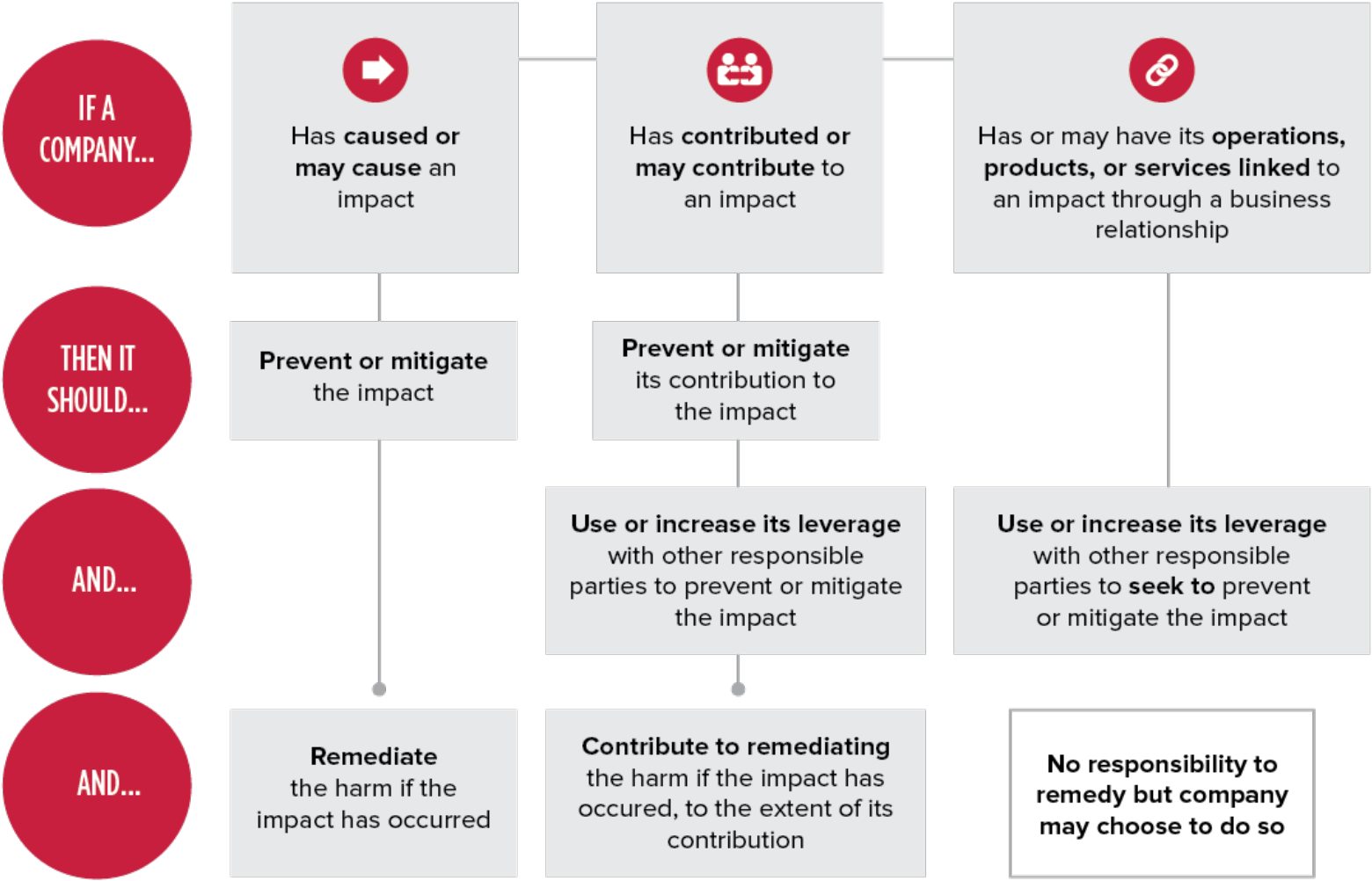
CONTRIBUTE



LINKAGE



Differentiated Responsibility



Exercise # 2: Anvil Mining

- In October 2004, the town of Kilwa, Democratic Republic of Congo (DRC), was the site of fighting between the Congolese Armed Forces and a small group of rebels.
- The armed forces launched the attack to take control of the town following a short occupation by the rebels. During this fighting, the soldiers committed serious human rights violations against civilians, including summary executions, arbitrary arrest, rape and torture.
- Anvil Mining operated the Dikulushi copper mine near Kilwa. Witnesses alleged that Anvil Mining *provided transportation (planes and vehicles)* to the Congolese Armed Forces during this event.

The company responded...

- During an interview with an Australian television channel (ABC) on 6 June 2005, the President and CEO of Anvil Mining, M. Bill Turner, responded to a question concerning the use of Anvil Mining vehicles by saying “*so what?*”
- He acknowledged that Anvil Mining had provided logistics to the army, following a “*request from the army of a legitimate government*”. He also added: “*We helped the military to get to Kilwa and then we were gone. Whatever they did there, that's an internal issue.*”

QUESTIONS:

1. How was Anvil Mining connected to the harm?
2. What do you think they should have done?

How can these issues impact businesses?

The business risk



The cost of NOT managing human rights issues

- **Mining**: project with expenditure of US\$3-5 billion will suffer costs of roughly US\$20 million per week (Cost of Conflict Research)
- **Apparel**: 130 strikes over wages in Cambodia in 2013, Garment Manufacturers Association estimated US\$200m loss and reduction in future orders.
- **Palm Oil**, Liberia: Business Plan predicated on development of 10,000 hectares per year. Due to mismanaged community relations, only 3,000 hectares developed since 2009.

The business opportunity



Session 2

Identifying and Prioritizing Human Rights Issues

Assessing potential impacts

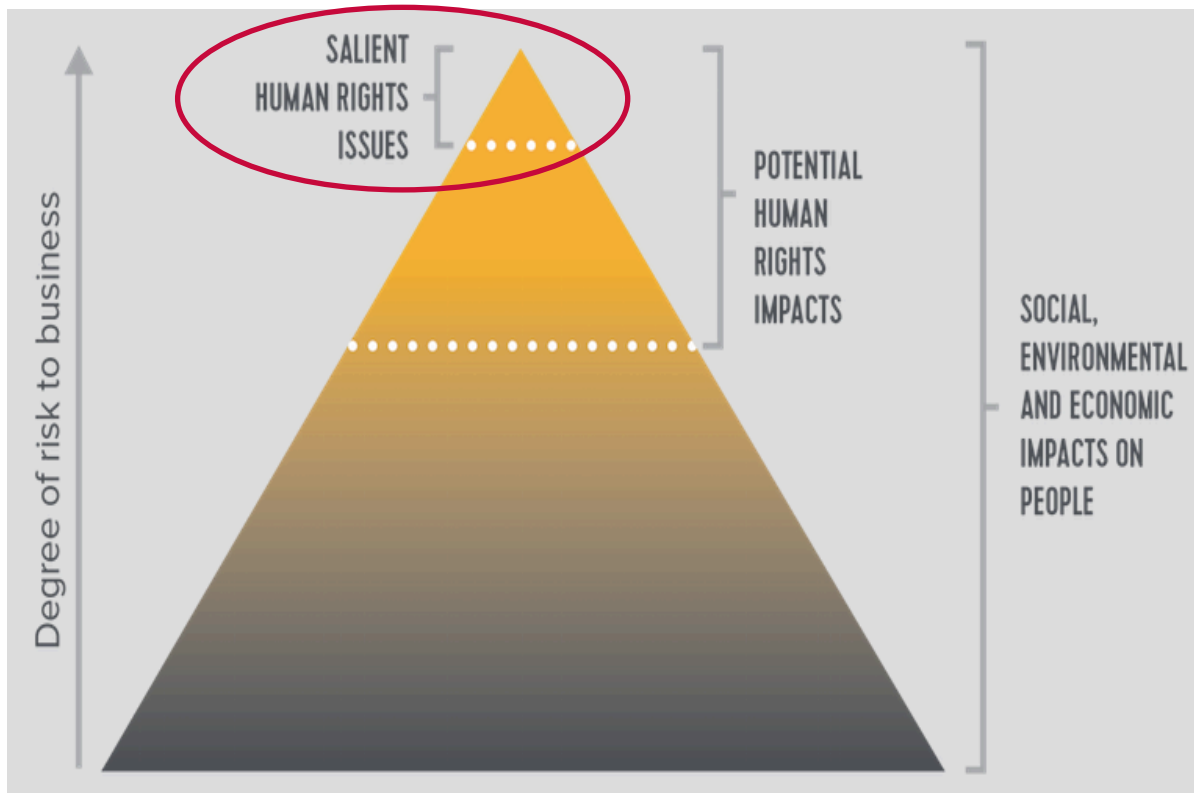
- IDENTIFY impacts on people
- EVALUATE their severity
- PRIORITIZE for attention



Which human rights impacts?

UN Guiding Principle 24:

“Where it is necessary to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate **those that are most severe** or where delayed response would make them irremediable.”



Salient Human Rights Issues:

The human rights at risk of the most severe negative impacts through the company's operations and value chain.

Determining Severity

- Taken from the perspective of the *affected stakeholders*
- Comprised of three factors:
 - **Scale:** How grave or serious is the impact?
 - **Scope:** How widespread is the impact? How many people could be affected?
 - **Remediability:** Would it be possible to make good the harm if the impact were to occur?
- Salient human rights issues tend to become risks to business also.

“Salient” and “material”



Key is Purpose:

To most effectively minimize harm to people’s human rights from the business...

...thereby reducing related risk to the business, and protecting and creating long-term value.

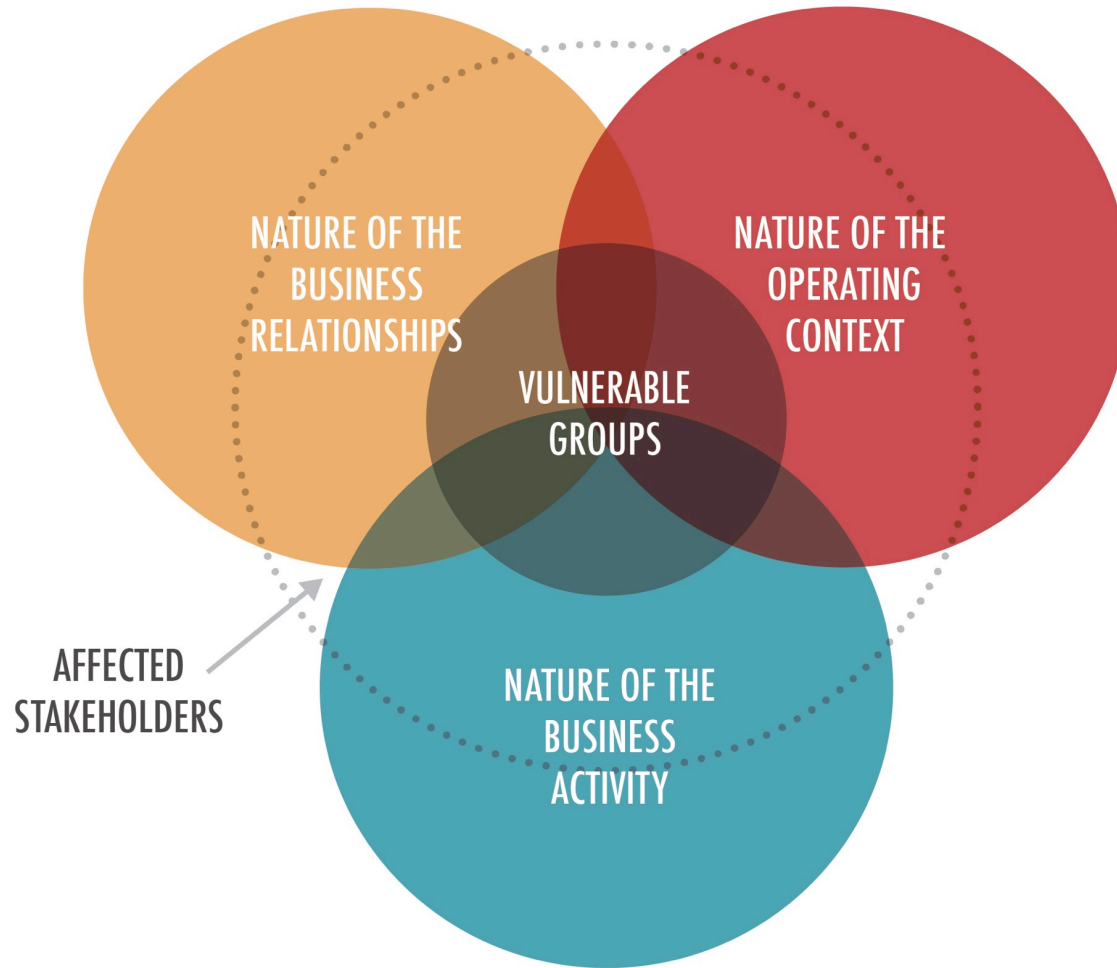
Why salience?

- ✓ The focus is always on those human rights that are **at risk of the most severe negative impact** => risks *to people*;
- ✓ it's a principled, risk-based method you can explain and stand by;
- ✓ it is therefore less prone to pressure from the conveyor belt of 'new issues';
- ✓ it's compatible with GRI materiality criteria, but specifies those that matter for human rights;
- ✓ it removes blind spots often found in approaches that start from the lens of risk to business
- ✓ it's what you're focusing on in practice so it's most relevant to report on too;

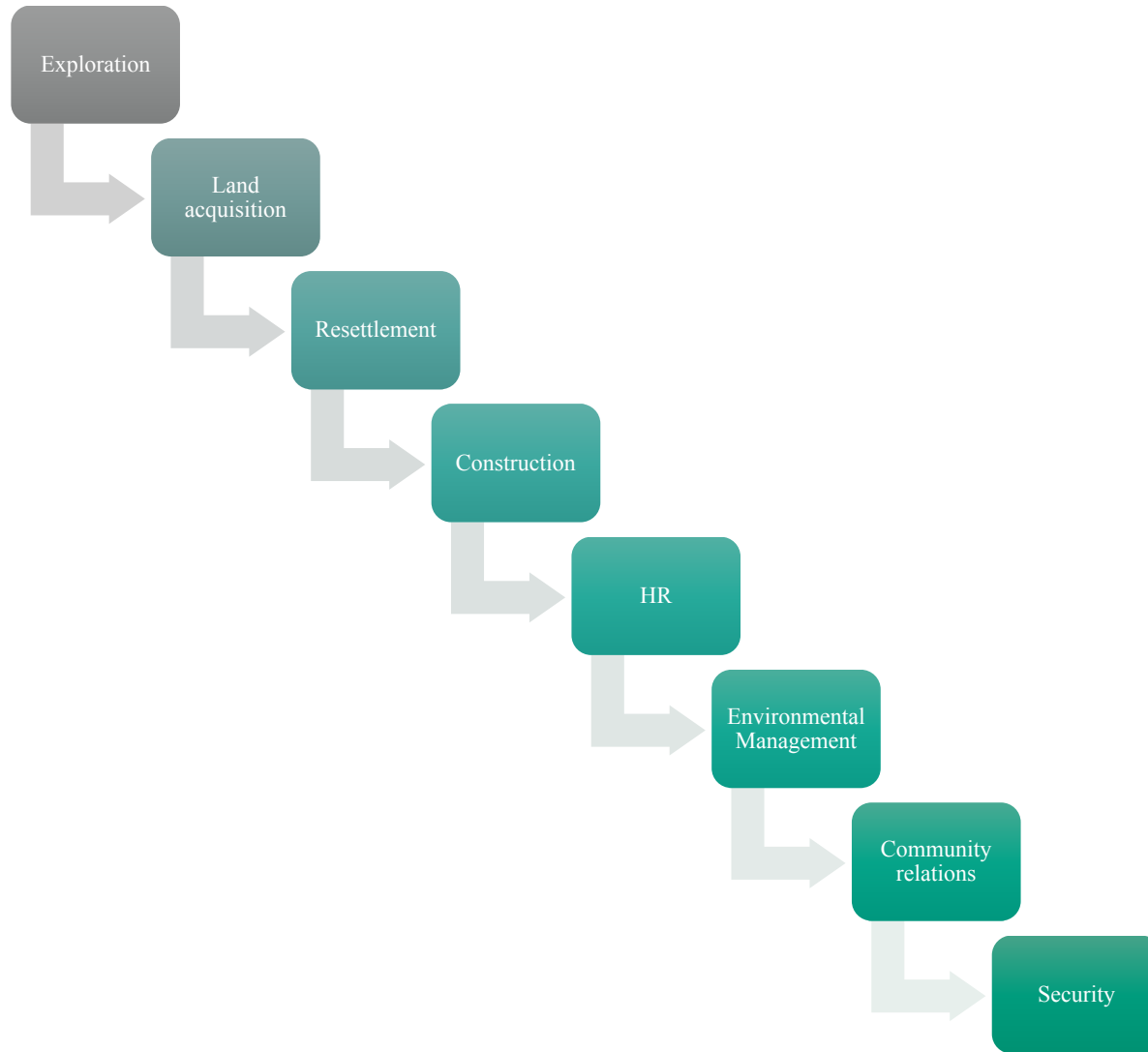
Identifying human rights risks

Potential and actual impacts on specific groups of people

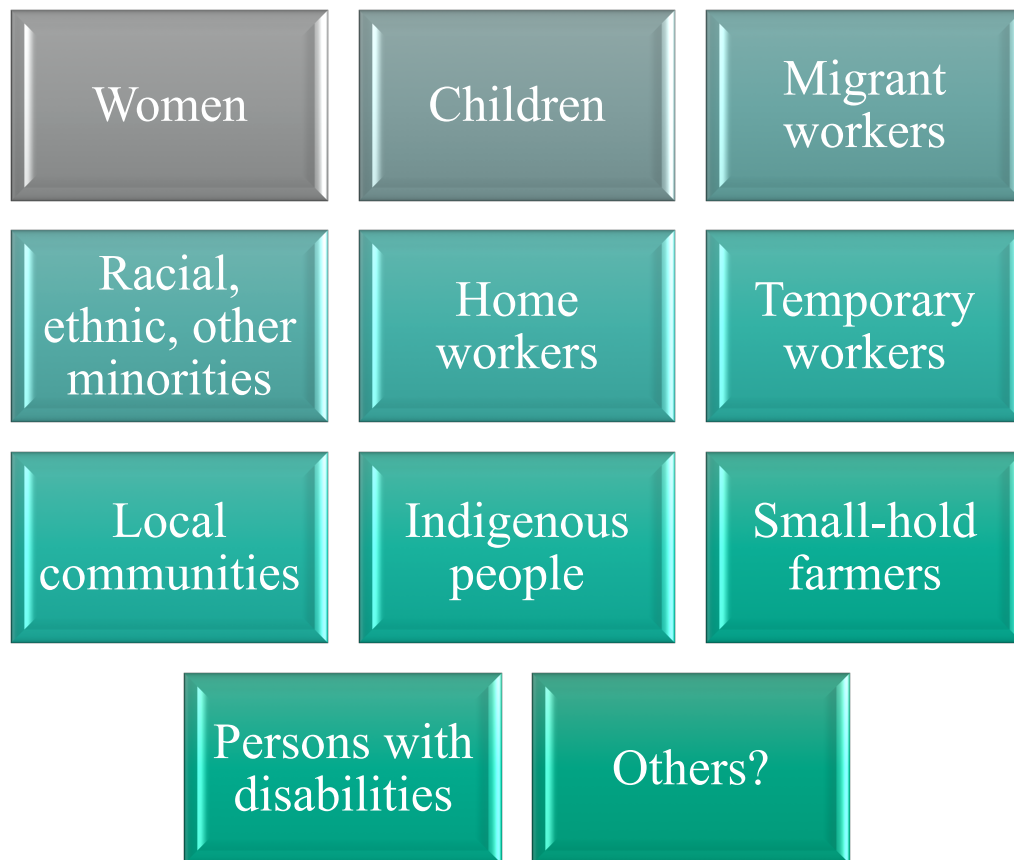
Where to focus?



Map Key activities in business (including supply chain)



Presence of vulnerable groups?



Identifying impacts on specific groups of people

	Direct workers	Contractor workers	Child workers	Women in community	Children in community	Indigenous people	Other groups?
Exploration							
Land acquisition							
Resettlement							
Construction							
Human resources							
Environmental management							
Community relations							
Security							
Procurement							
Transportation							
Closure planning & reclamation							

Exercise # 3: Identifying risks - InterCorp

InterCorp is a global, publicly-listed, consumer goods company headquartered in India. InterCorp was launched 10 years ago with a focus on healthy packaged snacks, and a strong company narrative around the power of business to contribute to social and economic development through fair partnerships with supply chain partners and doing business in environmentally sustainable ways. InterCorp has experienced rapid growth as a lifestyle brand, expanding into new and diverse product lines, including additional food products and essential items for the complete kitchen (cooking utensils, pots and pans, and even small appliances). In order to meet increasing demand, InterCorp is expanding its production and looking at entry into new emerging markets, with the intention of maintaining its low cost, high-quality products, while promoting economic development through job creation and economic activity in the new markets it enters.

Use the issue identification matrix to plot the key business processes and stakeholders groups. Then:

1. What are the human rights risks that InterCorp should be concerned about?

Prioritizing human rights risks

Focus on severity of risks to people

Prioritizing Risks

Across our business footprint, which risks should we focus on first?

SEVERITY

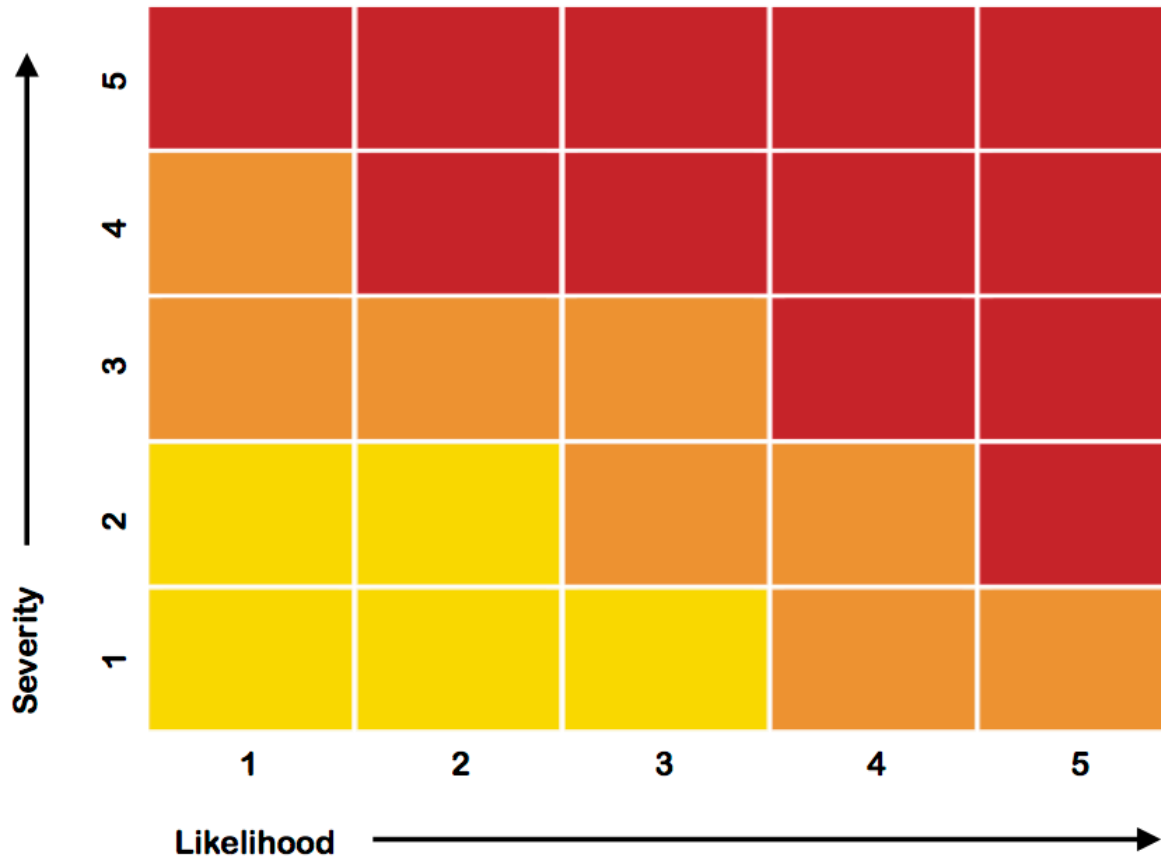
- Scale
- Scope
- Remediability

LIKELIHOOD

- Operating context
- Business Partners
- Activities
- Potentially Vulnerable Groups
- Existing Mitigation Measures

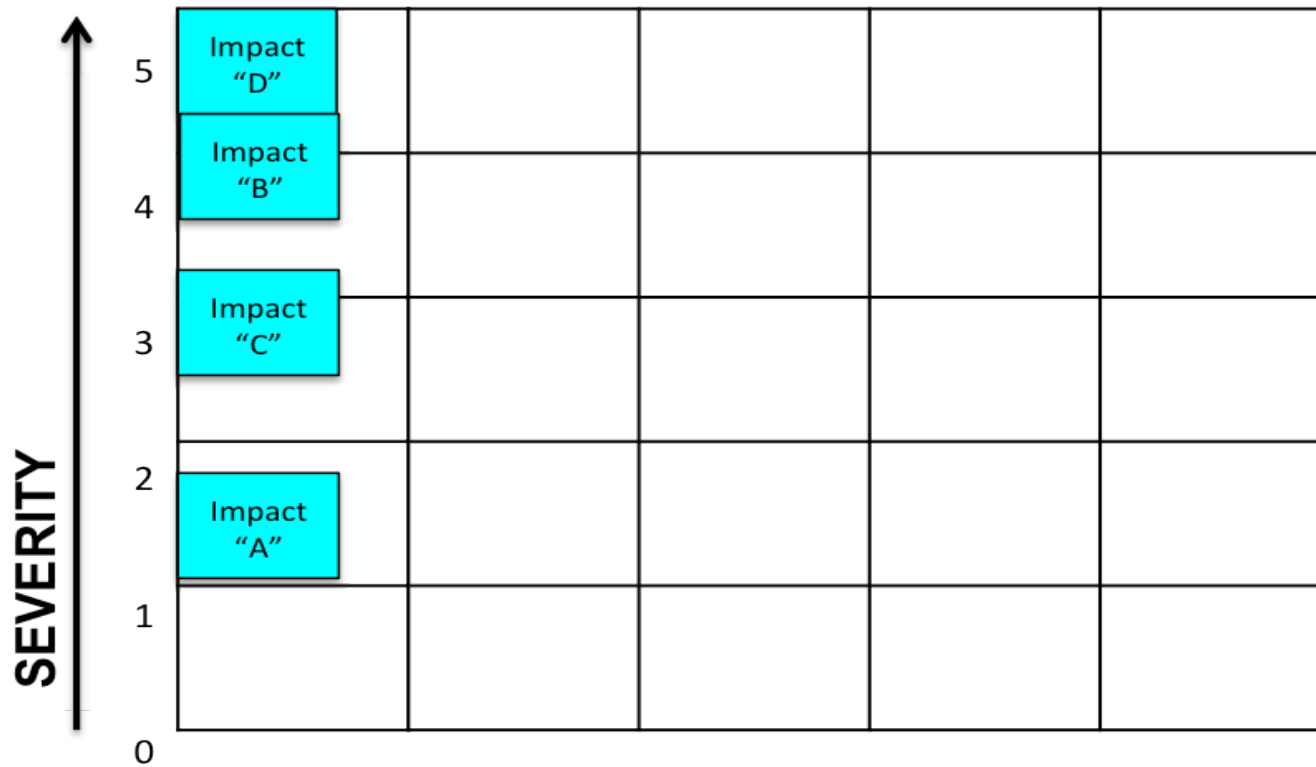
Key Tool: Human Rights Risks Heat Map

Severity is the dominant factor!

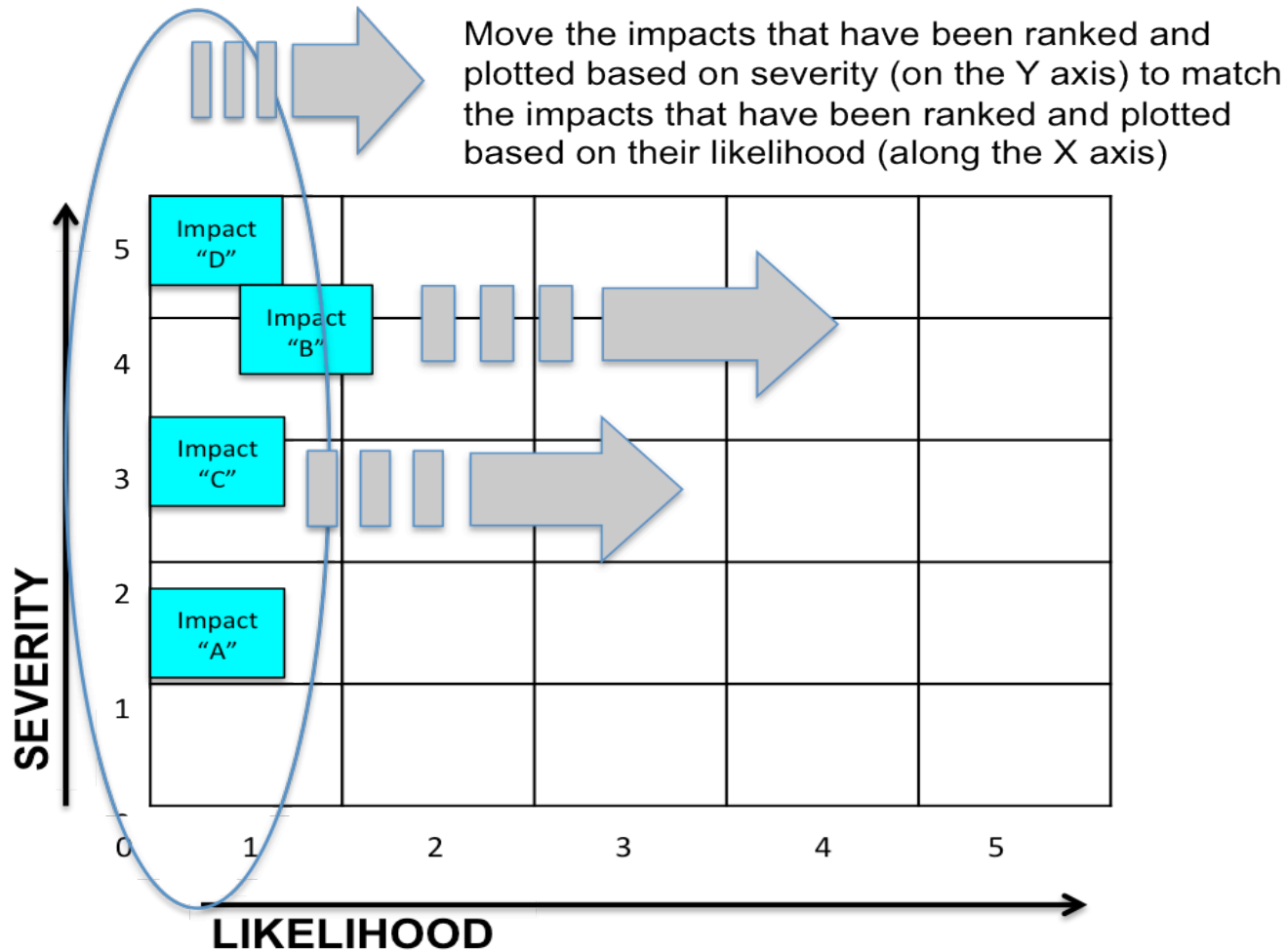


Severity: Primary Input

Plot results on the Heat Map



Add Likelihood Results



Exercise # 4: Prioritizing risks - InterCorp

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Use the salient human rights heat map to plot the previously identified salient human rights. Then:

1. Identify which issues should be prioritized first, and why?

Session 3

Implementing the responsibility to respect human rights

Corporate Responsibility to Respect

Basic Premise: Prevent and Address Harm to People

Corporate Responsibility to Respect Human Rights

- Manage **risk to people**, not just risk to business
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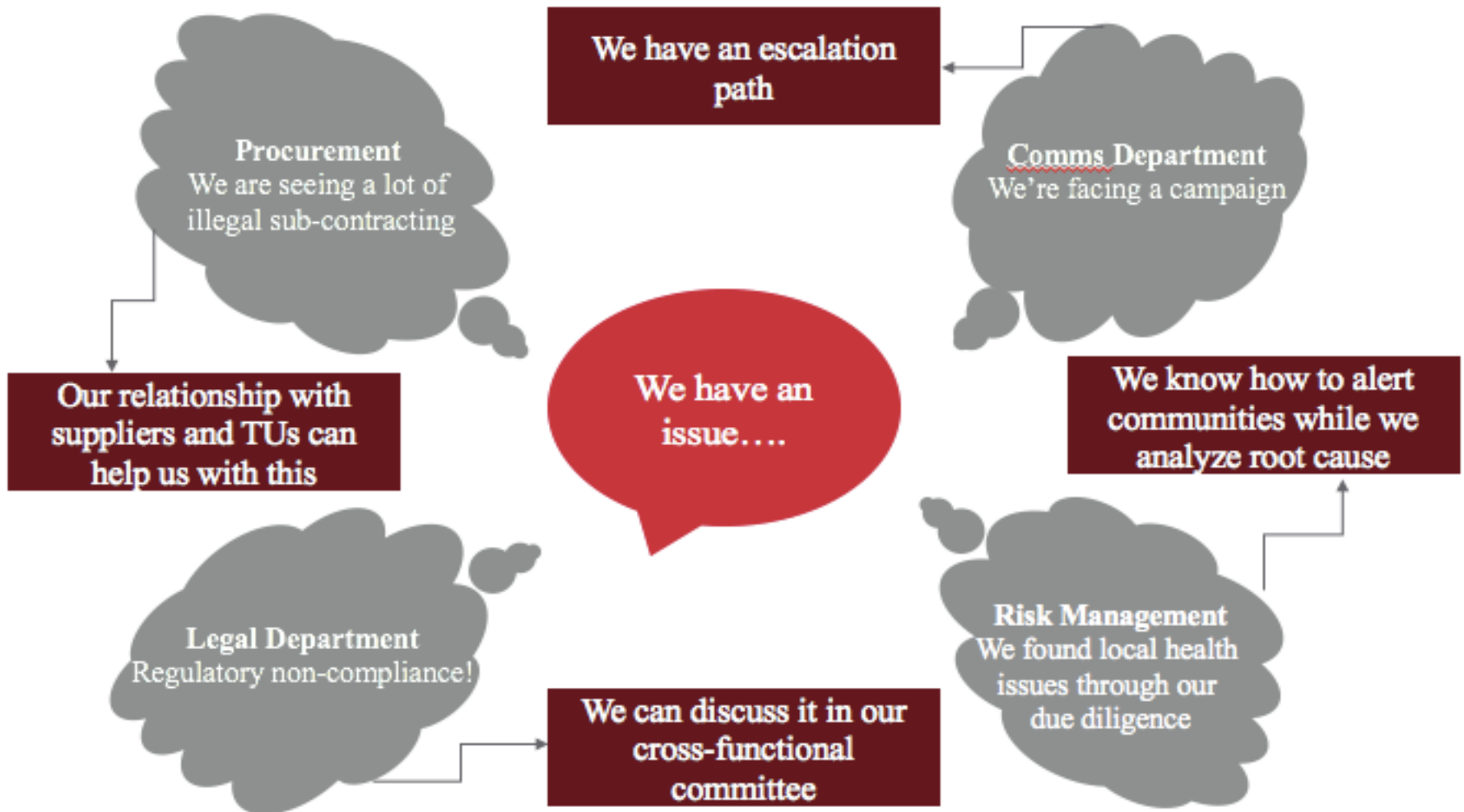
Policy Commitment
and Embedding

Human Rights Due
Diligence

Remedy and Grievance
Mechanisms

1. Embedding human rights

Good embedding.....



Discussion: Your company

- What external stimuli have helped drive human rights issues internally?
 - What gaps in embedding were uncovered?
 - What about company response helped to further embed human rights?
- How is management of human rights structured at your organization?
 - Is there shared cross-functional ownership?
 - Is the board involved in, and knowledgeable about, this topic?
 - What language is used by leadership: accessible and relatable?
 - What is working well and what are the challenges?
- What actions or activities helped to maintain the internal momentum on managing human rights issues?
 - Are there staff performance metrics?
 - Is it part of the organization's key strategy?
 - What challenges have you faced?

Organizing the human rights function

- **Cross-functional working groups**, bringing together relevant business functions in a collective platform to address and manage a company's human rights risks;
 - Advantages: Clear message of shared responsibility, dialogue, positive peer pressure
 - Disadvantages: Unclear ownership, accountability, sanctioning ability
- **Hosting a 'guide dog' function within existing business departments**, where the focus is typically on awareness-raising, information-sharing, support and guidance in helping relevant business units meet the enterprise's overall responsibility to respect human rights;
 - Advantages: Clear departmental 'home', strategy, accountability, leadership
 - Disadvantages: Disengagement of other departments
- **Legal and/or compliance-driven 'guard dog' models**, which place greater emphasis on oversight, compliance and accountability for implementation;
 - Advantages: Strong internal message, clear accountability and sanctioning power
 - Disadvantages: Risk of 'tick-box' approach, avoiding open discussions on issues
- **Separate responsibilities allocated across different departments**, through which various departments assume responsibility for different aspects of the company's responsibility to respect human rights
 - Advantages: Embedding in key functions, policies, processes and practices
 - Disadvantages: Semi-autonomous departments, relying on commitment of each

Key embedding questions

- Where is our company in process of embedding UNGPs and what are our most immediate needs in terms of embedding?
- Where in our company do the greatest risks to people lie?
- What role / responsibility is it most important for human rights function to have?
- Where do we find motivated individual leaders and institutional influence? How can they be further empowered to meet the responsibility to respect human rights?
- How to balance shared responsibility with clear leadership and accountability?
- What implicit messages might be sent by organising the function in a particular way?
- What role will the legal department play, and how can we foster alignment?
- What resources (human, financial, other) will be required – within function and across the organisation – to ensure effectiveness?

Good practice

- Context matters – being **strategic and purposeful**, rather than accidental
- Asking the right questions: **Who? What? Why? How?**
 - Who within company has leadership, influence, expertise, motivation to drive the function?
 - What will be the primary roles and responsibilities of the function?
 - Why does the company need to create/redesign a human rights function now, at this moment in time? To focus on what human rights priorities?
 - How can the function ensure shared responsibility across functions, as well as clear ownership and accountability?
- Taking an **evolutionary** approach
- **Define** the role
- Consider individual **leadership** and institutional influence
- Promote **shared responsibility** outside the function in lead department models
- Ensuring **leadership and accountability** inside the function in cross-functional working group models
- Aligning with legal
- Ensuring adequate **resourcing**

Insights on Embedding: Barriers and Enablers

Relatable Terms

Alienating
language

Smart Use of
Business Case

Leadership Exposure to
Human Rights Risks

Excessive
'Happy Talk'

Authentic Tone
from the Top

Participatory Functional
Risk Assessment

Misallocated
Impact
Ownership

Shared Cross-
Functional Ownership

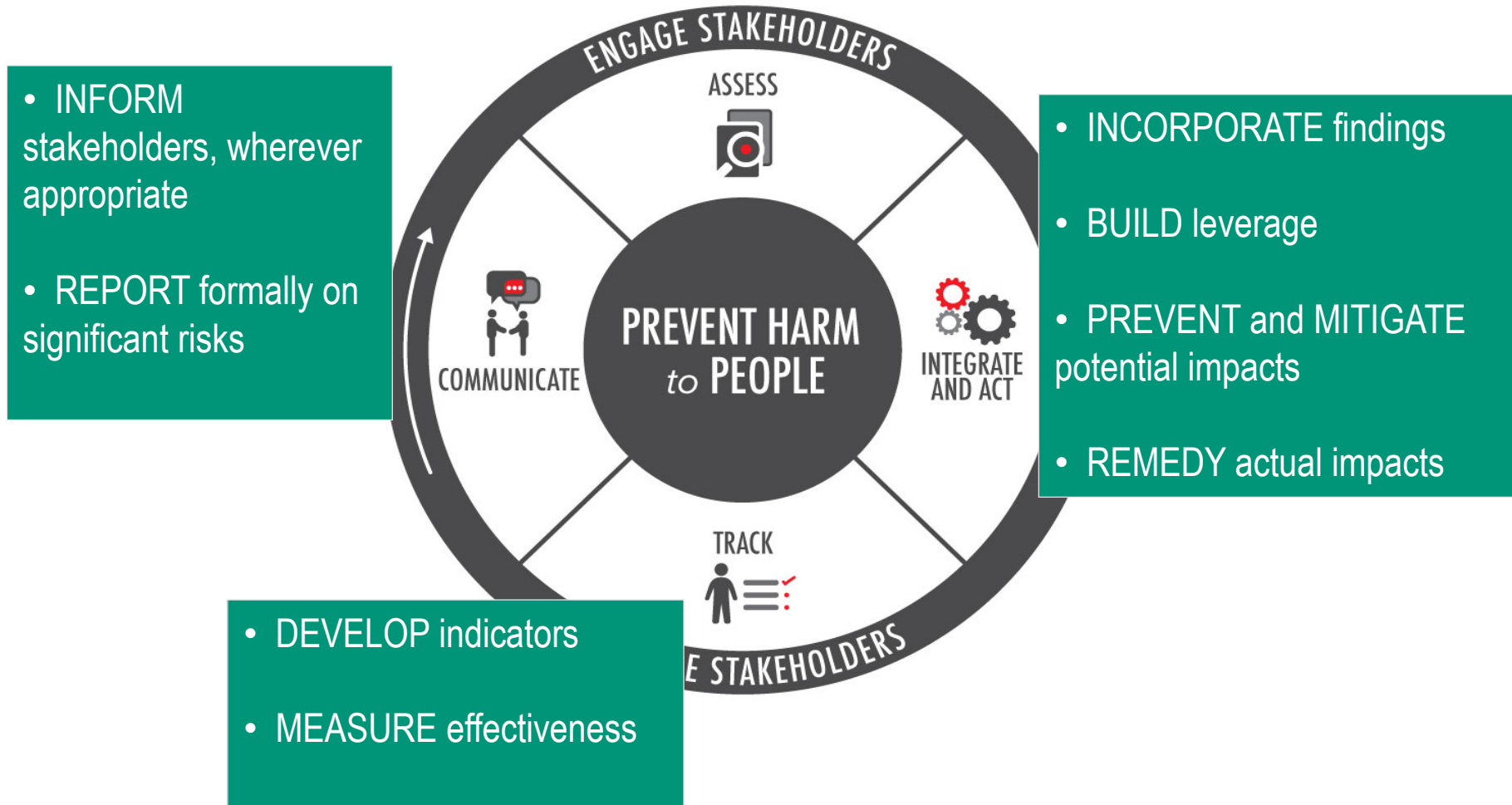
Staff Performance
Metrics

Weak
Tracking

Shift from Lagging to
Leading Indicators

2. Human Rights Due Diligence Process

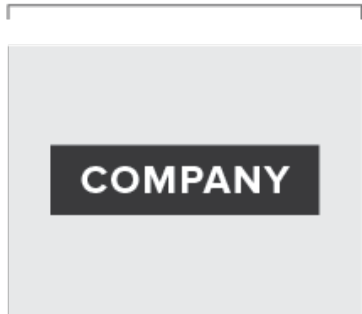
Human Rights Due Diligence



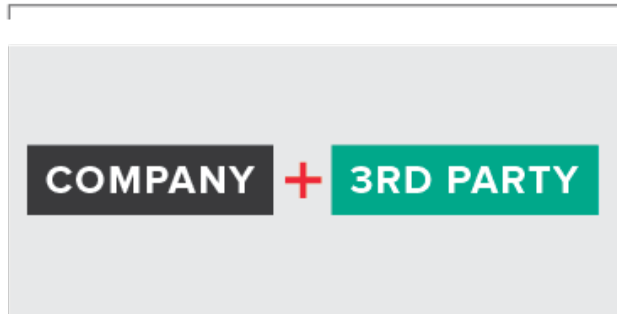
ROLE in IMPACTS



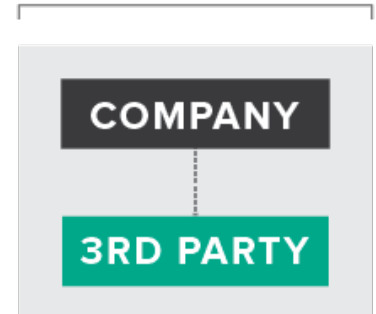
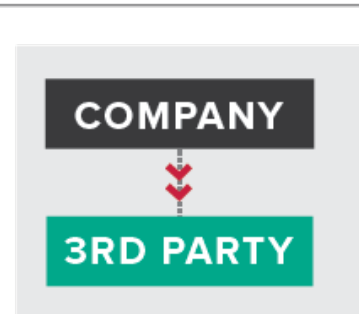
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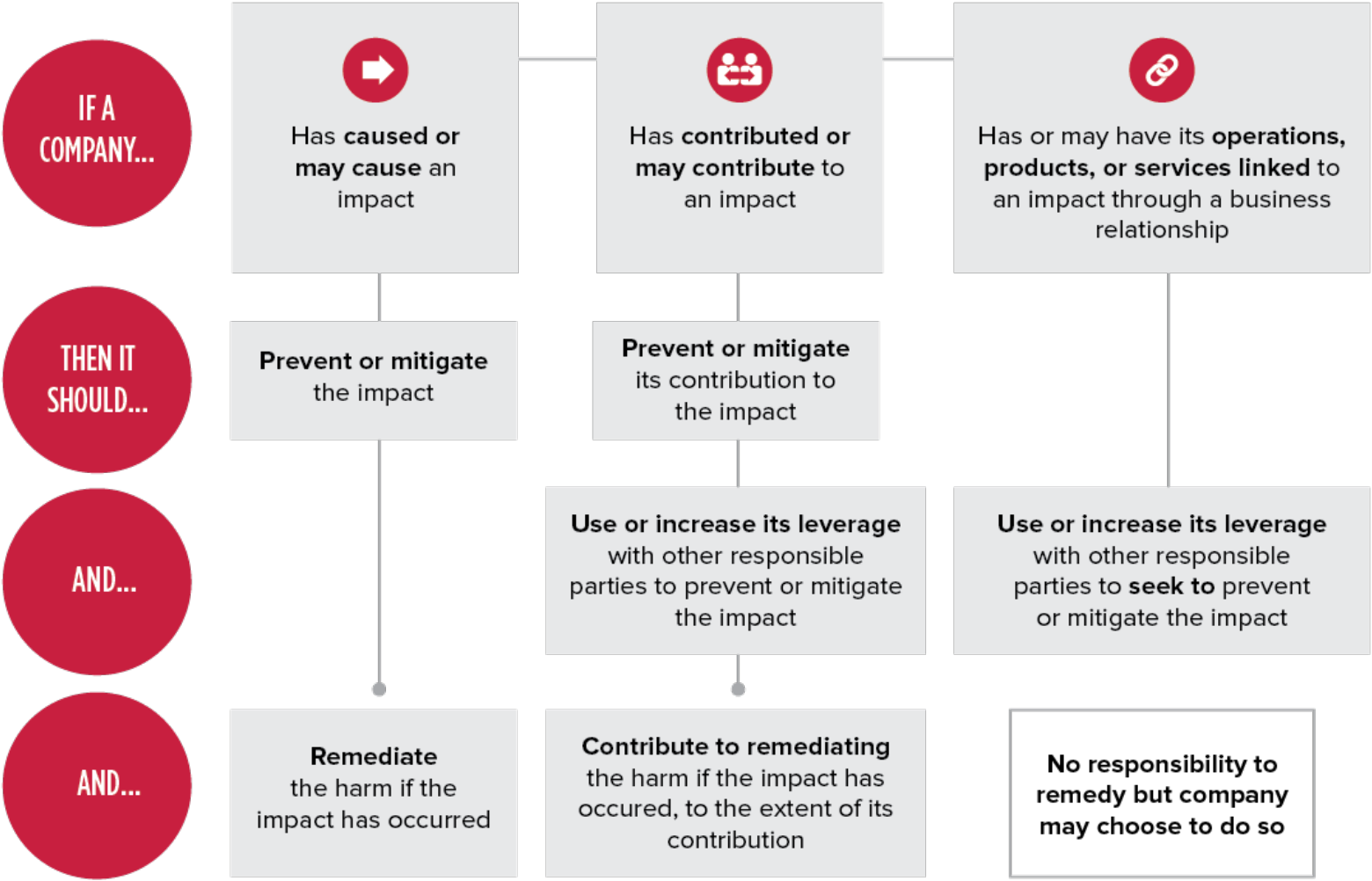
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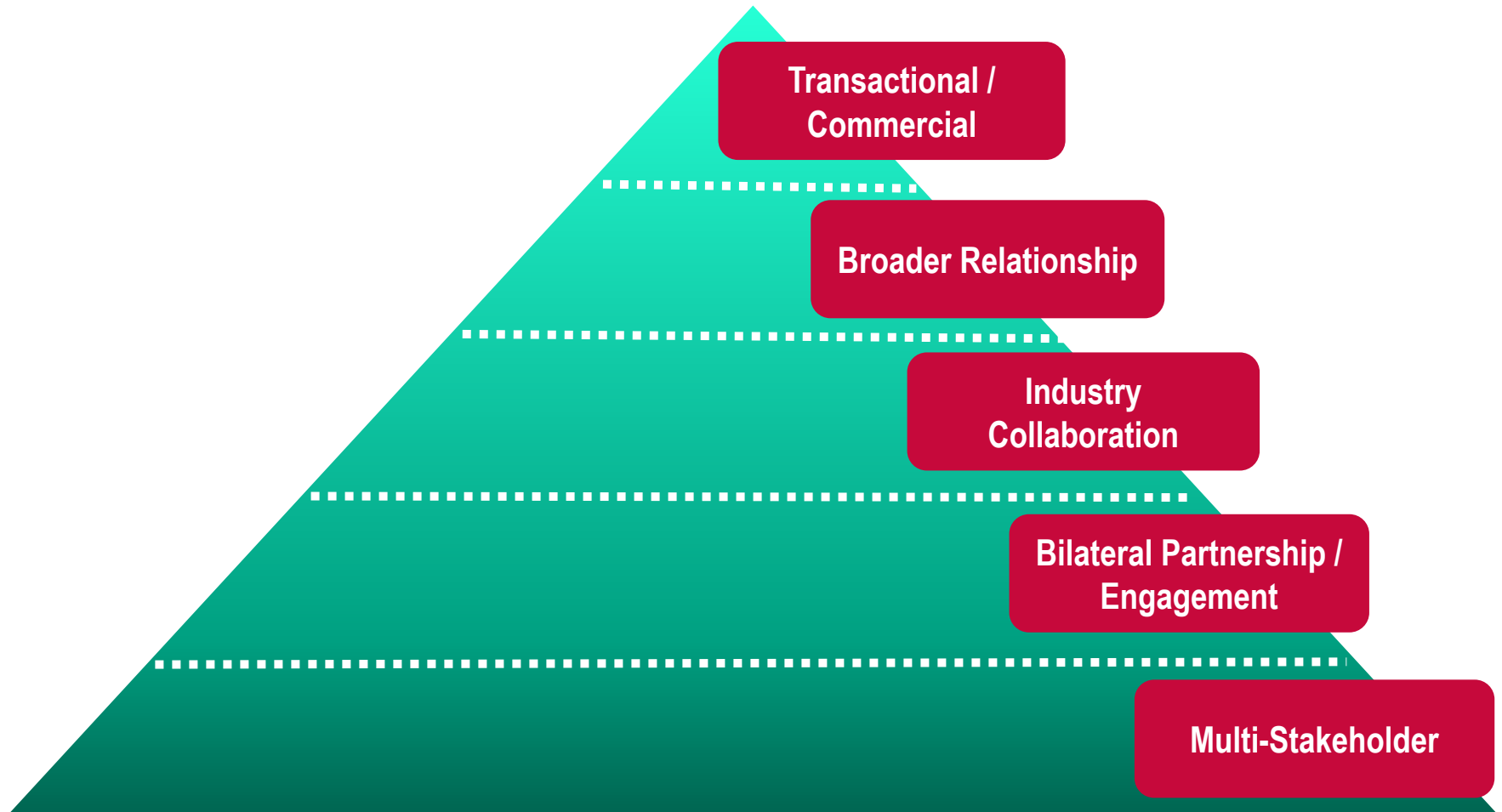
Differentiated Responsibility



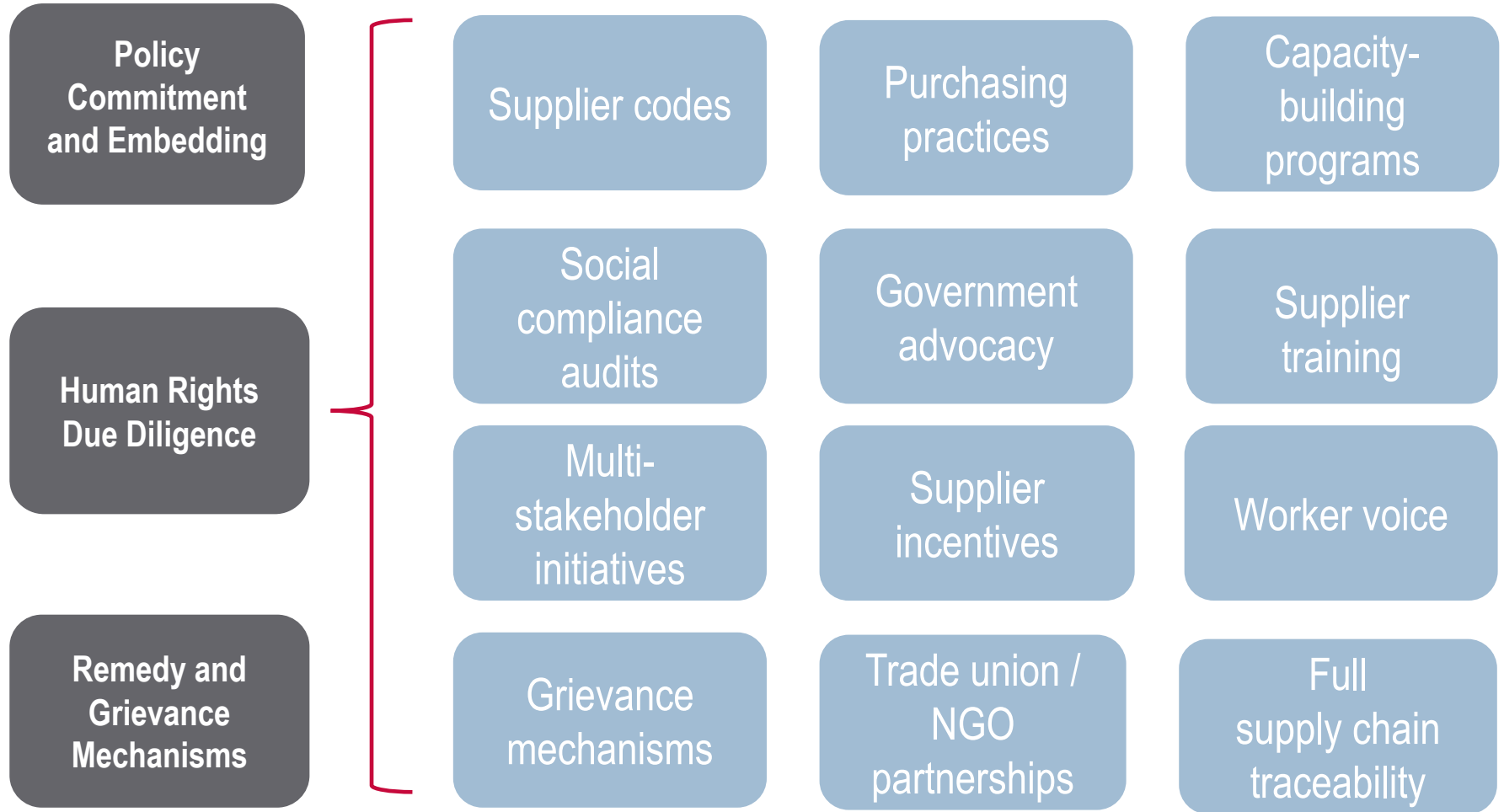
Leverage – what are some of the tools at your disposal?

- What are the examples in the room? How has your company addressed a human rights issue that it is connected to?
- Are there any examples of an issue that you have responded to that you are only linked to?

Leverage: Creative and Robust Toolkit



Human Rights leverage toolbox



Building leverage through collaboration

The logo for ACT consists of the letters 'A', 'C', and 'T' in a bold, white, sans-serif font, set against a dark grey rectangular background.

ACT

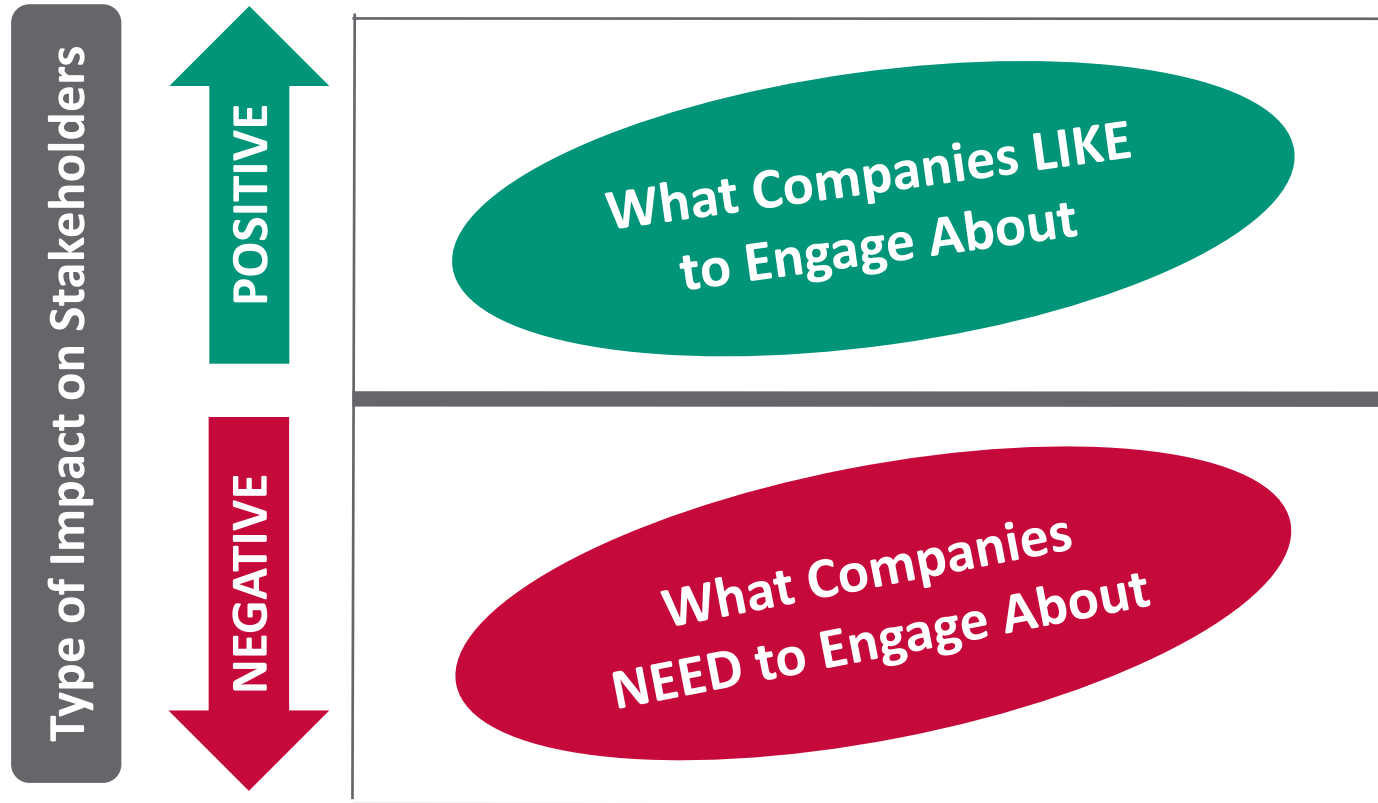
The full name of the initiative, 'Action Collaboration Transformation', is written in a dark grey, sans-serif font on a yellow rectangular background.

Action
Collaboration
Transformation

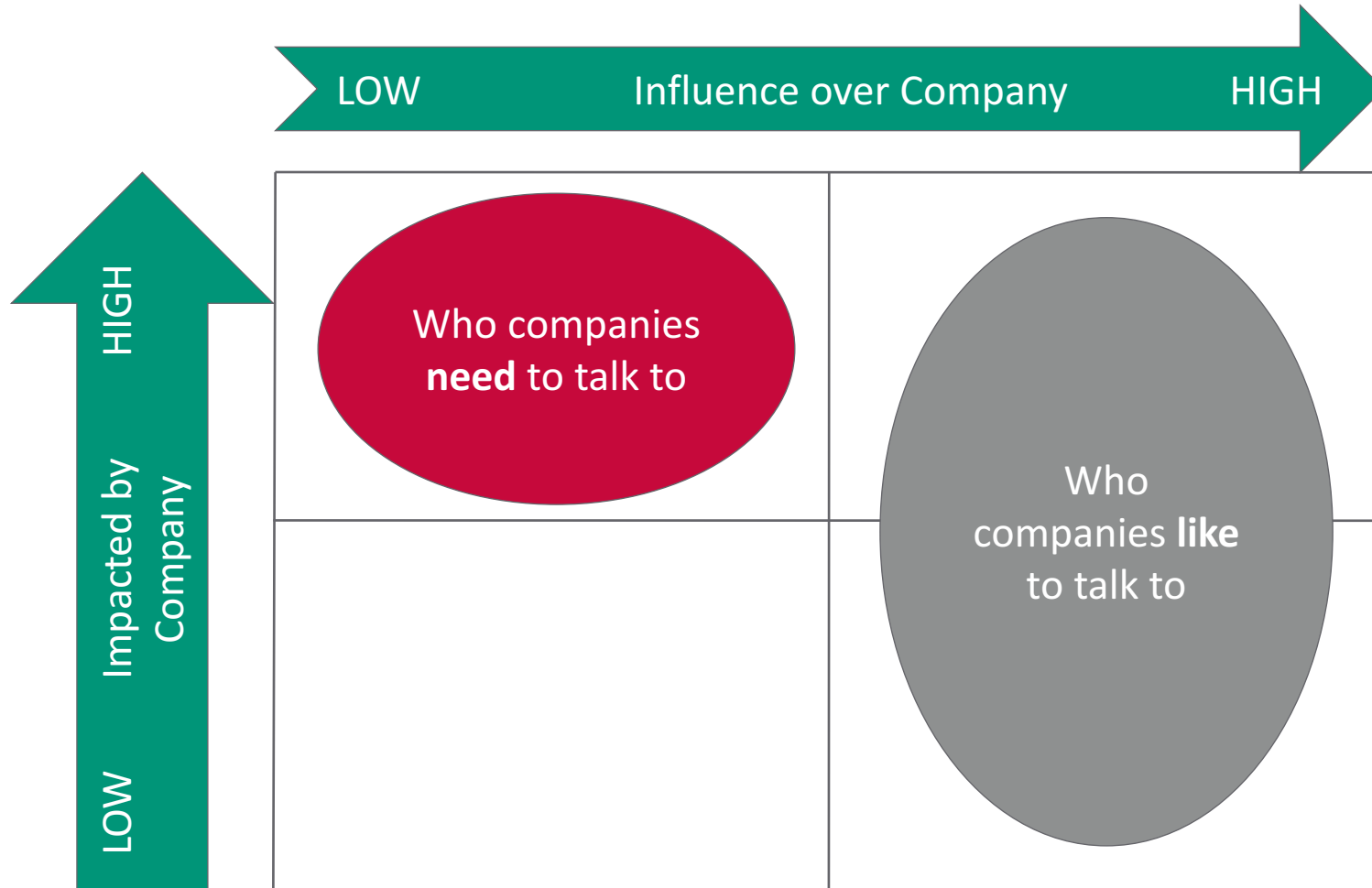
WHAT IS ACT?

ACT (Action, Collaboration, Transformation) is an initiative between international brands & retailers, manufacturers, and trade unions to address the issue of living wages in the textile and garment sector.

Stakeholder Engagement: What We Engage About

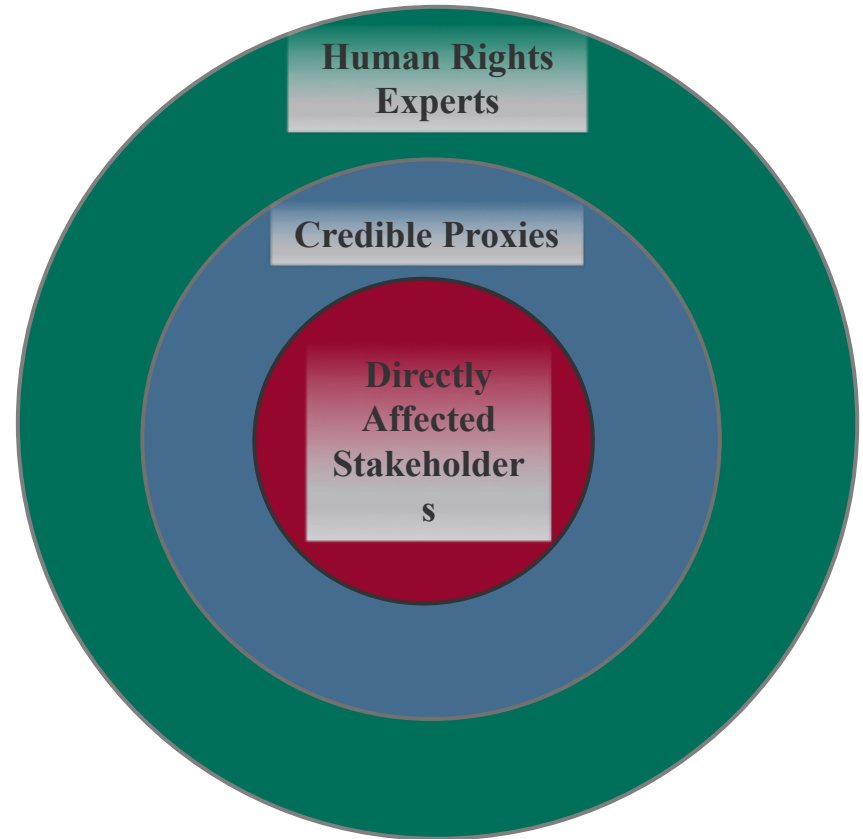


Stakeholder Engagement: Who We Engage With

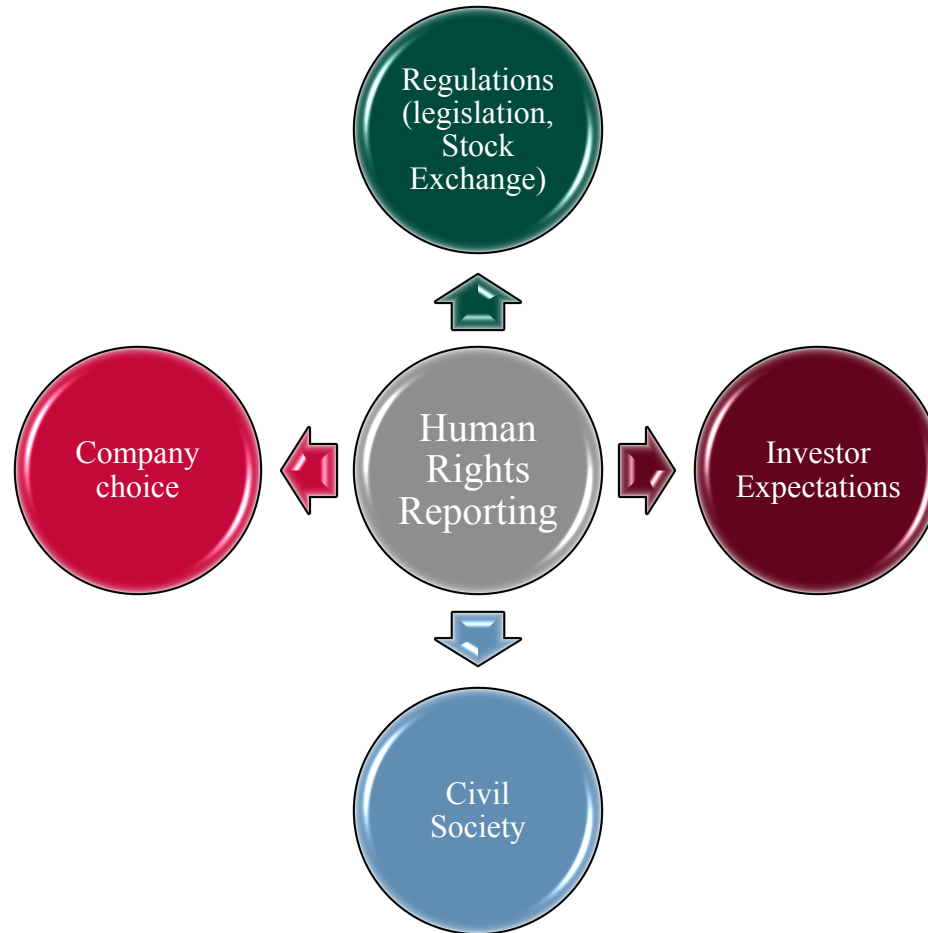


Stakeholder Engagement

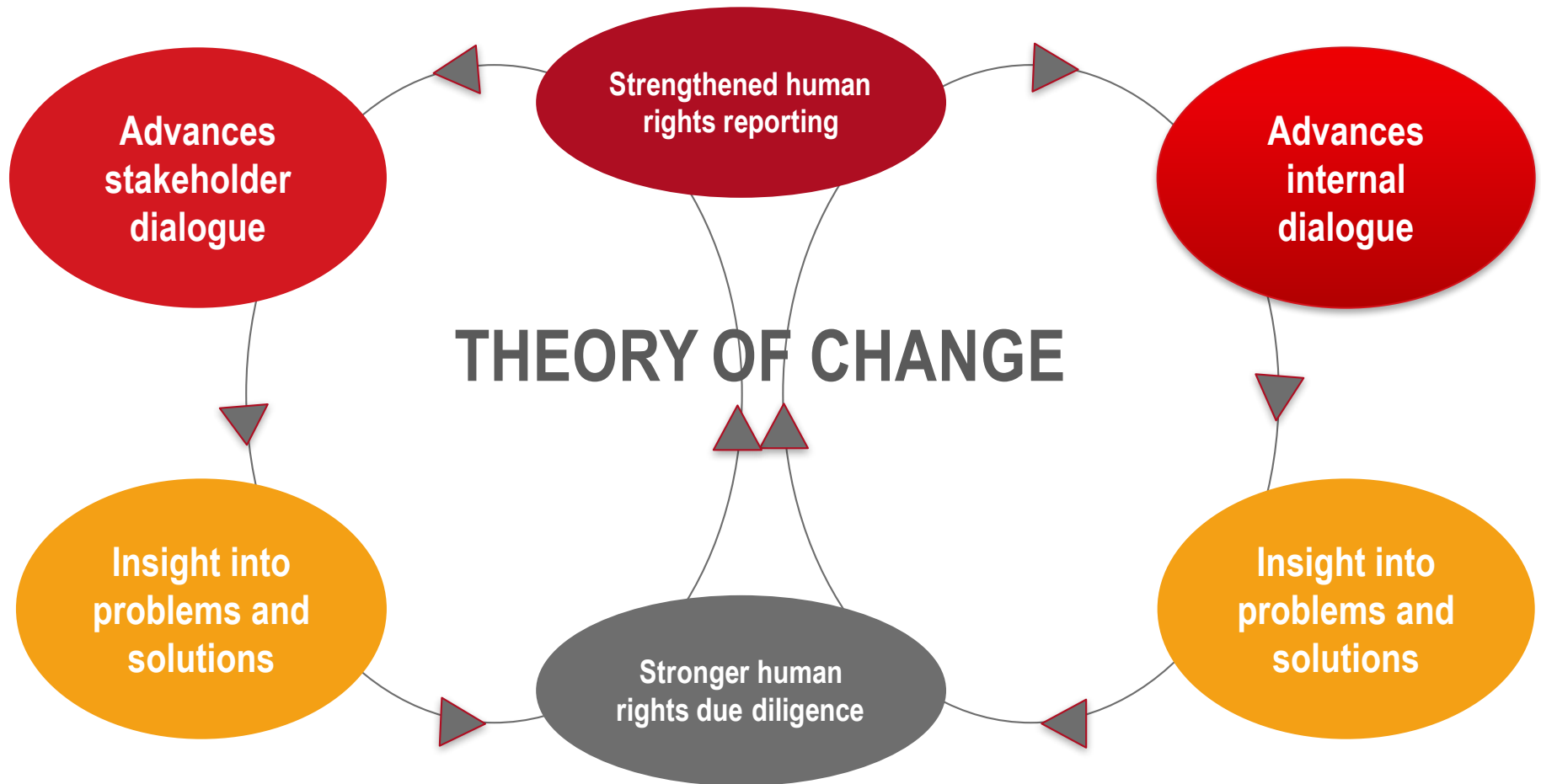
1. To understand the perspective of potentially affected stakeholders/legitimate representatives
2. To improve the quality of the company's analysis of actual and potential human rights impacts
3. To be able to prioritize those impacts, without the company making those decisions alone
4. To better understand how best to manage identified impacts



Communicate: Drivers of Human Rights Reporting



Reporting: a catalyst for better performance



Key Indicators of Quality Human Rights Reporting

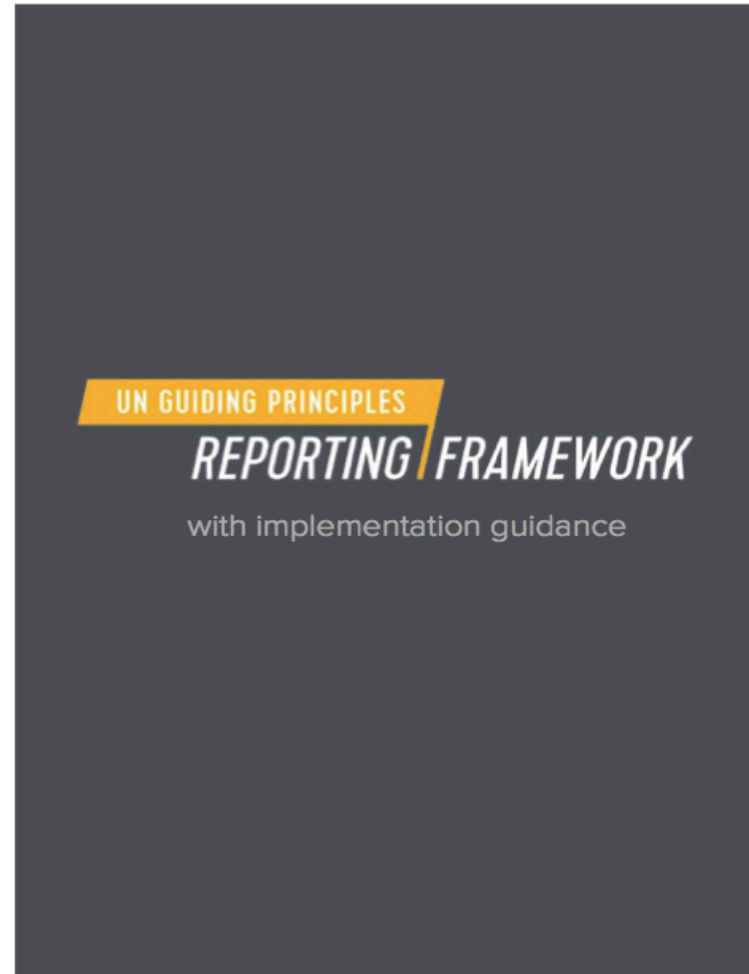


The UN Guiding Principles Reporting Framework

The first comprehensive guidance for companies on reporting how they respect human rights

Aligned with the global standard, the UN Guiding Principles on Business and Human Rights

www.UNGReporting.org



Smart questions, coherent narrative

THE UN GUIDING PRINCIPLES

REPORTING FRAMEWORK

PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS

POLICY COMMITMENT

A1 What does the company say publicly about its commitment to respect human rights?

- A1.1 How has the public commitment been developed?
- A1.2 Whose human rights does the public commitment address?
- A1.3 How is the public commitment disseminated?

EMBEDDING RESPECT FOR HUMAN RIGHTS

A2 How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?

- A2.1 How is day-to-day responsibility for human rights performance organized within the company, and why?
- A2.2 What kinds of human rights issues are discussed by senior management and by the Board, and why?
- A2.3 How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?
- A2.4 How does the company make clear in its business relationships the importance it places on respect for human rights?
- A2.5 What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?

PART B: DEFINING THE FOCUS OF REPORTING

B1 Statement of salient issues: State the salient human rights issues associated with the company's activities and business relationships during the reporting period.

B2 Determination of salient issues: Describe how the salient human rights issues were determined, including any input from stakeholders.

B3 Choice of focal geographies: If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.

B4 Additional severe impacts: Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.

PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES

SPECIFIC POLICIES

C1 Does the company have any specific policies that address its salient human rights issues and, if so, what are they?

- C1.1 How does the company make clear the relevance and significance of such policies to those who need to implement them?

STAKEHOLDER ENGAGEMENT

C2 What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?

- C2.1 How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?
- C2.2 During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?
- C2.3 During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?

ASSESSING IMPACTS

C3 How does the company identify any changes in the nature of each salient human rights issue over time?

- C3.1 During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?
- C3.2 During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?

INTEGRATING FINDINGS AND TAKING ACTION

C4 How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?

- C4.1 How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?
- C4.2 When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?
- C4.3 During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?

TRACKING PERFORMANCE

C5 How does the company know if its efforts to address each salient human rights issue are effective in practice?

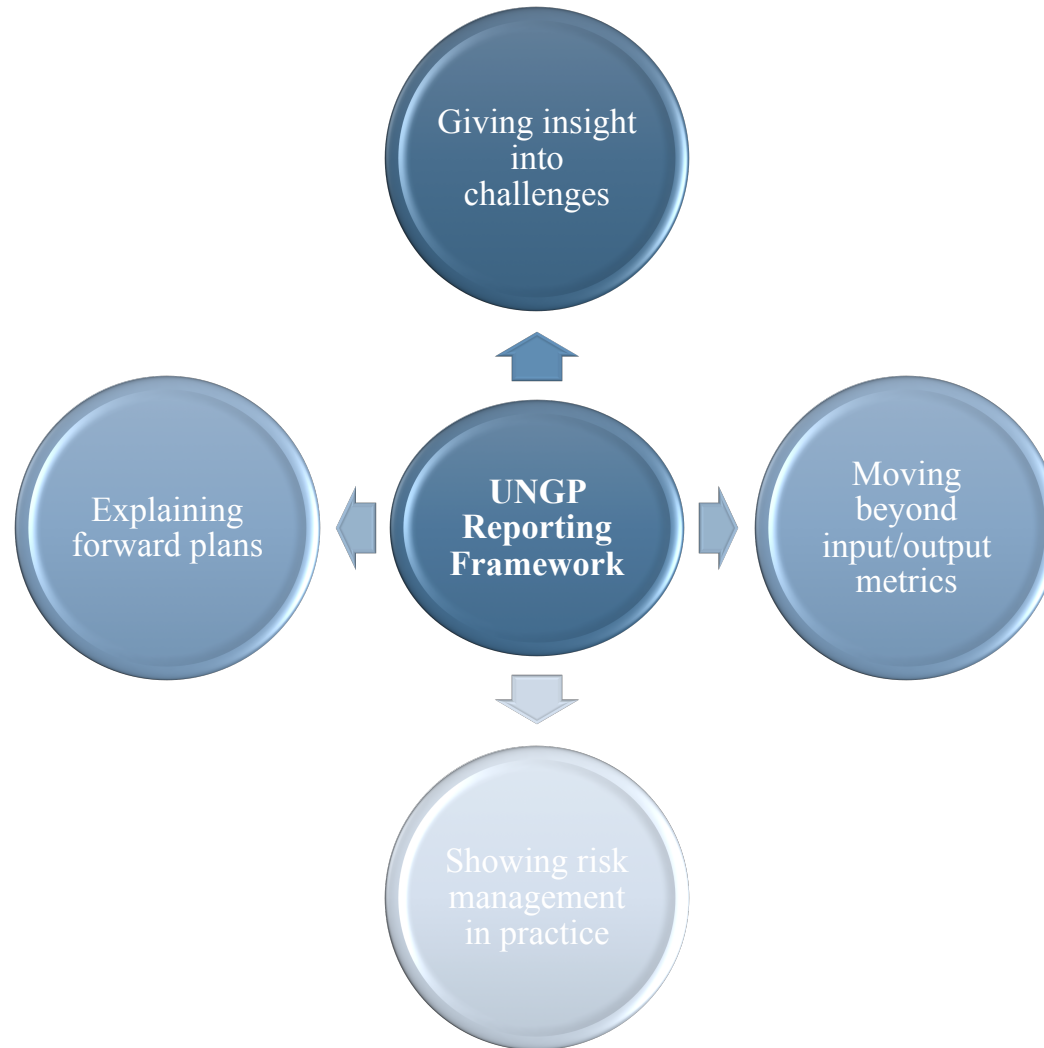
- C5.1 What specific examples from the reporting period illustrate whether each salient issue is being managed effectively?

REMEDIATION

C6 How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?

- C6.1 Through what means can the company receive complaints or concerns related to each salient issue?
- C6.2 How does the company know if people feel able and empowered to raise complaints or concerns?
- C6.3 How does the company process complaints and assess the effectiveness of outcomes?
- C6.4 During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?
- C6.5 During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?

Improved reporting...



...drives improved performance



ENGAGE LEADERSHIP



GAP ANALYSIS



SUPPORT TRAINING



IMPROVE SYSTEMS

3. Remedy and Grievance Mechanisms

Defining 'remediation'

- Responsibility to Respect has two aspects:
 - *Forward-looking* responsibilities to seek to prevent an impact from occurring, continuing or recurring: 'prevention'/'mitigation'
 - Remediation: *Backward-looking* responsibilities to provide or cooperate in remedy to those who have been harmed, where business has caused or contributed to harm. UNGP # 29.
- Remedy: making someone whole again or putting right a harm.
- Remedy has both process and outcome elements

Remedy Example:

Historic agreement between Heineken and former Congolese workers seeking remedy in labour rights dispute

Heineken and factory workers previously employed by Heineken's Congolese subsidiary, Bralima, have reached an agreement after 168 of the workers filed a complaint against the Dutch beer brewer for abuses of the workers' rights. The complaint alleged Heineken had breached human rights standards outlined in the OECD Guidelines for Multinational Enterprises and sought remedy in the form of monetary compensation. Details of the agreement, which was facilitated by the Dutch National Contact Point (NCP), are to remain confidential, but all parties describe the outcome as satisfactory. Netherlands-based SOMO and Congo-based Afreewatch, both members of the OECD Watch network, supported and advised the workers throughout the process.

Grievance Mechanisms

Two main functions:

1. As part of risk identification:
 - Identify grievances early, before they escalate
 - Capture patterns and trends
2. Enable remedy for those harmed

Effectiveness criteria for grievance mechanisms

Legitimate

Accessible

Predictable

Equitable

Transparent

Rights Compatible

Source of
Continuous Learning

Based on Dialogue
and Engagement

Exercise # 6: Grievance Mechanisms

- South West London is home to Heathrow airport, which is to build a third runway, drastically increasing air traffic from 480,000 to 740,000 flights per annum.
- Some local politicians have unsuccessfully opposed project, but others see it as essential now UK is leaving EU. London's survival as an air 'hub' depends on extension, they claim.
- Supporters claim the economic benefits to the UK outweigh local (negative) impacts.
- Some citizen groups concerned about the following harmful impacts:
 - Air pollution (health, smell, noise) – London already struggling with worst air quality in UK (9,000 premature deaths linked to air pollution in London);
 - Village of Harmondsworth is to be flattened;
 - Increased local traffic (safety, noise), due to construction and operation;
 - Noise (increased flights mean more flight pathways and night flights);
 - Risk to local property values (proximity to airport and noise)

As a member of this community, concerned about potential impacts:

- What about this grievance mechanism do you like, and why?
- What about this grievance mechanism do you NOT like, and why?
- What would you propose to make the grievance mechanism stronger, and why would those changes give you greater confidence in the process?

Session 4

Managing salient human rights issues

Exercise # 7: Taking Action - InterCorp

InterCorp is a global, publicly-listed, consumer goods company headquartered in India. InterCorp was launched 10 years ago with a focus on healthy packaged snacks, and a strong company narrative around the power of business to contribute to social and economic development through fair partnerships with supply chain partners and doing business in environmentally sustainable ways. InterCorp has experienced rapid growth as a lifestyle brand, expanding into new and diverse product lines, including additional food products and essential items for the complete kitchen (cooking utensils, pots and pans, and even small appliances). In order to meet increasing demand, InterCorp is expanding its production and looking at entry into new emerging markets, with the intention of maintaining its low cost, high-quality products, while promoting economic development through job creation and economic activity in the new markets it enters.

In 4 groups, each working on at least 1 issue from the prioritisation / heat map, answer the following questions:

- What is InterCorp's *role* with respect to this issue(s)?
- What action can InterCorp now take to resolve or mitigate?
- What stakeholders is InterCorp engaging with?
- How is InterCorp reporting on them?

Workshop Summary: Key Take Aways

1. We covered the Corporate Responsibility to Respect Human Rights in detail, drilling into Pillar II of the UNGPs;
2. We explained the concept of Salient Human Rights Issues and why we assess human rights impacts through the lens of *risks to people*;
3. We provided you with some tools for identifying and prioritizing your own salient human rights issues;
4. We talked in detail about practical ways to integrate the UNGPs into your own policies, practices, processes;
5. We introduced the UNGP Reporting Framework as a tool that will enable the development of a coherent disclosure narrative that is aligned to the UN Guiding Principles.

Thank you

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