

A BRIEF INTRODUCTION TO BUSINESS AND HUMAN RIGHTS

Extracts from the Guide for Integrating Human Rights into Business Practice

SHORT INTRODUCTION
GLOBAL BUSINESS CASE
STRATEGY
POLICIES
PROCESSES AND PROCEDURES
CAPACITY AND CAPABILITY
TRACKING PERFORMANCE



GLOBAL BUSINESS INITIATIVE ON HUMAN RIGHTS
advancing human rights in business around the world



www.integrating-humanrights.org

**For further Guidance
please refer to:**



THE GUIDE TO INTEGRATING HUMAN RIGHTS INTO BUSINESS MANAGEMENT

<http://www.integrating-humanrights.org>

The Guide for Integrating Human Rights into Business Management is an online tool produced jointly by the Business Leaders Initiative on Human Rights (BLIHR), the UN Global Compact and the Office of the UN High Commissioner for Human Rights (OHCHR)

Now in its second edition, it offers practical guidance to companies wanting to take a proactive approach to human rights within their business operations, and is of use primarily to business leaders and managers in large and medium-sized enterprises, private and state-owned, who would like to develop their understanding of human rights in business practice.

The existing Business and Human Rights Matrix, which featured in the first edition of the Guide, has also undergone considerable revision, and is now a fully interactive tool. It is hoped that this will be of great practical assistance to businesses looking to integrate or improve human rights within their companies.

The Essential Steps have been developed by BLIHR as a key component to the Business and Human Rights Matrix. The Essential Steps should be read in parallel with the Matrix tool and as a reference document for the Guide online site.

BLIHR concluded its work in March 2009 and full details of the Initiative and resources can be found at www.blihr.org.

This brief introduction is one of a series of seven extracts from the Guide to Integrating Human Rights into Business Management.

Briefs available in the series include:

- I. A SHORT INTRODUCTION**
- II. THE GLOBAL BUSINESS CASE**
- III. STRATEGY**
- IV. POLICIES**
- V. PROCESSES & PROCEDURES**
- VI. CAPACITY AND CAPABILITY**
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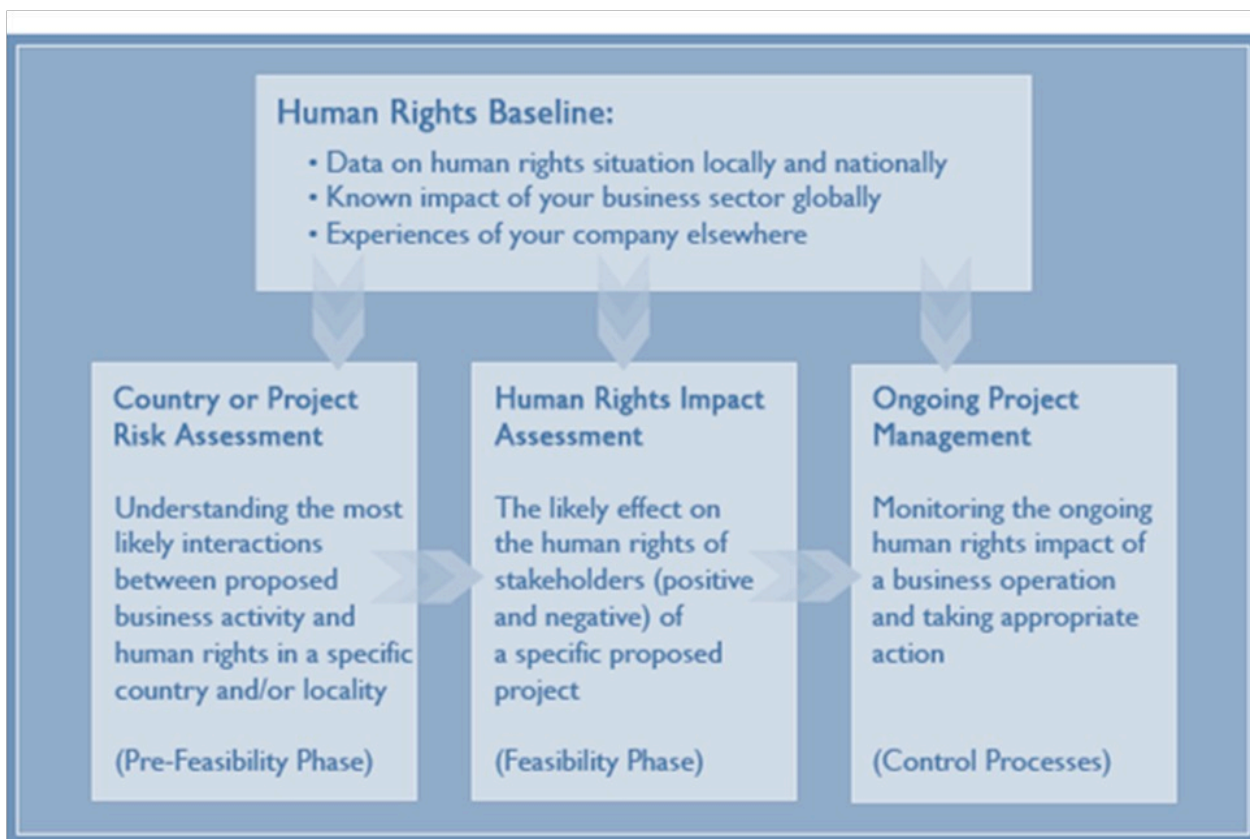
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A BRIEF INTRODUCTION TO BUSINESS AND HUMAN RIGHTS PROCESSES AND PROCEDURES

Overview

This section is designed to point businesses in the direction of particular tools and initiatives which can assist in developing control mechanisms within your business to ensure human rights are fully implemented.

As already outlined in the section on Strategy, the key to managing human rights in an organisation is to analyse and understand the risks and opportunities in a business's operations. There is no one standard way of doing this and it may vary somewhat depending on the kind of processes that are typical to a business sector. However, a series of additional steps are recommended here and shown in the diagram below.



Key Messages

- Human Rights processes and procedures are a core element of the overall management system.
- Processes and procedures need to relate to the policies and practices the business already has in place, and in particular to elements of the BLIHR Human Rights Matrix and other tools. There are a growing number of business and human rights tools which should be considered – in particular those relating to country risk assessment, human rights impact assessment and supply chain management.

ROUGH GUIDE TO INTEGRATION

STEP 1: Form a human rights baseline for your business

The first step is for a business to build up an ongoing base-line of human rights as they relate to the specific nature of your company. All human rights must be considered at this stage but much greater depth can be applied to specific rights and issues which relate the footprint of the company: the nature and size of its operations, the countries and localities in which it operates. This baseline can be developed before the human rights implications of a particular project or operation are considered. Providing the baseline is updated, it can be drawn on repeatedly by you and other business managers around the world.

The Universal Declaration of Human Rights and the supporting covenants identify over 30 fundamental human rights. As you map your company's operations, products and places of business activity, certain human rights will be in focus more than others. This may warrant prioritisation among the several human rights risks you first wish to address. Certain business sectors already have an interest in sharing knowledge and experiences about human rights-based processes and procedures. It is worthwhile researching which sector-specific groups may be available to you and which may have valuable tools for you to adapt to your business.

From an operational perspective, your business needs to understand your supply chain, the extent of your joint venture (minority/majority) activities, and the range of your affiliates and subsidiaries. From the perspective of products, human rights issues can develop in the product design phase, the manufacturing phase (including the supply chain dimension), the marketing phase with respect to product use/misuse or at the end of life. These potential human rights connections must be understood through the entire value chain. Even well-intended and well-designed products can become instruments of human rights violations if in the hands of immoral private customers or governments. It is therefore also important to know who your customers are and consider their human rights record. Finally, the geographic reach of your business must also be mapped.

STEP 2: Undertake Human Rights Risk Assessment at the pre-feasibility stage of any project or new operation

Risk assessment is an ongoing activity within business but is perhaps most crucial at the pre-feasibility stage of any new venture or when the circumstances around an existing operation change substantially.

The good management of risks can also create opportunities and human rights can be key here, for example establishing a social licence to operate in a particular area through considering the human rights of local communities.

The Business and Human Rights Matrix is designed to help companies identify risks and opportunities. Stakeholder panels may give advice on local concerns regarding a business's operations and may also provide input on possible solutions, but taking this step alone is not sufficient. Mapping a business's sphere of influence may also help to identify the risk of complicity when operating in a country with a poor record on human rights. In addition, carrying out regular checks and updates is advisable if a particular country ranks low on an index of corruption levels or, if the country is rated as having a poor record on human rights or rule of law. There are a number of government agencies and NGOs that rank countries by risks in these areas (such as Transparency International or Amnesty International).

Stakeholder panels may give advice on local concerns regarding a business's operations and may also provide input on possible solutions. In a global operation, the stakeholder engagement process should involve

employees from across the business, such as investor relations, country management, compliance officers, Human Resources, Corporate Social Responsibility (CSR) personnel and Risk Management. This highlights the importance of ensuring that employees understand the importance of managing human rights risk, engaging stakeholders and the benefits of a human rights-aware approach.

In summary, therefore, there are three main types of information to draw together when forming your company's human rights baseline:

- Data on human rights situations locally and nationally in existing areas of operation. This can be drawn from Government, NGO or Media sources (for example www.business-humanrights.org) and specialist business and human rights service providers (for example the [Danish Institute for Human Rights](#) or [Maplecroft](#));
- The known impact of your business sector globally in relation to human rights. It is possible that there is already some consensus within your business sector as to the specific human rights and issues which represent key priorities (in addition to all rights at the essential level). Multi-stakeholder initiatives specific to your sector are one way that these 'norms' are established: such as the Ethical Trading Initiative, Fair Labour Association, Voluntary Principles on Human Rights and Security, the Equator Principles, UNEP Finance Initiative Human Rights Toolkit, Electronics Industry Code of Conduct and Global Networks Initiative;
- The experiences of your specific company on human rights issues around the world which should be recorded internally as well as sometimes reaching public attention.

STEP 3: Perform Human Rights Impact Assessments for specific projects or operations at the feasibility stage

An impact assessment of any kind has to be timely and the degree of due diligence undertaken should be

There are different ways human rights might create risk for business:

- **Operational risk:** this concerns a delay, limit, threaten or disruption to a specific activity or licence to operate; and
- **Financial risk:** this concerns a risk that has financial implications for the business.
- **Reputation risk:** this includes both local and/or international reputation risks, as poor relations with specific stakeholders, such as local communities.

appropriate to the scale of impact or the nature of country involved.

It might be the rights-aware components set out here are best integrated into existing ESIA's or a bespoke HRIA is needed. This is very much your decision and will depend on the number of factors including the scope and nature of your existing approaches as well as the capacity of managers on the ground to undertake this work.

Special attention should be paid to situations where local national law does not adequately respond - in text or by practice - to the protection of human rights otherwise afforded by the Universal Declaration of Human Rights and the associated covenants. For example, freedom of association and the right to collective bargaining are sometimes not protected by national law, notwithstanding international standards that safeguard such human rights. Companies must find a way of identifying such conflicts and addressing them within the context of their operations.

STEP 4: Integrate human rights into the ongoing management of a project or operation for the duration of its lifespan and act on findings as appropriate

Processes and procedures need to be developed to ensure that human rights issues identified in Steps One, Two and Three are adequately managed during the duration of project lifespan. Control processes could range from a supplier qualification process with a mandatory risk review of customer projects, to a code of conduct that ensures equal opportunity and minority rights, or a checklist and instructions for business operations in countries with a poor record on human rights.

Guidelines for suppliers and contractual agreements with customers and suppliers have proven to be powerful tools for ensuring that risks are minimised, managed or eliminated, and opportunities are maximised. It is essential to repeat the process of identifying risks periodically, especially in sensitive countries. Additionally, standardised processes should be set up to drive action to address the identified risk. Such processes will need to be more detailed or more specific in certain cases.

The Human Rights Impact Assessment (HRIA) needs to relate to:

- The human rights base-line and risk assessments already undertaken (see Steps One and Two);
- Social and Environmental Impact Assessments (ESIAs) for the same or similar projects.

Once processes and procedures are developed and incorporated into your existing compliance routines, it is critical to establish regular reporting. This will serve as a control on your processes and assure they are adequately addressing the human rights issues confronted. There must be regular and constant feedback relating to the human rights issues that have been identified, the compliance processes that address them, and the review process that assures the processes are adequate to control the underlying human rights issues.

Even if a business follows this path of good governance, events may nevertheless unfold where it becomes no longer sustainable to continue to do business in a country. To manage such an eventuality in a responsible way, the business should attempt to minimise the negative impact its exit may cause to stakeholders including employees, contractors, customers, local communities and the broader society. For example, this consideration needs to be factored in to the ways in which a business supports humanitarian or community projects. Promoting capacity building through training, education, empowerment and sustainability will stand the business in better stead if it needs to exit a country or region.

There is no single agreed model for what a HRIA should contain, but it is the experience of BLIHR that it is likely to include:

- A strong human rights baseline and risk assessment (Steps One and Two);
- Establishing the sphere of influence of your company in relation to a specific project and the nature of relationships with all stakeholders (contractors, partners, suppliers, employees, local communities, government, civil society, investors etc.);
- An analysis of likely impact across all human rights (with reference to the Essential Steps contained in the BLIHR Matrix in this Guide);
- The deeper impact on a smaller group of rights of particular relevance to the company and its relationship to stakeholders as rights-holders;
- A programme of community engagement and consultation that is bedded in rights-aware principles, including recourse to compliant mechanisms and in which the full community can be represented; clarity about how the information generated through research and engagement can be integrated and actioned upon within the core management systems of the business.

Human rights control processes are likely to contain:

- Tasks, duties and responsibilities relating to specific individuals to adequately manage human rights risks;
- Ongoing stakeholder engagement, especially with local communities directly affected by the project;
- As much transparency as possible, including the publication of a summary of the actions agreed as a consequence of the Human Rights Impact Assessment;
- Grievance and accountability mechanisms that are available to all and conform the rights-based principles outlined by the United Nations Secretary General's Special Representative on Business and Human Rights;
- Reporting on progress and ongoing impact against human rights indicators (see Tracking Performance Section of this series).

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advancing human rights in business around the world



This series of brief introductions has been produced and distributed by the Global Business Initiative on Human Rights, a global business-led project committed to advancing human rights in business around the world. Launched in June 2009, the initiative provides a global platform for companies from different industrial sectors across the world to show leadership as well as providing a supportive environment in which to learn about how to respect and support human rights and integrate them into the management of their business.

The initiative is also creating regional or national platforms for companies to engage with peers on human rights issues. There are opportunities for participating companies to involve business partners, customers and suppliers in the initiative, and so provide an innovative approach to enhancing the integration of human rights into corporate value chains.

The Global Business Initiative on Human Rights benefits and builds on the lessons learnt from the Business Leaders Initiative on Human Rights (BLIHR), which concluded its work in March 2009 and, as part of its programme of work, will lead on taking forward the Guide to Integrating Human Rights into Business Management and the Human Rights Matrix to a wider audience to further promote integration of human rights into business management.

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Company No.06852109; Registered in England

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