Human Rights, Sustainability Reporting and Responsible Business Conduct
What does business need to know?

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Kumasi, Ghana
18 & 19 September, 2017
Due Diligence for Responsible Business Conduct:

What does it mean and how does it work?

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1. WHAT IS DUE DILIGENCE?
Coherence in international instruments

ILO  Tripartite declaration of principles concerning multinational enterprises and social policy

UN  Guiding Principles on Business and Human Rights

UN  Global Compact

OECD  Guidelines for Multinational Enterprises

ISO26000  Social Responsibility

UN  Agenda 2030 & Sustainable Development Goals
Enterprises can create or be involved with:

- **POSITIVE IMPACTS** on society and contribute to sustainable development, for example through job creation, human capital development, raising investment and fostering innovation.

- **ADVERSE IMPACTS** related to human rights, workers conditions, the environment, bribery, disclosure and consumers through their own activities or their business relationships.

Enterprises should maximise positive impacts and avoid adverse impacts.

For this purpose, they are expected to carry out due diligence.
The process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts

- The focus is NOT only on the risks to the enterprise, but also risks to the environment, to workers, to consumers, to people and their human rights and of unethical conduct.
Enterprises can be involved with adverse RBC impacts in three ways and their responsibility to address such impacts where they are involved depends on its level of involvement:

1) **Causing** adverse impacts through their own activities

2) **Contributing to** adverse impacts through their own activities

3) Impacts **directly linked** to operations, products or services by a business relationship
Due diligence process

1. Policy commitment & Management Systems
   - Assessing impacts
   - Integrating & acting upon findings
   - Communicating and reporting
   - Tracking & monitoring

STAKEHOLDER ENGAGEMENT & ACCESS TO REMEDY

Process of continuous improvement

Adapted from Danish Institute for Human Rights
Policy commitment and management systems

Public commitment from owner/top management on responsible business conduct and show that you expect the same from those you do business with.

Embed, or integrate this commitment in relevant internal systems so that it gets translated into practice and into the organizational culture.

How can I do this?

✓ A standalone statement or part of your business vision, value statement or sustainability policy

✓ Include reference to the commitment in codes of conduct for employees and suppliers, sales terms, quality policy etc

✓ Ensure coherence between the commitment and other policies and procedures

✓ Make sure all stakeholders are aware of and understand their role in the commitment

✓ Communicate the commitment through your website
Identify impacts and risks

Identify those risks that are directly related with the operation and the products and services of the company, and those indirect risks from business relationships along the value chain.

How can I do this?

✓ Understand the context in which your business operates (country and industry)

✓ Evaluate impacts through existing systems such as risk management system, health & safety system, environmental impact assessments, certifications (eg. ISO)

✓ Analyse complaints received from different stakeholders (through formal complaints mechanisms if they exist)

✓ Engage with key stakeholders (especially the most vulnerable) to hear their perspectives on governance, social and environmental issues

✓ Benchmark against other companies in the industry

✓ Analyse information from experts and leaders of opinion
NOTE: impacts and risks should not be analysed tier by tier across the supply chain, but rather impact by impact, according to severity.
Impacts and risks in Ghana

http://www.mvorisicochecker.nl/en/world-map
Impacts and risks in Ghana

- Access to water
- Child labour
- Community relocation
- Forced labour
- Freedom of association
- Gender equality
- Health and safety
- HIV/AIDS
- Human trafficking
- Indigenous peoples’ rights
- Working hours
Exercise: Let’s do a “mini” due diligence

<table>
<thead>
<tr>
<th>Environment:</th>
<th>Human rights &amp; ethics:</th>
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<tbody>
<tr>
<td>1. Soil and ground water contamination</td>
<td>1. Land use &amp; property rights</td>
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<td>2. Biodiversity &amp; deforestation</td>
<td>2. Indigenous peoples rights</td>
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<td>3. Water &amp; water availability</td>
<td>3. Others…</td>
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<td>4. Others…</td>
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<th>Labour rights:</th>
<th>Fair business practices</th>
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<td>2. Discrimination and gender</td>
<td>2. Others…</td>
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<td>3. Freedom of association</td>
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<td>4. Health &amp; safety</td>
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<td>5. Labour conditions</td>
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<td>6. Others…</td>
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Integrating & acting upon findings

Take action to deal with the impacts and risks identified:
- Concrete actions if the impact is the result of your company’s activities
- Use leverage if the impact arises from activities of a supplier or other business partner

How can I do this?
- Assign responsibilities within the company to address the risks
- Include RBC in performance evaluations and incentives
- Include RBC criteria in sales terms, procurement and contracting practices and clauses in agreements
- Use leverage where needed
- Share experience and good practice with business relations if the impact is indirect
To ensure good management of your responses to potential and actual negative impacts, you need to track and record how you deal with them. How did you prevent a potential negative impact and did you succeed? And did you correct the situation for affected persons if negative impacts actually occurred?

**How can I do this?**

- Try and base your tracking on tools and indicators that you already use, eg: health and safety assessments, staff performance reviews or surveys
- If you need to develop new indicators, try and integrate them into existing management systems
- Evaluate outcomes from your complaints mechanism, and make improvements if necessary
- Involve affected stakeholders in tracking efforts, to provide feedback on management effectiveness of the impacts
Communicating & reporting

Showing what you do to minimize and adequately manage negative impacts

How can I do this?

✓ Communicate actions to the potentially or actually affected individual/group (face to face meetings are always recommended)

✓ Use existing communication mechanisms to report on management of impacts, eg. Meetings with union representatives, staff meetings, supplier meetings etc.

✓ Report actions on your website (brief updates)

✓ Report actions in your annual report or your sustainability report
Enable remedy for those affected if you are directly involved in a negative impact. Remedy can involve apologizing, financial or non-financial compensation agreed to between the parties involved.

It is important to understand what those affected would view as effective remedy, in addition to your enterprise’s own view.

How can I do this?

✓ Be open: talking to affected individuals/groups might help resolve the complaint early and directly

✓ Put in place a complaints mechanism, or become part of an existing, external mechanism (eg. A mechanism managed by an industry association)

✓ Collective bargaining and constructive relations with worker representatives offers a good base for effective remedy
My business and human rights

A guide to human rights for small and medium-sized enterprises
Some human rights considerations in your own activities

1. When you recruit employees...
   - Do you consider only competences and experiences when assessing who to hire?
   - Do you ask only for information that is relevant for the job to be fulfilled?
   - Do you make reasonable accommodations to allow employees with disabilities to have job opportunities with your business?

2. Once you have recruited employees and they are working for you...
   - Do you encourage a work environment in which people respect each other?
   - Do you have measures in place to avoid and combat discrimination in the workplace?
   - Do you take measures to protect employees from incidents of bullying, sexual harassment and other kinds of harassment?
Human rights considerations in your own activities

3. If you advertise products...
   - Do you avoid reinforcing prejudices and stigmatising people or groups in your advertisements?
   - Do you make sure that you do not promote the sexualisation of children in advertising?

4. If you sell products directly to consumers...
   - Are your employees trained in non-discrimination of customers and are they, for example, informed of risks related to discriminatory or derogatory expressions?

5. If your employees work with harmful substances...
   - Do you ensure that your employees have instructions and receive training on how to handle the substances and what to do if accidents occur?
   - Do you ensure employee access to first aid equipment?
Some human rights considerations in business relationships

12. If you place orders to your suppliers with very tight deadlines...
   • Do your suppliers know that you expect them to respect human rights, for example by making reference to possible risks in your contracts or supplier agreements?
   • Do you plan your sales and your orders to avoid, to the extent possible, very tight deadlines with suppliers?

13. If you buy products from low cost countries or sectors that you suspect use child labour...
   • Do you make clear to your suppliers that you expect them to respect human rights, including to avoid child labour?
   • Have you sought expert advice, for example from an NGO, about products or countries that may have particular risks in terms of child labour?
Conclusions

• There are material risks in every sector
• There are considerations for dialogue in every sector
• There are major differences between and within sectors
• There is a lack of information for a number of specific risks
• Cross-sectoral risks play a crucial role in social appreciation
1. My business & human rights: a guide to human rights for SMEs

2. Risk Checker (Holland)
http://www.mvorisicochecker.nl/en/world-map

3. Human rights & Business Dilemmas forum
http://human-rights.unglobalcompact.org/

4. Business & human rights resource centre
https://business-humanrights.org
OECD: Guidelines on Responsible Business Conduct

**Extractive sector**
This guidance for practitioners in the mining, oil and gas industries addresses the challenges raised when engaging with stakeholders. [More](#)

**Mineral supply chains**
This due diligence guidance helps companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions. [More](#)

**Agricultural supply chains**
This OECD/UN FAO guidance helps enterprises observe standards of responsible business conduct in the agricultural supply chain. [More](#)

**Garment supply chains**
This guidance helps brands and retailers observe standards of responsible business conduct in garment and footwear supply chains. [More](#)

**Financial sector**
Promoting responsible business conduct in the financial sector is vital to building a sustainable global economy. [More](#)

**More topics**
- Child labour in mineral supply chains
- Artisanal and small-scale gold mining
- Sport and corruption
- Criminal exploitation of resources

Midaasi

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**Sustainability leaders 2017**

### RobecoSAM Gold Class
- Coca-Cola HBC AG
  - Switzerland

### RobecoSAM Silver Class
- Coca-Cola European Partners PLC
  - United Kingdom
- Molson Coors Brewing Co
  - United States

### RobecoSAM Bronze Class
- Thai Beverage PCL*
  - Thailand
- Heineken NV
  - Netherlands
- Diageo PLC
  - United Kingdom

* RobecoSAM Industry Mover
# Pharmaceuticals

## Sustainability leaders 2017

### RobecoSAM Gold Class
- Roche Holding AG  
  Switzerland

### RobecoSAM Silver Class
- AstraZeneca PLC  
  United Kingdom

### RobecoSAM Bronze Class
- Novo Nordisk A/S  
  Denmark
- Sanofi  
  France
- Bayer AG  
  Germany
- GlaxoSmithKline PLC  
  United Kingdom

### Sustainability Yearbook Members
- Eisai Co Ltd*  
  Japan
- Astellas Pharma Inc  
  Japan
- Daiichi Sankyo Co Ltd  
  Japan
- Takeda Pharmaceutical Co Ltd  
  Japan
- Novartis AG  
  Switzerland
- Bristol-Myers Squibb Co  
  United States

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### Sustainability leaders 2017

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<th>Class</th>
<th>Company</th>
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# Sustainability leaders 2017

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<td>Anglo American PLC</td>
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### Sustainability leaders 2017

#### RobecoSAM Gold Class
- Nestle SA
- Switzerland

#### RobecoSAM Silver Class
- Grupo Nutresa SA
- Colombia

#### RobecoSAM Bronze Class
- Ajinomoto Co Inc
- Japan

#### Sustainability Yearbook Members
- Hain Celestial Group Inc*
- United States
- COLOMBINA SA†
- Colombia
- Danone SA
- France
- CJ CheilJedang Corp
- South Korea
- Charoen Pokphand Foods PCL
- Thailand
- Thai Union Group PCL
- Thailand
- Campbell Soup Co
- United States
- Conagra Brands Inc
- United States
- General Mills Inc
- United States
- Hershey Co
- United States
- Mondelez International Inc
- United States

* RobecoSAM Industry Mover
† This company has been evaluated outside of the regular Dow Jones Sustainability Indices assessment process.
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## Textiles, Apparel & Luxury Goods

### RobecoSAM Gold Class
- adidas AG*  
  Germany
- Burberry Group PLC  
  United Kingdom

### RobecoSAM Silver Class
- Kering  
  France

### RobecoSAM Bronze Class
- Gildan Activewear Inc  
  Canada
- HUGO BOSS AG  
  Germany

### Sustainability Yearbook Members
- Li & Fung Ltd  
  Hong Kong
- Asics Corp  
  Japan

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