

## 1. About this Human Rights Communication on Progress Guidance

The first two Principles of the UN Global Compact call on businesses to support and respect human rights (**Principle 1**) and to make sure that they are not complicit in human rights abuses (**Principle 2**).

### Respect and support for human rights

The corporate responsibility to respect human rights means to avoid any infringement of the human rights of others, and address any adverse human rights impact with which the business is involved. The corporate responsibility to respect applies to the business's own activities and to its business relationships, linked to its operations, products or services.

The corporate commitment to support human rights, is in addition to (not a substitute for) respecting human rights. It calls for voluntary actions that seek to advance human rights, whether through core business activities, strategic social investments and philanthropy, advocacy and public policy engagement, and working in partnership and other collective action. The scope and extent of such actions is in the discretion of the business concerned, but is informed by stakeholder perspectives.

While there has been a trend towards more comprehensive reporting on human rights performance, the quality generally lags behind reporting on the Global Compact's other principles. Most businesses still do not provide detailed information on their progress on human rights.<sup>1</sup> Reasons include the perceived complexity and breadth of the topic<sup>2</sup> as well as the lack of practical reporting guidance, which leads to a significant variance in format and content.

### Studies and guidance on human rights reporting

In November 2009, the Global Reporting Initiative, the Ethical Globalization Initiative: Realizing Rights, and the UN Global Compact released two publications on human rights reporting. The first was "Corporate Human Rights Reporting – An Analysis of Current Trends".<sup>3</sup> It was a survey of over 50 sustainability reports and examined trends in corporate disclosures on human rights. The second was "A Resource Guide to Corporate Human Rights Reporting"<sup>4</sup> provided guidance on steps to improve the quality of human rights reporting.

### Why put more effort into improving human rights reporting?

Increasingly, stakeholders including investors, business partners, consumers, governments, trade unions, employees and others expect businesses to be more transparent about:

- Information that shows that the business is aware of its potential adverse impacts on human rights and disclosure of those risks;
- The policies and processes in place to identify and address these human rights risks and impacts;
- How human rights incidents that arose during the reporting year have been dealt with and a status update on past/ongoing incidents;
- Contributions the business is making towards advancement of human rights through its business activities and, more broadly, within its spheres of influence.

Moreover, high quality reporting in turn helps drive better implementation, including management of risks and identification of opportunities to advance the business, secure a business' license to operate and grow, and create shared value.

<sup>1</sup> "A Resource Guide to Corporate Human Rights Reporting" page 5 at [www.globalreporting.org/NR/rdonlyres/4C5DB4C6-5084-4A84-BE51-0D134B3B5A2E/3583/HR\\_ReportFINAL\\_Resource\\_Guide.pdf](http://www.globalreporting.org/NR/rdonlyres/4C5DB4C6-5084-4A84-BE51-0D134B3B5A2E/3583/HR_ReportFINAL_Resource_Guide.pdf).

<sup>2</sup> Human Rights reporting should be "comprehensive without being overwhelming; allow for efficient use of reporting resources; help in meeting stakeholder expectations and allow for a balanced and accurate assessment of a company's performance on Human Rights" – "A Resource Guide to Corporate Human Rights Reporting" page 8 at [www.globalreporting.org/NR/rdonlyres/4C5DB4C6-5084-4A84-BE51-0D134B3B5A2E/3583/HR\\_ReportFINAL\\_Resource\\_Guide.pdf](http://www.globalreporting.org/NR/rdonlyres/4C5DB4C6-5084-4A84-BE51-0D134B3B5A2E/3583/HR_ReportFINAL_Resource_Guide.pdf). For more information on the desirable scope of corporate human rights reporting, see pages 8-9 and 13-14.

<sup>3</sup> [http://www.globalreporting.org/NR/rdonlyres/4C5DB4C6-5084-4A84-BE51-0D134B3B5A2E/3605/Human\\_Rights\\_analysis\\_trends.pdf](http://www.globalreporting.org/NR/rdonlyres/4C5DB4C6-5084-4A84-BE51-0D134B3B5A2E/3605/Human_Rights_analysis_trends.pdf)

<sup>4</sup> [http://www.globalreporting.org/NR/rdonlyres/4C5DB4C6-5084-4A84-BE51-0D134B3B5A2E/3583/HR\\_ReportFINAL\\_Resource\\_Guide.pdf](http://www.globalreporting.org/NR/rdonlyres/4C5DB4C6-5084-4A84-BE51-0D134B3B5A2E/3583/HR_ReportFINAL_Resource_Guide.pdf)

In this context, the Global Compact has developed this **Human Rights Supplement to Communication on Progress Guidance** (“Supplementary Guidance”) to give practical guidance to businesses of all sizes wherever they are located on how to improve reporting on their implementation efforts, especially within the context of their annual COP.

This Supplementary Guidance draws on the **Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework (“the Guiding Principles”)**<sup>5</sup>, which were unanimously endorsed by the UN Human Rights Council in June 2011 as “an authoritative global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity”<sup>6</sup>. In particular, it draws on Principles 11-24 of ‘Pillar II – The corporate responsibility to respect human rights’, which establish the ‘Responsibility to Respect’ as the minimum global standard on human rights for all businesses wherever they operate<sup>7</sup>; and Principles 29 and 31 of ‘Pillar III – Access to remedy’.

A joint note by the Global Compact and the Office of the High Commissioner for Human Rights (OHCHR) on the relationship between the 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”.<sup>8</sup>

### About the Protect, Respect and Remedy Framework

The “Protect, Respect and Remedy” Framework rests on three independent, but inter-related pillars. Pillar I is the State duty to protect against human rights abuses by third parties, including business enterprises. Pillar II is the corporate responsibility to respect human rights. Pillar III is the need for greater access by victims of human rights abuses to effective judicial and non-judicial remedies and is linked both to the State duty and the corporate responsibility.

In addition to the Guiding Principles, this guide also builds upon the **Global Compact’s Human Rights Management Framework**<sup>9</sup> and the **Global Reporting Initiative’s (GRI) Reporting Guidelines**.<sup>10</sup>

**Note:** The fact that a business may not yet have in place all the elements set out in this Guide should not discourage participants from disclosing the policies, processes and initiatives that are currently in place and any plans for further development. The UNGC encourages continuous improvement. Businesses with less experience in reporting on implementation of their human rights responsibilities and commitments may find the template in Annexure C to be a useful tool.

## 2. Objectives and Structure

This Supplementary Guidance provides a set of Reporting Elements (Basic and Advanced), which can help a business to:

- Identify components of a basic human rights programme as well as the features of an advanced human rights programme, which all businesses should aspire to;

<sup>5</sup> Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework, A/HRC/17/31, <http://www.ohchr.org/documents/issues/business/A.HRC.17.31.pdf>

<sup>6</sup> UN Human Rights Office of the High Commissioner, News Release, 16 June 2011, <http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-endorsed-16-jun-2011.pdf>

<sup>7</sup> UNGC, The UN Guiding Principles on Business and Human Rights: Relationship to UN Global Compact Commitments, July 2011, [http://www.unglobalcompact.org/docs/issues\\_doc/human\\_rights/Resources/GPs\\_GC%20note.pdf](http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/GPs_GC%20note.pdf)

<sup>8</sup> “The UN Guiding Principles on Business and Human Rights: Relationship to UN Global Compact Commitments”, July 2011, available from [www.unglobalcompact.org/docs/issues\\_doc/human\\_rights/Resources/GPs\\_GC%20note.pdf](http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/GPs_GC%20note.pdf)

<sup>9</sup> [http://www.unglobalcompact.org/docs/issues\\_doc/human\\_rights/Resources/HR\\_E\\_Framework\\_Poster\\_A2.pdf](http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/HR_E_Framework_Poster_A2.pdf). See also the Global Compact Management Model, which offers good practice implementation suggestions across all areas of the UN Global Compact.

<sup>10</sup> “A Resource Guide to Corporate Human Rights Reporting” at [www.globalreporting.org/NR/rdonlyres/4C5DB4C6-5084-4A84-BE51-0D134B3B5A2E/3583/HR\\_ReportingFINAL\\_Resource\\_Guide.pdf](http://www.globalreporting.org/NR/rdonlyres/4C5DB4C6-5084-4A84-BE51-0D134B3B5A2E/3583/HR_ReportingFINAL_Resource_Guide.pdf) and “Corporate Human Rights Reporting – An Analysis of Current Trends” at [www.globalreporting.org/NR/rdonlyres/4C5DB4C6-5084-4A84-BE51-0D134B3B5A2E/3605/Human\\_Rights\\_analysis\\_trends.pdf](http://www.globalreporting.org/NR/rdonlyres/4C5DB4C6-5084-4A84-BE51-0D134B3B5A2E/3605/Human_Rights_analysis_trends.pdf).

- Be more transparent in reporting on the assessment of human rights risks and opportunities and procedures for preventing and addressing adverse impacts;
- Know how and what to disclose by providing references to indicators from other initiatives, human rights tools and guidance materials;
- Access a clear and easy-to-use format to structure reporting of human rights policies, procedures and activities in the annual COP.

The Global Compact invites businesses to use this Supplementary Guidance when reporting on human rights issues within their annual COP.

The key point is to improve the quality of disclosure on the practical actions (i.e. policies, processes, initiatives, activities undertaken, outcomes achieved or expected) that the business has undertaken in implementing the 1<sup>st</sup> and 2<sup>nd</sup> Principles.

### 3. Communication on Progress

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While the Global Compact is a voluntary initiative, it includes a **mandatory disclosure framework** for business participants. Participants are required to communicate on their implementation of the four issue areas.<sup>11</sup> This communication should be done through an annual Communication on Progress (COP) which should be made available to stakeholders, including through the Global Compact website. The overall format of a COP is flexible and COPs can be prepared in any language, but should be in a language accessible to its main stakeholders, including those that may be adversely affected by the business' operations, products or services. The COP should also be fully integrated into the company's main stakeholder communications (e.g. a sustainability report). If the company does not publish formal reports, a COP can be created as a stand-alone document.

The COP is based on concepts of public accountability, transparency and continuous improvement, and can therefore serve as a learning tool and a basis for public dialogue.

To achieve and maintain good standing within the Global Compact, a business participant is expected, at a minimum, to include the following elements in their COP<sup>12</sup>:

- A **statement by the chief executive expressing continued support** for the Global Compact and renewing the participant's ongoing commitment to the initiative and its principles.
- A **description of practical actions** (i.e., disclosure of relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the Global Compact principles in each of the four issue areas (human rights, labour, environment, anti-corruption).
- A **measurement of outcomes** (i.e., the degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

The Global Compact's Differentiation Programme<sup>13</sup> classifies COPs into two main categories.

- **GC Active** – this category is for COPs that met the Global Compact's minimum COP requirements mentioned above.
- **GC Advanced** – this category is for COPs that go beyond the minimum COP requirements by adopting and reporting in more detail on sustainability-related governance and management processes.

<sup>11</sup> The four main issue areas covered by the Global Compact and its COP policy are **Human Rights** (Principles 1-2), **Labour Rights** (Principles 3-6), **Environment** (Principles 7-9), and **Anti-Corruption** (Principle 10).

<sup>12</sup> The Global Compact Policy on Communicating Progress, 25 February 2011, [http://www.unglobalcompact.org/COP/communicating\\_progress/cop\\_policy.html](http://www.unglobalcompact.org/COP/communicating_progress/cop_policy.html)

<sup>13</sup> See the Global Compact's Differentiation Programme, which was introduced in February 2011. More information at [http://www.unglobalcompact.org/COP/differentiation\\_programme.html](http://www.unglobalcompact.org/COP/differentiation_programme.html) and [http://www.unglobalcompact.org/COP/communicating\\_progress/cop\\_policy.html](http://www.unglobalcompact.org/COP/communicating_progress/cop_policy.html)

COPs that do not meet the minimum COP requirements are categorized as **GC Learner**.

If a business participant does not submit a COP at all by the prescribed deadline, they are indicated as non communicating on the Global Compact website and risk expulsion from the initiative. GC Learners also risk expulsion from the initiative if they do not improve the quality of their COP.

The differentiation is based on COP self-assessment (by the business) of the quality of their disclosure on progress made in integrating the Global Compact principles and contribution to broader UN goals. The self-assessment is conducted through a questionnaire that participants fill out at the moment of submitting their COP.

All businesses are strongly encouraged to attempt a GC Advanced COP. Using all the reporting elements of this Supplementary Guidance will help a COP qualify for the GC Advanced level in the area of human rights. The human rights component of the questionnaire for the GC Advanced level is contained in Annexure B.

To achieve the GC Advanced level, participants must meet all the advanced criteria across all issue areas in the Global Compact, not just on human rights.<sup>14</sup>

Global Compact participants are encouraged to provide detailed information about their policies, processes, activities and outcomes in their COP. To further enhance transparency, participants are encouraged to post on their website their corporate sustainability policies, processes and initiatives, including on human rights. Links to these pages should be included in the COP.

#### **4. The Guiding Principles and their relationship to the UN Global Compact Commitments under Principles 1 and 2**

The second pillar of the Guiding Principles on Business and Human Rights: Implementing the UN “Protect, Respect and Remedy Framework” establishes the ‘Responsibility to Respect’ as the baseline global standard on human rights for all businesses wherever they operate. The Principles (Foundational Principles – Principles 11-15, Pillar II; Operational Principles – Principles 16-24, Pillar II and Principles 29, 31, Pillar III) set out and clarify what businesses “need to know and show that they respect human rights”.<sup>15</sup> For a summary of the Guiding Principles and how they inter-relate, see **Annexure A**.

The Guiding Principles provide that to *operationalize* the responsibility to respect human rights, businesses should have in place the following 3 elements:

- Policy Commitment;
- Human Rights Due Diligence Processes;
- Processes for Remediation.

The Guiding Principles and the corporate responsibility to respect human rights apply to all business enterprises regardless of their size, sector, location, ownership and structure – and regardless of whether or not a company is a participant of the Global Compact. Businesses aspiring to GC Advanced status are, however, expected to display a greater level of detail in their COP in order to contribute to sharing of knowledge and lessons learned on how they are implementing their human rights responsibilities and commitments. While this Supplementary Guidance **is not a tool on how to implement the corporate responsibility to respect human rights**, it gives an indication of some of the elements that companies should consider in order to meet this responsibility. This Supplementary Guidance should therefore be seen as

<sup>14</sup> For more information about the Advanced Programme and criteria, visit:  
[http://www.unglobalcompact.org/COP/differentiation\\_programme.html](http://www.unglobalcompact.org/COP/differentiation_programme.html)

<sup>15</sup> Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework, A/HRC/17/31, <http://www.ohchr.org/documents/issues/business/A.HRC.17.31.pdf>, Principle 15, at p15

helping to reinforce the Guiding Principles by seeking to encourage higher standards of corporate performance on human rights implementation and contributing to enhanced accountability of Global Compact participants.

The authoritative resource on how to implement the “Responsibility to Respect” pillar of the Guiding Principles is the Interpretive Guide published by the Office of the UN High Commissioner for Human Rights.<sup>16</sup>

The responsibility to respect human rights as defined in the Guiding Principles correlates with the commitments expressed in Global Compact’s Principles 1 and 2. Principle 1, however, includes the additional requirement to ‘support’ human rights, which is treated as optional in the Guiding Principles<sup>17</sup>. Given this additional commitment of participants in the Global Compact, a number of Basic and Advanced Elements in this Supplementary Guidance are included to reflect the importance of making a positive contribution to the realization of human rights that goes beyond respecting human rights.

While all businesses have a responsibility to respect all human rights, the scale and complexity of policies and procedures needed will vary according to the nature and degree of the business’ risk of adversely impacting human rights, which may in turn depend on factors like the business size, sector, operating context etc. The baseline for all companies is to avoid infringing on human rights and to address any adverse impacts with which they are involved. In prioritizing their actions to prevent and address adverse human rights impacts, businesses should first consider the most severe human rights impacts with reference to their scale, scope and irremediable character.

Note: All Global Compact business participants are expected to report on their progress in implementing their GC commitments. The expectation set by the Guiding Principles when it comes to company communication on how it addresses its human rights impacts is defined by the severity of those impacts. The higher the risk of severe impacts on human rights, the more formal the level of communication expected by the Guiding Principles in terms of disclosure of human rights risks and impacts and how these are being addressed. This expectation set by the Guiding Principles applies to all companies – regardless of their participation in the Global Compact and regardless of the level of their COP (GC Learner, Active, Advanced).

## 5. Reporting Elements for the 1<sup>st</sup> and 2<sup>nd</sup> Principles

This Human Rights COP Guidance provides a comprehensive set of **Reporting Elements** that can be reported on in a mainly descriptive manner.

The purpose of this Supplementary Guidance is to assist companies when they are reporting on progress in implementing the Global Compact human rights commitments. While recognizing that companies implement policies/procedures and report on human rights in different ways and to different extents<sup>18</sup>, the Global Compact Office **strongly encourages participants to adopt as many best practices as possible, as soon as possible**. It is recognized that disclosure sometimes raises legal concerns. Participants are not expected to expose themselves to increased legal risk as a result of disclosures suggested by this Supplementary Guidance. A compelling case has been made that actions to know and show respect for human rights decreases legal risk.<sup>19</sup>

Businesses should pay particular attention to impacts on individuals from vulnerable groups. Examples can include women, children, indigenous people, migrant workers, persons with disabilities and people belonging to

<sup>16</sup> <http://www.ohchr.org/EN/Issues/Business/Pages/Tools.aspx>.

<sup>17</sup> Principle 11 of the Guiding Principles makes the distinction between ‘respect for human rights’, which is mandatory, and ‘support for human rights’, which is encouraged but optional – “Business enterprises may undertake other commitments or activities to support and promote human rights, which may contribute to the enjoyment of rights. But this does not offset a failure to respect human rights throughout the operations” at page 13.

<sup>18</sup> (due to a difference in size and risk of adversely impacting human rights)

<sup>19</sup> See, eg, J.F. Sherman, III & A. Lehr “Human Rights Due Diligence: Is it Too Risky?”, February 2010, at: [http://www.hks.harvard.edu/m-rcbg/CSRI/publications/workingpaper\\_55\\_shermanlehr.pdf](http://www.hks.harvard.edu/m-rcbg/CSRI/publications/workingpaper_55_shermanlehr.pdf)

ethnic and or other minorities.<sup>20</sup> In reporting on the gender dimension of human rights performance and the progress of corporate sustainability more generally, businesses are encouraged to refer to the Women's Empowerment Principles and the accompanying gender reporting guidance available at <http://www.weprinciples.org> and to use gender disaggregated data to enhance transparency on performance towards gender equality.

In reporting on impacts on children's rights, participants are encouraged to refer to the Children's Rights and Business Principles available at: [http://www.unglobalcompact.org/Issues/human\\_rights/childrens\\_principles.html](http://www.unglobalcompact.org/Issues/human_rights/childrens_principles.html)

The Reporting Elements are organized in an easy-to-apply matrix:

By reporting levels:

- **Basic Reporting Elements** – these Elements are considered to be the basic level of reporting on an organization's human rights policies and procedures.
- **Advanced Reporting Elements** – these Elements suggest how to report more extensively on the organization's human rights policies, processes and initiatives.

By categories:

- **Respecting human rights**
- **Supporting human rights**

Human rights commitments	Reporting categories	Basic Reporting Elements	Advanced Reporting Elements
Respecting human rights	Policy Commitment	<b>BRE1</b>	<b>ARE1</b>
	Due-Diligence Process	<b>BRE2 – BRE3</b>	<b>ARE2 – ARE3</b>
	Process for Remediation	<b>BRE4</b>	<b>ARE4</b>
Supporting human rights	Policy Commitment	<b>BRE5</b>	<b>ARE5</b>
	Processes and Programmes	<b>BRE6</b>	<b>ARE6</b>

### 5.1 Matrix of Reporting Elements<sup>21</sup>

A participant's COP should describe the manner in which the participant has implemented the following:<sup>22</sup>

<b>Basic Reporting Elements ('BRE')</b>	<b>Advanced Reporting Elements ('ARE')</b>
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<sup>20</sup> Business enterprises that identify that their activities and/or business relationships pose particular risks to any of these vulnerable groups should also consider the relevant international human rights instruments established to provide legal protection for these groups. See <http://www2.ohchr.org/english/law/index.htm#core>.

<sup>21</sup> For Guidance Materials refer to the Global Compact Human Rights Issues page at [www.unglobalcompact.org/Issues/human\\_rights/Tools\\_and\\_Guidance\\_Materials.html#policy](http://www.unglobalcompact.org/Issues/human_rights/Tools_and_Guidance_Materials.html#policy).

<sup>22</sup> Since human rights issues and impacts are cross cutting and may be relevant to other issue areas within the Global Compact, such as environmental issues, participants are encouraged to report on their progress using the format that makes most sense for their business. This may or may not mean including this information in a dedicated human rights section in their COP or organizing it differently. The approach suggested in this Supplementary Guidance is offered as a guide. Other ways of organizing the material are possible.

## RESPECTING HUMAN RIGHTS

### Policy commitment<sup>23</sup>

<b>BRE 1</b>	<p>Does the company have a policy statement that publicly expresses an explicit commitment to <u>respect</u> human rights?<sup>24</sup></p> <ul style="list-style-type: none"> <li>- Describe the contents of the policy commitment and to whom it applies (ie, beyond the company's own activities)</li> <li>- Describe how it is communicated to internal and external stakeholders</li> </ul>	<b>ARE 1</b>	<p>Same as BRE1 <u>And</u> elaborate on:</p> <ul style="list-style-type: none"> <li>- How the policy was developed, including particular challenges faced</li> <li>- How it was communicated within and outside of the company, including particular challenges faced</li> <li>- Alignment with other policies and processes.</li> </ul>
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*Policy commitment: aspects to consider when preparing the COP*

- Is the commitment a stand-alone policy or integrated into other policy documents?
- What international human rights standards are referenced?
- Does the commitment reference the UN Guiding Principles on Business and Human Rights?
- Process: What was the involvement of senior management? Was the policy development process informed by internal/external human rights expertise?
- Content: What are the human rights expectations with regard to employees, business partners and other entities directly linked to its operations, products or services? Are particular human rights issues considered in the policy?
- Communication: How are internal and external stakeholders made aware of the policy commitment?

### Due diligence processes<sup>25</sup>

<b>BRE 2</b>	<p>What are the human rights risks arising from the company's own activities and through its business relationships?</p>	<b>ARE 2</b>	<p>Same as BRE2. <u>And</u> elaborate on:</p> <ul style="list-style-type: none"> <li>- the nature of those risks</li> <li>- any change in those risks over time</li> <li>- new or emerging risks.</li> </ul>
<b>BRE 3</b>	<p>What ongoing processes does the company have in place to identify, prevent and mitigate adverse impacts on human rights 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 ("human rights due diligence processes")?<sup>26</sup></p> <ul style="list-style-type: none"> <li>- Describe the key features of processes involving:             <ol style="list-style-type: none"> <li>a) Assessing actual and potential impacts, including by engaging with affected stakeholders</li> <li>b) integrating and acting on findings from assessments;</li> <li>c) tracking responses to impacts;</li> <li>d) communicating on how adverse</li> </ol> </li> </ul>	<b>ARE 3</b>	<p>Same as BRE3. <u>And</u> elaborate on:</p> <ul style="list-style-type: none"> <li>- How these processes were developed</li> <li>- On the content of these processes, in particular processes of engaging affected stakeholders</li> <li>- Whether there are ways in which these processes could be enhanced</li> <li>- Particular challenges faced in implementing these processes</li> <li>-</li> </ul>

<sup>23</sup> See the "How to Develop a Human Rights Policy" Guide for Business at [www.unglobalcompact.org/docs/issues\\_doc/human\\_rights/Resources/HR\\_Policy\\_Guide.pdf](http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/HR_Policy_Guide.pdf)

<sup>24</sup> At a minimum, the scope of the corporate responsibility to respect human rights is the content provided by the International Bill of Human Rights, which consists of:

- The Universal Declaration of Human Rights
- 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 Work

For examples of company policy statements refer to the Business & Human Rights Resource Centre at [www.business-humanrights.org/Documents/Policies](http://www.business-humanrights.org/Documents/Policies)

<sup>27</sup> Guiding Principle 17 states that "in order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed" at page 16.

<sup>27</sup> For the "Guide to Human Rights Impact Assessment and Management" see [www.guidetohriam.org](http://www.guidetohriam.org).

<sup>27</sup> For the "Guide to Human Rights Impact Assessment and Management" see [www.guidetohriam.org](http://www.guidetohriam.org).

	impacts are addressed.		
<p><b>NOTE: The responsibility to respect human rights also comprises the Global Compact commitment to avoid complicity (being involved in human rights abuse that another company, government, individual, group etc. is causing, that is, the enterprise's business relationships). It is therefore important that the COP describes the due diligence processes in place to identify and address the human rights risks with which the company may be involved through links to the company's products, operations or services by a business relationship.</b></p>			
<p><i>Due diligence process: aspects to consider when preparing the COP</i></p> <ul style="list-style-type: none"> <li>- Assessing risks: Do country/operational contexts present particular risks? Does the industry context present particular risks? Are the human rights risks primarily related to the company's own activities or to the company's business relationships? What external resources were consulted? If the company operates in or have links to conflict areas, how has this prompted heightened due diligence measures? If faced with risks of involvement in gross human rights abuses, have these been considered as a legal compliance issue?</li> <li>- Assessing impacts: How are actual and potential impacts assessed?<sup>27</sup> What are the types of impacts? What are the processes for identifying and consulting with affected stakeholders?</li> <li>- Integrating findings: Where does responsibility for addressing human rights impacts lie? How are findings integrated and acted upon? How does cross-functional collaboration occur? How does the company assess its leverage in particular situations?</li> <li>- Tracking responses: Is there a system to track how the business addresses its impacts? What metrics are used? Quantitative? Qualitative? Does the company consider feedback from internal and external stakeholders?</li> <li>- Communicating on impacts and responses: How does the enterprise communicate about its responses to its human rights impacts to stakeholders, particularly affected stakeholders? What forms of communication are used? How does the company determine that the information is adequate and accessible to its intended audience? To what extent do decisions on how to communicate on human rights impacts and responses take potential risks to affected stakeholders into account?</li> <li>- Addressing dilemmas: How does the company ensure that internationally recognized human rights are respected if faced with conflicting requirements, for example compliance with domestic laws when such laws fall below or contradict international standards?</li> </ul>			
<p><b>Processes for remediation</b></p>			
<p><b>BRE 4</b></p>	<p>What remediation processes does the company have in place or participate in to address adverse human rights that it has caused or contributed to?</p> <ul style="list-style-type: none"> <li>- Describe the key features of those processes?</li> <li>- Does the company have operational-level grievance mechanisms in place?</li> </ul>	<p><b>ARE 4</b></p>	<p>Same as BRE4. And elaborate on:</p> <ul style="list-style-type: none"> <li>- How the processes were set up</li> <li>- Their content</li> <li>- Whether there are ways in which these processes could be enhanced</li> <li>- Particular challenges in implementing these processes</li> </ul>
<p><i>Process for remediation: aspects to consider when preparing the COP</i></p> <ul style="list-style-type: none"> <li>- What remediation processes exist for internal stakeholders (eg, workers)?</li> <li>- What remediation processes exist for external stakeholders (eg, affected communities)?</li> <li>- What steps are taken by the company to ensure that grievance mechanisms for stakeholders are effective in enabling remedy by being: <ul style="list-style-type: none"> <li>o Legitimate: enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes;</li> <li>o Accessible: being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access;</li> <li>o Predictable: providing a clear and known procedure with an indicative timeframe for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;</li> <li>o Equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;</li> <li>o Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its</li> </ul> </li> </ul>			

<sup>27</sup> Guiding Principle 17 states that "in order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed" at page 16.

<sup>27</sup> For the "Guide to Human Rights Impact Assessment and Management" see [www.guidetohriam.org](http://www.guidetohriam.org).



- effectiveness and meet any public interest at stake;
- Rights-compatible: ensuring that outcomes and remedies accord with internationally recognized human rights;
- A source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms.
- Operational-level mechanisms should also be:
- Based on engagement and dialogue: consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.

## SUPPORTING HUMAN RIGHTS

### Policy commitment

<b>BRE 5</b>	Does the company have a policy statement that publicly expresses an explicit commitment to <u>support</u> human rights? <sup>28</sup> <ul style="list-style-type: none"> <li>- Describe the contents of the policy commitment</li> <li>- Describe how it is communicated to internal and external stakeholders.</li> </ul>	<b>ARE 5</b>	Same as BRE5. <u>And</u> elaborate on <ul style="list-style-type: none"> <li>- the content of the policy commitment</li> <li>- its rationale</li> <li>- how it was developed</li> <li>- how it is communicated within and outside the company</li> </ul>
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### Processes and programmes

<b>BRE 6</b>	What processes and programmes to support human rights does the company have in place? <ul style="list-style-type: none"> <li>- Describe the key features of these processes and programmes</li> </ul>	<b>ARE 6</b>	Same as BRE6. <u>And</u> elaborate on <ul style="list-style-type: none"> <li>- how the processes and programmes were developed</li> <li>- the content of the processes and programmes</li> <li>- whether there are ways in which they can be enhanced</li> <li>- challenges and benefits experienced by the company when implementing them</li> </ul>
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*Aspects to consider when preparing the COP:*

- What are the type of processes and programmes in place to support human rights:
  - Core business
  - Strategic philanthropic/social investment
  - Public policy engagement/Advocacy
  - Partnerships and/or other forms of collective action

<sup>28</sup> At a minimum, the statement should explicitly reference:

- The Universal Declaration of Human Rights
- 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 Work

For examples of company policy statements refer to the Business & Human Rights Resource Centre at [www.business-humanrights.org/Documents/Policies](http://www.business-humanrights.org/Documents/Policies)

## ANNEXURE A

### SUMMARY OF GUIDING PRINCIPLES 11-24, Pillar II<sup>29</sup>

The Foundational Principles of the corporate responsibility to respect human rights are:

**DEFINITION OF THE RESPONSIBILITY TO RESPECT HUMAN RIGHTS:** To respect human rights business enterprises should avoid infringing on the human rights of others and address adverse human rights impacts with which they are involved (**Principle (P) 11**).

**SCOPE OF THE RESPONSIBILITY TO RESPECT HUMAN RIGHTS:** The responsibility to respect human rights refers to internationally recognised human rights; at a minimum, those expressed in the International Bill of Human Rights<sup>30</sup> and the principles concerning fundamental rights set out in the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work (**P12**).

**IMPLICATIONS OF THE RESPONSIBILITY:** Business enterprises are required to avoid causing/contributing to, and to address when they occur, adverse human rights impacts through their own activities (**P13(a)**). The responsibility extends to seeking to prevent or mitigate adverse human right impacts directly linked to business enterprise operations, products or services by their business relationships, *even if the business enterprise has not itself contributed to those impacts* (**P13(b)**).

This responsibility **applies fully and equally to all enterprises**, regardless of their size, sector, operational context, ownership and structure. However, *the means of meeting* the responsibility will depend on those factors – i.e. there is no one-size-fits-all (**P14**).

**CONTEXT:** In all contexts, business enterprises should:

- Comply with all applicable laws and respect internationally recognized human rights, wherever they operate (**P23(a)**)
- Seek ways to honour the principles of internationally recognized human rights when faced with conflicting requirements (**P23(b)**)
- Treat the risk of causing or contributing to gross human rights abuses as a legal compliance issue wherever they operate (**P23(c)**)
- Where it is necessary to prioritize actions to address actual/potential adverse human rights impacts, first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable (**P24**).

The following principles (**Operational Principles**) elaborate on how business enterprises should *operationalize* their responsibility to respect human rights (**Foundational Principles**). All business participants are encouraged to report in their COPs on how these principles are being implemented in their enterprise.

To meet the responsibility to respect human rights, business enterprises should have in place **Policies** and **Processes** that demonstrate that they “know and show”<sup>31</sup> their respect for human rights *in practice* (**P15**), including:

1. Policy Commitment
2. Human Rights Due-Diligence Process

<sup>29</sup> For guidance on the corporate responsibility to respect pillar, see OHCHR’s Interpretive Guide on <http://www.ohchr.org/EN/Issues/Business/Pages/Tools.aspx>.

<sup>30</sup> The International Bill of Human Rights comprises the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

<sup>31</sup> Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework (A/HRC/17/31), Principle 15, p15.

3. Process for Remediation	
<b>POLICY COMMITMENT</b>	
1.	The statement of policy expressing a commitment to meet the responsibility to respect human rights should ( <b>P16</b> ):
	<ul style="list-style-type: none"> <li>A. Be approved at the most senior level</li> <li>B. Be informed by internal/external expertise</li> <li>C. Stipulate human rights expectations of staff, partners, stakeholders etc</li> <li>D. Be publically available and communicated internally/externally</li> <li>E. Be embedded in operational policies and procedures</li> </ul>
<b>DUE-DILIGENCE PROCESS</b>	
2.	The due-diligence process to identify, prevent, mitigate and account for how adverse human rights impacts are addressed should: cover own activities and business relationships; vary according to size, severity of impacts, and nature and context of operations; be on an <u>on-going basis</u> . ( <b>P17</b> ) It should include:
A. Assessment of <u>actual</u> and <u>potential</u> human rights impacts ( <b>P18</b> )	<p>Assessment of actual/potential human rights impacts should include impacts the business enterprise may be involved in through its own activities and as a result of its business relationships. The assessment process should:</p> <ul style="list-style-type: none"> <li>i. Draw on internal and/or independent external expertise</li> <li>ii. Involve <u>meaningful consultation with potentially affected groups and other relevant stakeholders</u></li> </ul>
B. Integrate and act upon the findings ( <b>P19</b> )	<p>Effective integration of impact assessments (per 2A above) across relevant internal functions and processes requires (<b>P19(a)</b>):</p> <ul style="list-style-type: none"> <li>i. Assignment of responsibility to appropriate level/function within the business enterprise</li> <li>ii. Internal decision-making, budget allocations and oversight processes that enable effective responses to such impacts</li> </ul> <p>Effective responses (appropriate action) that prevent/mitigate adverse human rights impacts will vary according to (<b>P19b</b>):</p> <ul style="list-style-type: none"> <li>i. Whether the business enterprise: <ul style="list-style-type: none"> <li>o <u>Causes</u>, or</li> <li>o <u>Contributes to</u>, or</li> <li>o Is <u>involved in</u> because the impact is directly linked by a business relationship, an adverse impact.</li> </ul> </li> <li>ii. Extent of the business enterprise's leverage in addressing the adverse impact</li> </ul>
C. Track responses ( <b>P20</b> )	<p>To be effective at verifying whether adverse human rights impacts are being addressed, tracking should:</p> <ul style="list-style-type: none"> <li>i. Be based on qualitative and quantitative indicators</li> <li>ii. Draw on feedback from both internal/external sources, including affected stakeholders (link to <b>P18ii</b>.)</li> </ul>
D. Communicate how impacts	Be prepared to communicate externally for had

	are addressed (P21)	<p>human rights impacts are addressed, particularly when concerns are raised by and on behalf of affected stakeholders. If operations or operating contests pose risks of severe human rights impacts, communication should take form of formal reporting. External communication should :</p> <ul style="list-style-type: none"> <li>i. Be of <u>form/frequency</u> that reflects the impacts, and is accessible to intended audiences</li> <li>ii. Provide <u>sufficient information</u> to evaluate adequacy of response to the particular impacts involved</li> <li>iii. Not pose risks to affected stakeholders and personnel or to legitimate requirements of commercial confidentiality</li> </ul>
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**PROCESS FOR REMEDIATION**

3.	<p>Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes (<b>P22</b>). Grievance mechanisms set up by individual business enterprises or mechanisms in which they participate (e.g. operational-level grievance mechanisms) in order to meet certain effectiveness criteria should be (P31):</p> <ul style="list-style-type: none"> <li>a. Legitimate</li> <li>b. Accessible</li> <li>c. Predictable</li> <li>d. Equitable</li> <li>e. Transparent</li> <li>f. Rights-compatible</li> <li>g. A source of continuous learning</li> <li>h. Based on engagement and dialogue</li> </ul>
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## ANNEXURE B

Excerpt on human rights from the UN Global Compact's GC Advanced Criteria.

This excerpt is taken from the questionnaire that GC participants complete when submitting a GC Advanced COP. Responses to the questionnaire will impact whether the COP qualifies as GC Advanced. It is included in this Supplementary Guidance for information purposes.

### **Robust Human Rights Management Policies & Procedures**

⊕ Criteria and best practices under human rights implementation have been modified to reflect the [Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework](#) (the Guiding Principles), as well as the [Human Rights COP Reporting Guidance](#). Best practices reflect specific reporting elements of the latter guidance, either Basic (numbers starting with BRE) or Advanced (numbers starting with ARE).

#### **Criterion 3: The COP describes robust commitments, strategies or policies in the area of human rights**

Indicate which of the following best practices are described in your COP:

- Any relevant policies, procedures, and activities that the company **plans to** undertake to fulfill this criterion, including goals, timelines, metrics, and responsible staff
  - ❗ This option is for companies that have not yet begun to implement this criterion, but transparently and thoroughly disclose future plans to progress in this area in their COP.
- Commitment to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates (e.g., the Universal Declaration of Human Rights, Guiding Principles on Human Rights) (BRE1 + ARE1)
  - ❗ The Guiding Principles suggest that this should include a commitment to treat the risk of causing or contributing to gross human rights abuses as a legal compliance issue wherever the company operates
- Integrated or stand-alone statement of policy expressing commitment to respect and support human rights approved at the most senior level of the company (BRE 1 + BRE5 + ARE 1 + ARE 5)
- Statement of policy stipulating human rights expectations of personnel, business partners and other parties directly linked to operations, products or services (BRE 1)
- Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties (BRE 1 + BRE 5 + ARE 1 + ARE 5)
- Other established or emerging best practices
  - ❗ Specify in under 255 characters, including spaces. Alternatively, indicate if your COP does not address this criterion but explains the reason for omission (e.g., criterion deemed immaterial, legal prohibitions, privacy, competitive advantage).

#### **Criterion 4: The COP describes effective management systems to integrate the human rights principles**

Indicate which of the following best practices are described in your COP:

- Any relevant policies, procedures, and activities that the company **plans to** undertake to fulfill this criterion, including goals, timelines, metrics, and responsible staff
  - ❗ This option is for companies that have not yet begun to implement this criterion, but transparently and thoroughly disclose future plans to progress in this area in their COP.
- Process to ensure that internationally recognized human rights are respected
- On-going due diligence process that includes an assessment of actual and potential human rights impacts (BRE 2 + BRE 3 + ARE 2 + ARE 3)
  - ❗ The Guiding Principles suggest that the assessment:

- Include the risk of impacts the business enterprise may be involved in through its own activities, business relationships, and country and/or industry context

- Involve meaningful consultation with potentially affected groups and other relevant stakeholders to assess actual and potential impacts as well as risks

- Be ongoing and evolving, adapted to size and complexity

- Be included in risk management systems

The Guiding Principles also suggest that risks should not be limited to the risks to the company itself (material) but should also include risks to right-holders. Lastly the Guiding Principles suggest that findings from impact assessments should be integrated across relevant internal functions and processes.

- Internal awareness-raising and training on human rights for management and employees
- Operational-level grievance mechanisms for those potentially impacted by the company's activities (BRE 4 + ARE 4)
- Allocation of responsibilities and accountability for addressing human rights impacts
- Internal decision-making, budget and oversight for effective responses to human rights impacts
- Processes to provide for or cooperate in the remediation of adverse human rights impacts that the company has caused or contributed to (BRE 3+ BRE 4 + ARE3 + ARE 4)
- Process and programs in place to support human rights through: core business; strategic philanthropic/social investment; public policy engagement/advocacy; partnerships and/or other forms of collective action (BRE 6 + ARE 6)
- Other established or emerging best practices
  - i** Specify in under 255 characters, including spaces. Alternatively, indicate if your COP does not address this criterion but explains the reason for omission (e.g., criterion deemed immaterial, legal prohibitions, privacy, competitive advantage).

## Criterion 5: The COP describes effective *monitoring and evaluation mechanisms* of human rights integration

Indicate which of the following best practices are described in your COP:

- Any relevant policies, procedures, and activities that the company **plans to** undertake to fulfill this criterion, including goals, timelines, metrics, and responsible staff
  - i** *This option is for companies that have not yet begun to implement this criterion, but transparently and thoroughly disclose future plans to progress in this area in their COP.*
- System to monitor the effectiveness of human rights policies and implementation with quantitative and qualitative metrics, including in the supply chain (BRE3 + ARE3)
  - i** *The Guiding Principles also suggest that such monitoring should be based on qualitative and quantitative indicators*
- Monitoring drawn from internal and external feedback, including affected stakeholders
- Leadership review of monitoring and improvement results
- Process to deal with incidents the company has caused or contributed to for internal and external stakeholders (BRE 4 + ARE 4)
- Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue (BRE4 + ARE4)
- Outcomes of integration of the human rights principles
  - **Outcomes of due diligence process**  
*Suggested GRI Indicators: HR2 Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken. HR10 Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.)*
  - **External and formal reporting of operations or operating contexts that pose risks of severe human rights impacts.** *The Guiding Principles suggest that communications should:*
    - (a) *Be of a form and frequency that reflect an enterprise's human rights impacts and that are accessible to its intended audiences;*
    - (b) *Provide information that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact involved;*
    - (c) *In turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality.*
  - **Disclosure of main incidents involving the company.** *The Global Compact Office acknowledges that providing such details may be counterproductive for various reasons related to the protection of human rights, and that confidentiality may, at times, be more effective in alleviating human rights abuses.*
  - **Outcomes of remediation processes of adverse human rights impacts** *(Suggested GRI Indicator: HR11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.)*
- Other established or emerging best practices
  - i** *Specify in under 255 characters, including spaces. Alternatively, indicate if your COP does not address this criterion but explains the reason for omission (e.g., criterion deemed immaterial, legal prohibitions, privacy, competitive advantage).*

## ANNEXURE C

### Excerpt of the human rights section of the Basic COP Template

The precise format of a COP is flexible. The Basic COP Template was developed to assist participants with less experience in sustainability reporting.

Note: The online version of the full template is available at:

[http://www.unglobalcompact.org/COP/communicating\\_progress/basic\\_cop\\_template.html](http://www.unglobalcompact.org/COP/communicating_progress/basic_cop_template.html)



**Human Rights Principles**

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses (For more information on the principles, [click here](#))

**Assessment, Policy and Goals**

Description of the relevance of specific human rights issues for the company (i.e. based on assessment of human rights risk). Description of policies, public commitments and company goals on Human Rights.

## Examples

- Reference to (statement of support for) the Universal Declaration of Human Rights or other international standards
- Written company policy on respecting and supporting Human Rights (e.g. in code of conduct)
- Policy requiring business partners and suppliers to adhere to the principles on Human Rights
- Assessment of Human Rights related risks and impact in industry sector and country(ies) of operation
- Specific goals in the area of Human Rights for the upcoming year

**Implementation**

Description of concrete actions to implement Human Rights policies, address Human Rights risks and respond to Human Rights related concerns.

## Examples

- Suggestion box, call center or grievance mechanism
- Awareness raising/training of employees on Human Rights
- Consultation with stakeholders and affected parties
- Allocation of responsibilities for the respect and support of Human Rights within your company
- Human resource and other policies and procedures relating to Human Rights

**Measurement of outcomes**

Description of how the company monitors and evaluates performance.

## Examples

- Specific progress made in the area of Human Rights in the past reporting period
- Information about how your company deals with alleged incidents of Human Rights abuses
- Investigations, legal cases, rulings, fines and other relevant events related to Human Rights
- Periodic review of results by senior management
- External audits of Human Rights performance