Network Germany

econsense
Forum Nachhaltige Entwicklung
der Deutschen Wirtschaft

HUMAN RIGHTS DUE DILIGENCE

Summary of the results of the survey conducted by the German Global Compact Network and econsense

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Benchmark data

- Survey participants: econsense project group "Business and Human Rights" & corporate participants of the German Global Compact Network
- Survey period: 09.04. – 25.04.2014
- Survey type: Online survey
- Random sampling (after data cleansing): n = 39 participants
- Goal: Overview of the use of current tools and guidelines that support the implementation of the United Nations (hereinafter UN) Guiding Principles on Business and Human Rights

Key results

- The response rate and the composition of the random sample demonstrate how companies are systematically addressing the issue of business and human rights – regardless of their size. Even small- and medium-sized enterprises are beginning to address the issue. Participants predominantly considered the observance of human rights standards as important for the long-term success of their business.

- The high degree of abstraction of the UN Guiding Principles illustrates the complexity of the topic of business and human rights. Although the majority of companies surveyed is familiar with the operational principles of respecting and protecting human rights and has in many cases already taken measures, there are differences in the interpretation and application of these principles on a practical level. In addition, details were only sporadically given regarding collaboration with internal and external stakeholders.

- The level of awareness of the surveyed tools and guidelines supporting businesses is high. However, practical experience – especially with regard to the available tools – was generally scarce. Fee-based tools in particular are rarely used. Instruments that boast a high level of awareness and intensity of use include company-wide databases with practical examples or tools as well as overall thematic introductions.

SUMMARY OF RESULTS

Participating companies

Although more than half of the companies surveyed can be classified as large companies (> 20,000 employees), the survey results illustrate that even small- and medium-sized enterprises are addressing with human rights issues: around 13 % of companies surveyed belong to the size category up to 250 employees.

Relevance of the subject of business and human rights

The results suggest that the issue of human rights is considered increasingly important for the success of a company (Question: How important are human rights for the current success of your business?). On a scale of 1 to 8 (1 = irrelevant to 8 = very important), the mean value was 5.74 (n = 38). Important business-relevant effects for the company can, for example, be a lower reputational risk, supply security, but also greater employee loyalty.

Success factors and barriers

In the survey, participants were asked to identify important promoters and obstacles in the operational implementation of human rights due diligence in accordance with the UN Guiding Principles.

The answers can be clustered as internal and external factors. Important **external success factors** therefore include:

- UN Guiding Principles on Business and Human Rights (as a formulated expectation of companies)
- Stakeholders expectations of the company – in particular NGOs, customers, but also investors and shareholders
- Participation in initiatives that involve a public commitment to human rights – in particular the UN Global Compact and sustainability reporting according to GRI
- Classification in appropriate ratings
- Participation in networking activities / sharing of know-how
- Compliance and regulatory requirements
- Reputational risks

Internal success factors included the following in particular:

- Commitment of the business management (Board) and support from the upper and middle management
- Positioning within the issue of human rights as a competitive advantage
- Integration of the subject as a core element of a company-wide sustainability strategy
- Embodiment in the company's own codes of conduct

All of these factors lead to an improved implementation of human rights due diligence within the company. Public pressure and the associated reputational risks are increasing, not least because of tragic accidents in complex supply chains. The capital market also increasingly expects companies to address the issues of sustainability and the environmental and social impacts of economic activities. A large number of participants stressed in particular the role of internal and external commitment at management level, e.g. by joining the UN Global Compact. Reporting according to the Global Reporting Initiative (hereinafter GRI) guidelines, which set companies and organisations corresponding indicators for the preparation of sustainability reports, is a further promoter. This raises awareness on important questionsin the area of human rights, among other things. Finally, network memberships and learning forums were also highlighted as helpful.

At the same time, participants say that there are numerous obstacles in the implementation of a human-rights-based approach in the sense of the UN Guiding Principles in companies. These included in particular:

- Different national and cultural understandings of human rights in different countries and regions
- A lack of awareness of the relationship between economic activities and human rights and lack of knowledge about the potential negative impacts of companies on human rights – including among employees, suppliers, but also customers
- A lack of specialised capacities
- The difficult connection between the subject and the business case

Particular obstacles were cited specifically with regard to the supply chain. These were evident especially when tackling the challenges faced in the context of establishing and integrating human rights requirements into existing processes: complexity, variance and size as well as expansion of supply chain, monitoring and tracking, as well as the definition or delimitation of one's own sphere of influence.

These results illustrate that methods adapted to the specific human rights context are required in both companies as well as their supply chains in order to be able to exercise the reasonable measure of due diligence in each case. Especially for the implementation in specific national contexts at corporate locations or in the supply chain, company-wide, industry-specific cooperation could be more effective here than an individual approach.

Integration of the Guiding Principles in the business processes

According to Principle 15 of the UN Guiding Principles, companies are required to commit to respecting human rights within the framework of a policy, implement a human rights due diligence process and establish procedures to enable the remediation of human rights abuses. The survey results show that the majority of companies (over 60 %) are currently working on the development of a corporate strategy or corporate policy on human rights. Some 40 % also report on their handling of human rights due diligence as part of their corporate reporting.

According to the requirements of the Guiding Principles, the survey determined (1) what specific implementation steps have already been taken by the company and (2) how and by which means this has been completed or is currently being completed. The following steps defined by the UN Guiding Principles were surveyed:

a. Human rights policy
b. Impact assessment
c. Integration in the company
d. Tracking of measures
e. Reporting
f. Complaints and mitigation procedures (grievance)

Almost three quarters of the companies surveyed (71%) reported on actively addressing at least 4 of these 6 steps in their company. Work on the steps "Integration" and "Tracking" was the least pronounced. Around 50% claimed to be working on "Impact assessments". As regards the actual implementation, the results can be summarised as follows[1]:

TABLE 1

Step	Summary of the survey results
Policy	▪ Often developed in internal workshops or working groups settings ▪ Often integrated into existing documents, such as codes of conduct or company policies
Impact assessment	▪ Concrete information often related to risk assessment or compliance audits and appropriate staff audits ▪ To date, specific impact assessments are only seldom carried out
Integration	▪ Integration measures focus strongly on the employee level ▪ According to the obstacles mentioned above strong focus on training and capacity building ▪ External peer-to-peer learning was cited as helpful
Tracking	▪ Considerable divergence between the information given, including regarding supply chain monitoring, audits and certification, health & safety data or using own tracking instruments currently under development
Reporting	▪ The majority reported using GRI and according to the COP guidelines of the Global Compact ▪ Some participants gave information on data collection through grievance mechanisms
Grievance	▪ 50% use existing hotlines/whistleblowing systems for combating corruption ▪ Most of the mechanisms are directed primarily at employees ▪ Some systems were mentioned by participants that are currently being developed, including industry-specific initiatives

[1] Only about one third of the survey participants provided detailed answers to this question.

The results show that the majority of companies surveyed is familiar with the operating principles of respecting and protecting human rights and has in many cases already taken measures for many of these elements. Two aspects are particularly striking:

- How the Guiding Principles and individual process steps are addressed varies greatly from one company to the next. This is particularly evident in the area human rights impact assessments.
- Collaboration with stakeholders in the development of measures for the process steps is still weak.

Partner in the implementation

Asking the companies about the organisations with which they cooperate revealed a focus on work in networks and sector-specific initiatives. They are satisfied with these activities by and large. Companies often also work with non-governmental organisations and/or social institutions. Striking is that only few companies claim to collaborate with management consultancies or specialised service providers. It is not clear whether this is due largely to a lack of demand or an inadequate supply. The focus of external cooperation is thus on peer-to-peer learning and collaboration with selected industry- and/or topic-specific non-governmental organisations.

Instruments and guidelines for the implementation of human rights due diligence

The majority of the surveyed instruments and guidelines in support of in-company human rights work are known. However, extensive practical experience – especially as regards the available tools – was generally scarce. Fee-based tools in particular are rarely used. Instruments with a high level of awareness and intensity of use include company-wide databases with practical examples or tools. The following tools in particular are regarded as very useful:

- UNGC/Maplecroft – Human Rights and Business Dilemmas Forum
  http://human-rights.unglobalcompact.org/

- Business & Human Rights Resource Center – Database of company human rights policies
  http://www.business-humanrights.org/categories/companypolicysteps

- BLIHR/UNGC/OHCHR – A Guide for Integrating Human Rights into Business Management
  http://www.integrating-humanrights.org/

The intensity of use of the guidelines reflects the focus of the companies on the development of a strategy or corporate policy on human rights and on the reporting, but also on raising awareness. The evaluation of the surveyed tools (Table 2) and guidelines (Table 3) is summarised in the table below.

TABLE 2 Which of the following tools and web pages have you worked with and how would you rate them (5 = excellent bis 1 = very poor)?

Name of tool/web page	Mean Value	Amount of Ratings
UNGC/Maplecroft – Human Rights and Business Dilemmas Forum	3,9	11
Business & Human Rights Resource Center – Database of company human rights policies	3,6	14
BLIHR/UNGC/OHCHR – A Guide for Integrating Human Rights into Business Management	3,6	14
UNGC/OHCHR – Business and Human Rights Learning Tool	3,6	9
DIHR – Human Rights Compliance Assessment & the HRCA Quick Check	3,6	9
NOMOGAIA – Human Rights Impact Assessment Toolkit	3,5	2
CSR Europe – Management of Complaints Assessment (MOC-A Tool)	3,3	10
ACCESS Facility website	3,3	3
IBLF/IFC/UNGC – Guide to Human Rights Impact Assessment and Management	3,1	10
Global Compact Network Germany/twentyfifty Ltd. – Organizational Capacity Assessment Instrument	3,1	10

TABLE 3 Which of the following guidance material have you worked with and how would you rate them (5 = excellent bis 1 = very poor)?

Name of Guidance Document	Mean Value	Amount of Ratings
Global Compact Network Germany/German Institute for Human Rights/twentyfifty Ltd – Respecting Human Rights: An Introductory Guide	3,8	11
IHRB/GBI – State of Play: The Corporate Responsibility to Respect Human Rights in Business Relationships	3,7	4
BSR – Conducting an Effective Human Rights Impact Assessment	3,7	7
UNGC – How to Develop a Human Rights Policy	3,7	16
OHCHR – The Corporate Responsibility to Respect Human Rights: An Interpretive Guide	3,6	10
GRI – G4 Sustainability Reporting Framework	3,4	25
OHCHR – Human Rights Indicators: A Guide to Measurement and Implementation	3,4	7
UNGC/GRI – Making the Connection – Using GRI's Guidelines to Create a COP	3,4	16
UNGC/GRI/Realizing Rights – A Resource Guide to Corporate Human Rights Reporting	3,3	8
Harvard Kennedy CSR Initiative – Embedding Rights Compatible Grievance Processes for External Stakeholders Within Business Culture	3,0	1