



A Guide to Human Rights Due Diligence in Global Supply Chains

Raising the Bar for Responsible Business

The majority of Norwegian companies are part of a global supply chain, either directly or indirectly, through their operations. Businesses are invariably exposed to social and environmental risk throughout their supply chain operations. The working conditions in these supply chains may constitute a violation of human rights. Unfortunately, there are plenty of examples of companies whose business practices affect employees, local communities and the environment in a negative way. Such practices do not contribute to sustainable development and economic growth - neither for the society in question nor for the company itself.

There are growing expectations that businesses should ensure that they do not contribute to human rights violations, and this has resulted in a number of internationally recognised guidelines for corporate social responsibility (CSR). In 2011 the Guiding Principles on Business and Human Rights was unanimously endorsed by the UN Human Rights Council. The foundation of these Guiding Principles is the International Bill of Human Rights and the work of the International Labour Organization (ILO).

The UN Guiding Principles on Business and Human Rights emphasises the role of the state in protecting its citizens against human rights violations, and sets out clear expectations that businesses, regardless of size, sector, location, ownership or structure, must respect human rights. This includes carrying out human rights due diligence in order to avoid, or mitigate, adverse human rights impacts. Remedies are called for in cases where violations have occurred.

The Norwegian Government wishes to contribute to strengthening the role of Norwegian businesses as engines for sustainable development and poverty reduction, while at the same time supporting the efforts of the UN and the ILO to promote responsible business practices.

The Government's policy in this area is set out in the white paper Corporate social responsibility in a global economy [Report No 10 (2008-2009) to the Storting] and its Decent Work Strategy. In the white paper Active ownership – Norwegian State ownership in a global economy [Report No 13 (2010-2011) to the Storting], the Government expresses the same expectations to state owned enterprises.

This guide is based on the requirements, standards and recommendations of the UN and the ILO. It provides advice and recommendations on how all Norwegian companies, including small and medium-sized enterprises, can carry out human rights due diligence to avoid, mitigate and remedy negative human rights impacts.

We wish you success in your efforts to promote sustainable business practice.



Utenriksminister
Espen Barth Eide



Nærings- og handelsminister
Trond Giske

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”IEH offers a systematic approach to human rights due diligence in practice”

Øyvind Briså, Company Director in The BAMA Group



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Steel plant located in Alexandria that employs more than 2000 skilled workers.

What is Human Rights Due Diligence?



Mark B. Taylor,
Senior Researcher,
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Applied International
Studies

Since the unanimous endorsement of the Guiding Principles by states sitting on the UN Human Rights Council in 2011, human rights due diligence has been integrated into a range of tools and instruments, including the OECD Guidelines for Multinational Enterprises, the EU CSR strategy and the Performance Standards of the International Finance Corporation, to name just a few.

Human rights due diligence is based on a definition of business responsibility which makes every business responsible for its impacts. The UN Guiding Principles on Business and Human Rights state that a business is responsible for ensuring that it does not have negative impacts on people's rights through its activities and relationships. In principle businesses should respect all internationally proclaimed human rights as expressed in the International Bill of Human Rights¹ and the International Labor Organization's Declaration on the Fundamental Principles and Rights at Work. This is because business activity is so diverse that any number of rights may be affected by such activity. Due diligence is the method, or process, through which a business can ensure that it is not infringing on the rights of others.

Due diligence practice may differ from industry to industry, and from company to company, but the first task of due diligence is always to identify the risks of adverse impacts. The three basic functions of due diligence are: (i) identifying actual or potential human rights impacts; (ii) preventing and mitigating those impacts; and (iii) accounting for impacts and the responses to them. These should be part of an ongoing management process, integrated into company decision-making.

To date, due diligence practice has offered several lessons. One is that supply chain responsibility must be shared by all participants in the chain, from the producers of raw materials to those who produce the final product for end use. Without taking into consideration the entire supply chain the problems of sweatshop labour conditions or child labour will persist. This means that while any one company's contracts with suppliers may only create binding obligations one or two steps down the supply chain, due diligence by end users in the chain must cover the entire supply chain. This is also a core concept of ethical trade. Another lesson is that, due diligence, as defined by the Guiding Principles, is coherent with other forms of due diligence conducted by business under national laws around the world.

Many existing environment, labour, consumer protection and anti-corruption laws already require due diligence as a way for business to comply with standards set down in law and as the basis for regulators to assess non-compliance². Although the responsibility to implement due diligence lies with each business entity, government plays a crucial role – as a regulator, buyer, investor and owner - in both encouraging and requiring human rights due diligence by business. Because of its origins in law, it is likely that due diligence is here to stay as a way to meet the expectations of business' respect for human rights on the part of regulators, investors and society.

¹ International Bill of Human Rights includes the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights

² Olivier de Schutter, Anita Ramasastry, Robert C. Thompson and Mark B. Taylor, "Human Rights Due Diligence: the Role of States. International Corporate Accountability Roundtable, European Coalition for Corporate Justice, Canadian Network on Corporate Accountability, 2012.



Fig. 1 Human rights due diligence as part of the UN “Protect, Respect, Remedy” framework



Guiding Principles

“The Guiding Principles of Business and Human Rights” was adopted in the UN Human Rights Council in 2011.

The Guidelines are based on three pillars:

- The State’s duty to **protect** against human rights abuses.
- Business’ responsibility to **respect** human rights and avoid abuses through their activities.
- It is the State’s and businesses’ shared responsibility to manage and **remedy**, via their respective channels, human rights harms committed by the business sector.



Masons on a construction site, Chendu, China

Implementing Human Rights Due Diligence



Fig. 2 A structured approach to ethical trade, IEH - Ethical Trading Initiative Norway

The human rights due diligence process outlined in this guide is based on the Respect pillar of the UN “Protect, Respect, Remedy” framework³. The process focuses on how to prevent, mitigate and remedy negative impacts on people working in supply chains, and the local communities in which they live and work, through adopting a risk-based approach.

A supply chain consists of all parties involved in the provision of services and the manufacturing of goods, from raw material to finished product, including packaging and transportation. In many industries, some of the more serious human rights violations occur further upstream in the supply chain, particularly in labour-intensive industries such as textile production, consumer electronics, horticulture and mining. As such, all players throughout the entire supply chain are relevant to include in a due diligence process.

Human rights due diligence is as relevant for public contracting authorities as it is for private businesses, including those who do not have direct contact with producers of the goods they sell.

This guide provides a methodology for operationalising a human rights due diligence process based on five key steps. As illustrated in figure 2, these steps overlap and will often need to be repeated. The methodology is aligned with the principles and recommendations in the Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect, and Remedy Framework” (2011).

The cases provided throughout this guide illustrate examples of human rights due diligence from Norwegian companies. A selection of relevant resources and tools that are available to support this process can be found on the last page of this guide.

Those who are unfamiliar with the concept of a risk-based approach to ethical trade may find it useful to read this guide in conjunction with “A Practitioners’ Guide to Ethical Trade” (2011)⁴, which provides further recommendations and case studies.

³ http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

⁴ <http://www.ieh.no/guide>



Commit

Success Factors

- Mandate from top management/Board
- Clarify tasks and set clear expectations
- Allocate roles, responsibilities and resources
- Adopt a Code of Conduct and communicate internally and to suppliers
- Integrate due diligence into core business processes and decision making.

Conducting a human rights due diligence process requires a systematic approach. Businesses should start by setting a clear vision for their supply chain operations. A commitment to respecting human rights should be at the core of this vision. Businesses should set measurable goals to enable them to work systematically towards achieving and maintaining this vision. The activities required to meet these goals are usually expressed in an action plan. The types of activities carried out should be proportionate to the size of the business, the type of products and services, the countries where production takes place and the complexity of the supply chain. Goals and activities are exemplified throughout this guide.

While overall responsibility will usually reside within a single department or function in the company, it is recommended to assign operational tasks to a multidisciplinary team representing all relevant departments or functions. This will ensure that the human rights due diligence process is embedded throughout the organization and becomes an integrated part of core business and decision-making processes. The mandate should come from top management, not least to ensure that adequate resources are allocated.

A critical success factor is to ensure that a policy commitment, aimed at integrating human rights due diligence within business operations, is approved at Board level. A supplier Code of Conduct (CoC) is a key document in this regard, setting the framework for the operationalization of human rights due diligence within the supply chain. The CoC will usually include a range of issues relevant to due diligence such as a respect for human rights and labour rights, environmental stewardship, anti-corruption measures and the provision of well-functioning grievance mechanisms.

The intention and objectives of implementing a CoC should be regularly communicated throughout the organization and to all suppliers to gain and maintain commitment. This is an ongoing process, and efforts to prevent, mitigate and remediate negative human rights impacts should be addressed in training, workshops, meetings, when visiting production facilities and as an integral part of compliance monitoring. Businesses, and their employees, including product developers, quality managers, purchasers and designers have an important role in building mutual trust and a better understanding of how to develop more responsible business practices in collaboration with suppliers.

Human rights due diligence should be integrated into core business and decision-making processes, including sourcing and purchasing. Opposite is a case that illustrates how Varner Group, a Norwegian clothes retailer, has integrated due diligence into its sourcing procedures.



Worker assembling and manufacturing of electronic goods, Indonesia.

© International Labour Organization/ Mirza A

Integrating Human Rights Due Diligence in Screening of New Suppliers

A change in routines for screening new suppliers to reduce, mitigate and prevent adverse human rights impacts

Case: Varner Group

Varner Group is Norway's largest clothing retailer of 12 chain store concepts with a total of 1200 shops in 8 countries.

Background

In the past, buyers informed the CSR department by e-mail when new suppliers were being considered. This information was often received after production had started and before the CSR department had had time to perform a human rights due diligence assessment of the new supplier.

We needed a system to make sure that all new suppliers were screened with regard to ethical trade by the CSR department before the registration process of the suppliers could be finalized. Being a company that consists of several business units, geographically dispersed across several offices, we needed an efficient system that was simple to use, yet rigorous enough to ensure adequate due diligence.

What we did

In 2009 we developed an intranet-based system which ensures that the buyers wishing to add a new supplier to our portfolio have to send a request to the CSR department - thus making CSR the gateway for entering into business with the Varner Group.

The CSR department proceeds with a screening of the new potential supplier. This includes a full company profile, a complete list of factories and sub-contractors that will be used for production, as well as any social compliance documentation available. The supplier may also be asked to fill in a self-assessment questionnaire covering human rights issues and management systems for all factories they intend to use. Factory visits and social audits may also be initiated.

Based on the information received, it is decided if the supplier fits the profile that the Varner Group is looking for and if the supplier and their factories can be approved. After approval from the CSR department the registration process is forwarded to the logistics and finance departments for final registration in our data system. Only after all these steps are finalized can official contracts be signed between the buying department and the supplier. Social and environmental performance, including completing any necessary improvements, are always part of our sourcing decisions. The screening procedures also serve to strengthen our message to new and potential suppliers that adherence to our Code of Conduct is an important part of our business relation.

“The CSR department is a gateway for entering into business with Varner Group”

*Annabelle Lefébure-Henriksen,
Head of Corporate Social Responsibility (CSR)*

Learning

Buyers often place orders with a supplier who in turn decides what factories to use. It is therefore a challenge to certify the exact factory the supplier is using for production. Therefore, we have implemented a step to monitor that our suppliers are only using approved factories. In each single purchase order, which is a legally binding document, the name of the factory must be specified. When registering the order, buyers must add the factory name that will produce the order and can only choose among a list of approved factories. With this system, we not only have a legal binding agreement with the supplier, but also with the factory. The system also allows us trace production at all times for any given order.



www.varner.no



Assess

Success Factors

- Create supply chain and stakeholder maps
- Screen supplier base to identify priority suppliers
- Consult with stakeholders, to assess actual or potential impacts
- Agree upon and implement measures to mitigate, avoid or remedy impacts

Through their own operations or indirectly through being part of a global supply chain, businesses may cause negative human rights impacts on workers and local communities. Companies need to identify human rights impacts in their supply chains and then assess the severity of these impacts. Ultimately business has a responsibility for all negative impacts in its supply chain, although in reality it will be necessary to prioritise initially, and then to gradually extend the scope by building upon lessons learned.

In order to do this, businesses should first develop a supply chain map, as exemplified in figure 3 below, and then undertake a desktop analysis as part of a screening process. This screening process, which should be done in collaboration with key stakeholders, such as suppliers, involves actively seeking information about the types of potential and actual impacts occurring throughout its business operations. This initial screening is based on the geographical locations and industry sectors in which one operates.

Once an initial screening has taken place, more information about suppliers is needed in order to build up a more accurate risk profile. Often self-assessment questionnaires (SAQs) are used as a tool for collecting supplier-level information. There are a range of technological solutions on the market for collecting and analyzing data from suppliers, making this task easier for suppliers and their customers.

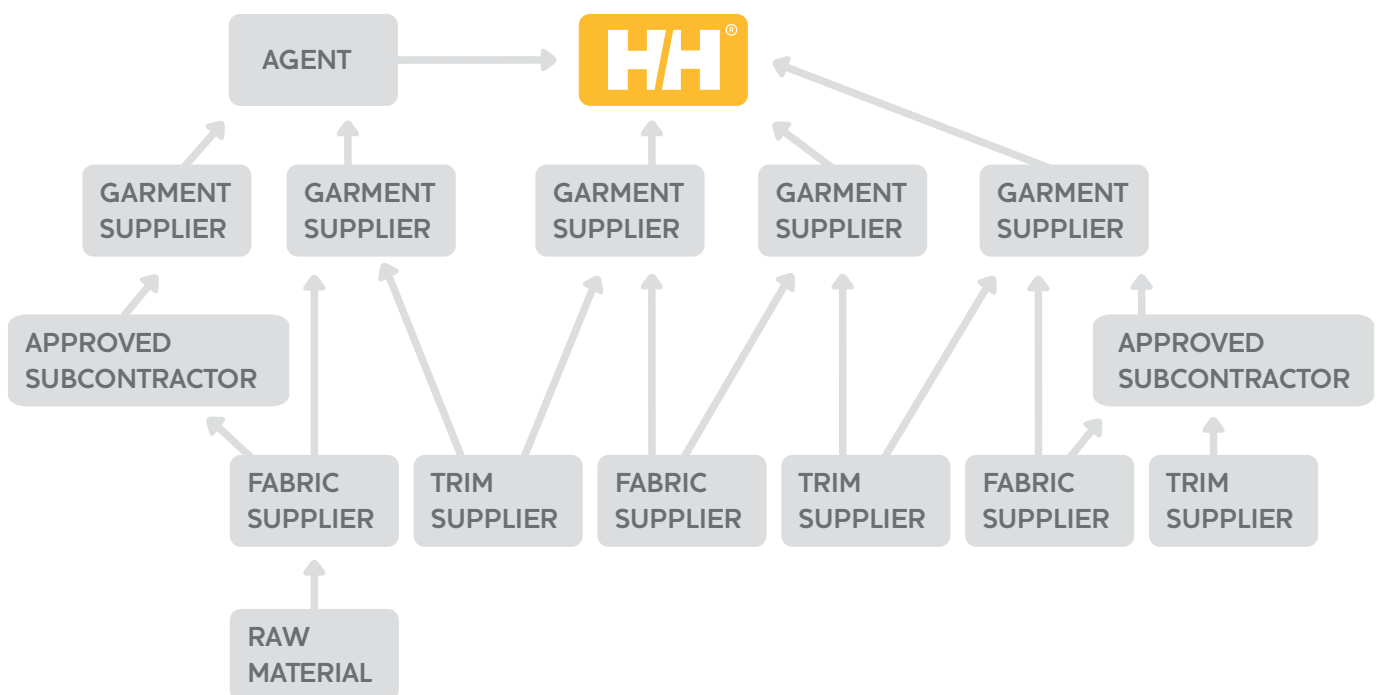


Fig. 3 Helly Hansen's Supply Chain Map

An established way to collect information, specifically for medium and high risk suppliers, is to engage auditing companies to identify gaps between a certain standard or benchmark, such as a supplier code of conduct, and the actual conditions at a production facility. In many cases, recent audit reports will already be available and it is therefore recommended that these are used rather than burdening suppliers with unnecessary audits. Third party certification, related to a particular product or supplier, can be a strategic way to minimise the risk of negative impacts in the supply chain, and to effectively communicate compliance to a range of stakeholders, including consumers.

As with SAQs, social audits provide a reasonable level of information, particularly around management systems, but may fail to identify the root causes of certain human rights violations. To gain accurate and credible information from audits it is important to use an acknowledged protocol. It is equally important that auditors have adequate technical, linguistic and cultural competence. It is recommended that businesses consult with a range of relevant stakeholders to build up an accurate picture of the actual and potential impacts of the business' operations.



Fig. 4 Example of a basic stakeholder map showing external stakeholders.

To understand who these key stakeholders are and how they can contribute to the due diligence process, businesses should develop a stakeholder map. Dialogue with relevant stakeholders can include meetings with suppliers, workers and union representatives, local authorities and local experts such as NGO's. These are excellent sources of information about local conditions. Other relevant stakeholders that can advise and support this process are the International Labour Organisation (ILO), multi-stakeholder initiatives (MSI's), industry-specific organizations (such as the Electronic Industries Citizenship Coalition (EICC)), and campaign groups (such as Amnesty International).

Once a potential or actual negative human rights impact has been identified, businesses should collaborate with suppliers and other relevant stakeholders to agree upon measures to:

- Prevent a potential negative impact from occurring
- Reduce the likeliness and/or consequence of a potential negative impact
- Repair damage done or compensate for actual negative impacts.

Multi Stakeholder Initiatives (MSI's):

MSI's bring together the expertise of representatives of relevant stakeholders in an effort to find joint solutions to complex problems and identify new issues for the international policy agenda.

- ▶ IEH - Ethical Trading Initiative Norway
www.ieh.no
- ▶ Ethical Trading Initiative (ETI), UK
www.ethicaltrade.org
- ▶ Danish Ethical Trading initiative (DIEH)
www.dieh.dk
- ▶ Fair Labor Association (FLA)
www.fairlabor.org
- ▶ Fair Wear Foundation (FWF)
www.fairwear.org
- ▶ Social Accountability International
www.sa-intl.org



Adapt

Success Factors

- Review business practices
- Identify measures to mitigate, avoid or remedy impacts
- Monitor the impact of implemented measures

A significant, yet often overlooked area of human rights due diligence concerns business’ own practices, which may themselves cause or contribute to adverse impacts on human rights in the supply chain. Where a root cause analysis identifies actual or potential adverse impacts on human rights that are directly or indirectly linked to the business’ own procedures or practices, these should be adjusted in order to mitigate, prevent or remedy such impacts. Necessary adjustments may be related to geography of the business’ supply chain, product design, the choice of materials, production processes or purchasing practices.

Experience shows that purchasing practices , in particular, can have negative impacts on working conditions. Some examples are short lead times during peak season or late changes to orders which can result in extreme overtime; late payment of orders that results in delayed payment to workers; and negotiating prices that do not allow the suppliers to pay workers the wages they are due.

Again, this highlights the importance of continued and open dialogue with your suppliers to ensure that the business’ purchasing practices support, rather than undermine, the requirements laid down in the business’ Supplier Code of Conduct. The case opposite illustrates how Norrøna Sport, a Norwegian outdoors clothing retailer, engages with suppliers to identify any adverse impacts relating to its purchasing practices.



© International Labour Organization/ Crozet M.

Multinational manufacturer of laundry detergents, Cairo.

Purchasing practice: Integrating Human Rights in Core Business

Aligning the supply chain from customer to supplier

Case: Norrøna Sport AS

Norrøna Sport AS is a more than 80 year old family owned company producing technical garments used for skiing, mountaineering, bicycling and hiking.

Background

Norrøna moved production from Europe to Asia approximately a decade ago. The move was initiated due to capacity requirements, pricing and the fact that raw materials were increasingly being made in Asia. During the move we soon realized the complexity of the supply chain and the inter-dependencies within departments in Norrøna and with our customers, manufacturers and suppliers of raw material. We identified key areas that we needed to focus on to ensure continued cost-effectiveness, high quality, supply continuity, and environmental and social responsibility.

What we did

Step 1: Supply chain transparency

Norrøna initiated a project to establish a value chain timeline which includes all activities such as design, development, production, quality control, sales and delivery. This allowed us to identify critical supply chain dependencies internally, towards customers and towards manufacturers and raw material suppliers. A key result was a common understanding, internally and externally, of the time needed from development to production and delivery, including the consequences of one group's delay. This also enabled us to focus on solving the problem where it actually occurred and to evaluate why it occurred.

Step 2: Capacity building in production

Several steps in the supply chain timeline involve giving forecasts, updating forecasts and aligning forecasts with our manufacturers and raw material suppliers. As orders materialize, we issue updated forecasts, discuss and agree on changes in commitments. If we have a major increase in order size, deadlines will be aligned to ensure that this does not have a negative impact on working hours. If we have a considerable

decrease in order size, the manufacturer or raw material supplier is notified in good time so that they are able to reduce capacity and assign production lines to other activities.

Step 3: New business models based on stakeholder engagement

The outdoor industry is organized around the main seasons: Spring/Summer and Autumn/Winter, resulting in a few big order windows. As Norrøna has grown, we have noticed the negative impact this has had throughout the supply chain, particularly relating to working hours, excessive overtime and HSE. Norrøna therefore initiated a project in 2012 to level out production activities from two or three peaks annually to an all year order cycle. Raw material suppliers, manufacturers and customers were all invited into the project to make it possible. All participants were offered incentives to make this happen. The project is still in its implementation phase and being continuously evaluated. However, the initial results are promising.

“Social responsibility towards the environment and labor has been one of the core values since the company’s birth”

*Anne B. Heyerdahl,
Director of Supply Chain and Responsible for CSR in Norrøna*

Next steps

Norrøna will shortly conduct a purchasing practice survey of all our manufacturers in order to further understand how our business practice impacts human rights, both positively and negatively. We will use the information gained for internal training and to identify ways in which we can further reduce any negative impacts in our supply chain operations.

We have learnt that having a plan specifying short term and long term goals and activities help us to prioritize and to ensure and report on progress.



www.norrøna.com



Collaborate

Success Factors

- Identify partners
- Agree on and implement measures to avoid, mitigate or remedy impact
- Monitor the impact of implemented measures
- Build trust with suppliers

The traditional compliance approach, based on social audits is still the prevailing business response to human rights violations. Although systematic, this approach has shown to be only partly successful, such as in the area of occupational health and safety. In other important areas such as freedom of association, collective bargaining, working hours and wages, the model has shown to be insufficient. Moreover, it often reinforces a mismatch in demands from business and the working reality in factories and on farms, driving non-compliance underground. This is one reason why audit fraud and unauthorised sub-contracting have become a key challenge in certain industries and in certain regions.

A collaborative approach, based on mutual trust, is needed to identify the root causes of negative human rights impacts, and in order to implement measures that adequately address these. As we can see from the Norrøna case above, a key success factor is to engage in dialogue with key stakeholders to ensure long-term improvements.

In cases where the negative impacts are localised to one particular supplier, collaboration between the business and the supplier can be sufficient to remedy negative impact. In this case stakeholder dialogue will typically include managers and workers, either directly or through worker committees or worker representatives, in order to ensure that measures taken are in line with workers' needs. In other cases, collaboration with skilled and experienced local experts on

specific issues, such as working conditions, occupational health and safety or productivity improvements as a way to reduce overtime and increase wages, are recommended to remedy negative impacts.

The purpose of collaboration with suppliers and other key stakeholders should not only be limited to remedying activities, but also seek to prevent or reduce negative impacts. Improvement measures and a plan for follow-up should be implemented in cooperation with the suppliers.

A company can increase leverage at supplier level through incentives, such as entering into long-term trading relations, or facilitating and taking part in capacity building activities. Businesses can also cooperate with a range of stakeholders, including competitors, to increase leverage. This is particularly relevant for small to medium-sized enterprises.

In the case of industry-specific or region-specific challenges, collaboration on a wider scale is more likely to succeed in securing the structural change needed to remediate more pervasive human rights violations.

There appears to be a general consensus that human rights violations cannot be resolved by businesses alone, and collaborative approaches are increasingly favourable to a range of stakeholders within the business community. This can be seen in the increased interest among international brands as well as small and medium-sized enterprises in joining multi-stakeholder initiatives (MSI's) and other joint initiatives. The multi-stakeholder model is also advocated by the European Commission, for example in the EU Strategy 2011-14 for Corporate Social Responsibility⁵, and by the Norwegian Government⁶. The case opposite illustrates how Bama, a large Norwegian company in the horticulture sector, have embraced the notion of multi-stakeholder dialogue to remedy human rights violations in Costa Rica.

⁵ http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm

⁶ http://www.regjeringen.no/en/dep/ud/selected-topics/csr_en/du_e_diligence.html?id=652493

Social Dialogue and Collective Negotiation

An effective means to mitigating and avoiding negative human rights impact

Case: The BAMA Group

BAMA is Norway's market leader for fresh and freshly processed fruit and vegetables. BAMA also have a growing market share of flower sales.

Background

In 2004 BAMA celebrated its 100th anniversary. To mark this occasion, the company decided to look deeper down its supply chain for bananas in Costa Rica. BAMA discovered hostile relations between Dole - the supplier to BAMA, and Cosiba - the trade union. BAMA consider trade unions as an important institution in society and did not want to be associated with a supplier not recognizing fundamental workers rights, and insisted the two parties start talks together.

“We cannot trade with suppliers that infringe upon human rights”

Øyvind Briså, Company Director in the BAMA Group

What we did

In 2004 we met with the General Manager of Dole Costa Rica and suggested that Dole initiate a dialogue with the agricultural workers union - Cosiba - to look into the claims of a violation of the right to organize. The General Manager was reluctant initially, claiming that trade union leaders could not be trusted and that they were only interested in complaining and destroying the company. During the same visit to Costa Rica we also visited Cosiba and asked them if they were interested in participating in a constructive dialogue with Dole. The answer was positive but they wanted a third party to participate because they did not trust the company. They said that they would accept Bama as the observer. Our involvement as third party observer also seemed to alleviate some of Dole's scepticism, and the first meeting between the parties was held in 2005.

After two years of discussions and negotiations a framework agreement on the cooperation between

Dole and Cosiba was signed. Two years seems like a long time, but considering the decades with conflicts and mistrust and the very hostile environment in which the process started, it is actually a very short time. The agreement provided some basic rules and a tool for how to deal with problems and conflicts. Bama continued to participate in regular meetings between Dole and Cosiba and it became clear that both parties showed weaknesses with regard to negotiation skills and institutional capacity for the handling of trade union grievances. Therefore we contacted the ILO office for Central America, the Norwegian Employers organisation Virke and the Norwegian Trade Union Confederation (LO) and asked if they could assist us in developing and implementing a training program for both parties.

We got a very positive response from the three organizations and as of 2010 we have been participating in a training program for trade union leaders and Dole management (mainly plantation management on different levels). LO and Virke are receiving project support from the Norwegian Ministry for Technical Cooperation which has made it possible for them to participate in yearly trips to Costa Rica. The ILO has provided technical assistance and specialists as trainers in labour relations and other topics covered by the ILO conventions. We have also had an excellent cooperation with the NGO Banana Link which has contributed by providing advice to Cosiba, as well as to us.

Learning

The project is still ongoing and we can see improvements in the behavior and actions from both parties. There is still work to be done, especially with regards to further building trust between the local management (plantation level) and the trade union leaders. There are still occasional accusations from both parties about aggressive behavior and violations of rights, but the process is definitely on the right track. Both Cosiba and Dole agree that the process must continue and that better relations and strengthened dialogue is positive for both parties.



www.bama.no



Rice being transferred from a combine harvester to a truck, Thailand.



Measure, Report & Communicate

Success Factors

- Measure the efforts made to reduce, prevent and remedy negative impact
- Report the extent to which these measures have been successful
- Identify stakeholders and create a communication plan
- Communicate regularly, openly, and honestly about the risks and challenges

Open communication and transparency around the process, including key findings (both positive and negative) and measures taken, will assure stakeholders that the business has suitable procedures in place to manage human rights impacts in its business operations. Reporting, monitoring impact and evaluation of measures taken should be ongoing and integrated into internal and external reporting processes.

In order to evaluate the effectiveness of the human rights due diligence process, businesses must break down their objectives into activities that can be measured. Tracking and evaluating the impact of these measures should include dialogue with affected stakeholder groups. In many ways this closes the loop with regards to stakeholder dialogue, which starts during the risk assessment process, continues to understanding the root causes and identifying and implementing suitable solutions, and concludes with agreeing on the effectiveness of the measures taken and identifying further steps where necessary.

Part of the stakeholder mapping exercise should also be to develop a communication plan that identifies what information to share, and how to share it for each of the stakeholder groups.

There is an emerging trend amongst sustainability leaders to disclose both human rights violations in their supply chains, measures taken to remedy these, as well as the impact of such measures. Disclosure takes many forms, from general information on websites to investor newsletters, stakeholder meetings, to annual reports and social media. The types of communication media adopted will vary on the size of the business and the type and amount of information to be communicated.

The following principles apply regardless of communication medium:

- Inform stakeholders of which media are being used to communicate progress
- Use a medium that is easily accessible for stakeholders who are affected.
- Include live status feeds, for example on the company website, to provide up-to-date data on progress
- Explain the company's values and general objectives, but focus primarily on actual activities and their impact.
- Be open about the real challenges faced and efforts to address these challenges.
- Do not communicate in a way that can compromise or pose a risk to affected stakeholders such as workers, suppliers and local communities.
- Use real voices from stakeholder dialogue meetings to provide authenticity



An Indian enterprise producing fishing nets in the suburbs of Dar Es Saalam.

Tools and Resources

Code of conduct

- ▶ Example of Code of Conduct:

www.ieh.no/Guide

Sources of information regarding assessment

- ▶ U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor:

<http://www.dol.gov/ilab/programs/ocft/2012TVPRA.pdf>

- ▶ US Dept. of State Country Reports on Human Rights Practices:

<http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport>

- ▶ International Trade Union Confederation (ITUC) - WTO Reviews:

<http://www.ituc-csi.org/documents>

- ▶ Mapelcroft - web-based service for supply chain risk intelligence:

www.mapelcroft.com

Tools for monitoring and social audits

- ▶ Self-Assessment Questionnaire:

www.ieh.no/Guide

- ▶ Risk Assessment and Identification Database (RAID):

www.ieh.no/Guide

- ▶ Sedex:

www.sedexglobal.org

- ▶ Sedex Members Ethical Trade Audits (SMETA):

<http://www.sedexglobal.com/ethical-audits/smeta/>

- ▶ SA8000:

<http://www.sa-intl.org>

Collaborate with local experts

- ▶ Local Resources Network (global database of local partners):

<http://www.localresourcesnetwork.net/>

Report on performance

- ▶ IEH reporting template:

www.ieh.no/Guide

- ▶ Global Reporting Initiative (GRI):

www.globalreporting.org

Further information on Human Rights Due Diligence

UN

The Guiding Principles on Business and Human Rights. Implementing the United Nations "Protect, Respect and Remedy" Framework (2011).

www.un.org

ILO

The UN specialized agency which seeks the promotion of social justice and internationally recognized human and labour rights.

www.ilo.org

UN Global Compact

A global platform which convenes companies together with UN agencies, labour and civil society.

www.unglobalcompact.org

European Commission

EU Guide for SMEs (2012) and sector-specific guides (2013).

ec.europa.eu

OECD Guidelines for Multinational Enterprises

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (2012).

www.oecd.org

ITUC

The UN Guiding Principles on Business and Human Rights and the human rights of workers to form or join trade unions and to bargain collectively (2012).

www.ituc-csi.org

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