



Introduction to Human Rights Due Diligence

Webinar

**focusright ltd - with Global Compact Network
Switzerland & Liechtenstein**

Online, June 20th, 2022, 14:00 – 15:30

In collaboration with:



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra



Global Compact
Network
Switzerland & Liechtenstein

In the context of the Swiss National Action Plan
on Business and Human Rights

The Ten Principles of the UN Global Compact

Corporate sustainability starts with a company's value system. By incorporating the Ten Principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

Companies operate responsibly



HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Companies contribute to progress

SUSTAINABLE DEVELOPMENT GOALS



Let's make Global Goals Local Business



Global Compact
Network
Switzerland & Liechtenstein

AGENDA

- 14:00 – 14:05** Welcome & Introduction
-
- 14:05 – 14:10** Introduction to human rights due diligence: Expectations of the Federal Council - Anna Sandi, FDFA
-
- 14:10 – 14:20** Rising expectations of companies: International standards & regulatory developments
-
- 14:20 – 14:30** RBI Counterproposal and VSoTr: What are the requirements for companies in Switzerland?
-
- 14:30 – 14:40** *Q&A - Part 1*
-
- 14:40 – 15:10** What are the key elements of human rights due diligence and how can they be implemented?
How can a company identify and prioritise its human rights risks?
-
- 15:10 – 15:20** How to start and what special considerations are relevant for SMEs?
-
- 15:20 – 15.30** *Q&A – Part 2*
-



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Federal Department of Foreign Affairs FDFA

Federal Department of Economic Affairs, Education and Research EAER

Introduction to Human Rights Due Diligence

Expectations of the Federal Council

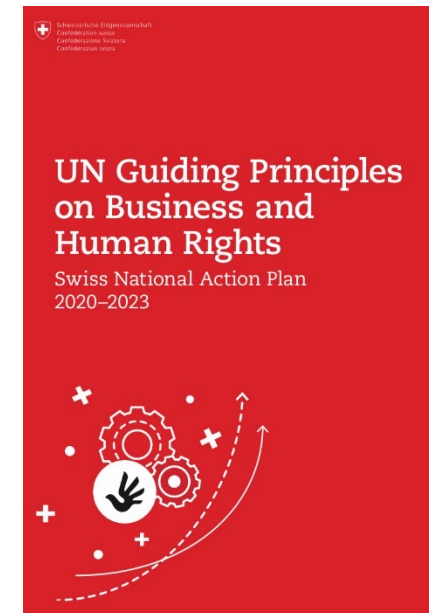
Webinar UNGCSL, 20 June 2022

Anna Sandi, FDFA



Swiss National Action Plan «Business and Human Rights» (NAP)

- Implementation of the *UN Guiding Principles on Business and Human Rights*
- Protection of human rights in the context of economic activities by the federal government and Swiss companies
- Support for business enterprises
- Policy coherence





Expectations of the Federal Council

The Federal Council expects business enterprises based and/or operating in Switzerland to fulfil their human rights responsibilities wherever they operate and to **carry out human rights due diligence**. Swiss companies must therefore ensure that their business operations have **no adverse human rights impacts**.

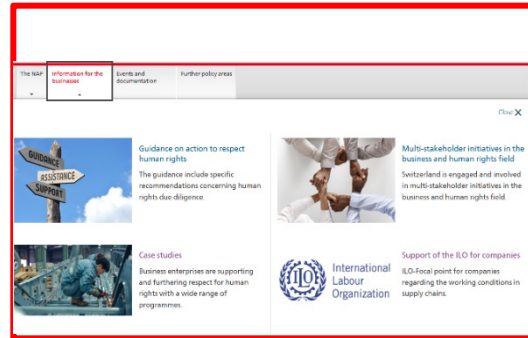


Advantages of Human Rights Due Diligence Processes

- Improved reputation and greater resilience
- Enhanced productivity and product quality
- Increased employer attractiveness
- Increased competitiveness and better market access



FDFA / SECO Information Platform



Website:
www.nap-bhr.admin.ch

The screenshot shows the website's layout. At the top, there is a navigation bar with the Swiss flag and the text 'Schweizerische Eidgenossenschaft', 'Confédération suisse', 'Confederazione Svizzera', and 'Confederaziun svizra'. Below this is the 'Business and Human Rights' section. The main navigation menu includes 'The NAP', 'Information for the businesses', 'Events and documentation', and 'Further policy areas'. The 'Information for the businesses' link is highlighted with a red box. A red arrow points from this link to the main content area below. The main content area features a 'Topicality' section with a photo of two men signing a document. Below this is a section titled 'National action plan for the implementation of the United Nations Guiding Principles on Business and Human Rights'. On the right side, there are sections for 'Contact', 'Media', and 'Agenda', all of which are highlighted with red boxes. The 'Contact' section includes the email address 'info.nap-bhr@seco.admin.ch'. The 'Media' section includes the email address 'info@eda.admin.ch' and 'medien@seco.admin.ch'. The 'Agenda' section includes the title 'Training: "Human Rights Due Diligence in Practice"' and the date 'Date: 20.11.2018'.



Thank you for your attention!

RISING EXPECTATIONS OF
COMPANIES

International standards
& regulatory
developments

RISING EXPECTATIONS OF COMPANIES

Civil society

INDEPENDENT


BMW and others buying leather causing rapid destruction of forest, home to isolated tribe and rare wildlife, research finds

None of Europe's 10 largest manufacturers of cars with leather interiors was able to fully trace the origins of the leather it was using, report finds

June Dalton | @JournalJune | Wednesday 30 September 2020 07:05



Benchmarks & Ratings



Investors

PRI Principles for Responsible Investment

INVESTOR ALLIANCE FOR HUMAN RIGHTS
AN INITIATIVE OF ICCR

Bloomberg Green

BlackRock to Press Companies on Human Rights and Nature

By Saied Khaban and Annie Massa
March 18, 2021, 5:01 AM GMT+1 Updated on March 18, 2021, 1:26 PM GMT+1

Bloomberg

Finance

Meat Companies Get Pressure from Investors to Improve Working Conditions

By Iain Almeida

FINANCIAL TIMES

Apple shareholders call for human rights transparency


Two-fifths defy management to back proposal on freedom of expression

BARRON'S
ESG INVESTING

Human Rights Is the Next Frontier of Sustainable Investing

By Leslie P. Norton Oct. 22, 2020 3:03 pm ET

Text size ⓪ ⊕



In the next few years, your investment manager may be signing a pledge to urge companies you own to address any human rights problems, anticipate them, and remedy them.

This is the plan of the U.N.-backed Principles for Responsible Investment, whose signatories are the many asset managers who have grown

Business partners & customers (B2B)

91%

Of companies take sustainability criteria into account in purchasing decisions.

Sector initiatives


amfori Trade with purpose

ecovadis

Sedex

Our members form a global community of leaders who want to make it simpler to do business that's good for everyone.

Supplier Code of Conduct & Self-Assessment



Consumers & employees

youmatter

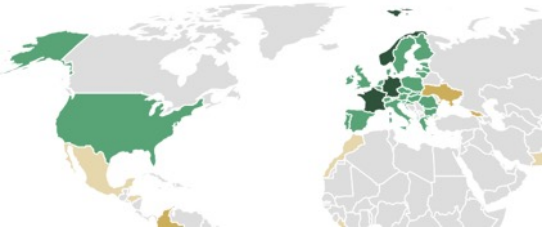
Consumers Want Transparent & Authentic Companies That Care About Social And Environmental Issues

ecovadis

85%

Of consumers are more likely to buy from a company with a reputation for sustainability than from a neutral company.

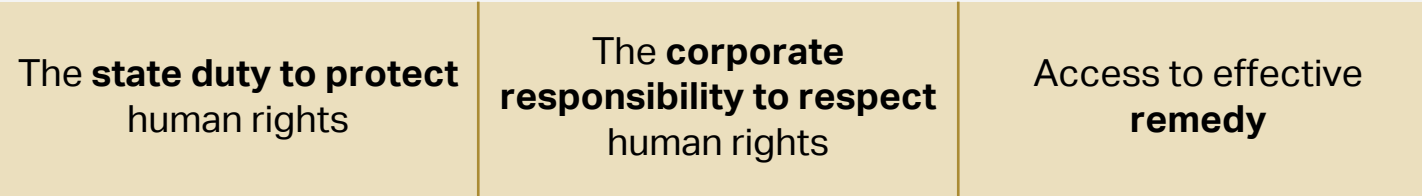
Governments / legislators



<https://www.focusright.ch/world-map>

INTERNATIONAL STANDARDS AS THE NORM

«Protect, respect, remedy»



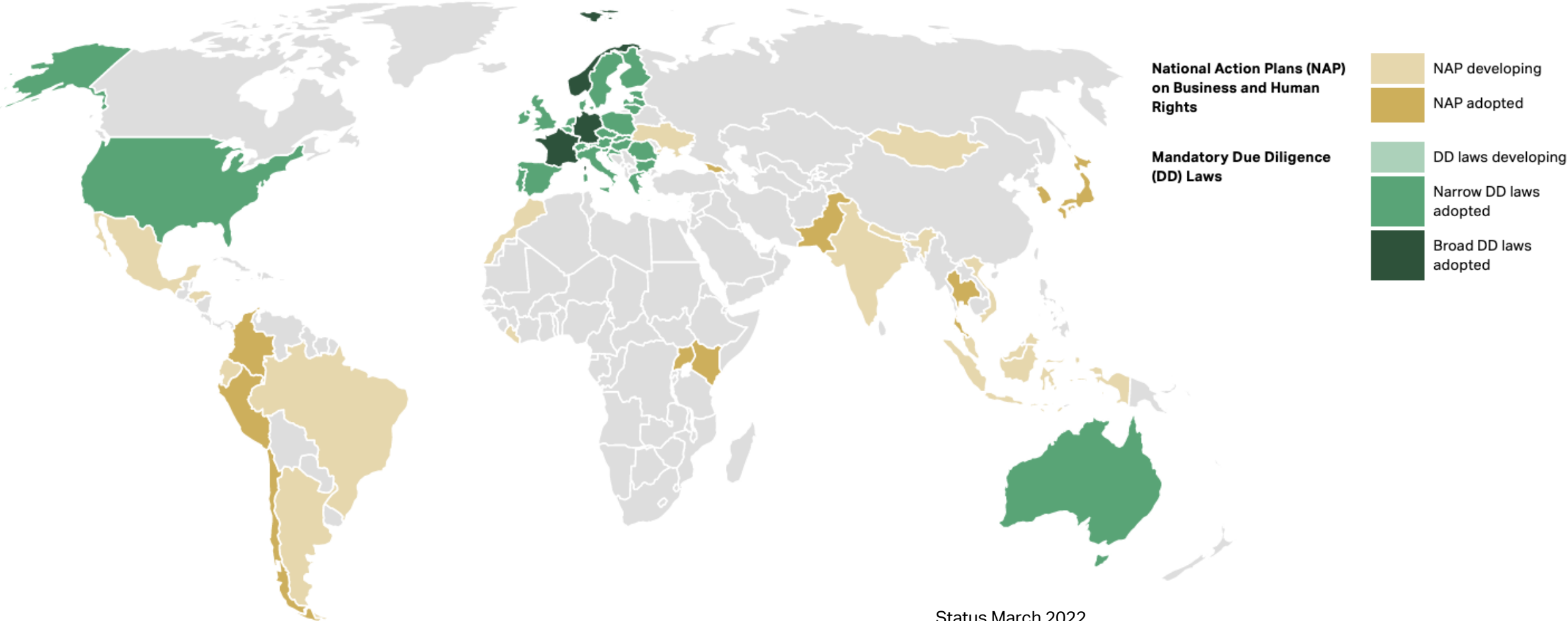
Switzerland: National Action Plan Business & Human Rights



<https://www.nap-bhr.admin.ch/napbhr/en/home.html>

REGULATORY DEVELOPMENTS

Companies are facing rising expectations on responsible business conduct



Status March 2022.
To find out more about the regulatory developments in business and human rights in each country, visit the map at <https://www.focusright.ch/world-map>

GERMANY: SUPPLY CHAIN DUE DILIGENCE ACT (LKSG)



Scope:

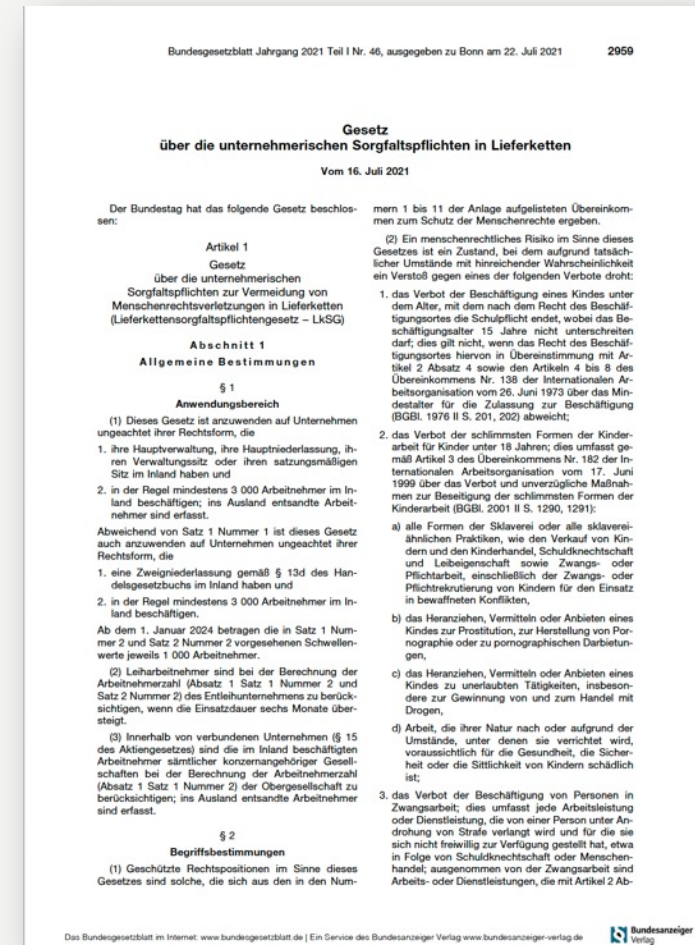
- From 2023: companies with > 3000 employees
- From 2024: companies with > 1000 employees
- Employees posted abroad
- **Foreign companies** with a branch in Germany, with a corresponding number of employees

Requirements:

- Obligation to implement due diligence processes in own operations and with regards to suppliers (e.g. risk analysis, prevention and remediation measures, grievance mechanism, internal documentation and external reporting)
- Topics covered: human rights and environment

Monitoring of compliance with due diligence obligations:

- Carried out annually by the federal authorities



Original (DE):

https://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBl&jumpTo=bgbl121s2959.pdf#_bgbl_%2F%2F%5B%40attr_id%3D%27bgbl121s2959.pdf%27%5D_1628752413712

Translation (EN): <https://www.bmas.de/EN/Services/Press/recent-publications/2021/act-on-corporate-due-diligence-in-supply-chains.html>

EU: MANDATORY HUMAN RIGHTS DUE DILIGENCE – DRAFT LAW



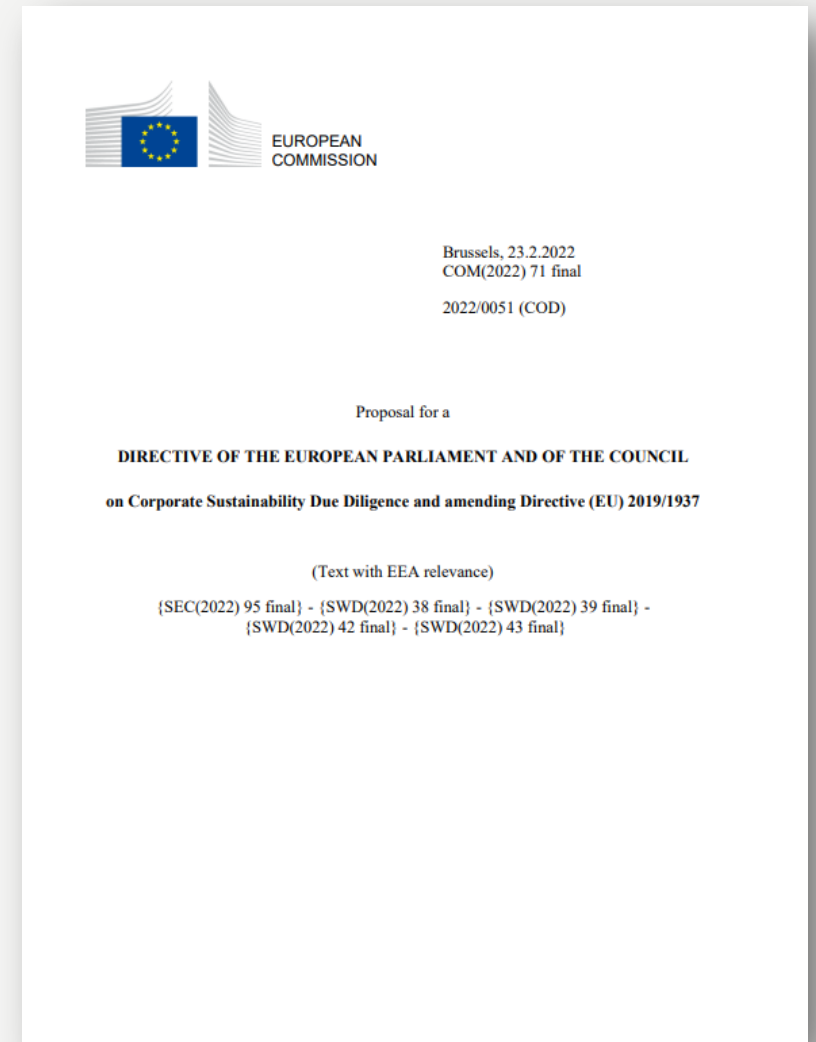
23 February 2022: EU Commission published **draft law** on Corporate Sustainability Due Diligence

Content of the draft:

- Introduction of **due diligence obligations** for companies with:
 - > 500 employees
 - > 250 employees if they operate in high-risk sectors
- Includes negative impacts on human rights and the environment
- In the upstream and downstream value chain ("established business relationships")
- Due diligence obligations are broadly aligned with international standards

Enforcement mechanisms:

- **Supervision** of compliance with due diligence obligations by national authorities with the possibility of sanctions
- **Civil liability** of companies for damages arising due to its failure to comply with the due diligence process



Source:
https://ec.europa.eu/info/sites/default/files/1_1_183885_prop_dir_susta_en.pdf



SWITZERLAND

RBI Counterproposal and VSoTr

SWITZERLAND: RBI COUNTERPROPOSAL & VSOTR



New obligations for companies in three subject areas, in force since 1 January 2022.
Duties will be applied for the first time in FY 2023, first reports will be published in 2024.

NON-FINANCIAL REPORTING

Reporting obligation on non-financial matters in the areas of **environment, social affairs, labour, human rights and corruption.**

CHILD LABOUR

Due diligence and reporting obligations for companies that have a "reasonable suspicion" that their products and services have been produced or provided **using child labour.**

CONFLICT MINERALS

Due diligence and reporting obligations for companies that import minerals & metals containing tin, tantalum, tungsten or gold from **conflict and high-risk areas** into Switzerland or process them in Switzerland

SANCTIONS

Failure to comply with the obligation to report non-financial information, conflict minerals and child labour may result in a fine of up to CHF 100,000.

REPORTING OBLIGATION (1/2)



Which companies are affected?

The **reporting obligation** applies to publicly traded companies and large financial institutions with in two consecutive financial years:

- at least **500 employees** and
- a balance sheet total of more than **CHF 20 million** and/or
- a turnover of **CHF 40 million**

Companies not included in the scope:

- Companies controlled by a reporting company
- Companies required to publish an equivalent report under foreign law (e.g. [EU CSR Directive](#))

Formal requirements for the report:

- **Annual** reporting
- In a national language or in English
- **Signed** by the **highest governing or administrative body**
- **Approved** by the body responsible for approving the annual financial statements (**general meeting**)
- Published electronically immediately after approval
- Publicly accessible for at least 10 years
- No external assurance is required

REPORTING OBLIGATION (2/2) - CONTENT



The report covers subsidiaries and controlled entities worldwide

Topics to be addressed:

- Environmental concerns, especially CO₂ targets
- Social issues
- Employee issues
- Respect for human rights
- Fighting corruption

This includes a **description of the business model and the value chain.**

Content in each subject area:

1. Information on the concepts pursued (strategies, measures, processes) incl. the due diligence applied
2. Presentation of measures and effectiveness
3. Description of the main risks along the value chain
4. Disclosure on non-financial performance indicators

Comply or explain:

A waiver of reporting on individual elements is permissible, but must be explained clearly and justified

CHILD LABOUR DD - WHICH COMPANIES ARE IN THE SCOPE? (1/2)



What is child labour?

The law refers to the [International Labour Organisation \(ILO\)](#) definition of abusive child labour.

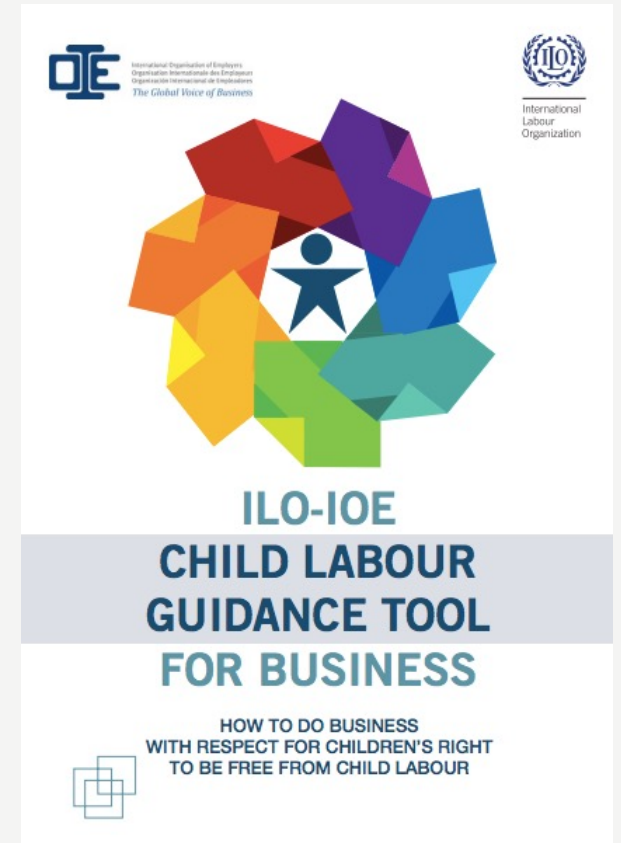
- Simply said, the **minimum age** for the employment of minors **must not be less than 15 years** and work must not prevent the child from attending school.
- Special protective conditions apply **to work which is dangerous and hazardous to health.**

Scope

- The due diligence and reporting obligations in relation to child labour apply to all companies offering products and services where there are "**reasonable grounds for suspicion**" that they have been produced or provided using child labour.
- To determine the scope, companies must carry out a suspicion test (**«Verdachtsprüfung»**) for products and services.

Exceptions according to [ordinance](#)

- 1) Step 1: Thresholds - exception for SMEs
- 2) Step 2: Risk classification - exception for companies with low risks (Reference to country classification in the [UNICEF Workplace Index](#))
- 3) No exception in case of obvious use (i.e. certain knowledge) of child labour



https://www.ilo.org/ipecc/Informationresources/WCMS_IPEC_PUB_27555/lang--en/index.htm

CHILD LABOUR DD - WHICH COMPANIES ARE IN THE SCOPE? (2/2)



Obvious use of child labour - counter-exception for companies (incl. SMEs)

In case of obvious use (i.e. certain knowledge) of child labour, due diligence and reporting obligations are applicable regardless of steps 1-3.

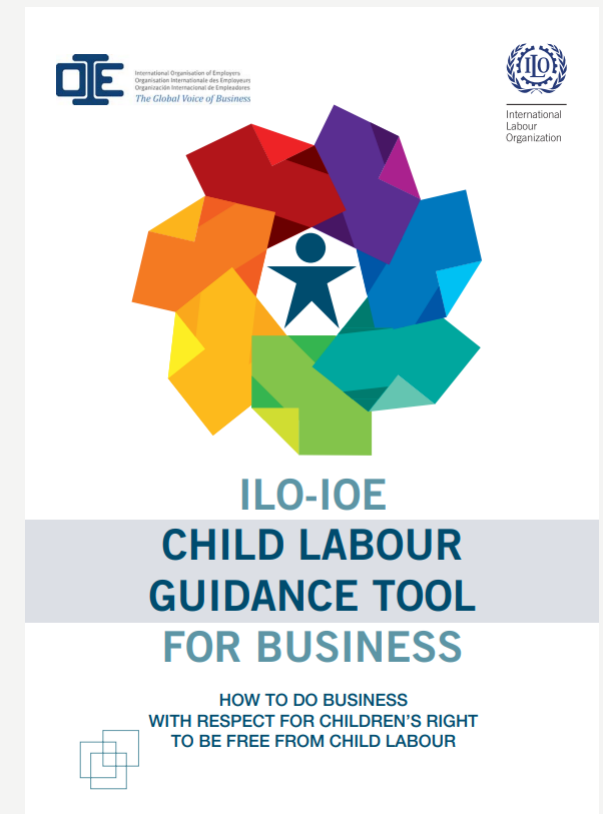
ALTERNATIVE TO THE IMPLEMENTATION OF THE RULES OF OR & VSOTR

Exemption from legal obligations in the case of application of international standards

The company prepares a report in which it states the internationally recognised standards / frameworks used and applies them in *their entirety* (incl. reporting).

Cumulative application of:

- ILO Conventions No. 138 and 182 and the [ILO-IOE Child Labour Guidance Tool for Business of](#) 15 December 2015, and
- The [OECD Due Diligence Guidance for Responsible Business Conduct](#) of 30 May 2018 or the [UN Guiding Principles on Business and Human Rights](#)





WHAT ARE CONFLICT MINERALS? WHAT ARE THE NEW REQUIREMENTS? (1/2)

What are conflict minerals?

- Minerals or metals containing **tin, tantalum, tungsten or gold** from conflict and high-risk areas (analogous to [the EU Regulation on Conflict Minerals](#))
- In politically unstable areas, the trade in minerals can finance armed groups, promote forced labour and other human rights abuses, and support corruption and money laundering.
- More information can be found in the [OECD Due Diligence Guidance for Conflict Minerals](#).

Conflict-affected and high-risk areas

- Analogous to EU definition: areas in a state of armed conflict or fragile post-conflict, areas witnessing weak or non-existent governance and security (failed states), and widespread and systematic violations of international law, including human rights abuses.
- Reference to [EU Recommendation 2018/1149](#) with a list of publicly available sources of information: e.g. UN Security Council resolutions or country-specific information from the UN Office of the High Commissioner for Human Rights.
- Indicative, non-exhaustive list from [RAND Europe](#)
- Case-by-case analysis is part of due diligence obligations



<https://www.oecd.org/corporate/mne/mining.htm>

CONFLICT MINERALS - WHICH COMPANIES ARE IN THE SCOPE (2/2)



Step 1: Check the import and processing quantities

- Company establishes **import and processing quantities** (see annex 1 of VSoTr) of minerals or metals containing tin, tantalum, tungsten or gold.
- **Example:** minerals – gold ores and concentrates (4'000'000 kg/year), unwrought gold (100 kg/year)

Step 2: Verification of origin from conflict-affected and high-risk areas

In the case of minerals and metals where the import and processing quantities are exceeded, the company **regularly** checks whether these originate from **conflict or high-risk areas**. This may require tracing back the supply chain.

- **If no:** The finding must be documented with reasons and the company is exempt from due diligence and reporting obligations.
- **If yes:** Company has due diligence and reporting obligations for specific material.

ALTERNATIVE TO THE IMPLEMENTATION OF THE RULES OF OR & VSOTR

3. Exemption from legal obligations in the case of application of international standards

The company prepares a report in which it states the internationally recognised framework / standards used and applies them in *their entirety* (incl. reporting).

Alternative application of:

- [OECD Due Diligence Guidance on Promoting Responsible Supply Chains for Minerals from Conflict and High-Risk Areas](#) or
- [Regulation \(EU\) 2017/821 on conflict minerals](#)

OVERVIEW: WHAT DOES THE DUE DILIGENCE AND REPORTING OBLIGATION ON CONFLICT MINERALS AND CHILD LABOUR ENTAIL?



Due diligence & reporting requirements

1. Companies shall operate a (supply chain) **management system** regarding conflict minerals and child labour which specifies:
 - Supply chain policy
 - A system to trace back the supply chain
2. **Risk assessment** about adverse impact along the (upstream) supply chain
3. **Risk management plan** and measures to minimize the identified risks
4. **Annual reporting** on compliance with due diligence obligations

Formal requirements

- Responsibility for reporting on due diligence obligations: the **highest management of administrative body**
- Audit of compliance with due diligence obligations: **external audit mandatory for conflict minerals** but **not** for child labour
- No requirement for separate reporting on child labour / conflict minerals – information can be **included in the existing reporting / annual report.**

FURTHER INFORMATION: Q&A FOR COMPANIES

**focus
right**

ADDRESSING CHILD LABOUR RISKS

Q&A to support companies' due diligence



www.focusright.ch/en/child-labour

**focus
right**

CONFLICT MINERALS

Q&A to support companies' due diligence



www.focusright.ch/conflict-minerals

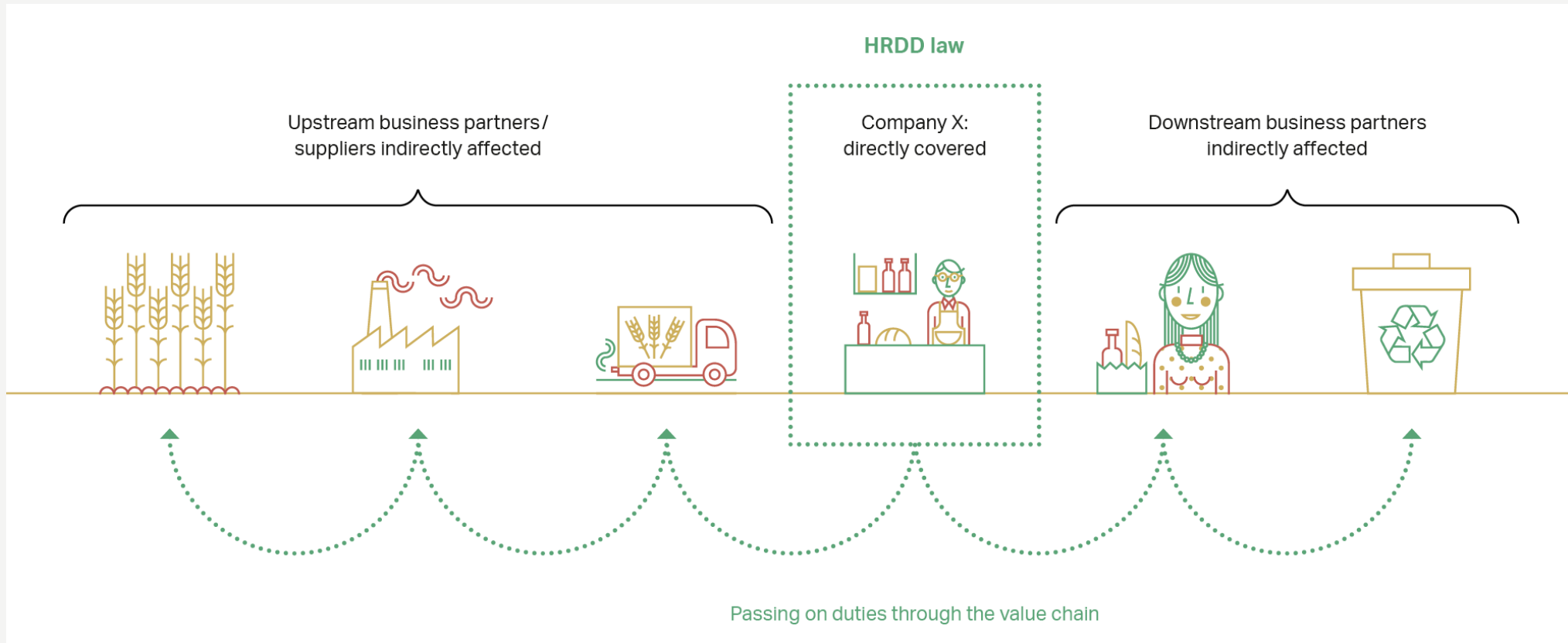


RISING EXPECTATIONS

Navigating the regulatory jungle

DIRECT & INDIRECT EFFECTS OF LEGISLATION

- Laws have a **direct and indirect impact** on companies that are linked through value chains
- Due diligence requires that **risks in value chains** (e.g. with suppliers) are identified
- **Suppliers** and other **business partners** are **indirectly** affected by laws (incl. in other countries), as the directly affected companies pass on the due diligence requirements to them.



NAVIGATING THE REGULATORY JUNGLE - INTERNATIONAL STANDARDS AS THE NORM

Requirements of international standards as the common denominator of most laws:

- [UN Guiding Principles on Business and Human Rights](#)
- [OECD Guidelines for Multinational Enterprises](#)
- [OECD Due Diligence Guidance for Responsible Business Conduct](#)

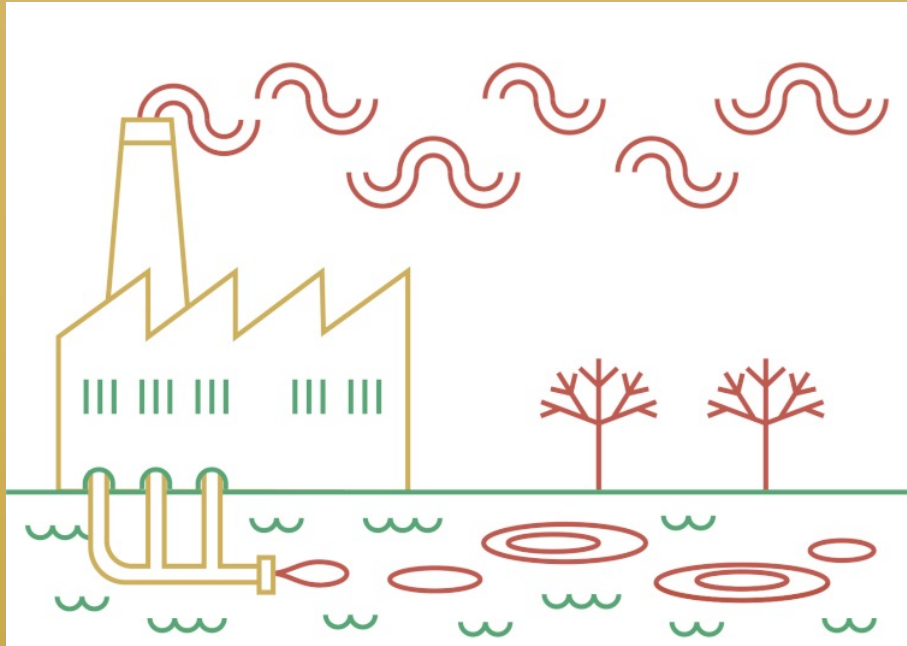


Practice tip:
use international standards as basis for due diligence

HUMAN RIGHTS DUE DILIGENCE

What does it
consist of?

WHAT IS HUMAN RIGHTS DUE DILIGENCE?



The aim of human rights due diligence is to **avoid negative impacts** on people and the environment caused by the company itself or by actors in the value chain.

KEY ELEMENTS OF HRDD

According to OECD Guidelines & UNGPs



1. POLICY COMMITMENT



What is it about?

Expressing the company's commitment to live up to its responsibility to respect human rights.

Types of commitments

- Standalone commitment / policy
- Integrated commitment / policy (e.g. Code of Conduct)

Process & Dissemination

- Approved at the **most senior level of the company**
- publicly available and communicated internally and externally **to relevant stakeholders** along the entire value chain (e.g. to employees, suppliers, business partners, customers etc.)

Scope

- **Entire value chain:** up- and downstream and own operations (incl. subsidiaries)

Content

- **Covers all human rights** – makes reference to the most important international conventions / standards
- Special focus on **particularly vulnerable groups**
- Establish **responsibilities** and an implementation framework with regular monitoring

Responsible functions e.g. Management together with internal subject matter experts

PRACTICE EXAMPLE POLICY COMMITMENT



*“There is no difference between our **business strategy** and our **sustainability strategy**... they are totally integrated.”*

Alan Jope, CEO,
Unilever

ABN AMRO's human rights statement contains the following elements



Human Rights Statement

ABN AMRO's business affects the lives of millions of people. Over five million individuals and families use our bank accounts, mortgages and other financial products. We employ over 18,000 people. And we provide banking services to almost 400,000 corporate clients. Through our investment services, we enable our clients to invest in thousands of other companies. The sheer scale of our connections as a bank means we can have an impact on a wide range of people, from individual and family clients, to employees, workers, communities and consumers of companies we are connected to via our corporate and investment services.

As a business built around connections to people, we have both an opportunity to [accelerate the sustainability shift within ABN AMRO and in our business relationships](#), as well as a responsibility to do business with respect for human rights in line with international standards. Respecting human rights is key to achieving our purpose.

This statement sets out our commitment, responsibilities and expectations for ourselves and for our business relationships including our clients, companies that we invest in on behalf of clients, and our suppliers. It also describes the key activities we undertake to meet our responsibilities. The statement is primarily for us, ABN AMRO, and for our business relationships. It also serves to clarify our commitment, actions and expectations to our external stakeholders, such as trade unions and civil society organisations that represent people whose human rights we can impact through our work. We will communicate this statement to our own employees, our business relationships and to our external stakeholders.

This Statement is organised into the following sections:

1. Working to meet international standards
2. Prioritising our salient human rights issues
3. Governance
4. Assessing risks and impacts on people
5. Taking action
6. Tracking performance
7. Transparency
8. Remedy
9. Approval

Source: ABN Amro
https://assets.ctfassets.net/1u811bvgvthc/31STNcr1gNbb4AhiHCcsQ7/1272d3dd1855c731421f08e9b92a2000/ABN_AMRO_Human_Rights_Statement_2020.pdf

RISK & IMPACT ANALYSIS IN A NUTSHELL



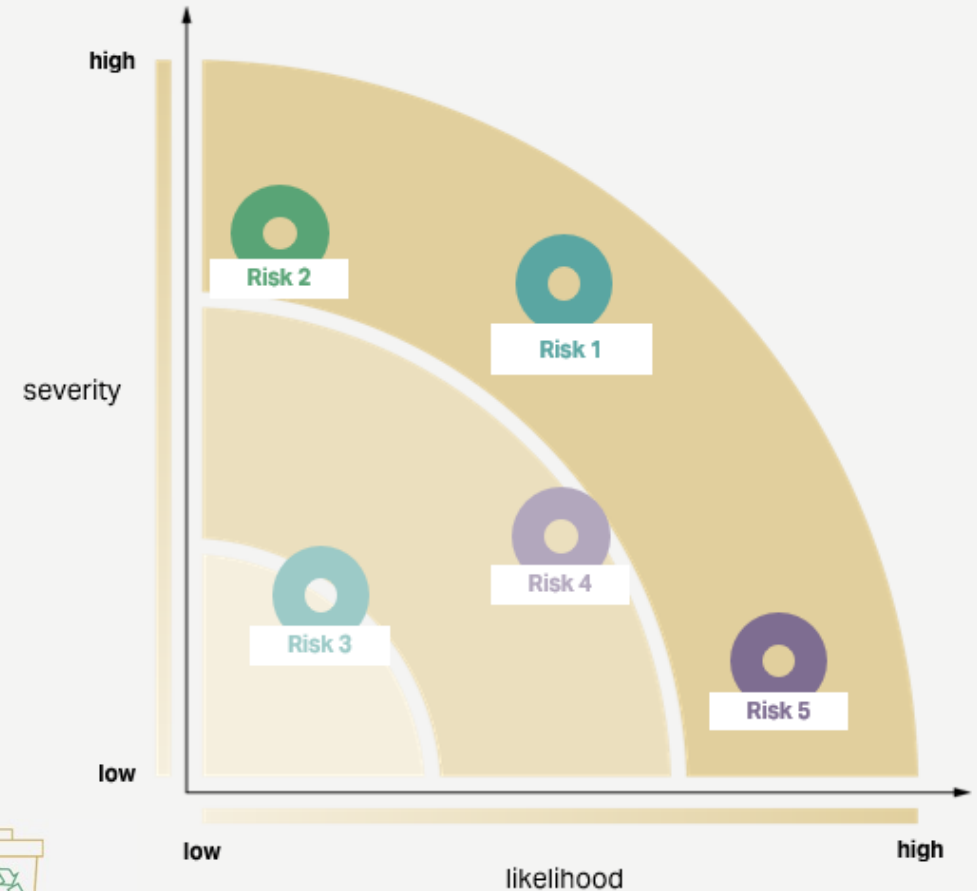
What is it about?

Identify and assess **actual and potential human rights impacts** that the business may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships.

Basic requirements:

- Consideration of all human rights
- Consideration of the entire value chain
- Consideration of all potentially affected parties
- Consultation with experts
- Prioritisation of risks
- Regular repetition

Prioritisation of risks:



INPUT SWISS TEXTILE LTD.*



Company profile

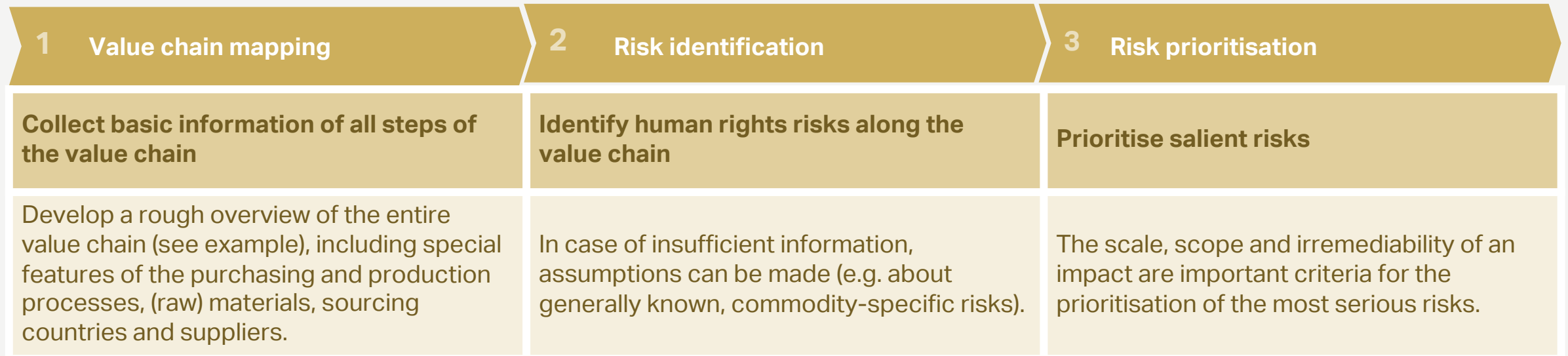
Name of the company:	Swiss Textile Ltd.*
No. of employees in CH:	1'200
No. of employees worldwide:	8'550
Sector:	Textile industry
Location Headquarters:	Switzerland

Company description

- Medium-sized Swiss textile company
- 5 own branches for sales in Switzerland and corporate customers (B2B) in Germany, France and Austria
- No own factories, production mainly in India, Bangladesh and Turkey

*Fiktive company example

STEP-BY-STEP IMPLEMENTATION: RISK ANALYSIS

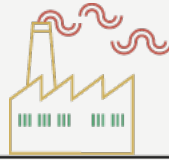


1) VALUE CHAIN MAPPING



AGRICULTURAL PRODUCTION

Seed production, cultivation and harvesting of cotton, especially in India, China, Brazil, Uzbekistan and countries in sub-Saharan Africa



PROCESSING

Processing of cotton in textile factories in Bangladesh, Pakistan, China, Turkey, India and Vietnam (production of yarns & fabrics, finishing and sewing)



TRANSPORT & AGENTS

Transport of goods to the stores (shipping, road trucks)



RETAIL

Sales of goods in stores in Europe



CONSUMPTION

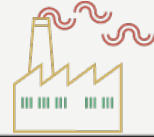
Use of goods by consumers (wear, wash)



END OF LIFE

Reuse, recycling, or combustion of goods

2) IDENTIFICATION OF RISKS ALONG THE VALUE CHAIN



AGRICULTURAL PRODUCTION



Occupational H&S



Working hours



Freedom of association



Forced labour



Discrimination



Fair wages



Child labour



Environmental impact

PROCESSING



Occupational H&S



Working hours



Freedom of association



Forced labour



Discrimination



Fair wages



Child labour



Environmental impact

TRANSPORT & AGENTS



Occupational H&S



Working hours



Freedom of association



Forced labour



Discrimination



Fair wages



Environmental impact

RETAIL



Occupational H&S



Working hours



Freedom of association



Discrimination



Fair wages

CONSUMPTION



Environmental impact



Occupational H&S



Working hours



Freedom of association



Forced labour



Discrimination



Fair wages



Child labour

STEP 2 – RISK IDENTIFICATION: POSSIBLE SOURCES OF INFORMATION

Example: Child Labour & Forced Labour Risks

Risks linked to specific goods, services, industries:

- **Industries:** [UNICEF's Children's Rights and Business Atlas](#) – industry analysis
- **Economic sectors:**
 - Reports (e.g. [by UNICEF](#)) illustrate child labour risks in global supply chains of different sectors
 - [Alliance 8,7: Global Estimates of Modern Slavery](#)
- **Goods:** The US Bureau of International Labor Affairs' [List of Goods Produced by Child Labor or Forced Labor](#)

Indicators for general country risks:

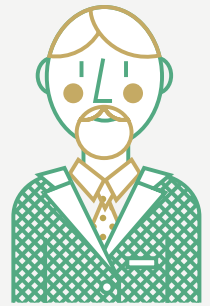
- [CSR Risk Check](#)
- [ILO national child labour survey reports](#)
- [UNICEF's Children's Rights in the Workplace Index](#)
- [Global Slavery Index](#)
- [The Global Multidimensional Poverty Index \(MPI\)](#)
- [The World Justice Project's Rule of Law Index](#)

use multiple & independent sources whenever possible

In every country, there are **sectoral and regional differences**, as well as variations due to **contextual changes** such as conflict, migration, economic crisis etc.

Online search: human rights issue + specific activity / material + place

3) RISK PRIORITISATION BASED ON SEVERITY & LIKELIHOOD



Elements of the textile value chain	Agricultural production	Processing	Transport	Retail	Consumption	End of life
Human rights & Environmental impact						
Forced labour	High	High	High	Low	Low	Medium
Living wages	High	High	High	Medium	Low	Medium
Discrimination, incl. sexual harassment & sexual violence at work	High	High	Medium	Medium	Low	Medium
Working hours	Medium	High	High	Medium	Low	Medium
Environmental impact (e.g. water pollution, pesticides, CO2 emissions)	High	High	Medium	Low	Medium	Medium
Freedom of association & right to collective bargaining	High	High	Medium	Medium	Low	Medium
Child labour	High	High	Medium	Low	Low	Medium
Health & safety (e.g. at work, product safety)	High	High	Medium	Low	Low	Medium

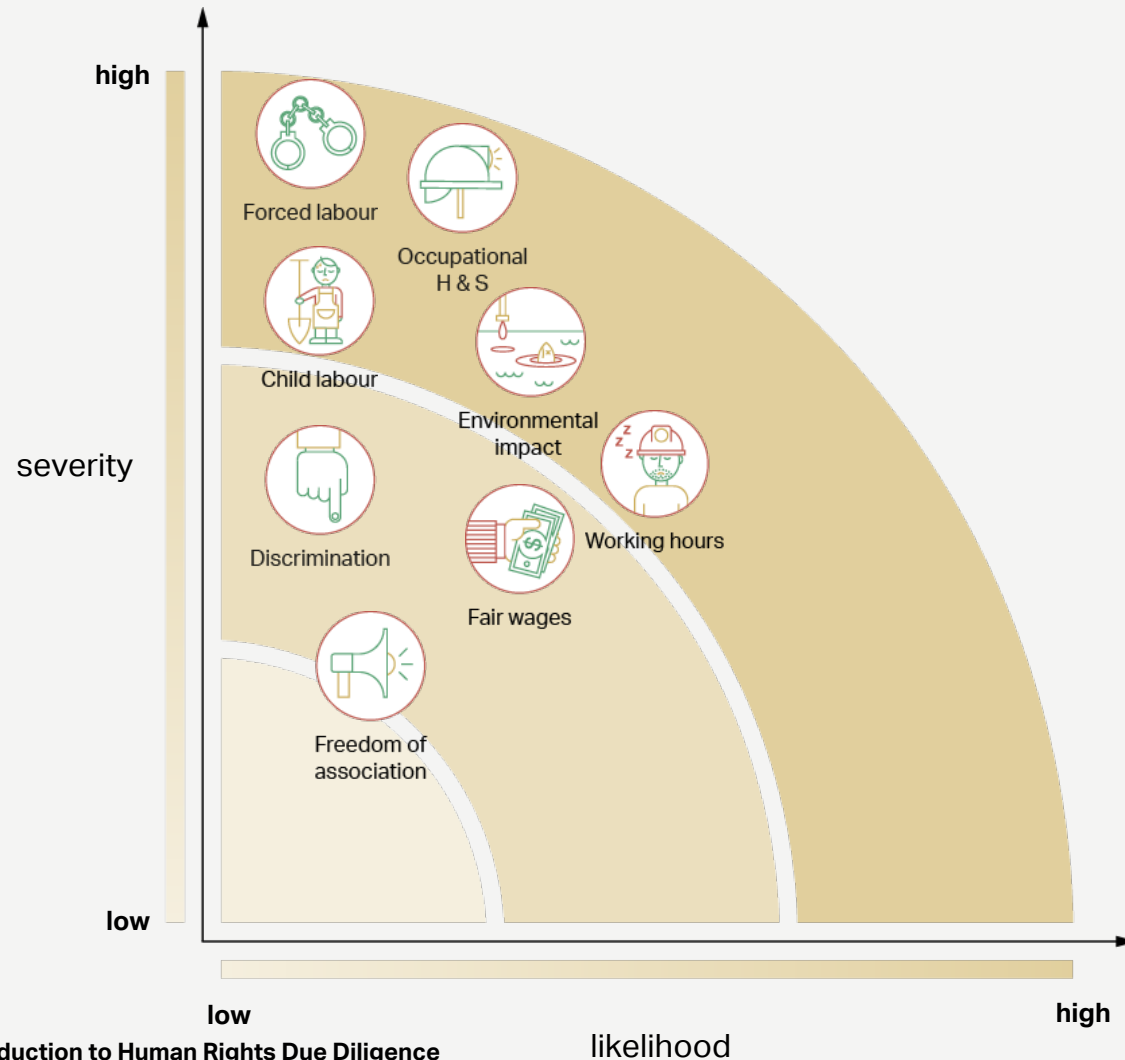
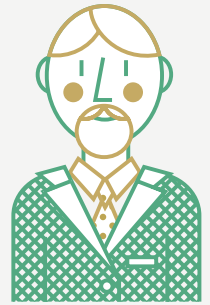
Defining severity based on:	
scale	impact on a human right <i>How important is the negative impact on the human right?</i>
scope	number of affected people → <i>How many rights-holders are affected?</i>
remediability	possibility to remediate the impact → <i>Can the impacts be remediated? In how much time?</i>

**Severity takes precedence over likelihood as a matter of principle.*

Severity:

High
 Medium
 Low

3) RISK PRIORITISATION BASED ON SEVERITY & LIKELIHOOD



Identification of salient issues along the value chain

Defining severity based on:	
scale	impact on a human right <i>How important is the negative impact on the human right?</i>
scope	Number of affected people → <i>How many rights-holders are affected?</i>
remediability	possibility to remediate the impact → <i>Can the impacts be remediated? In how much time?</i>

Defining likelihood:	
The probability of a risk materialising, can be described in different ways:	
○	general terms (e.g., very likely, likely)
○	mathematically using probability (e.g., 10 in 100, 10%)
○	frequency over a given time period (e.g., once every three years)

**Severity takes precedence over likelihood as a matter of principle.*

MEASURES



What is it about?

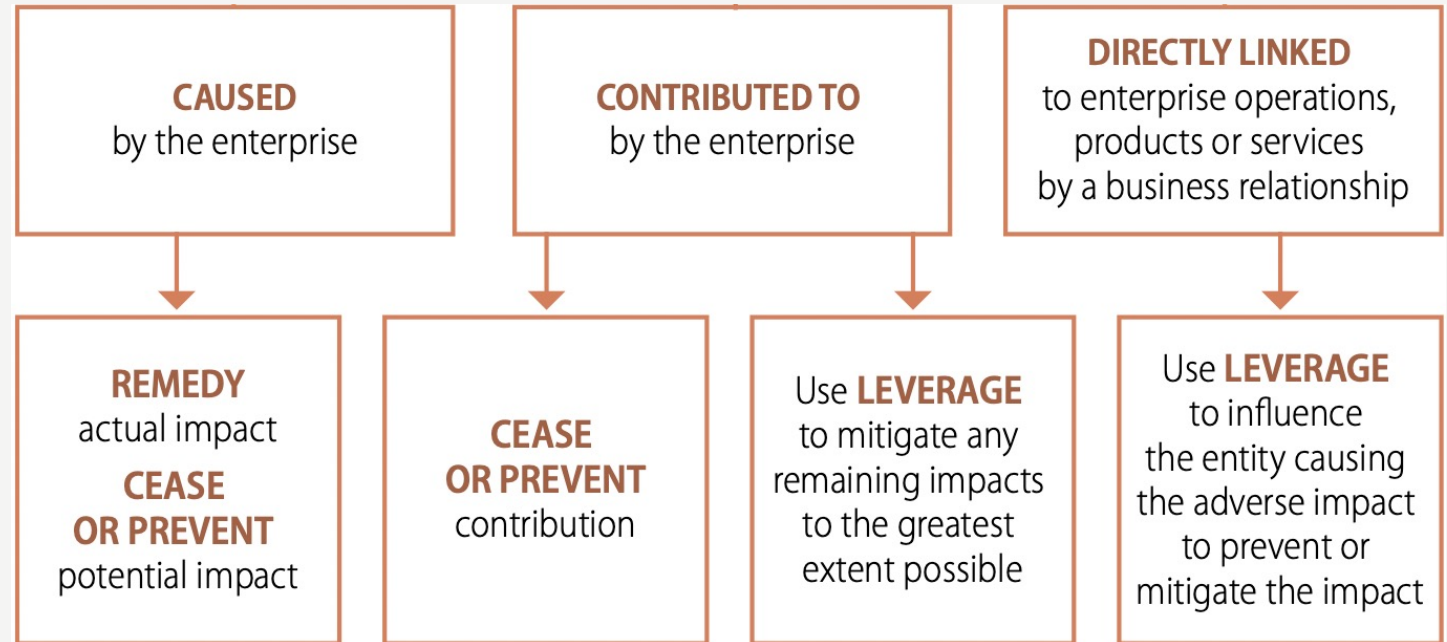
Take appropriate measures to **prevent, mitigate or end** the identified human rights risks and negative impacts.

Basic requirements:

- Consideration of the nature of the impact
- Consideration of the entire value chain
- Consideration of influence & degree of participation
- Consultation with internal and external experts

Responsible functions e.g. HRDD
lead with internal subject matter experts

Measures depend on the type of company link to adverse impact:



Source: <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf> (Figure 2, p.72)

EMBEDDING



What is it about?

Incorporate insights from the risk and impact analysis into all relevant **internal business areas and processes** and take appropriate measures to embed human rights in the company.

Key requirements:

- Assign responsibility for addressing impacts to the appropriate level and function
- Embedding in processes & departments
- Meaningful incentives & performance management of staff
- Appropriate training
- Cooperation with third parties

Examples of topics and functions involved:

Complaint mechanism	Supplier management	Policy Statement & Governance
Compensation guidelines	Trainings	Internal Audit & Quality Management
Adaptation of purchasing practices	Customer Management & Marketing	Budget distribution

PRACTICE EXAMPLE - EMBEDDING

ABB's "human rights champions"

SMEs: add human rights content to existing trainings

Human Rights training plan

Offer

	Target	Organization	Aim	Trainers
HuRi Awareness Training	<ul style="list-style-type: none"> Management Team members Functions leads 	<ul style="list-style-type: none"> 1-hour training Interactive web-based (wb) or face to face 	<ul style="list-style-type: none"> HuRi risks awareness Commitment - leadership HuRi strategy support 	<ul style="list-style-type: none"> Delivery and contents: Global CR* function (GCR)
HuRi Champions Training	<ul style="list-style-type: none"> HuRi Champions nominated by the business Based on HuRi risks 	<ul style="list-style-type: none"> 2.5-hour x 4 modules (wb) Private study - homework Final exam 	<ul style="list-style-type: none"> Build internal competences HuRi Champions Network 	<ul style="list-style-type: none"> Delivery and contents: Global CR function (GCR)
HuRi Target Role Training	<ul style="list-style-type: none"> Marketing and Sales, Procurement, Operations. Top-down delivery 	<ul style="list-style-type: none"> 1.5-hour x 2 modules Interactive web based or face to face 	<ul style="list-style-type: none"> HuRi risks awareness HuRi integration in business decision making 	<ul style="list-style-type: none"> Delivery: HuRi Champions Contents: GCR
HuRi – E-Learning	<ul style="list-style-type: none"> All employees 	<ul style="list-style-type: none"> 1-hour training Self web-based >>link 	<ul style="list-style-type: none"> General awareness Reinforce HuRi in ABB culture 	<ul style="list-style-type: none"> Training platform Contents: Global CR function (GCR)

Goal: Human rights (HuRi) are well understood and managed in all ABB operations and along the value chain. HuRi are integrated in ABB's daily business.

MONITORING & COMMUNICATION



Monitoring: What is it about?

Regular monitoring of the measures taken to **check** their **effectiveness** and strive for continuous improvement.

Key requirements:

- Use appropriate qualitative and quantitative indicators
- Draw on feedback from both internal and external sources, including affected stakeholders
- Focus on particularly vulnerable stakeholders
- Integrate monitoring into existing processes (e.g. internal reporting procedures, audits, surveys)

Communication: What is it about?

Communicate externally about how the company addresses its human rights risks and impacts.

Key requirements:

- Appropriate form and frequency
- Accessibility for intended target groups
- Provide information that is sufficient to evaluate the adequacy of the company's response
- Protect sources of information

International frameworks:



PRACTICE EXAMPLE - MONITORING & COMMUNICATION

Separate reports on human rights



SMEs:
add a section on HRDD to existing communication



Nestlé's human rights framework and roadmap, 2021

UNILEVER, Human Rights report, 2020,;

UNILEVER, Human Rights Supplier Audit Update, 2019

UNILEVER, Human Rights Progress Report, 2017

Introduction to Human Rights Due Diligence

GRIEVANCE & REMEDY



- Companies are expected to ensure and promote **access to grievance mechanisms for those affected by (potential) negative impacts** in their value chain.
 - UNGP 31: effectiveness criteria
- In the case of justified complaints or actual negative impacts, companies should **provide for or cooperate in their remediation** through legitimate processes.



Responsible functions e.g. topic lead with internal subject matter experts

A grievance mechanism is a procedure that provides a formalized opportunity for a person to raise concerns about human rights-related social and environmental impacts, as well as to raise concerns about corrupt activities.

HUMAN RIGHTS DUE DILIGENCE

How to start?
HRDD for SMEs?

HOW TO GET STARTED?

Recommended approach:

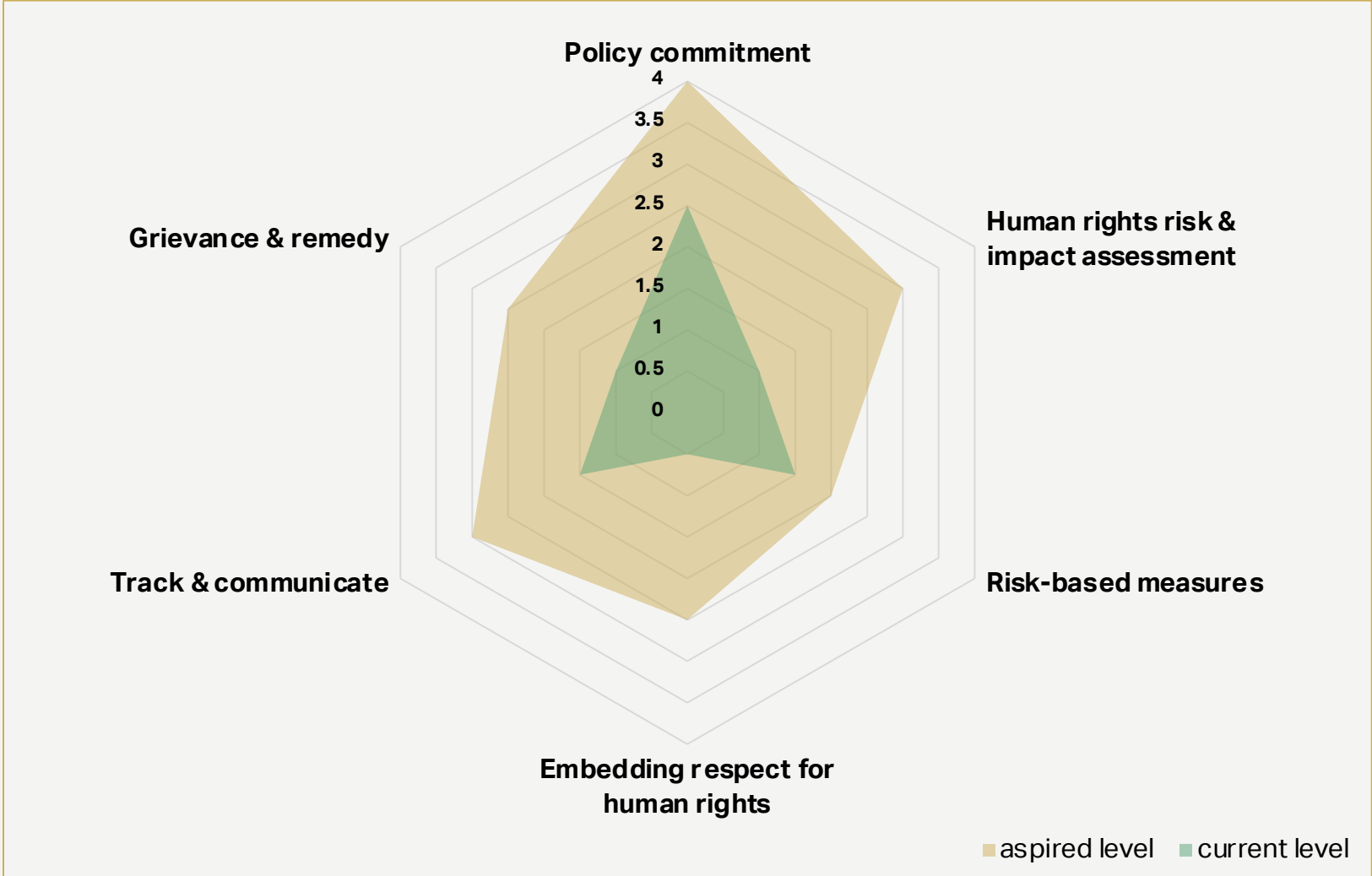
Prepare company for increasing stakeholder demands as well as current and future (legal) developments:

- International standards as a reference framework for the implementation of human rights due diligence
- Where directly affected by laws : Consider additional or more detailed legal requirements where necessary.



GAP-ANALYSIS: IMPLEMENTATION OF HRDD

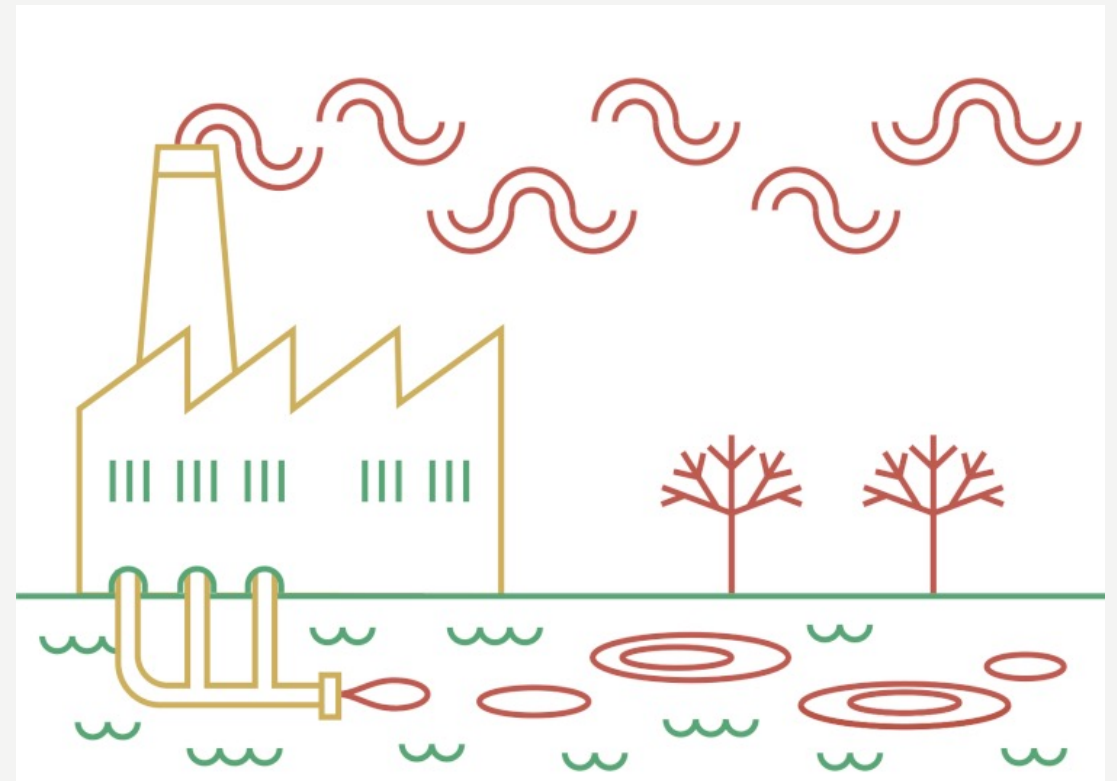
Understand where the organization currently stands with regards to the relevant due diligence requirements, and take concrete measures based on this assessment



HUMAN RIGHTS DUE DILIGENCE FOR SMES (1/2)

Differences and Similarities

- Responsibility to respect human rights applies to companies of all sizes
- Due diligence processes need to be appropriate for the size / circumstances
- HRDD can be different for SMEs depending on:
 - Capacity and degree of formality of processes and management structure
 - Type of supplier relationships and complexity of supply chain
- Measures taken need to consider the severity of human rights impacts



Principle: Particularly severe impacts require comprehensive measures, also from SMEs

HUMAN RIGHTS DUE DILIGENCE FOR SMES (2/2)

Key Recommendations

- Assign responsibility to existing employees with similar expertise (e.g. human resources, quality)
- Pool resources and share experiences with peers
- Rely on external expertise when necessary
- Prioritize areas where risk for human rights is greatest
- Identify existing policies / processes to integrate human rights
- Learn by doing

MAKING SUCCESS
SUSTAINABLE
THROUGH RESPONSIBLE
BUSINESS CONDUCT

Human Rights Due Diligence of Swiss SMEs



My business and human rights

*A guide to human rights for
small and medium-sized enterprises*

Brochure for SMEs by SECO &
GCNSL

SUMMARY

The aim of human rights due diligence is to avoid negative impacts on human rights caused directly or indirectly by a company's operations and business relationships.

SO WHAT DOES IT MEAN IN PRACTICE?

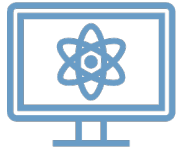
- **Systematic approach to the social dimension of CSR**
- **New risk perspective:**
 - considering the **entire value chain** (up- & downstream)
 - focused on **rights-holders** (rather than company risks)
 - prioritization based on **severity** of adverse human rights impact & **likelihood** (rather than risk to company)
- **Identification of measures:**
 - depending on the company's **leverage**
 - **tailored** to the company (size, risk profile, business activities, operating environments etc.)
- **Continuous improvement rather than perfection:**
 - start small and improve **step by step**

Human and Labour Rights - offers of the UN Global Compact



Live Sessions

- Human Rights Due Diligence Peer Learning & Networking Group (Sign up [here](#))



E-Learnings

- Business and Human Rights: How Companies Can Operationalize the UN Guiding Principles ([link](#))
- How Procurement Decisions can Advance Decent Work in Supply Chains ([link](#))
- Improving wages to advance decent work in global supply chains ([link](#))



Publications

- What does effective human rights risk management look like? 5 insights from practice ([link](#))
- Selection of other publications of the UN Global Compact ([link](#))



Tools

- Decent Work Toolkit for Sustainable Procurement ([link](#))
- Business and Human Rights Navigator ([link](#))

For more information visit globalcompact.ch

Please don't hesitate to reach out to: alice.harbach@globalcompact.ch

More E-Learnings:



Academy



Global Compact
Network
Switzerland & Liechtenstein

HRDD Peer Learning & Networking Group

- Virtual (After-) Lunch Videocalls every three months with informal discussions on questions, learnings, insights and challenges with peers.
- Platform for regular exchange among business and human rights professionals in Switzerland and Liechtenstein
- Chatham-House-Rule
- Language: Englisch
- Facilitated by the Global Compact Network Switzerland & Liechtenstein and focusright
- Microsoft Teams channel to continue group exchange between calls

Sign up: <https://www.globalcompact.ch/hrdd-peer-learning-and-networking-group>

Objectives:

- Provide a platform for regular exchange among business and human rights professionals in Switzerland
- Create opportunities for peer learning and networking
- Entry point for bilateral contacts and more in-depth peer exchange

Participation requirements:

- Active participation in informal group discussions in a virtual setting
- Willingness to share own experiences and learn from others
- Professional link to business and human rights
- Being a Participant of the Global Compact Network Switzerland & Liechtenstein or having attended at least one NAP- Event facilitated by focusright.

EVALUATION SURVEY

Survey (2-4 min) to evaluate today's event - thank you for your participation:

<https://focusright.typeform.com/to/DBrU79g0>



THANK YOU!

**focus
right**

In collaboration with:



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra



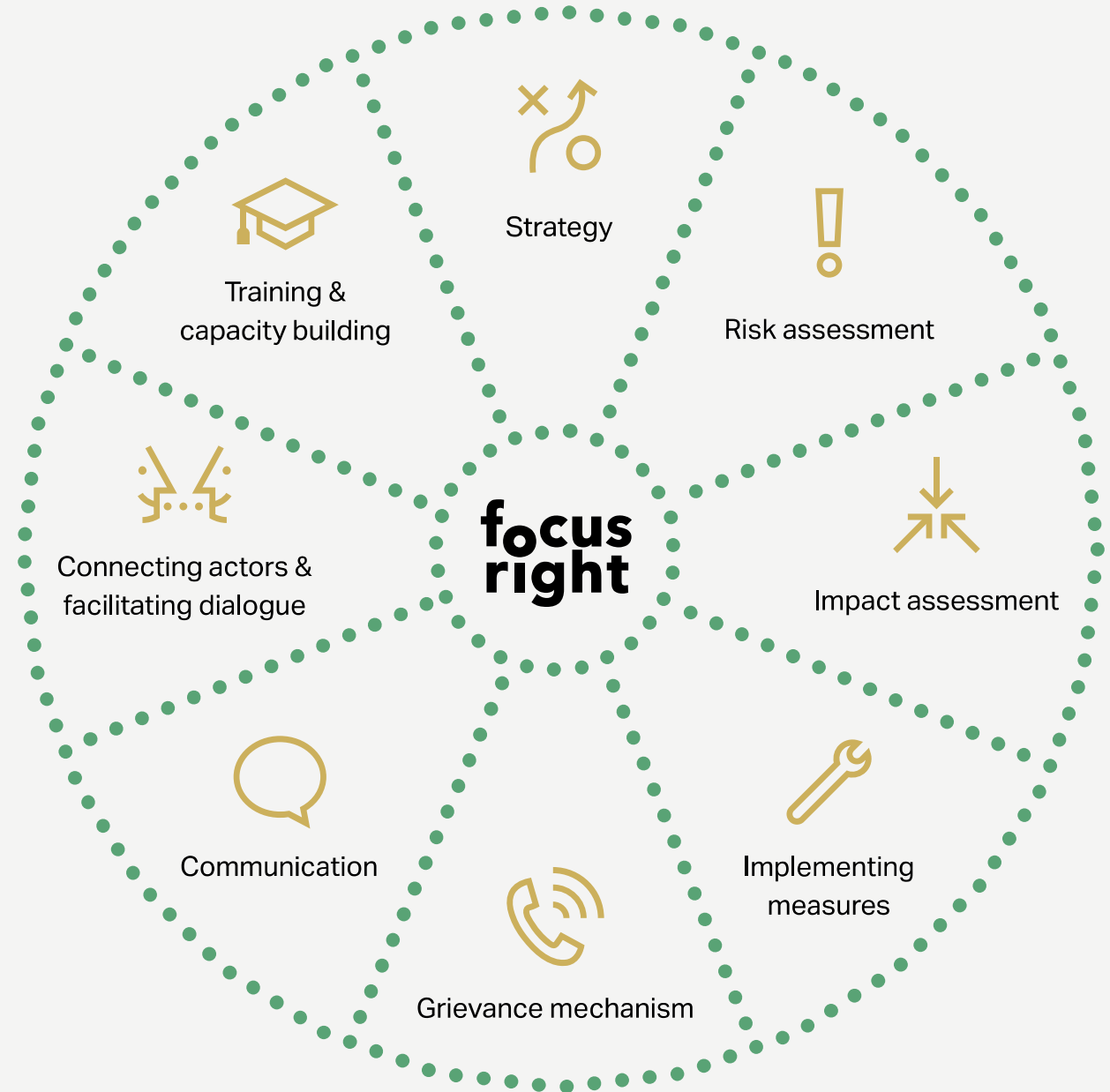
Global Compact
Network
Switzerland & Liechtenstein

In the context of the Swiss National Action Plan on Business and Human Rights

ABOUT FOCUSRIGHT

focusright supports companies in identifying human rights risks and their impacts in their operations and value chains and in developing solution strategies.

We advise companies on their human rights due diligence process and corporate responsibility strategy by offering the following tailor-made services:



DISCLAIMER

focusright ltd. is a management consultancy that advises companies on how to embed and implement responsible business practices and human rights due diligence in their business processes and value chain, guided by international human rights standards such as the UNGPs. focusright ltd provides its services with the best care, skill and diligence. The due diligence of a lawyer is not decisive for the performance of the consulting services of focusright ltd.

The services provided by focusright ltd. do not constitute legal or compliance advice and cannot replace the advice of a lawyer. focusright does not guarantee that its understanding of legal requirements corresponds to the interpretation of public authorities or courts.