## MODULE 2: Integrating human rights into business

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<th>Question</th>
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<td>1. Can my company impact human rights?</td>
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<td>2. What is a human rights due diligence program?</td>
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<td>3. What are basic elements to ensure integration of human rights in business operations?</td>
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<td>4. Can we establish realistic objectives?</td>
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<td>5. What does sustainability risk depend on?</td>
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<td>6. What is supply chain mapping?</td>
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<td>7. How can I map my supply chain?</td>
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<td>8. What principles should govern the process?</td>
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<td>9. How can I assess risk in my products?</td>
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<td>10. Where do I start?</td>
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<td>11. How can I map human rights risk impact?</td>
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<td>12. Should suppliers take ownership (setting terms with growers and suppliers in commercial contracts)?</td>
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1. Can my company impact human rights?

As a working group come up with examples of the following:

- One example of how a company can impact human rights positively.

- One example of how a company can impact human rights negatively.

Are these examples of your own activities or the actions of your suppliers?
2. What is a human rights due diligence program?

What are the U.N. Guiding Principles?

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What do companies need to do in order to fulfill their responsibility to respect human rights?

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What are the four core elements of human rights due diligence?

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What is your company doing already?

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3. What are basic elements to ensure integration of human rights in business operations?

Chocolate is one of the base commodities of Dream Land’s economy, contributing to the livelihood of the rural population and rural development. Dream Land has a legal framework to regulate work in agriculture, but enforcement remains weak throughout the country. The agriculture sector remains informal compared to other sectors, such as textile, automotive, etc.

Years ago, Chocolate Helps Inc. was sourcing from over 10 different countries, but after mapping out their production and analyzing the different risks, they cut down on the number of suppliers and sourcing countries. Chocolate Helps Inc. now sources 60 percent of its chocolate from Dream Land, which has identified several problems in relation to the labor violations: low wages, excessive working hours, arbitrary deduction from wages, child labor, occupational health and safety-related accidents.

Chocolate Helps Inc. was selected as one of the best performing companies in responsible sourcing last year. Besides its commitment policy to eliminate child and forced labor in their supply chain by 2020, the company is a member of accreditation schemes (such as Fair Labor Association). Company leadership puts particular emphasis on capacity-building programs, which is why, in the last five years, they have been able to train all their HQ and field office staff.

Having proactive, dynamic vetting and auditing of its suppliers and suppliers’ vendors, the company launched a comprehensive tier-one program that consists of supplier monitoring and capacity-building program. The same program enforces both positive and negative incentive schemes for its suppliers.

The company uses technology to monitor, consolidate, audit and analyze operations and, more importantly, for grievance mechanism.

Being committed in responsible sourcing standards for the last 10 years, Chocolate Helps Inc. widely communicates its standards to various segments of the supply chain, from suppliers to workers in the upstream supply chain, and from intermediary vendors to farmers through a cascading contractual system.

What elements has the company incorporated to ensure it puts in place a responsible sourcing strategy?
4. Can we establish realistic objectives?

Yummy Tummy Inc. started its business in 1955 as a local food and beverage company in Land of Somewhere. By the 1980s, the company had begun expanding internationally, selling its products first in neighboring Land of Nowhere and then in the international market. In 2015 it became one of the largest manufacturers, distributors and marketers of food and beverage in the world. One of the most important agricultural commodities that Yummy Tummy Inc. buys is sugar cane. It buys approximately half a million tons, mostly from countries in South America. In addition, the company buys palm oil, citron, dairy milk, and cocoa. The company is currently listed in on the Land of Somewhere stock exchange.

In 2010 Yummy Tummy Inc. launched its responsible sourcing program and integrated the program integrated into its core operations. The policy of the company has four main pillars: labor and human rights; health, safety and well-being; environment; and business ethics (including training for farmers, workers, intermediaries, and a grievance mechanism). The policy document provides a reference to U.N.’s Protect, Respect and Remedy Framework.

Think of objectives related to the expected impact (for example, reduce child labor in the hazelnut industry in Turkey by 50 percent in three years) and those related to the process (for example, audit 90 percent of Tier 1 suppliers within one year).

Make sure your objectives are SMART (Specific, Measurable, Achievable, Realistic and Time bound).

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<tr>
<th>AREA</th>
<th>SCOPE</th>
<th>OBJECTIVE</th>
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<td>EXPECTED IMPACT</td>
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<td>Long term</td>
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<td>PROCESS</td>
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<td>Medium term</td>
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<td>Long term</td>
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What is the difference between objectives regarding the process and objectives regarding the outcome?

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Why is it essential to determine these objectives?

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How often should these objectives be revised.

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5. What does sustainability risk depend on?

Do your companies currently identify possible impact risks to human rights in their supply chains?

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What tools are they using to identify these risks?

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6. What is supply chain mapping?

Take a look at the following supply chain maps.

Has your company ever drawn a supply chain map?

Is this a complex exercise? Why?
7. How can I map my supply chain?

What steps must be taken by a company to develop a supply chain map? Who is involved in each step? Internally? Externally?

<table>
<thead>
<tr>
<th>STEPS</th>
<th>ACTORS INVOLVED</th>
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8. **What principles should govern the process?**

What principles should guide the supply chain mapping process?

<table>
<thead>
<tr>
<th>PRINCIPLE</th>
<th>DEFINITION OR IMPLICATION</th>
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9. How can I assess the risk in my products?

Read the following case study.

You are the Sustainability Head of the company called FlyingChew. FlyingChew is famous for its fast food, mostly hamburgers. Your company has 18,000 employees and the annual revenue of $7 billion in 2017. You all have global value chains and operations in many regions of the world. You are asked to develop a risk assessment for the products used in FlyingChew hamburgers.

You buy soya to be used in beef patties as soya protein, and soya flour in buns, sauce and cheese lecithin, sauces, pickles and oil for fries. You buy soya from United States.

You buy beef to be used in patties as ground beef. You buy beef from India.

You buy palm oil to be used in buns and for fries. You buy palm oil from Nigeria.

Finally, you buy paper for napkins and packaging. You buy paper from China.

You are asked to focus on high-risk products. Discuss the following questions:

a. What information would you gather to be able to make better-informed decisions?

b. What criteria would you use to determine the risk in your products?

c. What do you think would be a logical way to proceed?
10. Where should I start?

Take a look at the following case study and excel sheet and answer the questions bellow.

Your company, Wakingdream, is well known for its quality chocolate and confectionary. You maintain a strong position in cocoa-origin countries. As Chief Chocolate Officer in Wakingdream, you are requested to conduct risk assessment. Your main ingredients are milk, cocoa, almond, hazelnut, vanilla, soya, sugar, and paper for packaging.

For sugar, you know that the U.S State Department in 2014 reported an estimated 50,000 people working in slave-like jobs in Brazil. The nation’s sugar cane industry was flagged for using child labor.

You are aware that opening up new land to grow soybeans has led to violent, sometimes fatal, conflicts with local communities and indigenous people.

You receive weekly emails related to other chocolate companies’ interventions in terms of cocoa, so you are informed that cocoa farmers’ low income leads to severe violations of human and labor rights on cocoa farms. Because of their inadequate income, farmers cannot pay sufficient salaries to the workers and provide them with acceptable accommodation and health care. Child labor, OHS related problems, and exploitative work is prevalent.

Recently one international NGO published a report on vanilla production, which mentions that farmers struggle with serious problems of theft, debt spirals and child labor.

One of your friends working in furniture sector recently mentioned that forest clearances provide land for oil palm plantations and create negative environmental impact.

Your company procures hazelnut from Turkey, where you know that Syrian refugee population involved in seasonal migrant agriculture work.

Your knowledge is limited in terms of milk and almond production
1. Which commodities pose the most risk?

2. Where is there less risk?

3. How do you think this risk is calculated?

4. Where would you prioritize your immediate actions?

5. Why?
11. How can I map human rights risk impact?

What different techniques/tools/methods can we use to map out the possible impact on human rights of our supply chains?

Who should be involved in the process of mapping out the impact on human rights of our supply chains?

What challenges could we face when mapping out the impact on human rights of our supply chains?
12. Should suppliers take ownership?

Actions taken by CSR Department to encourage suppliers to respect labor standards.

- Actions aimed at the logic and sensible components of a supplier
  1. 
  2. 

- Actions aimed at the more emotional components
  3. 
  4. 

- Actions that are practical and tangible
  5. 
  6. 

Actions taken by Procurement Department to encourage suppliers to respect labor standards.

- Actions aimed at the logic and sensible components of a supplier
  7. 
  8. 

- Actions aimed at the more emotional component
  9. 
  10. 

- Actions that are practical and tangible
  11. 
  12.