



ENABLE Training Toolkit

Implementing Responsible Sourcing and Production
in Agricultural Supply Chains

MODULE 2: Integrating Human Rights into Business

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I. MODULE AT A GLANCE

MODULE 2: Integrating human rights into business		Time in minutes
1	Can my company impact human rights?	30
2	What is a human rights due diligence program	30
3	What are basic elements to ensure integration of human rights in business operations?	30
4	Can we establish realistic objectives?	35
5	What does sustainability risk depend on?	10
6	What is supply chain mapping?	45
7	How can I map my supply chain?	45
8	What principles should govern the process?	20
9	How can I assess the risk in my products?	30
10	Where do I start?	30
11	How can I map human rights risk impact?	45
12	Should suppliers take ownership (setting the grounds with growers and suppliers in our commercial contracts)?	30

II. CAN MY COMPANY IMPACT HUMAN RIGHTS?

Objectives

- Understand that companies' activities can have an impact on human rights.
- Differentiate between direct and indirect contributions to impact.
- Recognize the need to address the different impacts companies can have on people through its activities and its relationships.

Description of activity

1. Explain to participants how companies can impact human rights through their activities and their relationships.
2. Ask working groups to come up with examples of the following:
 - a. Think of one example of how a company can impact human rights positively.
 - b. Think of one example of how a company can impact human rights negatively.
 - c. Are these examples related to activities or relationships?
3. Ask the groups to share examples in plenary and have a discussion.
4. Draw a table on a flip chart with the following structure and fill it in with the examples that the groups provide. Writing the example on the left-hand column and mark a check or an 'X' in the rest of the columns, depending on whether the example relates to a company activity or related a business partner.

Action	Company activities	Business partners' activities	
		Direct	Indirect
1			
2			
3			
4			

Key learning points

- Companies can have impacts—both positive and negative—on a wide range of human rights.
- Companies contribute through their activities and the activities of their business partners.
- Companies contribute directly to a negative impact when they actively induce a business partner to violate human rights.
- Companies contribute indirectly to a negative impact when they enter or stay in a relationship with a business partner that abuses human rights (even though the actions of the company do not exacerbate the abuse).

Time: 30 minutes

- Facilitator's presentation: 5 minutes
- Group work: 5 minutes
- Plenary discussion: 20 minutes

Slides

- Slides 2-3

Materials

- Flip chart paper
- Markers

Tips

- This introductory activity aims to have participants realize that they can impact people's human rights through different actions. The intention is not to have a lengthy discussion, but rather to establish a foundation for ensuing activities in the module.
- Facilitators should tell participants: "In these modules, we are going to see how we should manage these potential risks and minimize their impact."

Facilitator notes

Extracts from: [Business & Human Rights Initiative, "How to Do Business with Respect for Human Rights: A Guidance Tool for Companies," The Hague: Global Compact Network Netherlands, 2010](#)

Potential and actual impacts can happen through the company's own activities and through relationships (e.g., suppliers, contractors, governments), and they can vary depending on the context in which the

company operates. The challenging aspect is determining what a human rights impact is and how it is to be understood in business practice.

Human rights impacts are the effects on the enjoyment of a human right resulting from a company activity. They can be both positive and negative. The question companies should ask themselves is whether its interventions—including its presence—can affect the rights of people and communities.

In analyzing their impact—and deciding where to take action—companies may find it helpful to make a distinction between the various ways they can have an impact on human rights or contribute to impacts.

- How the company’s own activities may affect human rights
- How the company may be contributing to human rights abuse through its relationships connected to its activities (e.g. suppliers, contractors, customers, governments, etc.
 - Direct contributions are here understood as those that actively induce a business partner to abuse human rights, for example, by putting such time demands on deliveries that the supplier has little other option than to have workers make excessive overtime or risk losing the contract.
 - Indirect contributions refer to those where a company enters or stays in a relationship with a business partner that abuses human rights, even though the actions of the buyer company do not make the abuse worse per se. The difference is significant, because direct contributions can be countered (at least partially) by changing own behavior, while indirect contributions to abuse can only be stopped through change in the behavior of the business partner or by leaving the relationship altogether.

The question “Do we have responsibility?” can only be answered if it is known whether a company’s activity has an actual or potential impact on human rights. Therefore, knowing the situation solves at least half of the puzzle of determining whether the company has a responsibility to do something about it. The fact that it may be hard to determine exact responsibility does not preclude a company from knowing its impact in the first place.

Extracts from: U.N. Reporting Framework Website (https://www.ungpreporting.org/wp-content/uploads/2015/07/UNGPRF_businesshumanrightsimpacts.pdf)

Relevant human right	Brief explanation of the right	Examples of how business might impact the right
Right of self-determination	<ul style="list-style-type: none"> • A collective right, rather than an individual right. • People are entitled to determine their political status and place in the international community. • Encompasses the right to pursue economic, social and cultural development, to dispose of a land’s natural resources, and not to be deprived of the means of subsistence. • A particular right of indigenous people to self-determination has been 	<ul style="list-style-type: none"> • Engaging in business activities on land that has traditional significance to the peoples that inhabit an area when that land was acquired by government without due consultation with the local population. • Any activity that might have impacts on indigenous peoples’ lands, whether through acquisition, construction or operation, may give rise to impacts on their right to self-determination.

	specifically recognized by the international community.	
Right to life	<ul style="list-style-type: none"> • Right not to be deprived of life arbitrarily or unlawfully. • Right to have one's life protected, from physical attack, health and safety risks, etc. 	<ul style="list-style-type: none"> • The lethal use of force by security forces (state or private) to protect company resources, facilities or personnel. • Operations that pose life-threatening safety risks to workers or neighboring communities through (for example, exposure to toxic chemicals).
Right to be free from slavery, servitude or forced labor	<ul style="list-style-type: none"> • Slavery exists when one human effectively owns another. • Freedom from servitude covers other forms of severe economic exploitation or degradation, such as in the trafficking of workers or debt bondage. • Rights to freedom from slavery and servitude are absolute rights. • Forced or compulsory labor is defined by the ILO as all work or service that is extracted under menace of any penalty and for which people have not voluntarily offered themselves. • Providing payment does not mean that work is not forced labor if the other aspects of the definition are met. 	<ul style="list-style-type: none"> • Businesses may unknowingly benefit through their supply chains from the labor of workers who have been trafficked and are forced to work as slaves (for example, on agricultural plantations). Women and children may be subject to particularly severe impacts in such situations. • A company may be involved in the transportation of people or goods that facilitates the trafficking of individuals. • Forced labor can arise in any sector where an employer puts workers in a position of debt bondage through company loans or the payment of fees to secure a job, and/or where the company withholds workers' identity documents. This is a particular risk in the case of migrant workers, a recognized vulnerable group.
Rights to liberty and security of the person	<ul style="list-style-type: none"> • These rights involve the prohibition of unlawful or arbitrary detention. • "Lawful" detention is understood to mean that it must be authorized by an appropriate government body, such as the courts, and be capable of being challenged by the detainee. • "Arbitrary" detention is always prohibited. • Security of the person includes protection from physical attacks, threats of such attacks, or other severe forms of harassment, whether or not a person is detained. 	<ul style="list-style-type: none"> • Threatening staff with physical punishment or tolerating severe harassment of some employees (for example, of trade union members or members of a minority ethnic group). • A company whose supplier routinely allows sexual abuse of female workers to go unaddressed in their workplace.
Right not to be subjected to imprisonment for inability to fulfil a contract	<ul style="list-style-type: none"> • This right applies when a person is incapable of meeting a private contractual obligation. • It restricts the type of punishment that the state can impose. 	<ul style="list-style-type: none"> • Companies may be linked to such an impact where this right is not protected by the state (for example, where a small local supplier is genuinely unable to meet contractual obligations and the company takes action against it).

Right to freedom of movement	<ul style="list-style-type: none"> • Individuals who are lawfully in a country have the right to move freely within it, to choose where to live and when to leave. • Individuals also have the right not to be arbitrarily prevented from entering their own country. 	<ul style="list-style-type: none"> • Relocation of communities because of company operations where that is conducted in an arbitrary or unreasonable manner, without adequate notice, consultation and, at least in the case of indigenous peoples, consent or compensation. • Employers withholding workers' identification documents.
Rights to freedom of opinion and expression	<ul style="list-style-type: none"> • The right to hold opinions free from outside interference is an absolute right. • The right to hold opinions free from outside interference is an absolute right. • Individuals have a right to seek, receive and impart ideas in whatever media or form. The state is allowed to authorize restrictions in line with international human rights standards. 	<ul style="list-style-type: none"> • Operating in a country where workers are routinely prevented by law from expressing their opinions in the public domain. • Censoring online or other content at the demand of the state where those requests are illegal under national law and/or not in line with international human rights standards. • Engaging in litigation against individual workers, community members or other stakeholders who have spoken critically about the company where there is an extreme imbalance in the parties' means to fund a legal case.
Rights of protection for the child	<ul style="list-style-type: none"> • A child has the right to be registered, given a name and to acquire a nationality. • Children must be protected from sexual and economic exploitation, including child labor. • ILO standards prohibit hazardous work for all persons under 18 years. They also prohibit labor for those under 15, with limited exceptions for developing states. 	<ul style="list-style-type: none"> • Business activities that involve hazardous work (such as cutting sugar cane or mining) performed by persons under the age of 18. • Child labor can negatively impact other rights (such as the rights to an adequate standard of living, or security of the person) if a company fails to take account of the best interests of the child in determining the appropriate response. For example, simply dismissing the child (or cutting the contract with the relevant supplier) may result in the child having to find alternative, more dangerous forms of work (such as prostitution).
Right to enjoy just and favorable conditions of work	<ul style="list-style-type: none"> • Individuals have the right to fair remuneration and equal remuneration for work of equal value. Remuneration must enable them, and their families, to have a decent living. • Right includes safe and healthy conditions of work, equality of opportunity for promotion, and a right to rest, leisure and holidays. 	<ul style="list-style-type: none"> • Failing to address a pattern of accidents highlighting inadequate workplace health and safety. • Allowing changes to the terms of product orders without any changes to price or delivery time, creating pressure on its suppliers, who then demand excessive overtime from their workers.

	<ul style="list-style-type: none"> • ILO standards provide further guidance on the content of the right. 	<ul style="list-style-type: none"> • Using workers who are employed by a third-party company and are paid extremely low wages with no or very limited entitlements to sick pay or leave.
Right to an adequate standard of living	<ul style="list-style-type: none"> • This right includes access to adequate housing, food, water, clothing and sanitation. • Individuals have a right to live in dignity and peace under certain criteria (such as availability of utilities, accessibility, security). • Food should be available and accessible to individuals, in sufficient quality and quantity to meet nutritional needs, and that is free from harmful substances and acceptable to their culture. • The right to water and sanitation was recognized as a distinct right in 2010. Individuals are entitled to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic use and to sanitation that fulfil certain criteria (safety, accessibility, in privacy and dignity). 	<ul style="list-style-type: none"> • Poor-quality housing or dormitories provided to workers. • Failing to provide adequate sanitation facilities for workers in a company-owned factory. • Expansion operations significantly, thus reducing the amount of arable land in an area affecting local community members' access to food. • Polluting or threaten existing water resources in a way that significantly interferes with local communities' ability to access clean drinking water. In such situations, there may be particular negative impacts on women and girls, who are responsible for water collection in many communities.
Right to health	<ul style="list-style-type: none"> • Individuals have a right to the highest attainable standard of physical and mental health. • This includes the right to have control over one's health and body, and freedom from interference. 	<ul style="list-style-type: none"> • Pollution that negatively impact the health of workers and/or surrounding communities. • The sale of products hazardous to the health of end users or customers. • Failure to implement appropriate health and safety standards, leading to long-term negative impacts on workers' health.
Right to education	<ul style="list-style-type: none"> • All children have the right to free and compulsory primary education. • The right also includes equal access to education and equal enjoyment of educational facilities, among other aspects. 	<ul style="list-style-type: none"> • The presence of child labor in a business or in its supply chain, where those children are unable to attend school. • Limiting access to, or damaging, educational facilities through construction, infrastructure or other projects.

III. WHAT IS A HUMAN RIGHTS DUE DILIGENCE PROGRAM?

Objectives

- Understand the corporate responsibility to respect human rights.
- Discuss what it means to prevent and mitigate adverse impact of human rights violations.
- Learn the four elements of a human rights due diligence program.

Description of activity

1. Divide each group into two subgroups.
2. Ask Subgroup 1 members to individually write down three things that they know about the corporate responsibility to respect human rights.
3. Ask Subgroup 2 members to write down three things that they know about a due diligence program.
4. Have participants share any knowledge they have on the subject.
5. In plenary, collect different concepts and ideas that have been shared in the subgroups and write them on a flip chart.
6. Share key learning points that have not come up regarding the U.N. Guiding Principles.
7. Questions to reflect over in plenary:
 - a. What are the U.N. Guiding Principles?
 - b. What do companies need to do in order to fulfill their responsibility to respect human rights?
 - c. What are the four core elements of human rights due diligence?
 - d. What are your companies doing already?

Key learning points

- Companies have a responsibility to respect human rights, which means to act with due diligence to avoid infringing on the rights of others.
- Due diligence is an ongoing process, whereby companies become aware of, prevent and mitigate adverse human rights impacts.
- The guiding principles call on businesses to identify and assess any actual or potential adverse impacts they may be responsible for, either through their own activities or as a result of business relationships.
- The four core elements of human rights due diligence are:
 - having a human rights policy;
 - assessing the impact of company activities on human rights;
 - integrating these values and findings into corporate cultures and management systems; and
 - tracking as well as reporting performance.

Time: 30 minutes

- Individual work: 5 minutes
- Group work: 10 minutes
- Plenary discussion: 15 minutes

Slides

- Slides 4-5

Materials

- Flip chart
- Markers

Facilitator notes

Extracts from Business & Human Rights Initiative (2010), "How to Do Business with Respect for Human Rights: A Guidance Tool for Companies," The Hague: Global Compact Network Netherlands.

In June 2008, the United Nations made an important contribution to the business and human rights debate. It unanimously endorsed the framework Protect, Respect and Remedy, proposed by the Special Representative of the U.N. Secretary-General on Business and Human Rights, Professor John Ruggie. It consists of three pillars:

- the state duty to protect against human rights abuses by third parties, including business, through appropriate policies, regulation, and adjudication;
- the corporate responsibility to respect human rights, which means to act with due diligence to avoid infringing on the rights of others; and
- Greater access to effective remedy, judicial and non-judicial, for victims.

According to Ruggie, the appropriate corporate response to manage human rights risks is to do human rights due diligence. This is an ongoing process, whereby "companies become aware of, prevent, and mitigate adverse human rights impacts."

The four core elements of human rights due diligence, as outlined in the 2008 report, are:

- 1) having a human rights policy;
- 2) assessing human rights impacts of company activities;
- 3) integrating those values and findings into corporate cultures and management systems; and
- 4) tracking as well as reporting performance.

Since many policies already address human rights issues human rights due diligence is not all that different from existing processes such as health and safety, and diversity and inclusion. For most companies, human rights due diligence does not mean a complete overhaul of systems. Nevertheless, some core characteristics include: human rights cannot be discounted or off-set, they are a minimum standard that companies should respect. Also, because human rights concern affected individuals and communities, managing human rights risks needs to involve meaningful engagement and dialogue with them. Finally, a measure of transparency and accessibility to stakeholders will be required, because one main purpose of human rights due diligence is enabling companies to demonstrate that they respect rights.

In sum: "Naming and shaming is a response by external stakeholders to the failure of companies to respect human rights. Knowing and showing is the internalization of that respect by companies themselves through human rights due diligence." —Special Representative Ruggie

IV. WHAT ARE BASIC ELEMENTS TO ENSURE INTEGRATION OF HUMAN RIGHTS IN BUSINESS OPERATIONS?

Objectives

- Identify and discuss basic components involved in setting up a due diligence program.
- Share experiences on how these components contribute to responsible sourcing.

Description of activity

1. Ask participants to read the case study provided:

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 supplier and suppliers' vendors, the company launched a comprehensive Tier 1 program which 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.

Chocolate Helps Inc. prioritizes engagement with multi-stakeholder initiatives to achieve responsible sourcing standards in Country A to engage with issues affecting in the agriculture sector. They have been developing preventive and corrective action plans together with its stakeholders, including community-based projects with affected population.

2. Have participants reply to the following questions:
 - a. What basic components do you think the company has set up?
 - b. How do you think each of these components contributes to responsible sourcing?
 - c. What challenges do you think these components address?
3. Facilitate a plenary discussion on the components of responsible sourcing and how they contribute to preventing and correcting workplace violations.

4. It is helpful if the main components are written on a flip chart for reference.

Key learning points

- Companies need to set up the following elements:
 - clear standards
 - training of responsible staff at HQ and field offices
 - training for suppliers;
 - grievance mechanisms
 - monitoring systems
 - preventive and corrective remediation
 - responsible purchase practices
 - verification requirements

Time: 30 minutes

- Group work: 10 minutes
- Plenary discussion: 20 minutes

Slides

- Slides 6-7

Materials

- Flip chart
- Markers

Tips

- Different case studies could be drafted. The point is for participants to see the different components needed to put in place a responsible sourcing strategy.
- There is no need to go in a lot of detail at the beginning of this module, as participants will learn many of the components along the way.
- To liven up the discussion, or to realize the situations of the participating companies, the facilitator can ask for shows of hands (or anonymously through sticky notes) to indicate how many of them have any of the above components already in place.

Facilitator notes

Extracts from the FLA's Principles of Fair Labor and Responsible Sourcing

Companies that join the FLA commit to ten Principles of Fair Labor and Responsible Sourcing (and/or Responsible Production) and agree to uphold the FLA Workplace Code of Conduct in their supply chain. Sourcing principles apply to FLA-affiliated brands and licensees, while production principles apply to FLA-affiliated suppliers and brands' owned production facilities.

Principles of Fair Labor and Responsible Sourcing

1. Workplace Standards: Company Affiliate establishes and commits to clear standards.

2. Responsibility and Head Office/Regional Training: Company Affiliate identifies and trains specific staff responsible for implementing workplace standards and provides training to all head office and regional staff.
3. Supplier Training: Company Affiliate obtains commitment and trains relevant supplier management on workplace standards and tracks effectiveness of supplier workforce training.
4. Functioning Grievance Mechanisms: Company Affiliate ensures workers have access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.
5. Monitoring: Company Affiliate conducts workplace standards compliance monitoring.
6. Collection and Management of Compliance Information: Company Affiliate collects, manages, and analyzes workplace standards compliance information.
7. Timely and Preventative Remediation: Company Affiliate works with suppliers to remediate in a timely way and preventative manner.
8. Responsible Purchasing Practices: Company Affiliate aligns planning and purchasing practices with commitment to workplace standards.
9. Consultation with Civil Society: Company Affiliate identifies, researches, and engages with relevant labor nongovernmental organizations, trade unions, and other civil society institutions.
10. Verification Requirements: Company Affiliate meets FLA verification and program requirements.

[Extracts from the USDA's Guidelines for Eliminating Child and Forced Labor in Agricultural Supply Chains: Practitioners' Guide \(2018\)](#)

One way for a company to make a statement of its values internally and externally is through the adoption of a Code of Conduct that embodies respect for labor and human rights and incorporates a human rights due diligence process, particularly with respect to child labor and forced labor. Typically, corporate codes of conduct are based on internationally accepted labor and human rights standards embodied in conventions of the ILO and the U.N. In some instances, local law and regulations may be more protective of workers than international standards; in these instances, it is understood that the provisions that are most favorable to workers would apply. For example, in Brazil, the minimum age for employment is 16 years, while international standards set the minimum age at 15 years; in this case, with respect to Brazil, the local regulation is more protective and therefore it would be the applicable one for any company doing business in Brazil. When a child is of working age (>15 years) but exposed to certain "dangers" in the workplace, then companies should carry out a workplace risk assessment to identify and implement measures to prevent or reduce risks and adopt measures to improve health and safety based on risk assessment.

We suggest that a corporate code of conduct include, at a minimum, standards addressing the elements listed in Table 1 below. In addition to listing the elements, the table also includes some explanations of the reasons why such issues need to be part of a code. Because codes of conduct for labor and human rights in the supply chain have strategic implications for the companies that adopt them, they should, therefore, be approved by the company at the highest levels, e.g., the President/CEO or the Board of Directors.

Table 1: Supply chain code of conduct key elements. Source: International Labor Organization

Element	Justification
Forced labor	According to the ILO, 24.9 million people around the world are trapped in forced labor. ¹ The most common reasons for forced labor are debt bondage to their employers, confiscated identity papers that do not allow them freedom to move, and non-payment of wages.
Child Labor	There are 152 million child workers around the world. Around 73 million children work in hazardous conditions. ²
Workplace discrimination	Women and minorities are often given the lowest paid jobs and have limited opportunities for advancement and promotion.
Excessive hours of work	Very large numbers of workers are required to work extremely long days doing monotonous work. This affects time with their families and may also affect their health. Mistakes and accidents become more frequent when excessive hours are worked.
Harsh and inhumane treatment	Women and migrant workers are particularly vulnerable to physical, verbal and sexual abuse at the workplace.
Freedom of association and the right to collective bargaining	Relatively few workers worldwide enjoy these basic rights. Every year, thousands of people lose their jobs because of employer retaliation for their trade union activities. Some even risk their lives because of their involvement in such activities.
Health and safety	Every day, around 6,000 people die as a result of work-related accidents or diseases. Reasons for this include improper handling of hazardous substances and a lack of protective equipment.
A living wage ³	When full-time work does not provide sufficient income to cover workers' basic needs, they are caught in a hopeless poverty trap. Companies need to seek paying competitive and decent living wages to their workers.
Regular employment	Many workers do not have employment contracts. This leads to workers not knowing terms and conditions of their employment and not being able to demand their legal rights.

Extracts from: *Children's Rights in Impact Assessments: A Guide for Integrating Children's Rights into Impact Assessments and Taking Action for Children*, UNICEF, Danish Institute for Human Rights, 2013

The assessment criteria for Principle 1 are overarching and encompass five areas: (1) policy commitment; (2) impact assessment; (3) integration; (4) tracking and reporting; and (5) remediation. Introductory information and criteria tables, with recommended actions for companies, are provided for each of these areas.

Effective due diligence requires that a company's response is properly anchored in internal procedures and systems. This includes allocating responsibility at the appropriate level and function within the business, as well as ensuring sufficient resources and internal oversight to address performance. Additionally, establishing clear and measurable goals is important for accountability.

The integration of children's rights refers to actions taken to respond to particular impacts—both potential and actual—as identified in the human rights impact assessment. Businesses can also consider developing action plans and partnerships that leverage strategic opportunities to support children's rights.

¹ ILO (2017): Global Estimates on Modern Slavery

² ILO (2017): Global Estimates of Child Labour: Results and Trends 2012-2016

³ <https://www.isealalliance.org/get-involved/our-work/global-living-wage-coalition>

If a company determines that it might have caused or contributed to adverse impacts on children's rights, it should provide for or cooperate in remediation through legitimate processes, including operational-level grievance mechanisms (U.N. Guiding Principle 22). An "adequate" mechanism should conform to principles of legitimacy, accessibility, predictability, equitability, transparency and compatibility with rights. It should also be a source of continuous learning, and operational-level mechanisms should be based on engagement and dialogue (Guiding Principle 31).

- Does the company have a policy clearly stating the minimum age for employment in line with national law or international minimum standards, whichever is higher?
- Is there a process in place to identify and assess risks and impacts related to the minimum age policy within the company's operations and value chain?
- Does the company have a process in place for monitoring, reporting and managing cases where children below the minimum age are discovered?
- Does the company have clear procedures in place for identifying and addressing the worst forms of child labour, including hazardous work, trafficking, sexual exploitation, debt bondage and forced labor?
- Has the company taken steps to understand what constitutes an adequate living wage in the country/countries of operation?
- Does the company take specific actions to support the broader community, industry, and national and international efforts to eliminate child labour?
- Is there a formal grievance mechanism in place for receiving, processing, investigating and responding to reports of violations regarding the employment of children below the minimum age?

V. CAN WE ESTABLISH REALISTIC OBJECTIVES?

Objectives

- Discuss which objectives can be set in a due diligence program.

Description of activity

1. Ask working groups to read the case study provided and to come up with 6 objectives for a potential due diligence program.

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 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.

2. Three of the objectives should cite goals (for example, reduce child labor in the hazelnut industry in Turkey by 50 percent in three years); and other three should refer to the process necessary to achieve such an impact (audit 90 percent of first-tier suppliers within one year).
3. Participants must ensure that all objectives are SMART (Specific, Measurable, Achievable, Realistic and Time bound).
4. Regarding impact and process, one objective should be short term, another medium term, and a third long term.

AREA	SCOPE	OBJECTIVE
EXPECTED IMPACT	Short term	1
	Medium term	2
	Long term	3
PROCESS	Short term	4
	Medium term	5
	Long term	6

5. Have a general discussion where participants present the outcomes of their discussions.
6. Questions to reflect over in plenary:
 - a. What is the difference between objectives regarding the process and objectives regarding the outcome?
 - b. Why is it essential to determine these objectives?
 - c. How often should these objectives be revised?

Key learning points

- It is essential for companies to determine specific objectives to achieve within their due diligence programs in order to map out strategies and track progress.

Time: 35 minutes

- Group work: 10 minutes
- Plenary discussion: 25 minutes

Slides

- Slides 8-9

Materials

- Case study and matrix

Tips

- Remind participants of what SMART objectives need to include and provide some examples that are related to forced labor and child labor.

Facilitator notes

Sample

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 listed in on the Land of Somewhere stock exchange.

In 2010 Yummy Tummy Inc. launched its responsible sourcing program and integrated the program into itscore 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.

Last year the Yummy Tummy Inc. identified forced labor, child labor, freedom of association, occupational health and safety, workplace-related noncompliance issues (wage, working hours, contracts, discrimination, social security etc.) affecting the palm oil sector.

AREA	SCOPE	OBJECTIVE
Impact Eliminating Child Labor in Palm Oil Supply Chain	Short term	<ul style="list-style-type: none"> Support a total of 10 educational facilities for children to ensure availability to schools on palm oil plantations.
	Medium term	<ul style="list-style-type: none"> Reduce child labor in souring areas of the Land of Somewhere by 5 percent in three years.
	Long term	<ul style="list-style-type: none"> Eliminate child and forced labor in Land of Somewhere by 2022.
Process Eliminating Child Labor in Palm Oil Supply Chain	Short term	<ul style="list-style-type: none"> Communicate company standards and national legislation on child labor through capacity building activities (seminars, workshops, site visit) with; <ol style="list-style-type: none"> 100 percent of suppliers 90 percent of farmers 80 percent workers <p>Publish annual reports that include the priority areas of improvement including human and labor rights areas.</p>
	Medium term	<ul style="list-style-type: none"> Contribute to a minimum of five different community development and health care programs on palm oil plantations.

	Long term	<ul style="list-style-type: none"> • Develop a positive and negative incentive mechanism for all of its suppliers to prevent and remediate child labor.
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Extracts from: [USDA's Guidelines for Eliminating Child and Forced Labor in Agricultural Supply Chains: Practitioners' Guide, 2018](#)

A Code of Conduct without clear commitment and the establishment of goals is not effective. Therefore, it is important that human rights in the supply chain become a part of the business culture. In order to achieve this, commitment of the highest governance body is as important as engagement of staff on all levels in all areas.

Staff in the procurement areas, field technicians and quality controllers need to be involved in designing the policies and be able to make their contributions when goals and benchmarks for suppliers and producers are set. Their engagement will raise the chances that supplier monitoring programs can be successfully implemented, as they know the context of the supply chain and will make sure that the goals set are achievable.

VI. WHAT DOES SUSTAINABILITY RISK DEPEND ON?

Objectives

- Identify the “what, where and how” elements of sustainability risk in a supply chain.
- Acknowledge different tools that are available to address each of the risk areas.
- Share experiences of how companies currently identify risks.

Description of activity

1. Explain to participants the three basic elements needed to understand, analyze and address potential risks in the supply chain. See facilitator notes for the three elements for risk assessment:
 - a. what is produced (materials and processes needed to create the goods);
 - b. where production takes place (country/supply chain actors); and
 - c. how business is conducted (buying and sourcing practices).
2. Questions to reflect over in plenary:
 - a. Do your companies currently identify the possible impact risks to human rights in their supply chains?
 - b. What tools are they using to identify those risks?

Key learning points

- Sustainability risks depend on what is being produced, where it is being produced and how the business is conducted.
- Supply Chain Mapping is an exercise by which a company collects information on its suppliers and sub-suppliers.
- Task Mapping is one of the process of different activities within each level of the supply chain.
- Risk Mapping is the process of identifying, evaluating and prioritizing different (labor) risks along the supply chain.

Time: 20 minutes

- Plenary discussion: 10 minutes

Slides

- Slides 10-11

Materials

- None

Tips

- This does not need to be a long discussion. It is important for participants to see the difference between supply chain mapping, task mapping and risk mapping as three different tools to better visualize and analyze risks in production.
- This activity is only an introduction for participants, as some of the tools will be seen in greater detail along the module.

Facilitator notes

Sustainability risks depend largely on three factors:

- Supply Chain Mapping is an exercise by which a company collects information on its suppliers and sub-suppliers to understand relationships and increase the visibility of the wider supply chain.
- Task Mapping is the process of mapping different activities within each level of the supply chain.
- Risk Mapping is the process of identifying, evaluating and prioritizing different risks along the supply chain.

Extracts from: [Assessing Human Rights Risks and Impacts, Perspectives from Corporate Practice: Global Compact Network Germany & German Institute for Human Rights](#)

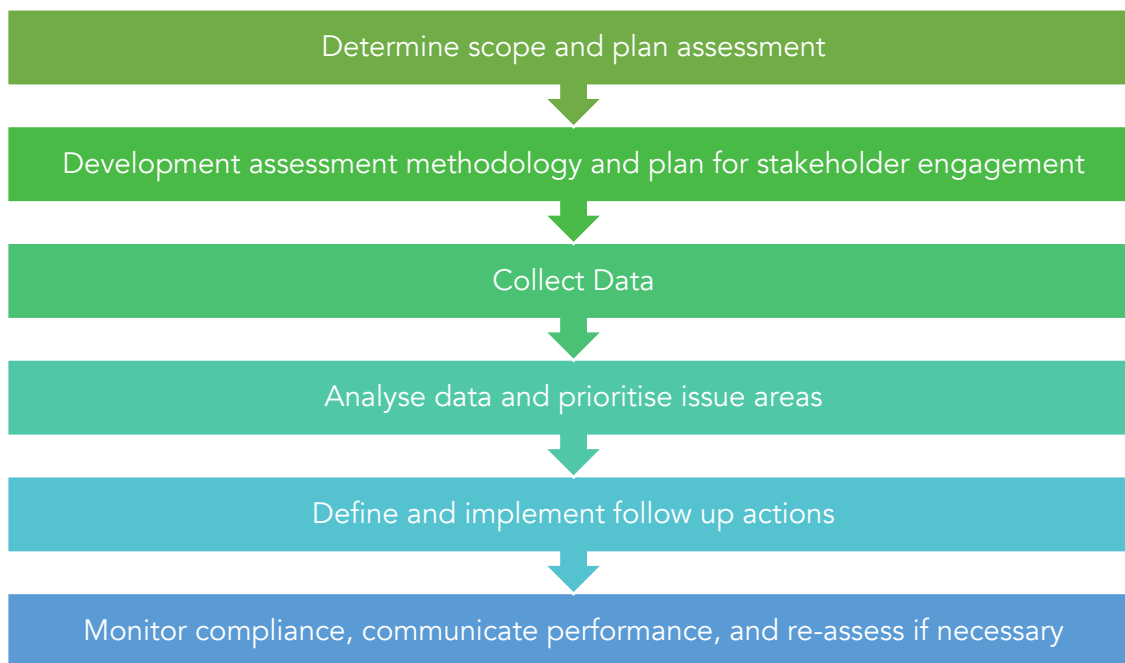
The explanatory commentaries on each Guiding Principle and the Interpretive Guide issued by the U.N Office of the High Commissioner for Human Rights provide additional guidance on how companies should assess human rights risks and impacts:

- All internationally recognized human rights should serve as a reference point.
- Both potential (risk of adverse impacts) and actual adverse human rights impacts should be assessed.
- The assessment should encompass adverse human rights impacts resulting from a company's own activities as well as those directly linked to its operations, products and services by their business relationships.
- Direct consultations should be held with internal and external potentially affected groups (such as employees and nearby communities) in order to understand their concerns, taking language and other barriers to effective communication into account.
- Particular attention should be paid to the potential impact on groups at heightened risk of vulnerability and marginalization as well as different risks faced by women and men.
- Given the dynamic nature of human rights situations, human rights risks and impacts should be reviewed at regular intervals (for example, prior to new business activities or relationships; prior to major

decisions and changes in operations, e.g., market entry, product launch, policy or strategy change; in response to or in anticipation of changes in the business environment and periodically throughout the duration of an activity or relationship).

- For complex value chains, companies should identify areas where the risk of adverse human rights impacts is most significant and prioritizes these for further assessments.
- The appropriate scope of a company's own approach and its priorities are primarily determined by the severity of its (potential) human rights impacts.
- Other aspects such as likelihood and risk for the company should be used as secondary factors for decision making.
- Elements for assessing impacts include the evaluation of the human rights context, identification of (potentially) affected groups, cataloguing the relevant human rights standards and issues, and recognizing which business activities and relationships (could) have adverse impacts on those (potentially) affected.
- Processes for assessing human rights impacts can be integrated into other assessment and management processes (such as environmental and social impact assessments), provided consideration is given to the risks to rights holders, not only the risks to the company.
- Once identified, potential impacts should be prevented or mitigated, and actual impacts remediated.

Assessing human rights risks and impacts—schematic process



Key Consideration Areas for Implementation of the USDA Guidelines for Different Types of Commodities in Agricultural Supply

Implementation of the USDA Guidelines on Elimination of Child and Forced Labor in Imported Agricultural Products might vary across different agricultural supply chains and various commodities. Although the principles of the Guidelines apply to all different kinds of agricultural supply chains, different types of agricultural supply chains might require different approaches. It should be noted that although agricultural commodities and their nature may differ; the issues related to the social and environmental domain could

still be the same. For instance, seasonal migrant child labor prevalent in hazelnut harvesting in Turkey, but in Ivory Coast child labor occurs in small scale family run farms while same phenomenon can be observed in large palm plantations in Malaysia. Creating responsible supply chains can be challenging, however leading companies have been looking to adopt the positive impact on local economies, and businesses by taking ownership of their own supply chains. Concurrently, a commitment to human rights outweigh financial justification.

The following three key variables should be considered while implementing the guidelines;

- **Concentration of production:** Agricultural production systems vary widely from commodity to commodity and, for the same commodity, from country to country. Production can be concentrated, in terms of number of operations or in terms of geographic location or it can be dispersed. Additionally, production units can range from large plantations with significant numbers of waged laborers to small farms employing mainly family members and few piece-rate workers.
- **Complexity of supply chains and value chain:** Supply chains for agricultural products also vary considerably. Some chains are very short with growers selling directly to retail outlets or, to distributors. Other chains have many intermediate aggregators and processors between growers and purchasers. Especially, processed foods which may be made from several ingredients, many of which are already processed when imported may have multiple supply chain tiers between the farms and the final retailer of the product. Finally, ownership patterns span a wide range for e.g. importers owning plantations in some cases, while in other cases they merely buy commodities at market places far removed from actual growers.
- **Employment relations in the agricultural sector:** Just as agricultural production varies from subsistence farms operating in the informal sector to semi-commercial farms to large commercial plantations, employment relationships range from family labor to long-standing permanent workforces. Some small producers hire workers on a seasonal or casual, even daily basis; some pool together to exchange labor; some form relationships with worker cooperatives which may have worker protections in place. On larger farms or plantations there may be a representative union with a collective bargaining agreement or the ability to negotiate with management. In some countries, a union may represent workers in an entire agricultural industry, or there may exist a framework agreement for the sector covering both small-scale producers and workers in more formal settings. Another type of employment relationship is contract farming in which a multinational contract, directly with small-scale local farmers. Among the most vulnerable agricultural workers are migrants, who are often in casual employment relationships with few protections, compounded by language and cultural barriers. In some countries, foreign workers are not given the same legal protections as citizens; for instance, some countries prohibit foreign workers from joining unions.

VII. WHAT IS SUPPLY CHAIN MAPPING?

Objectives

- Define the concepts of supply chain and supply chain mapping.
- Realize the complexity of developing a detailed supply chain map that identifies suppliers beyond tier 1.

- Visualize different supply chain mapping examples.

Description of activity

1. Provide participants with a quick definition and overview of what a supply chain map is and offer some basic characteristics.
2. Ask participants to take a look at the supply chain maps provided and have a discussion based on the following questions (or those that can be extracted from the maps):
 - a. What supply chain are they mapping?
 - b. What commodities does it include?
 - c. What geographical region?
 - d. How many tiers does it cover?
 - e. How many are direct suppliers and how many are vendors/agents or other indirect suppliers.
 - f. How many organizations or individuals are involved?
 - g. Do you find it complex?
3. Facilitate a plenary discussion where the different groups describe to the rest of their colleagues the supply chain maps that they were given to analyze.
4. Questions to reflect over in plenary:
 - a. Do you think this is a complex exercise?
 - b. Has your company ever drawn a supply chain map?

Key learning points

- The supply chain includes all organizations and individuals involved in producing, processing and/or distributing an agricultural product or commodity from its point of origin to the company.
- A supply chain map is a graphical representation of the company's supplier network.
- The company needs to know where and under what conditions the products or commodities it buys are being produced in order to identify the risks of poor working conditions in the supply chain.

Time: 45 minutes

- Facilitator presentation: 5 minutes
- Group work: 10 minutes
- Plenary discussion: 30 minutes

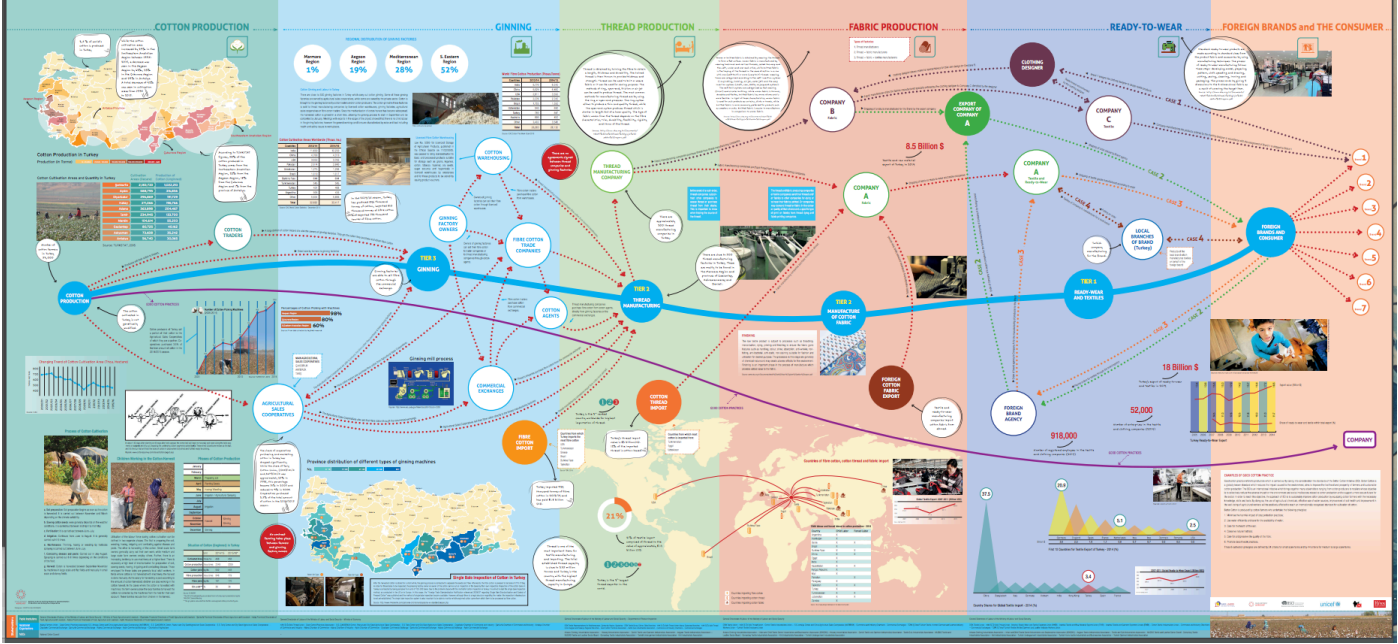
Slides

- Slides 12-13

Materials

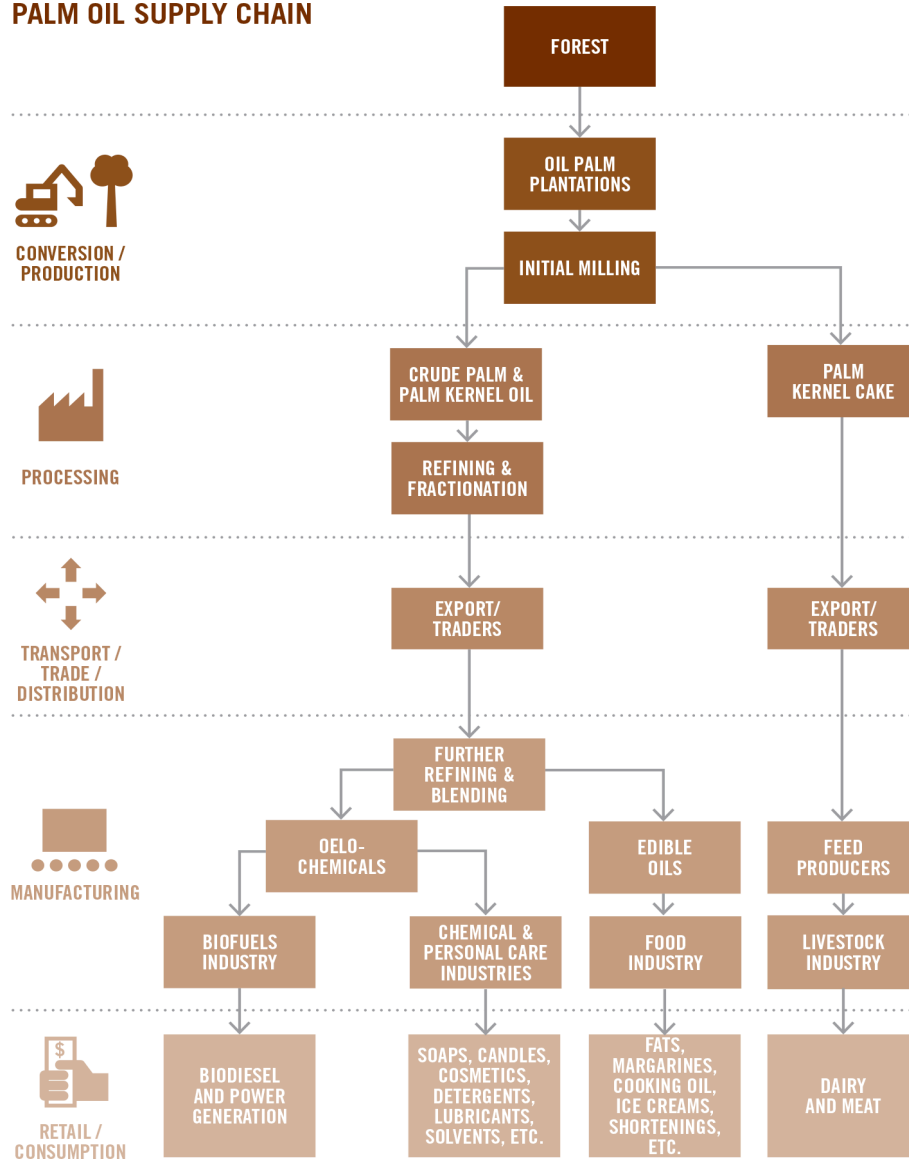
- Supply chain maps

Turkish cotton supply chain map. Find a larger version on the FLA website at www.fairlabor.org/sites/default/files/turkey_cotton_supply_chain_map.pdf



Palm Oil supply chain map. Find a larger version on the Global Canopy website at: https://globalcanopy.org/sites/default/files/documents/resources/LittleBookofBigDeforestationDrivers_EN_0.pdf

PALM OIL SUPPLY CHAIN

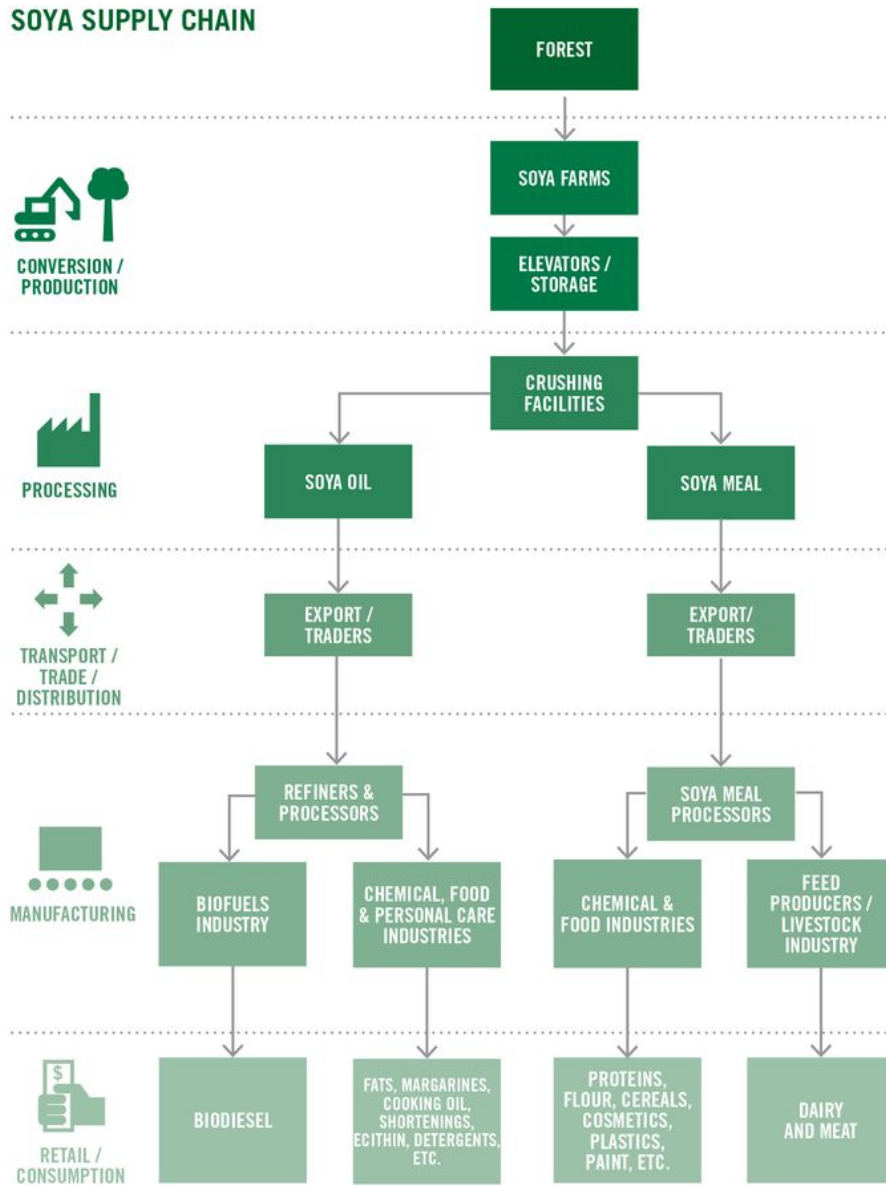


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Soya supply chain map. Find a larger version on the Global Canopy website at:

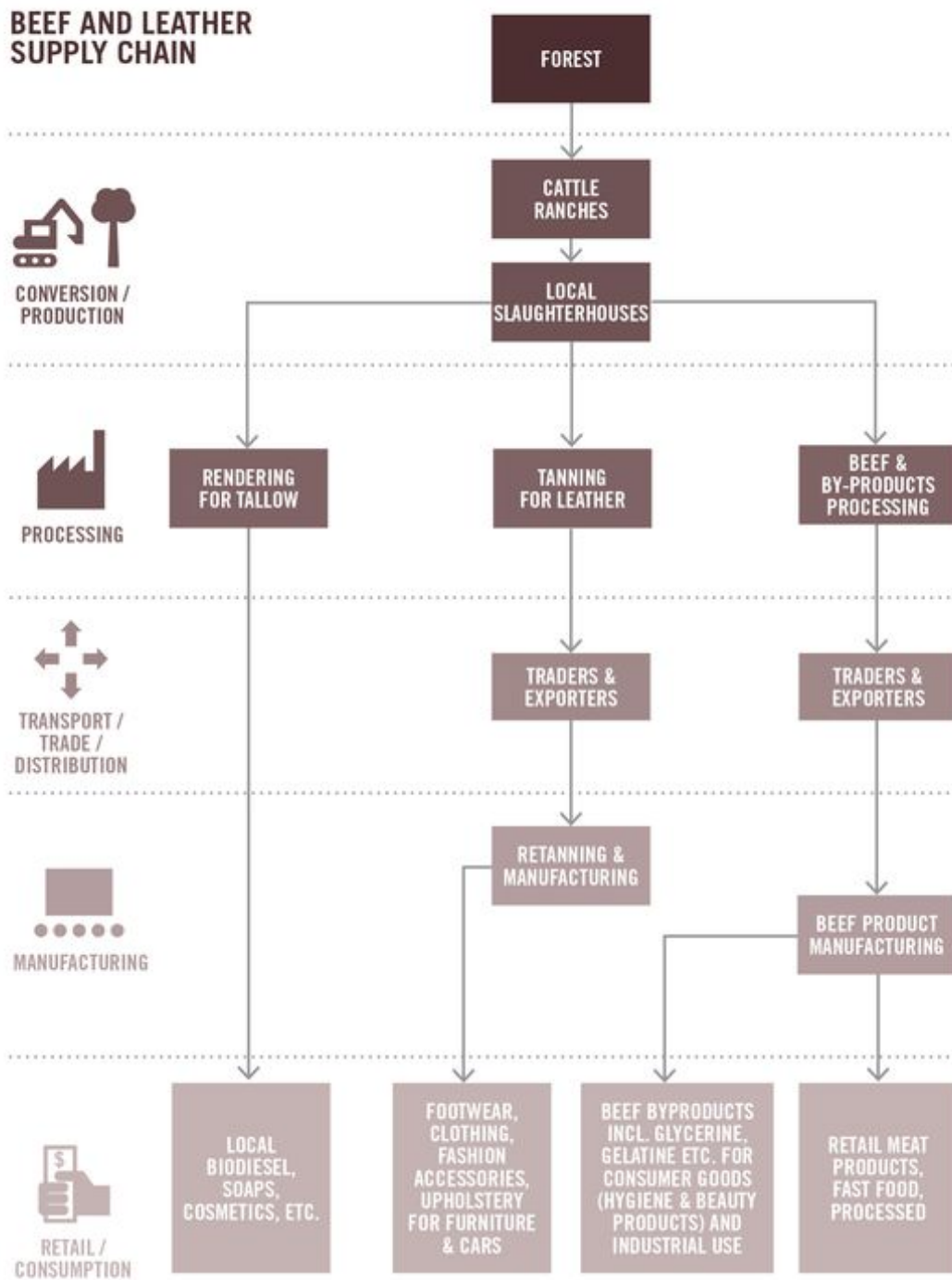
https://globalcanopy.org/sites/default/files/documents/resources/LittleBookofBigDeforestationDrivers_EN_0.pdf

SOYA SUPPLY CHAIN



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Beef and leather supply chain map. Find a larger version on the Global Canopy website at: https://globalcanopy.org/sites/default/files/documents/resources/LittleBookofBigDeforestationDrivers_EN_0.pdf



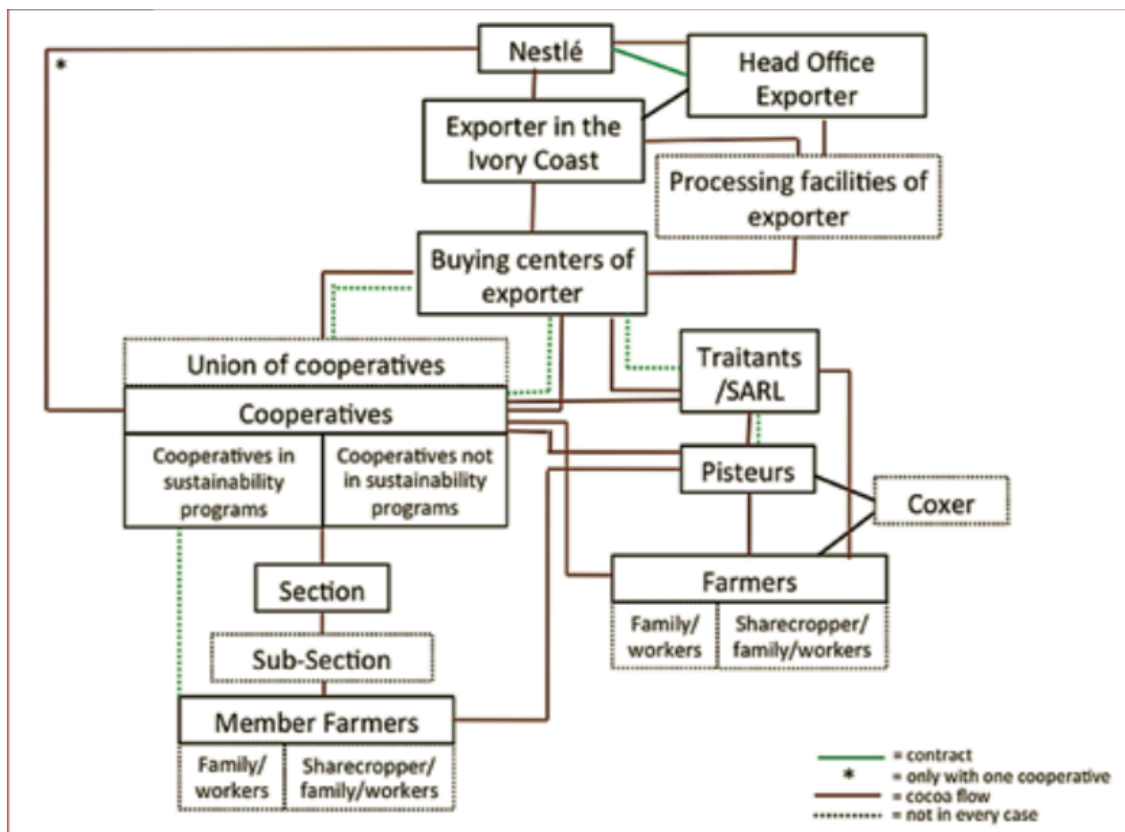
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Engaging multi-stakeholders in the Nestlé CSV Framework:

- Side selling of farmers to traitants, outside of cooperatives;
- Information asymmetry for farmers, entrepreneurs and cooperatives;
- Engagement with other stakeholders other than cooperatives.

Find a larger version here:

<https://c4si2014.wordpress.com/2014/10/14/nestle-challenge-on-creating-shared-value/>



Tips

- Make sure that the printouts allow participants to read the information. In some cases, DIN A4 size paper will not be large enough. It might also be a good idea to make print maps in color or on colored paper.
- Some maps might not provide all relevant information, and that in itself can also be a teaching point.
- Note that the questions to discuss in plenary will depend on the information that can be extracted from the maps.

Facilitator notes

Definition of Supply and Value Chain

A supply chain is a system of organizations, people, activities, information and resources involved in moving a product or service from supplier to customer.

A value chain is a set of linked activities that work to add value to a product; it consists of actors and actions that improve a product while linking commodity producers to processors and markets.

Extracts from: [Supply Chain Mapping, Transparency and Traceability 1.0, FLA, 2017](#)

Supply chain mapping is an exercise by which a company:

- collects information on its suppliers and sub-suppliers;
- discovers the relationships and interdependencies among the supply chain tiers;
- understands the people involved in the process and their behavior patterns;
- increases the traceability and transparency of the entire supply chain.

The result of mapping is a visual representation of a supplier network within a specific geographical area. The social network constituting any given supply chain is typically complex, involving people with diverse interests. Supply chain mapping is not a one-time activity because of the dynamic nature of supply chains. Changes in the supply chain are generally driven by factors such as cost, capability, and risk. As such, supply chains function best when information from all stakeholders at all levels of the production process is current.

Extracts from: [USDA's Guidelines for Eliminating Child and Forced Labor in Agricultural Supply Chains: Practitioners' Guide \(2018\)](#)

A Code of Conduct without clear commitment and the establishment of goals is not effective. Therefore, it is important that human rights in the supply chain become a part of the business culture. In order to achieve this, commitment of the highest governance body is as important as engagement of staff on all levels in all areas.

Staff in the procurement areas, field technicians and quality controllers need to be involved in designing the policies and be able to make their contributions when goals and benchmarks for suppliers and producers are set. Their engagement will raise the chances that supplier monitoring programs can be successfully implemented, as they know the context of the supply chain and will make sure that the goals set are achievable.

VIII. HOW CAN I MAP MY SUPPLY CHAIN?

Objectives

- Identify and discuss the different steps required to draw a supply chain map.

Description of activity

1. Ask participants to place a flip chart paper horizontally on their table.
2. Have one of them draw a "road" from the lower left-hand corner of the sheet to the upper right-hand corner. Ask them to avoid drawing a short and direct road, but rather to draw a long road with curves and nooks.
3. Ask the groups to come up with steps that a company would have to take to come up with a supply chain map of their products.
4. Participants will also need the road map to indicate the more challenging steps in the process and be ready to explain them.

5. Ask a representative from each group to explain the steps and challenges identified by his or her group.
6. Have a plenary discussion.
7. Questions to reflect over in plenary:
 - a. What steps are essential?
 - b. Who is involved in each step? Internally? Externally?

Key learning points

- Engaging different parties in the process will be essential to develop a supply chain map.
- Dividing the process into different steps will help design the process, identify the key people involved in each part, and program different milestones efficiently.

Time: 45 minutes

- Group work: 15 minutes
- Plenary discussion: 30 minutes

Slides

- Slides 14-15

Materials

- Flip chart paper
- Markers

Tips

- Participants do not need to determine the scope of the map, meaning sector or geographical area; that would be a step in an exercise to set goals.
- Encourage participants to use symbols and illustrations in their maps, not only words.

Facilitator notes

Extracts from: [Supply Chain Mapping, Transparency and Traceability 1.0, FLA, 2017](#)

The 12 steps in supply chain mapping involve the following activities:

- 1) **Set goals:** At the start of the exercise, the company clearly identifies objectives and parameters, such as designating the different tiers and geographic areas to be mapped.
- 2) **Create a team:** The company determines who—from headquarters and from the field—will take part in the process.
- 3) **Identify actors:** The company identifies internal and external stakeholders to participate.
- 4) **Identify Tier 1 suppliers or other entry points:** This step involves naming the suppliers who will be involved in the mapping exercise, including how many.

- 5) Start a dialogue: In many cases, the company needs to establish an ongoing channel of communication with suppliers.
- 6) Secure commitments from immediate suppliers: A firm commitment to participate in the exercise is required from Tier 1 suppliers, essential in approaching suppliers in Tiers 2 and 3.
- 7) Introduce tools: Specific methods will help in collecting and analyzing information during the exercise. FLA has designed tools that can guide companies, but each company will need to define its own data points.
- 8) Collect information from Tier 1 suppliers: The company records information on the ownership structure, type of production, location and size of Tier 1 suppliers.
- 9) Gather information from Tier 2 and Tier 3 suppliers: Tier 1 suppliers approach supply-chain partners in other tiers for pertinent data.
- 10) Assess information and data: After all the information is collected, the company assesses it to determine next steps.
- 11) Collaborate on risk-mitigation strategies: Based on mapping results and identified supply chain linkages, the different partners involved define follow-up actions for cooperation.
- 12) Discuss and Design Scaling-Up Strategies

To promote decent working conditions within their supply chains, many companies and suppliers maintain human-rights and labor-standards monitoring programs. Occasionally, such programs only cover their immediate suppliers (Tier 1), which does not guarantee labor standards compliance or a “clean” product. In many cases, internationally accepted human rights standards and labor conditions are not found in Tiers 2-3 and so on. Mapping helps companies assess the risks in the upstream tiers of their supply chains in an age of increasing transparency.

Ignorance of production and working conditions, in combination with the absence of regular and structured monitoring at upstream supply-chain levels, increases sustainability risks, specifically human-rights and labor-standards violations. In such instances, violations have been “woven” into a product by the time it arrives for final processing by the Tier 1 supplier. For companies to guarantee that product manufacturing occurs in an environment that respects human and labor rights—and has no negative impact on surrounding communities—their leaders must examine the upstream supply chain. They should begin with a review of the primary raw materials used in the product, gradually expanding to other raw materials and components used.

Mapping needs to be a continuous feature embedded in the business, production and corporate social responsibility operations of companies and suppliers. A well-integrated process would allow for the immediate mapping of the supply chain at the time of design or order placement, as opposed to “retrospective tracing”

IX. WHAT PRINCIPLES SHOULD GOVERN THE PROCESS?

Objectives

- Acknowledge the importance of trust, collaboration, co-creation, timeliness, transparency and cooperation in the process.

Description of activity

1. Ask the groups to exchange maps with another group.
2. Building on the supply map that their colleagues have drawn, each group needs to identify principles necessary for the mapping process to work (for example, trust).
3. Have a representative of each group explain the principles to the whole.
4. Have a plenary discussion on what those principles imply.
5. Questions to reflect over in plenary:
 - a. In what phases will the principles be especially important?
 - b. Which principles would be more challenging to meet?
 - c. What specific measures could we put in place to overcome those challenges?

Key learning points

- Trust, collaboration, co-creation, timeliness, transparency and cooperation are essential in any supply chain mapping exercise.

Time: 20 minutes

- Group work: 10 minutes
- Plenary discussion: 10 minutes

Slides

- Slides 16-17

Materials

- Flip chart paper
- Markers

Tips

- These “words” or concepts might have different meanings and connotations for each of the participants, especially in geographic regions with different legal traditions. What is important is not the concepts themselves, but rather the definition behind them.

Facilitator notes

Extracts from: [Supply Chain Mapping, Transparency and Traceability 1.0, FLA, 2017](#)

TRUST: For a company to be able to map out its business operations at different levels, it must base relationships and communications on trust. This implies a change in mindset from a “compliance” approach to one of trust-building. In other words, the approach should evolve from demanding information from a supplier to seeking cooperation based on willingness. All departments within a company should take part in the process and receive training. Responsible sourcing results from trust building.

COLLABORATION: To map a supply chain, collaboration is essential. Who are the different actors? Buyers, suppliers, subcontractors, intermediaries—the chain stretches all the way back to farms. In addition, other stakeholders can provide useful information, including employer associations, workers' unions, civil society organizations, and public authorities. Every actor plays a role and has strengths that can be leveraged.

CO-CREATION: It is important that all partners and shareholders are engaged throughout the exercise, even its initial design. This ensures a better understanding of the scope and objectives of the initiative and promotes participation. Feedback from partners is essential.

TIMELINESS: Setting clear time frames and ensuring timely communications are essential.

TRANSPARENCY: Open and transparent communication is key to engaging actors and obtaining valuable information beneficial to all parties.

COOPERATION: Brands/ companies may share suppliers. Cooperating with brands will enable greater leverage at the supplier level and encourage commitment and participation. A multi-stakeholder initiative that maintains confidentiality might be the best approach

X. HOW CAN I ASSESS RISK IN MY PRODUCTS?

Objectives

- Identify criteria that can be used by an organization to determine high-risk products procured in their supply chains.
- Compare how the different criteria can be used to prioritize products for sustainability efforts.
- Value the importance of systemization when assessing risks and prioritizing action.

Description of activity

1. Ask groups to discuss the case study below and answer the questions provided:

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.⁴

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.

⁴ Inspired from The Little Book of Big Deforestation Drivers, Global Canopy Programme.

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?
2. Ask a representative from each group to share their main conclusions to each question.
 3. Wrap up the discussion emphasizing that all criteria included in the FLA Risk Prioritization guidance document have been included.
 4. Underline the importance of systematization versus ad hoc and guesswork.

Key learning points

- By identifying high-risk areas, companies can prioritize their sustainability and due diligence efforts more efficiently.
- Volume of the product, procurement costs, perceived risks related to the tasks, perceived risks related to the country, and extent of mechanization can be risk-based criteria to identify high-risk areas.

Time: 30 minutes

- Group work: 10 minutes
- Plenary discussion: 20 minutes

Slides

- Slides 18-19

Materials

- Flip chart
- Markers

Case Study

Company FlyingChew

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.⁵

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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?

Tips

- It is useful for working groups to group criteria and elements in lists and write them on flip charts, making the information easier to share and compare.

Facilitator notes

Extracts from: [FLA, Risk Prioritization Guidance Document](#)

The risk-based criteria are the following:

1. Volume of the product (commodity, finished goods, raw materials) procured by the organizations (in metric units)
2. Total procurement cost of the product per year (e.g. it can be calculated by using an average price per unit and multiplying by total volume procured)
3. Total procurement cost of all products (to understand the significance of a particular product in the overall purchases)
4. Perceived or known level of risk associated with a product in terms of human and labor rights. (Such as poor employment relationship, discrimination, harassment or abuse, forced labor, child labor, lack of freedom of association and collective bargaining, poor health, safety and environmental conditions, excessive hours of work, sub-optimal compensation etc.)
5. Perceived or known level of risk associated with tasks involved in the supply chain (Such as use of chemicals; use of sharp tools and heavy machinery, manual lifting of heavy weights, working on steep slopes, unsafe transportation to and from and within the work place, pro-long exposure to heat and dust, migrant workers etc.)
6. Perceived or known level of risk associated with country (with known and established human and labor rights risks (see Annex for the country level risks indices)
7. Extent of mechanization (High, Medium, Low.)

The risks are typically determined with the following methods and tools⁶:

1. Analysis of the purchase volume of the product and the significance of the product's cost among all other purchases. In general, products procured in low volumes tend to have fewer risks as compared to high-volume (data collected from the procurement department)
2. Analysis of history of non-compliance (e.g. stakeholder consultations, media analysis, desk research)
3. Country and sector profiles (off-site assessment)
4. Supply chain mapping (off-site assessment, followed by on-site assessment in selected cases)
5. Task and risk mapping (off-site assessment, followed by on-site assessment in selected cases)

At this initial stage, some risks are based on perceptions and limited knowledge. However, it would provide guidance with regarding the prioritization of commodities for further assessments.

Extracts from: [USDA's Guidelines for Eliminating Child and Forced Labor in Agricultural Supply Chains: Practitioners' Guide, 2018](#)

Once the supply chain is mapped, a detailed risk assessment needs to be undertaken to determine in which parts of the supply chain occurrence of child or forced labor is more likely. The company can consult open sources or acquire specific services which offer a detailed geographic analysis of human rights and labor rights situations in different countries or regions. Risk assessments can then be prioritized in those countries and for those commodities that use to show the highest risk potential and it will not be necessary to use resources to analyze the whole supply chain.

Another method of prioritization is the Pareto principle, also known as the 80/20 rule. The 80/20 rule states that for many events, the majority of effects (80 percent) come from a limited number of the causes. Some illustrations of the 80/20 rule regarding different topics include:

- 20 percent of the customers of a business generate 80 percent of the revenue;
- 20 percent of the products sold by a business cause 80 percent of the customer complaints;
- 20 percent of the sales force of a company generate 80 percent of the sales.

For supply chain mapping, the 80/20 rule suggests that a company could prioritize suppliers for intensive assessment by concentrating on the 20 percent of the suppliers who provide 80 percent of the volume of the product or raw material. The selected 20 percent would go through a detailed risk assessment

But we should be aware that spending and product volumes are only one factor to select suppliers subject to assessments. Suppliers and subcontractors that are located in high risk areas or sectors should by-pass the 80/20 rule and should always be subject to further assessment and control.

Extracts from: [Children's rights in impact assessments, A Guide for Integrating Children's Rights into Impact Assessments and Taking Action for Children, UNICEF, Danish Institute for Human Rights, 2013](#)

Understand the specific situation in the area, country or region where the business is operating. Pay close attention to "red flags," including:

- age of school completion is not the same as the legal working age;
- high risk or incidence of child labor in the area, country or region;
- high levels of labor migration;
- low availability of schooling, low quality of schooling, and low levels of school enrolment and education completion;
- poverty and prevalence of informal economy;
- weak legal systems, policies and institutions.

Due diligence includes actions to:

- communicate the company's child labor standards to all those with whom it has a business relationship;

- always integrate child labor standards through human rights clauses in contractual agreements;
- screen business relationships, e.g., use preselection questionnaires that assess child rights performance;
- monitor and audit business partners' compliance with child labor standards and conduct on-site spot checks of their facilities;
- provide training and other capacity-building and support activities to staff.

XI. WHERE SHOULD I START?

Objectives

- Visualize a simple risk assessment tool that could be replicated in participants' companies.
- Practice using a risk assessment tool.
- Share experiences on how they currently prioritize risks in due diligence efforts.

Description of activity

1. Ask groups to read the following case study, including the text and the Excel sheet attached:

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 friend 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.

	A	B	C	D	E	F	G	H	I	J	K
1	Supply Chain Mapping, Commodity Prioritization										
2											
3	Risk Score	Risk Category	Monitoring Prioritization								
4	> 12	Extreme	EXTREMELY HIGH RISK - DETAILED ACTION REQUIRED. Risks are extremely high. Highest priority for monitoring. Detailed action plan required.								
5	9 - 12	High	HIGH RISK - NEEDS SENIOR MANAGEMENT ATTENTION. Needs senior management attention								
6	1 - 8	Moderate	MODERATE RISK - SPECIFY MANAGEMENT RESPONSIBILITY. Developments should be followed and changes in prioritization matrix evaluated regularly.								
7	0	Low	LOW RISK - MANAGE BY ROUTINE PROCEDURES. Need for monitoring determined on a case-by-case basis and can be managed by routine procedures								
8	Instructions: Provide information in cells highlighted in blue										
9											
10	INSTRUCTION										
11			RISK SCORE:	9	9	7	4	8	11		
12	Select one	Name of Commodity	Milk	Cocoa	Vanilla	Palm oil	Soy	Sugar			
13	Enter a number	Annualized Total Purchase Volume of the Commodity (mt tons)	500	300	20	35	200	16000			
14	Enter a number	Annualized Total Purchase Cost of the Commodity (\$)	\$ 1,250,000	\$ 1,000,000	\$ 1,200,000	\$ 50,000	\$ 700,500	\$ 1,750,500			
15	Enter a number	Total Cost of All Food Purchase (or annual food budget) (\$)	\$ 5,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 1,300,000			
16	Select one	Known Risk of Human and Labor Rights in the Commodity Supply Chain	High	Medium	Do not know	Do not know	High	High			
17	Select one	Known Risk of Dangerous tasks in the Commodity Supply Chain	Medium	Medium	Medium	Do not know	Do not know	High			
18	Select one	Level of Mechanization in the Commodity Supply Chain	Medium	Low	Low	Do not know	Medium	High			
19	Select one before country	Region	AMERICA	AMERICA			AMERICA	AMERICA			
20	Select one	Source Country	Mexico					Brazil			
21	Calculated	% Share of ALL Food Commodity Purchase	25,00%	50,00%	60,00%	2,50%	35,03%	134,65%			
22											
23											
24		Annualized Total Purchase Volume of the Commodity (mt tons):	2	2	0	0	1	2			
25		Annualized Total Purchase Cost of the Commodity (\$):	1	1	1	0	1	2			
26		% Share of the Commodity Purchase	2	2	2	1	2	2			
27		Known Risk of Human and Labor Rights in the Commodity Supply Chain	2	1	1	1	2	2			
28		Known Risk of Working Condition Dangers in the Commodity Supply Chain	1	1	1	1	1	2			
29		Level of Mechanization in the Commodity Supply Chain	1	2	2	1	1	0			
30		Source Country	#N/A	#N/A	#N/A	#N/A	#N/A	1			
31											
32											
33											
34											

Unit Conversion	
	POUNDS
	TONS

2. Ask participants to examine the case study and the table to identify:
 - a. which commodities could pose the most risk;
 - b. where is risk lowest;
 - c. how is risk calculated;
 - d. where should you prioritize immediate actions;
3. Have a plenary discussion.
4. Questions to reflect over in plenary:
 - a. How do you currently identify and prioritize risks in your supply chains?
 - b. How many of you have similar tools in your companies?
 - c. What skills are needed to develop such a tool?

Time: 30 minutes

- Individual work: 10 minutes
- Plenary discussion: 20 minutes

Slides

- Slide 20

Materials

Case Study

Risk prioritization for Company Wakingdream

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.

Tips

- It is useful for working groups to discuss criteria and elements, coming up with lists and writing them on flip charts, to more easily share and compare elements.
- The facilitator can also decide to give the groups the Excel sheet in electronic format and, as a group, fill in the information on each of the commodities, to see how information is built using Excel.

XII. HOW CAN I MAP HUMAN RIGHTS RISK IMPACT?

Objectives

- Acknowledge the importance of mapping human rights risks.
- Identify different the actors the inside and outside who should be involved in the process.
- Discuss different ways it can be done.

Description of activity

1. Create three tables of working groups and place one flip chart next to each group.
2. Ask for a volunteer from each group to be host, taking notes, reporting on discussions, facilitating the group discussions and identifying patterns.

3. Explain to participants the world café methodology: three 10-minute rounds of group discussion in working groups, followed by a group synthesis. After each round, one person from each group stays behind to serve as a host of the next round, while the rest move to the next table. As participants move from one table to another, they go “around the world,” bringing their ideas from table to table.
4. Assign to each group one of the following questions:
 - a. What different techniques/tools/methods can we use to map out the possible impact on human rights of our supply chains?
 - b. Who should be involved in the process of mapping out the impact on human rights of our supply chains?
 - c. What challenges could we face when mapping out the impact on human rights of our supply chains?
5. By the second or third round, patterns will emerge. Encourage participants to look for these and draw or write them on flip charts.
6. Ask each host to present a summary of his or her groups’ contributions and synthesis.
7. Facilitate a plenary discussion where participants can add additional ideas or share experiences.
8. Encourage the last discussion to focus on potential future challenges.

Key learning points

- Assessing impacts is critical to identifying necessary actions and using resources wisely.
- A human rights impact assessment measures the effect of business activities on the human rights of the corporate stakeholders.
- Human rights risk mapping can help companies see human rights risks as risks to people, not just operational or reputation risks to the company.
- Collaboration between different actors in the company and outside of the company can create a more valuable and realistic map.
- Different approaches to mapping can include desk research, brainstorming, and stakeholder engagement.

Time: 45 minutes

- Group work (3 rounds): 30 minutes
- Plenary discussion: 15 minutes

Slides

- Slides 21-22

Materials

- Three flip charts and paper
- Markers

Tips

- If space allows, create a total of three spaces with the chairs, avoiding use of tables. This will ensure that no one is taking notes other than the host and people are focused on contributing to the discussion.
- Encourage participants to link ideas from one round to the next.

- Ask the host and participants to spend the first minute in each round talking about the past conversation, where the host presents a summary to the newcomers and participants wrap up the previous conversation.
- Make sure that the host writes/draws the ideas and approaches on flip charts for the rest of the rounds.

Facilitator notes

Extracts from: [Business & Human Rights Initiative \(2010\), "How to Do Business with Respect for Human Rights: A Guidance Tool for Companies," The Hague: Global Compact Network Netherlands](#)

The second element of human rights due diligence is making an assessment of the risks to human rights. It considers the possible negative effects of proposed and planned activities on individuals and communities, and sets priorities for action to mitigate the risks. Assessing impacts can be a challenging process. At the same time, it is critical for the success of human rights due diligence: if some issues are not identified or priority actions set wrongly, then this might lead to some key areas not being addressed, while resources are wasted that could better be used elsewhere.

Human rights risk mapping identifies, assesses and prioritizes the risks to human rights. It is primarily intended to create an understanding among company staff of the actual and potential risk the company faces of infringing on human rights and to devise a mitigation plan for any risks to human rights that may be identified.

Collaboration between the risk management function and the human rights experts in the company can lead to a fruitful and mutually enriching risk identification and mitigation process—for human rights risks and business risks. Main Company Functions Likely to be Involved in the Process:

- CSR/Sustainability Department: Provide human rights expertise; collaborate with operations; spearhead human rights impact assessment activity
- Risk Management: Provide input to (and possibly lead) human rights risk mapping; integrate human rights into main risk management process
- Stakeholder/Community Relations: Interact with external stakeholders when impact assessment involves consultations with neighbors, communities, etc.
- Functions/Operations Particularly Exposed to Human Rights: Involve in evaluating risks and prioritize actions (e.g. Security, Supply Chain Management, Human Resource Management, etc.)

Risk identification can take shape in multiple ways. It is natural to start with some desk research. This process should focus on identifying human rights risks in particular countries and sectors. Besides publicly available sources, a number of internal company reports may also provide useful insights into the type of risks the company may encounter: reports on the use of whistleblower policies and grievance mechanisms, self-assessments of business principles, management reports of relevant functions (e.g., human resources, industrial relations, compliance, CSR, Sustainability), as well as reports of Workers' Councils and other representative bodies.

Another common approach to risk management is through brainstorming: groups of managers are brought together and are encouraged to think of ways that the company could now or in the future be implicated with infringements of human rights. The free-floating of ideas with a group may bring up potential risks that

would otherwise remain unidentified, and also encourages discussion on the relative severity of the risks. Such brainstorming may be held with general managers or with specific functions. It could also be interesting to bring different functions together to stimulate cross functional learning and out-of-the-box-thinking.

For a successful risk mapping—especially when it is closer to the operational level—it is particularly important to obtain “perspectives from the ground.” This refers to the experiences, ideas, and perceptions of those that are closest to Company operations, because this is where most human rights impacts occur. For example, health and safety risks (i.e., risks to the right to a safe work environment) are generally most at risk on the work floor, and polluted water (i.e., risk to the right to health) affects the neighbors of a plant. Putting in place effective grievance mechanisms (see Chapter 3.5) can also help obtain their perspective. If such mechanisms already exist, reports of past complaints and conflicts may provide useful input for the identification of human rights risks.

Another way to obtain grassroots perspectives is by meeting with civil-society organizations that are familiar with a certain situation or with the dynamics in a particular business sector. They may be able and willing to share their local experiences and help the company identify the most important risks in its industry. While it may not always be possible to consult every neighbor and worker of every factory (especially when just starting the risk identification process), it is important to keep in mind that ultimately the process is aimed at addressing risks to their human rights. The process should thus be as close as possible to rights holders, and, where needed, evolve over time to enable more direct interaction with them.

XIII. SHOULD SUPPLIERS TAKE OWNERSHIP?

Objectives

- Identify different actions that a company can take in order for suppliers to take ownership of the due diligence program.
- Examine supplier ownership from different perspectives.
- Share experiences of current actions that companies are currently implementing with their suppliers

Description of activity

1. Ask each group to take a flip chart paper and draw a stick person (or a simple representation of a figure) that occupies the whole flip chart paper. Ask them to make the stick person’s Mind, Heart and Legs (or Feet) very visible by highlighting where these are located.
2. Ask groups to come up with actions that can be taken by the CSR and/or procurement departments or company/brand to encourage suppliers to respect labor standards.
3. The actions that they need to come up with need to appeal to the three different lenses:
 - a. Mind: actions directed to the logic and sensible approaches of a supplier (for example: the company, the business, the economy, risks, turnover, etc.)
 - b. Heart: actions directed to the more emotional component (for example, ethical/moral aspect, social component, etc.)
 - c. Legs: actions that are practical and tangible (those that could help the supplier comply in practice).
4. Questions to reflect over in plenary:
 - a. Why do you think that it is important for suppliers to take ownership of the respect of labor rights?

- b. What actions are you already implementing?
- c. What actions of these could be realistically taken within the next year?
- d. Can you identify strengths and weakness of each one?

Key learning points

- Suppliers should be actively engaged in the improvement of labor conditions.
- When company addresses emotional, practical and logical aspects of compliance, it helps suppliers understand its benefits and how to meet expectations.

Time: 30 minutes

- Group work: 10 minutes
- Plenary discussion: 20 minutes

Slides

- Slides 23-24

Materials

- Flip chart paper
- Markers.

Tips

- Depending on time constrains, facilitators can take additional time for the questions to reflect in plenary. Different companies will be in different stages of supplier engagement in their programs, and the number of suppliers they have will determine whether they perceive them as partners in the process or simple implementers of their requirements.

Facilitator notes

Extracts from: [USDA's Guidelines for Eliminating Child and Forced Labor in Agricultural Supply Chains: Practitioners' Guide, 2018](#)

Improvement of working conditions does not occur at headquarters: it occurs in a supplier's farm, plantation or processing facilities. The engagement and communication with suppliers, agents and importers is therefore crucial for the success of any program.

Companies need to share their Code of Conduct, with all suppliers, and require that they acknowledge such standards, for example by signing a document stating that they are familiar with the Code. (If a supplier is not ready to sign, the company should give a clear message of its expectations and inform the supplier that lack of compliance might lead to termination of commercial relationships.) It is also critical that suppliers are trained and understand the expectations behind the Code of Conduct and its implementation.

The suppliers—and farmers who deliver products—must be aware that labor and human rights are as important factors as quality and delivery terms, and that breaches can leave the termination of a contract. The purchasing company should set its benchmark as high as possible, but also give enough time and support that the producers and suppliers can adopt and improve their practices.

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About the Fair Labor Association

Since 1999, Fair Labor Association has helped improve the lives of millions of workers around the world. As a collaborative effort of socially-responsible companies, colleges and universities, and civil society organizations, FLA creates lasting solutions to abusive labor practices by offering tools and resources to companies, delivering training to workers and management, conducting due diligence through independent assessments, and advocating for greater accountability and transparency from companies, factories, farms, and others involved in global supply chains.