# Policy commitment

# 'Setting the tone'

A company's commitment to respect human rights generally starts with a statement of policy. The process of developing such a statement should involve planning and consultation; it is an opportunity to build internal understanding of the company's responsibility and is about more than merely writing a document.

A policy statement should typically: 1) explain how the company understands its responsibility to respect; and 2) set clear expectations and guidance for those who are expected to adhere to or implement the policy, such as the company's own workforce, suppliers and other business partners.

## SUMMARY OF GUIDANCE POINTS

**Guidance point** ① Involving senior management

**Guidance point** ② Evaluating existing commitments and policies

**Guidance point** ③ Identifying the company's salient human rights issues

**Guidance point** ④ Involving internal and external stakeholders in the process

**Guidance point** ⑤ Developing the language of the statement

**Guidance point** ⑥ Obtaining top-level approval

**Guidance point** ⑦ Communicating the policy

### MAIN COMPANY FUNCTIONS LIKELY TO BE INVOLVED IN THE PROCESS

- **CSR/sustainability:** Can bring expertise on human rights and on the company's broader sustainability commitments
- **Business operations:** Help ensure relevance as well as acceptance and implementation of the policy
- **Legal, internal audit, compliance:** Review of policy in light of company's legal obligations and verification of compliance once adopted
- **Senior management:** Support and formal approval of policies
- **Government and investor relations:** Consultation with specific stakeholders that they have responsibility for engaging with and communication of policy
- **Human resources:** Consider the relationship to existing policies on own workforce
- **Communications:** To help ensure effective translation into business language within the company as well as supporting external communication once adopted

## Guidance point ①
### Involving senior management

The 'tone at the top' set by senior management is critical to ensuring the business takes respect for human rights seriously. A statement of policy can be an important tool in this regard. So the process of developing the policy statement needs to be supported by senior management from the start. Having a senior management champion can help kick-start internal conversations and signal the importance of the process.

## Guidance point ②
### Evaluating existing commitments and policies

It is useful to identify what human rights-related policies are already in place. Many companies already have a reference to human rights in their core business principles or have signed the Ten Principles of the UN Global Compact. Even companies that make no explicit references to human rights are likely to already be addressing human rights in practice in existing policies on health and safety, diversity and inclusion, product safety, responsible marketing or community relations. Such commitments can be referenced in an overarching human rights policy to show that the issue is not new to the company.

### LEARNING FROM PRACTICE

While a policy statement is a critical component of implementing the responsibility to respect, immediately sitting down to write a formal policy may not always be the best starting point. Sometimes, beginning by considering a particular human rights issue that has arisen in connection with the business (for example, the right to water, forced labour), or mapping a company's salient human rights issues, can help senior management and other colleagues see how the company's activities are connected to human rights.

## Guidance point ③
### Identifying the company's salient human rights issues

While the Guiding Principles do not prescribe any particular form for a policy commitment, the more tailored it is to the company's reality, the more likely it is to be effective in practice. An important way to tailor a commitment is by ensuring that it addresses the leading human rights risks that the company might be involved with across its operations. For example, an ICT company would probably want to include a specific focus on the rights to privacy and freedom of expression, while a factory that dyes cloth would consider a range of impacts on its own workforce but also human rights impacts on local communities arising from environmental aspects of its operations, such as excessive water use or discharge of pollutants.

This requires at least a preliminary assessment of the company's salient human rights issues. See Chapter 3.3 for guidance on how to assess human rights impacts, including identifying a company's salient human rights issues.

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**⟳ LEARNING FROM PRACTICE**

**ADOPTING A STAND-ALONE POLICY?**

Whether or not to adopt a separate human rights policy is a question many companies grapple with. Some companies integrate human rights into other policies. Others have adopted a separate statement, either because they have found that human rights risks are so pervasive that a stand-alone policy is most effective, or because senior leadership wants to convey a strong signal about the seriousness of the issue. A stand-alone policy can provide stakeholders with a starting point for engaging in a discussion on human rights with the company. This external attention and pressure may give the department concerned with human rights more traction within the organisation.

**Guidance point 📍4**

**Involving internal and external stakeholders in the process**

Internal engagement is a critical opportunity to translate the potentially abstract concept of human rights into 'business speak' so that everyone inside the company can understand its relevance to their work. It is particularly important to engage those staff who will be expected to implement the policy. This can include managers, specialised or functional staff and those who own key business relationships or activities that can be connected to human rights risks. Engaging them can improve not only the content of the policy, but can also help generate greater buy-in once it is formally adopted.
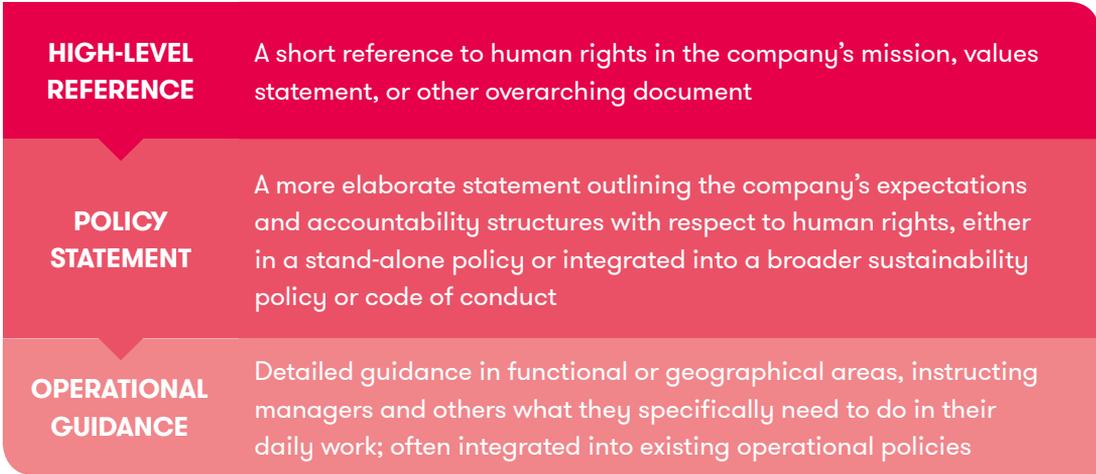
**⟳ LEARNING FROM PRACTICE**

Often, the process of developing a policy primarily involves managers; only a few companies have held 'town hall' meetings or other forms of engagement with a broader range of employees. Where they have done so, they have found value both in terms of the inputs received as well as in broader uptake of the policy commitment once adopted.

In thinking about external stakeholders to engage in the process, it helps to consider who has insight into the company's overall activities and impacts, as well as what is likely to be effective in addressing the company's salient human rights issues. If a policy is being developed for a particular site or facility and its implementation will directly concern local communities, it will be important to consult directly with local stakeholders and their representatives. Stakeholder engagement is discussed in depth in Chapter 3.7.

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**Guidance point** ⑤

## Developing the language of the statement

Policy commitments can take many forms. It can be helpful to think about the following tiers:

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|---|---|
| **HIGH-LEVEL REFERENCE** | A short reference to human rights in the company's mission, values statement, or other overarching document |
| **POLICY STATEMENT** | A more elaborate statement outlining the company's expectations and accountability structures with respect to human rights, either in a stand-alone policy or integrated into a broader sustainability policy or code of conduct |
| **OPERATIONAL GUIDANCE** | Detailed guidance in functional or geographical areas, instructing managers and others what they specifically need to do in their daily work; often integrated into existing operational policies |

**High-level reference to human rights**

A company may include a reference to human rights in its high-level values or mission statement, often focused on an expression of respect for all internationally recognized human rights, sometimes in the form of a quote from the company's CEO or senior leadership.

**Policy statement on human rights**

A policy statement should provide clarity to staff and external stakeholders about what the company expects in regard to human rights. This means it should be tailored to the company's particular circumstances, industry and human rights risks. The policy will need to be updated over time to include lessons learnt and reflect new insights into the company's human rights challenges.

**Getting started: Guidance on what to include in a policy statement**
Appendix B contains building blocks and examples of company policy commitments to help provide some ideas about what can be included. Some of these examples are drawn from the helpful guide by the Office of the UN High Commissioner for Human Rights and the UN Global Compact, 'How to Develop a Human Rights Policy' (2nd edition, 2015), available at www.unglobalcompact.org/library/22.

**Operational guidance in specific functional/geographical areas**

Some business operations or functions may be more at risk of being involved with particular human rights impacts. For example, human resources may engage in discriminatory hiring practices in countries where women are not allowed to work in certain jobs, or by stating a particular preference in a job ad that is discriminatory. The company's security

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function that is required to collaborate with public security forces may run a higher risk of contributing to harm to the rights to personal security or health of local community members where public forces are poorly trained or use excessive force.

There are various sources of help: guidance can be found in sector- and issue-specific initiatives, such as the Voluntary Principles on Security and Human Rights, the Fair Labor Association (for human rights impacts in the supply chain, especially on workers) and the Global Network Initiative (addressing freedom of expression and the right to privacy for a growing number of ICT companies). When developing guidance for specific company functions, there are a number of points to keep in mind:

‣ Ensure there is a clear connection to the company's high-level commitments;
‣ Use simple and straightforward language; this may involve using language that specific business functions understand even if it is not the language of human rights, as long as what is unique about human rights is preserved (meaning the focus on risk to people, not just risk to the business);
‣ Involve those who will eventually have to use it to help ensure that the guidance is as practical as possible.

**The process of developing the policy statement needs to be *supported* by senior management *from the start.***

**Examples of operational guidance for specific company functions**
• Privacy and data protection (information technology and human resources)
• Use of force in security operations (security)
• Guidance on stakeholder engagement with a human rights lens (community relations)
• Non-discrimination in recruitment (human resources)
• Responsible sourcing (procurement)
• Prevention of HIV/AIDS (logistics/staff responsible for drivers of company vehicles in countries with a high prevalence of HIV/AIDS and known visits by drivers to sex workers)

**Guidance point** ⑥
**Obtaining top-level approval**

The Guiding Principles state that the policy should be approved at the most senior level of the company. It can be important to be able to show buy-in, or at least engagement, by those on the operational side of the business to give senior leadership the confidence that the policy will be well received internally. Similarly, external stakeholder engagement can provide reassurance that it will be accepted as a credible commitment.

## COUNTRY INSIGHTS: INDONESIA

### Standard operating procedure

### on community consent

In 2013, Asia Pulp and Paper (APP) adopted a high-level commitment to engage communities around its operations based on the principle of free, prior and informed consent. It then developed guidance in the form of a standard operating procedure (SOP) so that the policy could be understood by managers and other staff on the ground. The SOP is implemented through training for all of those who need to implement the policy. Read more about this in the Indonesia case story on the project website.

**Guidance point** **7**
## Communicating the policy

After approval, the policy should be clearly communicated to relevant staff and external business partners and stakeholders – both those who are expected to implement it (for example, the company's contractors and suppliers) and those who have a direct interest in its implementation (for example, potentially affected communities, investors, consumers and civil society organisations). The company will need to consider what is most effective in terms of dissemination given the audiences it is intended for. Chapters 3.6 and 3.7 provide further guidance on communication and stakeholder engagement.

## WRAPPING UP - COMMON PITFALLS TO AVOID

### BASING STATEMENTS OF RESPONSIBILITY ON INFLUENCE RATHER THAN IMPACT
The Guiding Principles define a company's responsibility based on how a company can be involved with negative human rights impacts, including through its business relationships. A company's responsibility does not depend on its influence (or leverage). Therefore, a policy statement should be clear that a company does not have less responsibility where it has less influence; it may indeed be harder to address the situation, but the scope of the company's responsibility does not change.

### IGNORING CERTAIN RIGHTS WITHOUT ANALYSIS
Sometimes, companies may reject certain rights as irrelevant to their business without conducting a human rights risk mapping, or consulting with appropriate experts. Wherever a company focuses on particular rights in a policy statement, it should be able to explain why it has chosen this focus and what process led to it, in line with the process of identifying 'salient human rights issues' described in Chapter 3.3.

### NOT ADDRESSING CONFLICTING STANDARDS
Company staff will look to the policy or operational guidance when they find themselves confronted with dilemmas. Such dilemmas often involve conflicts between local standards and international or company standards. It is, therefore, important that the policy acknowledge that such situations may arise and give general guidance on what to do in order for staff to feel that the policy speaks to the real challenges they face.

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**Some suggestions for SMEs**

### Draw on codes from industry or multi-stakeholder initiatives

Instead of developing their own policy from scratch, SMEs can look to industry or multi-stakeholder initiatives that have a code of conduct with human rights provisions. For example, organisations like the Ethical Trading Initiative or the Fair Labor Association have their own codes of conduct regarding respect for the labour rights of supply chain workers that companies subscribe to upon becoming members. An SME does not have to become a member; the codes are typically available online and can be adapted to the company's unique circumstances.

### Integrate human rights into existing policies

Smaller companies often have a document that covers core company rules or a code of conduct; human rights could be included in such a document rather than in a stand-alone policy. For some SMEs, this need be no more than a paragraph, provided the commitment is communicated to those who need to know about it.

### Start by doing before developing a policy

For any company, it is important to make a formal commitment. But, for some SMEs in particular, it may make more sense to start by implementing human rights due diligence, while considering the development of a formal policy.

### Organise stakeholder engagement through sector organisations

Many SMEs interact with stakeholders within sector initiatives for particular commodities or industries, rather than setting up their own initiatives. ◄

**Key sources and websites**

- OHCHR and UN Global Compact, 'How to Develop a Human Rights Policy' (2nd edition, 2015) *www.goo.gl/TFWWkk*

- Business & Human Rights Resource Centre, list of company human rights policies *www.goo.gl/xIx2Nh*