

## chapter 3.2

# Embedding

## ‘Getting it into the company’s DNA’

A policy is just words on paper without action to put it into practice. In order for a company to implement its commitment, respect for human rights needs to become part of the company’s culture or ‘DNA’ – it needs to be an integral part of how it operates. Embedding is about creating the right ‘macro-level’ environment

for a policy to be effective in practice. It includes training, performance and accountability structures, tone at the top from senior management and the board, and a sense of shared responsibility for meeting the company’s human rights commitments.

## SUMMARY OF GUIDANCE POINTS

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- Guidance point** ① Assigning responsibility for human rights
- Guidance point** ② Leadership from the top is essential
- Guidance point** ③ Considering the company's commitment in recruitment
- Guidance point** ④ Talking honestly about human rights
- Guidance point** ⑤ Training key staff
- Guidance point** ⑥ Developing incentives and disincentives
- Guidance point** ⑦ Developing capacity to solve dilemmas and respond to unforeseen circumstances

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

- ▶ **Senior management:** Involved in setting targets, incentives and disincentives; fostering a human rights-respecting company culture through the tone from the top; leading necessary change management (with a particular focus on middle management)
- ▶ **Human resources:** Helps embed human rights in typical human resources processes, such as recruitment, hiring, training, performance appraisal and dismissal
- ▶ **CSR/sustainability:** May provide substantive expertise for the embedding phase; helps design and conduct training
- ▶ **Middle management:** Implementing and executing the policy; coaching, supporting and overseeing employees; taking appropriate disciplinary measures when necessary
- ▶ **Communications:** May help senior management in setting the tone, informing staff of important developments and disseminating key policies and commitments

### **Guidance point** ① **Assigning responsibility for human rights**

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Embedding respect for human rights requires assigning appropriate responsibility for human rights within the company. Initially, a single function or department may need to take the lead in kick-starting the process. Corporate functions like procurement, human resources and sales will also need to be involved to ensure that there is cross-functional support for the embedding process. Ultimately, business operations should take ownership of managing human rights risks with respect to the core activities of the company that they control.

Examples of different companies' experiences in organising responsibility for human rights can be found in the resources at the end of this section.

### Guidance point 2

#### Leadership from the top is essential

For many companies, meeting their responsibility to respect human rights as outlined in the Guiding Principles often involves a process of change management in which leadership from the top – including the board – is essential.

Senior management has a unique role to play in signalling the importance of human rights to the business. In their speeches, senior managers' messages, corporate communications and in their personal conversations, top management can urge and demonstrate leadership in addressing human rights as part of the company's values.

Helpful guidance for board directors can be found in the UK Equality and Human Rights Commission's 2016 publication 'Business and human rights: A five-step guide for company boards'.<sup>26</sup>



## LEARNING FROM PRACTICE

### HUMAN RIGHTS FOCAL POINT

Some companies have appointed a unique person for human rights, often called a "human rights focal point" or "human rights champion". The focal point may be operating at headquarters or within a business unit. The focal point can be an internal adviser, coordinator and spokesperson for the company's human rights approach. The focal point can also help keep the company up to date with relevant developments on business and human rights.



## EXAMPLE FROM PRACTICE

At The Coca-Cola Company, on Human Rights Day (10 December) each year, a special message is shared with all employees on human rights via email and/or the company's intranet. The message re-emphasises the importance of the company's commitment to respect human rights and highlights the company's actions on the implementation of the UN Guiding Principles in the past year. This has helped demonstrate that human rights is a topic that the company is committed to, and highlights new challenges, as well as yearly progress, for those employees who are not involved in the company's human rights efforts on a day-to-day basis.



For more on The Coca-Cola Company's human rights embedding journey and its aim to have every employee think about how their everyday actions relate to human rights, including a short video with employee perspectives, see: [www.goo.gl/fIz8ie](http://www.goo.gl/fIz8ie)

**Guidance point** **Considering the company's commitment in recruitment**

Companies are often keen to ensure that the individuals they hire embrace the company's values – including respect for human rights. Applicants could be asked how they intend to balance respect for company values with other business pressures, and how they have grappled with such dilemmas in the past. For example, a prospective bank employee could be asked what they would do if they became aware that one of the bank's sales agents was acting in a discriminatory manner towards clients.

Of course, companies also need to recruit people with the right skills: for example, a common misconception by companies is that anyone can 'do' community engagement because 'it's just talking to people'. Yet experience demonstrates that planning, conducting and managing successful engagement with local communities requires a particular skill set and expertise. This is discussed further in [Chapter 3.7](#).

**People can make the difference**

“What helps Asia Pulp and Paper [APP] in this process [of consultation with communities] is the people running it. The implementation leader who set up the operations there on the ground has a lot of experience with managing land conflicts within and outside of APP. Also, the people working for him on his team were recruited from the local communities. This is, I think, a key point that helped APP in bridging communications with the locals. Identifying the right people in the communities with whom they engaged and continue to engage regularly up to now.”

Dini Widiastuti, Economic Programme Justice Director, Oxfam in Indonesia. For further details, see the [Indonesia case story on the project website](#).

“I did a presentation to our retail cluster [about the costs to the company of employee misconduct, including on human rights]. The head of the retail cluster looked at the costs and said, ‘you know what, we don’t have to develop any products; the only thing we have to do is manage our people well.’ If you manage your people well, they will cause less costs to the company. It was quite a profound thing to realise that your people, although they are your biggest asset, they can also be your biggest liability. [Human rights] problems don’t happen from systems. They happen from people.”

Driekie Havenga, Group Ethics Officer, Nedbank. For further details, see the [South Africa case story on the project website](#).

## Guidance point Talking honestly about human rights

Embedding respect for human rights means avoiding excessive 'happy talk' about how well the company is doing in meeting its commitments, and speaking honestly about the challenges and how it can improve. Companies have found various ways to encourage more in-depth discussion, including:

- Developing an internal human rights guide that describes how the company approaches human rights, and actual cases where staff have faced human rights challenges (see examples in the box on this page);
- Making such internal guidance available externally so that other stakeholders can understand how the company handles tough situations, beyond the high-level statements contained in its public policy;
- Developing human rights dilemmas based on real experiences that staff can work through in an interactive setting, discussing how they would handle such cases;
- Sharing challenges and good practice in addressing them across the company via the intranet and presentations;
- Exposing staff to settings where they can see human rights impacts first-hand, for example, when visiting subsidiaries, clients or suppliers, or through photos or video presentations when such in-person exposure is not feasible.

### EXAMPLES: HUMAN RIGHTS GUIDES

Many companies develop internal guides to support their staff on the implementation of the company's human rights commitment. Typically, these guides translate the company's high-level commitments into 'business speak' that everyone in the company will understand, complemented by guidance on specific risks the company faces and discussion of case examples and/or dilemmas that staff may encounter.

Consulting external stakeholders in its development may take more time. However, companies have found that this makes the content stronger and that they can then make the guide publicly available. Examples of guides published externally include:

- ABN AMRO's 'Our path towards respecting human rights'<sup>26</sup>
- Total's 'Human Rights Guide'<sup>27</sup>
- Rio Tinto's 'Why human rights matter'<sup>28</sup>

## Guidance point Training key staff

Many companies train their staff in the company's business principles or code of conduct. Such training can include discussion of human rights dilemmas. Tailored training should be provided for staff who encounter particular human rights dilemmas (for example, procurement personnel who are often dealing with business pressures related to price and

26. [www.goo.gl/VHO24X](http://www.goo.gl/VHO24X)

27. [www.goo.gl/PJRjwQ](http://www.goo.gl/PJRjwQ)

28. [www.goo.gl/L29QBO](http://www.goo.gl/L29QBO)

delivery time, as well as social performance) or who operate in challenging human rights situations (for example, contexts where there is systematic abuse of the human rights of certain groups). Training should be reviewed regularly to assess if it is effective in helping them achieve their goal.

### Guidance point

#### Developing incentives and disincentives

Reward and recognition systems should be expanded to include respect for human rights. They should be reviewed to ensure that they do not incentivise the wrong behaviour – for example, if procurement staff are paid a bonus when suppliers meet tight deadlines to deliver products faster to meet a business goal, but are only able to do so by requiring their workers to take on excessive or unpaid overtime. It is also important that failures to respect human rights have appropriate internal consequences. Some examples of incentive systems include:

- Requiring at least one goal related to human rights to be included in the goals of all managers;
- Tying bonuses for human rights performance to a group or team's joint efforts;
- Making respect for human rights part of the competences framework against which employees are evaluated.

***Company reward and recognition systems should be expanded to include respect for human rights.***



#### EXAMPLES: COMMITTEES SUPPORTING HUMAN RIGHTS DECISION-MAKING

##### **Rabobank's Ethics Office** <sup>29</sup>

provides a channel for employees to ask for advice on issues related to the company's code of conduct, which explicitly refers to human rights. It can escalate an issue or case to the Ethics Committee, chaired by the CEO, which also "commissions reviews of existing policy and guidelines," while its "recommendations [serve] as a guiding principle for people's actions within the organisation".

##### **Nedbank's Ethics Office** <sup>30</sup>

plays a central role in the company's governance and embedding of respect for human rights. It drives awareness, supports a network of ethics officers throughout the company and has an Ethics Panel that "deals with all material tipoffs regarding unethical conduct and now reports to [a board committee] in its continued efforts to ensure that independent, objective and fair courses of action are taken in instances of unethical behaviour or actions".

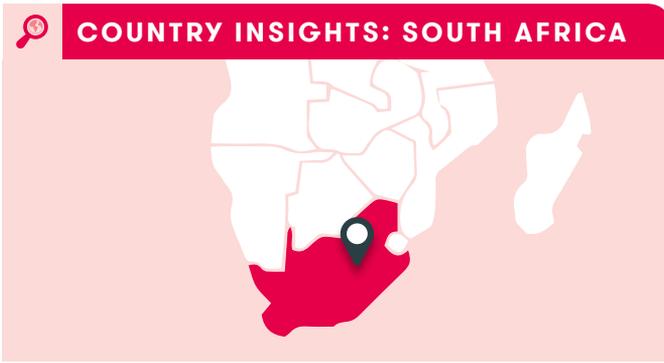
##### **Ericsson's Sales Compliance Board** <sup>31</sup>

oversees a process that "regularly reviews human rights impacts in the sales process and examines specific sales requests". It is "represented by various departments and functions, has ultimate responsibility for the process, and may approve sales with conditions or reject them outright. In some cases, it may recommend human rights impacts assessment for specific countries. When necessary, the Sales Compliance Process determines whether mitigation actions should be undertaken."

29. [www.goo.gl/NKdc8w](http://www.goo.gl/NKdc8w)

30. [www.goo.gl/X1VA2c](http://www.goo.gl/X1VA2c)

31. [www.goo.gl/cEY2Oj](http://www.goo.gl/cEY2Oj)



### Nedbank's efforts at embedding in practice

The South Africa case story on the [project website](#) looks at Nedbank's efforts to respect human rights. The company's experience illustrates several guidance points in this chapter, including:

- Constantly making the business case internally (namely, the costs of failing to respect human rights, and the attraction to employees, customers and investors of a sustainable and ethical company);
- Connecting human rights to existing topics that have traction within the company, such as environmental conservation and ethics;
- Making human rights an integral part of business decisions, such as awarding contracts to suppliers;
- Integrating human rights into governance structures, like the risk and audit committees;
- Integrating human rights into a variety of human resources mechanisms, such as recruitment, performance scorecards, training and misconduct reporting.

### Guidance point 7

#### Developing capacity to solve dilemmas and respond to unforeseen circumstances

Company decisions that involve human rights often present difficult dilemmas, and capacity is needed to deal with them. A growing number of companies have created a committee that addresses human rights-related dilemmas such as an ethics, integrity or corporate responsibility committee.

The committee's functions can include:

- Providing interpretation and application of business principles or the code of conduct, including any human rights commitments;
- Discussing dilemmas arising within the company (for example, whether company values can be upheld in a major new contract, or whether a new country should be entered);
- Reviewing company-wide complaints procedures and making recommendations on how to strengthen them.



## WRAPPING UP - COMMON PITFALLS TO AVOID

### ISOLATION OF HUMAN RIGHTS INTO A SINGLE DEPARTMENT

When building internal capacity on human rights, companies have found that the rest of the business may feel less responsibility for human rights if human rights are seen to be ‘taken care of’ by a particular individual or function. A company needs to balance the development of internal expertise with the need for shared ownership of the management of human rights impacts.

### STAFF WITH RESPONSIBILITY FOR HUMAN RIGHTS LACK ACCESS

Those with responsibility for human rights need access to all relevant parts of the company, and an awareness of events relevant to human rights within the company, so that they can effectively translate human rights for the business.

### SETTING COUNTERPRODUCTIVE INCENTIVES

If performance targets are linked solely to reducing the number of human rights-related incidents, instead of stimulating openness and a willingness to improve, this may result in reduced reporting of incidents rather than an actual reduction of incidents. It is important that incentives stimulate the right behaviour rather than superficially good metrics.

## Some suggestions for SMEs

### Easier cross-functional coordination

In smaller companies, it is often impossible to have a full-time person working on one particular topic. At the same time, there may be a simpler hierarchy and communication structure, making it easier for different staff with different human rights responsibilities to coordinate their efforts.

### Participate in organised training

Instead of developing their own training, companies can take part in programmes offered by organisations that provide training. The Business & Human Rights Resource Centre has a running list of events, including open courses.

### Ensuring tone at the top

Like larger companies, this is critically important. For SMEs that are run by their founder, it may be relatively easier to ensure values-based messaging.

### Benefit from more informal communication with workers

Management within SMEs can often engage directly with workers more easily than management in larger companies can. This can help in communicating about the importance of human rights, as well as enabling management to hear directly what challenges staff are experiencing in practice in meeting the commitment. ◀



## Key sources and websites

- Shift, ‘Embedding Respect for Human Rights Within a Company’s Operations’, 2012 [www.goo.gl/uOgcIP](http://www.goo.gl/uOgcIP)
- UN Global Compact, ‘Good Practice Note on Organizing the Human Rights Function within a Company’, 2014 [www.goo.gl/XjiHnc](http://www.goo.gl/XjiHnc)