



# Human Rights Due Diligence (HRDD)

A brief overview for palm oil companies

# Why Human Rights Due Diligence (HRDD)?

- ❖ Companies are expected to respect human rights in their business operations and supply chain.
- ❖ The demand comes from **civil society, consumers** and increasingly **investors and governments** through legislation.
- ❖ It also makes **business sense** since it is linked to:
  - Lower long-term costs (financial, conflict management, reputational)
  - Reduced risk of business failure
  - Brand value/ company reputation
  - Higher staff retention rates
  - Lower staff turnover costs
  - Increased productivity
  - Broader talent pool/skills
  - Employee motivation
  - Enhanced social license to operate

**The Human Rights Due Diligence (HRDD) process provides companies with a systematic approach to respect human rights.**

It allows company to proactively identify, **address, prevent, mitigate and remediate human rights abuses, such as child labour, forced labour, excessive working hours, etc.** rather than having a responsive and less effective approach.

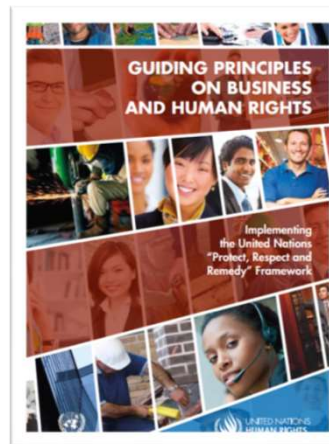
HRDD supports companies in delivering in their **No Exploitation commitments** in the NDPE policy.

# Putting Human Rights Due Diligence into context

- Companies are expected to **ensure that workers and communities' rights are fully respected** at corporate group operations level and in their supply chain
- To achieve this, companies **need to adopt a responsible business conduct approach** that lays out their *commitments* to respect human rights, establish *effective systems and practices* to ensure it can fulfil its commitments, and *remediate* where harm is caused or contributed to
- One key aspect of the responsible business conduct is **Human rights Due Diligence (HRDD)**, which is defined as an ongoing management process that a company needs to implement in order to identify, prevent, mitigate and account for how companies address their adverse human rights impacts.
- Increasingly, legislation is requiring companies for **mandatory human rights due diligence** in their businesses and supply chains (e.g. as being discussed by the EU) rather than to report on certain social aspects in supply chains (e.g. modern slavery legislation).

The HRDD concept is defined by the United Nations Guiding Principles (UNGPs) on Business and Human Rights

**HRDD is one component of the UNGPs' recommended approach to 'Responsible Business Conduct': for companies to uphold their responsibility to respect human rights**



## The UNGPs Approach to Responsible Business Conduct

- I. **A policy Commitment**
- II. **Human Rights Due Diligence (HRDD)**
  1. Assess actual and potential human rights impacts
  2. Integrate and act on the findings
  3. Track performance
  4. Communicate about how the impacts are addressed
- III. **Processes to enable remediation**

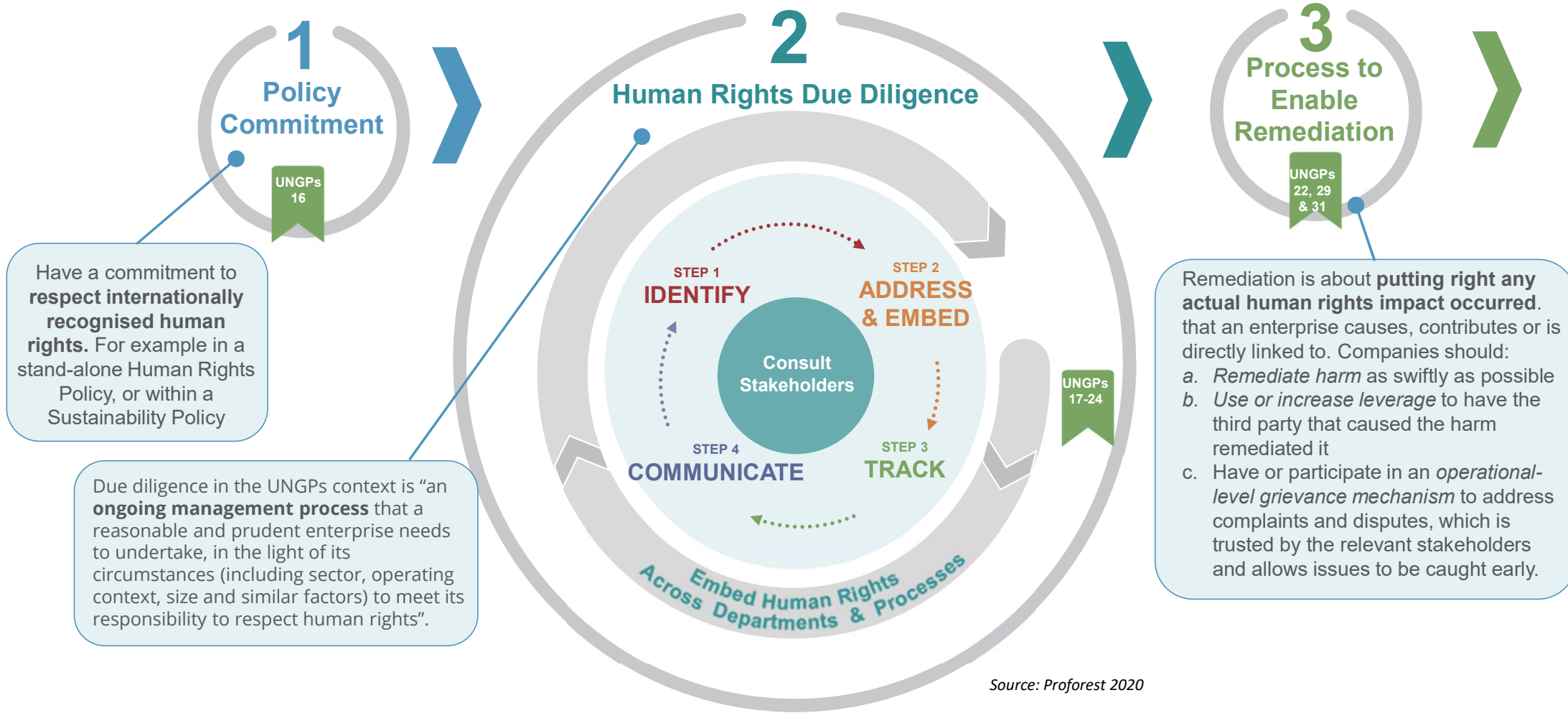
# What is Human Rights Due Diligence?



Human rights due diligence is not a single prescriptive formula. Enterprises of different sizes, in different industries, with different corporate structures and in different operating circumstances will need to tailor their processes to meet these different characteristics.

However, the key elements of human rights due diligence—assessing, integrating and acting, tracking, and communicating—when taken together with remediation processes, provide the **management** of any enterprise with the framework it needs in order to know and show that it is respecting human rights in practice.

# Responsible Business Conduct



Source: Proforest 2020

# Human Rights Due Diligence

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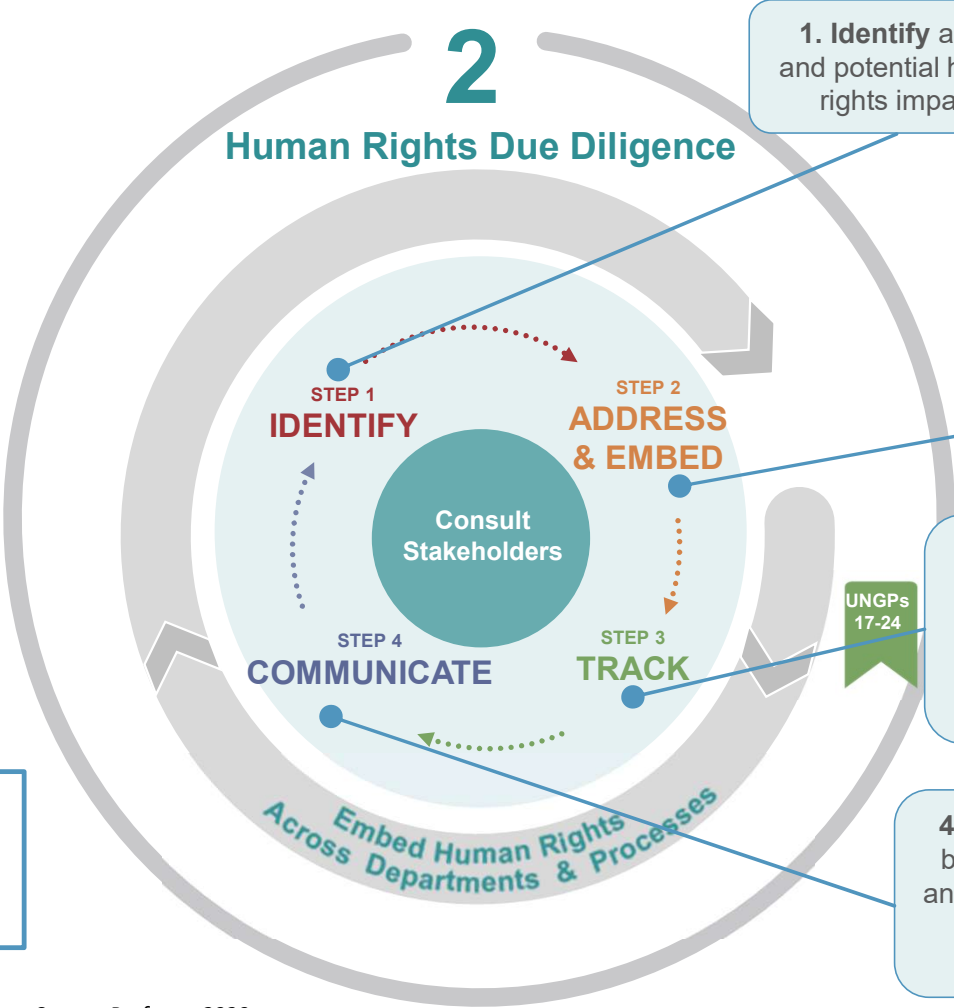
## Human Rights Due Diligence

1. **Identify** actual and potential human rights impacts

2. **Act** upon the findings, which includes remediation of actual harm, and **embed** human rights considerations into existing processes and departments

3. **Track** the effectiveness of the actions taken **to understand if human rights impacts are being addressed**. This may include quantitative and qualitative indicators + draw on internal and external sources, including affected stakeholders.

4. **Communicate** on the actions being taken to address the risks and impacts, and the effectiveness of those actions, including remediation of harm



Putting **risk to people** at the heart of decision making

Meaningful **stakeholder engagement** throughout

**Embedding** action in a company's processes and across departments

Traceability through supply chain mapping to production is an enabling element for human rights due diligence

Source: Proforest 2020

# HRDD for companies at different points in the palm oil supply chain

The same UNGPs 'Responsible Business Conduct' expectations apply to all companies whether upstream or downstream.

The same expectation to carry out HRDD applies.

The main difference is in the actions taken: the closer a company is to the site of production the more the steps of HRDD are likely to involve direct engagement with rights holders. For example:

- Closer to production sites the **assessment** of human rights would involve field work and consultation with potentially affected stakeholders about risk and ways to address those risks. Further downstream a desk-based assessment may be appropriate, and consultation with representatives of stakeholder groups, and 'credible proxies' such as civil society organisations.
- Closer to the production sites **stakeholder engagement** throughout the HRDD process (e.g. on agreeing appropriate actions, on performance to address adverse impacts) will be directly with the rights-holders themselves.
- Closer to the production sites communication and reporting on impacts should be tailored to **communicating** with directly affected rights-holders, as well as other stakeholders.

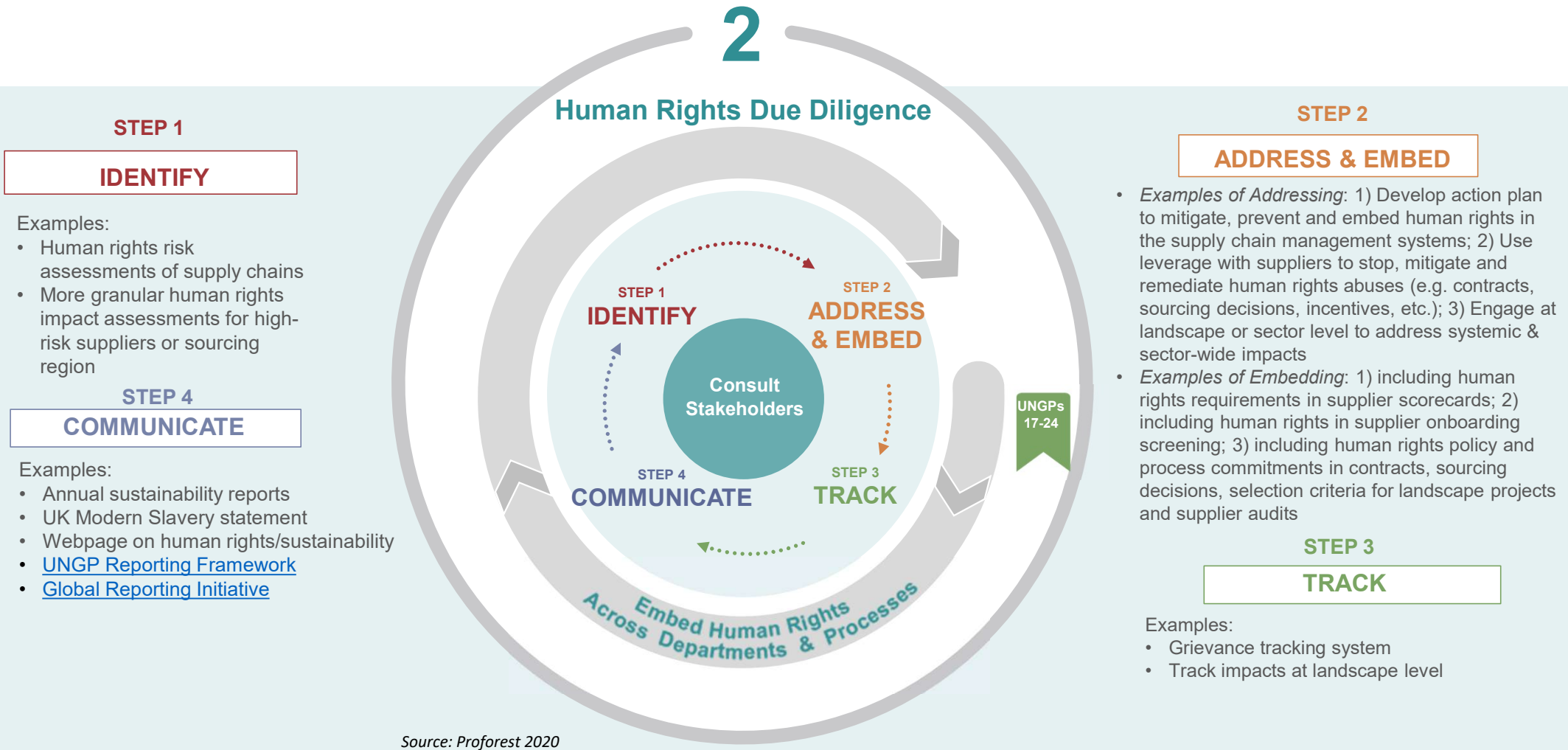


HRDD is a human rights management process both for the company's own operations and for its responsible sourcing



# Human Rights Due Diligence in the Supply Chain

a. Illustrated example for companies that have downstream roles in the supply chain e.g. retailers, manufacturers, traders



## STEP 1

### IDENTIFY

Examples:

- Human rights risk assessments of supply chains
- More granular human rights impact assessments for high-risk suppliers or sourcing region

## STEP 4

### COMMUNICATE

Examples:

- Annual sustainability reports
- UK Modern Slavery statement
- Webpage on human rights/sustainability
- [UNGP Reporting Framework](#)
- [Global Reporting Initiative](#)

## STEP 2

### ADDRESS & EMBED

- *Examples of Addressing:* 1) Develop action plan to mitigate, prevent and embed human rights in the supply chain management systems; 2) Use leverage with suppliers to stop, mitigate and remediate human rights abuses (e.g. contracts, sourcing decisions, incentives, etc.); 3) Engage at landscape or sector level to address systemic & sector-wide impacts
- *Examples of Embedding:* 1) including human rights requirements in supplier scorecards; 2) including human rights in supplier onboarding screening; 3) including human rights policy and process commitments in contracts, sourcing decisions, selection criteria for landscape projects and supplier audits

## STEP 3

### TRACK

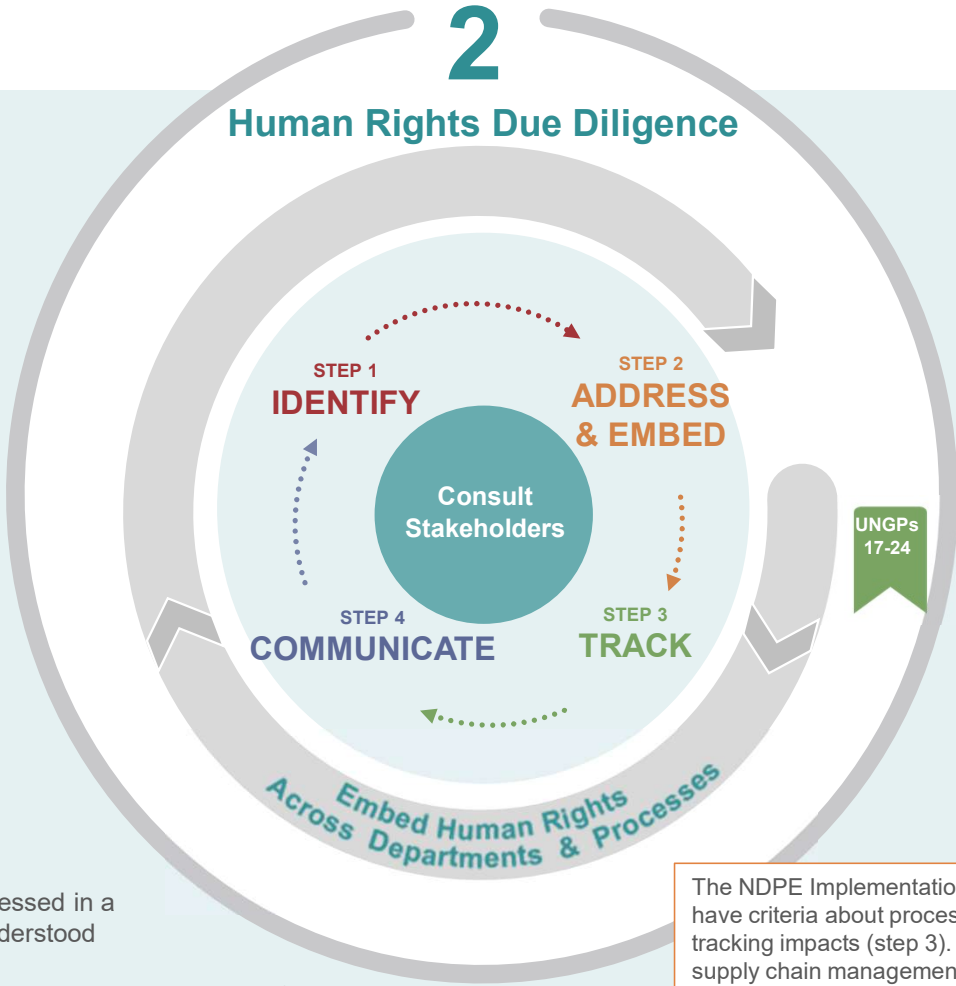
Examples:

- Grievance tracking system
- Track impacts at landscape level



# Human Rights Due Diligence

## b. Illustrated example for upstream company (e.g. mill, producer)



### STEP 1 IDENTIFY

- Examples:
- Human rights risk assessments of own operations and 3rd party suppliers (e.g. suppliers of raw material to processor)
  - Human rights risk assessment could be embedded in existing risks mapping e.g. Environmental and Social Impact Assessments (ESIAs) and High Conservation Value (HCV) Assessments
  - More granular human rights impact assessments for high-risk suppliers or sourcing region
  - Consult with rights-holders, Human Rights Defenders (HRDs) and Civil Society Organisations (CSOs)

### STEP 4 COMMUNICATE

- Example:
- Report to rights-holders how impacts are addressed in a cultural appropriate way and in a language understood

### STEP 2 ADDRESS & EMBED

- Examples:
- Action plan with clear timeline, responsibility and KPIs to mitigate and prevent abuses
  - Specific actions will respond to the actual and potential human rights impacts identified. E.g. might include implementing responsible recruitment for migrant workers, improving implementation of FPIC commitments for expansion, etc.

### STEP 3 TRACK

- Examples:
- Operational-level Grievance mechanism
  - Workers voice tools
  - Participatory monitoring system involving rights-holders, HRDs and CSOs e.g. community-based monitoring

The NDPE Implementation Reporting Framework (IRF) land and labour criteria currently have criteria about process (not performance). So it wouldn't be considered as a tool for tracking impacts (step 3). At this stage, it is more a tool to embed human rights into supply chain management and drive improvements in action by mills (step 2).

Source: Proforest 2020

## Additional resources

1. [United Nations Guiding Principles on Business and Human Rights](#)
2. [OHCHR, The Corporate Responsibility to Respect Human Rights – An Interpretative Guide](#)
3. [OECD Guidelines for Multinational Enterprises](#)
4. [OECD Due Diligence Guidance for Responsible Business Conduct](#)
5. [Shift, Respecting Human Rights Through Global Supply Chains](#)
6. [Accountability Framework Operational Guidance](#)
7. UNDP, [Human Rights Due Diligence Training Facilitation Guide](#)