Managing human rights risk in supply chains: A toolkit for companies



*This toolkit was developed by Ergon Associates, a labour and human rights consultancy, and British International Investment. It was peer reviewed by environmental and social specialists at other development finance institutions and also socialised with selected clients and a cross-section of other financial institutions.*

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## **Purpose**

In the context of growing global attention to the human rights impacts of global supply chains – from legislators, investors, customers, and employees – the purpose of this toolkit is to assist companies to put in place systems and processes to identify and manage human rights risks and support business performance.

This toolkit provides practical tools and resources to support companies and their investors to:

* proactively manage human rights risks and impacts in supply chains, and
* to foster a responsible and sustainable approach to supply chain management that aligns with evolving regulatory requirements, investor demands, and custom er expectations.

## **What is human rights due diligence?**

Human rights due diligence refers to the process of identifying, assessing, and mitigating human rights risks and impacts that arise from an organization's operations, products, or services.

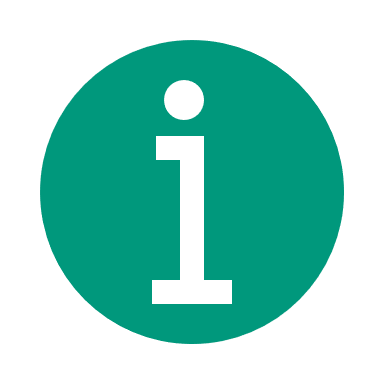
In many cases, some of the most significant human rights risks and impacts linked to an organization’s activities relate to its supply chain, including the operational practices of its suppliers. Effective human rights due diligence on supply chains is therefore integral to an organisation’s overall human rights due diligence and a key element of effective supply chain risk management more generally.

## **How to use the toolkit**

This toolkit provides practical tools to support organisations in enhancing their supply chain due diligence and managing identified human rights risks. It is designed primarily for companies to manage risks in their goods and materials supply chains. However, it should also be of use to investors to manage human rights risks in relation to investee practices.

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Description automatically generated with medium confidenceTools are organized around four main steps that form the basis of an effective system to assess, manage, and monitor human rights risks in company supply chains.

Companies should treat this toolkit as a flexible menu of resources from which they can select the specific tools that best suit their context, needs, and priorities, including to supplement and strengthen any existing due diligence processes. Ultimately, the toolkit aims to help companies identify and prioritize the most significant human rights risks and impacts as a means of focusing risk management efforts and resources where they are most needed.

# List of tools and resources



**Public Commitment to Human Rights**

**Assessing Human Rights Risks & Impacts**

**Managing Risks & Impacts**

**Monitoring and Reporting**

# Tool 1 – Checklist for companies to identify potential gaps in their policy commitments on human rights risks in the supply chain

A public commitment on human rights, with support from senior leadership, can be an important first step of a company’s human rights due diligence. It articulates the company’s vision, expectations and goals on human rights, and sends a clear message to workers, business partners and other stakeholders that human rights commitments are taken seriously.

There are different ways in which companies can communicate their commitment to human rights – for example, through corporate values or mission statements, or a dedicated human rights policy. However, it is important that human rights commitments are effectively operationalized across the business. In many cases, this can mean embedding human rights commitments into different policies and processes, including those related to human resources, procurement, quality control, as well as operational and production functions.

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Description automatically generatedTool 1** summarizes some of the key elements that can help companies establish clear commitments to human rights that are systematically embedded into business activities. The following checklist can be used by companies to identify any potential gaps in the company’s policy commitments on human rights.

|  |  |  |
| --- | --- | --- |
| **Policy commitments** | **Yes / No** | **Actions to address gaps** |
| There is a commitment to the following principles, across business activities: | | |
| Respecting internationally recognised human rights set out in the International Bill of Human Rights and the International Labour Organisation (ILO) core labour Standards. |  |  |
| Prohibition on child labour, including children below the age of 18 in hazardous work. |  |  |
| Ensuring employment is freely chosen and there is no forced labour. |  |  |
| Respecting the rights of workers to organise in trade unions and the bargain collectively, and that trade union members are not discriminated against. |  |  |
| No discrimination by the company or by third parties, including suppliers, based on characteristics such as, but not limited to, race, ethnicity, sexual orientation, gender or age. |  |  |
| Ensuring that working conditions are safe and hygienic and adequate steps are taken to prevent injury at work. |  |  |
| Providing access to effective grievance mechanisms where they have experienced unethical treatment. |  |  |
| Scope: | | |
| Human rights commitments apply to the company’s own operations and workforce, and to business relationships, including suppliers. |  |  |
| There is a commitment to conduct due diligence processes with third parties, including suppliers, to ensure that they are also compliant with [Company’s] commitments to human rights. |  |  |
| Implementation: | | |
| There is a named individual who is the custodian of the policy commitments on human rights. |  |  |
| There are named senior managers with clearly defined responsibilities for implementing the policy commitments. |  |  |
| There is a commitment to provide training on roles and responsibilities to all relevant senior managers. |  |  |
| There is a commitment to consult colleagues from relevant departments and teams in developing human rights policies and when discussing potential risks. |  |  |
| There is a commitment to consult external stakeholders who may be affected by company activities. |  |  |
| Human rights are integrated into external and internal communications to ensure understanding amongst relevant stakeholders. |  |  |
| Human rights policies are integrated into procurement policies and practices undertaken by the company. |  |  |
| There is a commitment to working with suppliers to identify human rights risks, and to communicate legal requirements and best practices. |  |  |
| There are clear processes for assessing impact of company practices on an ongoing basis, including heightened attention to vulnerable groups and the prioritisation of mitigation or action based on severity and likelihood. |  |  |
| There is a commitment to implement effective grievance mechanisms at operations and supplier levels. |  |  |
| Systems are established to track the effectiveness of mitigation and remediation actions, including monitoring and updating as new risks and issues emerge. |  |  |
| Useful further resources:  * UN Global Compact (2015): [How to Develop a Human Rights Policy](https://www.ohchr.org/sites/default/files/Documents/Issues/Business/guide-business-hr-policy.pdf) * Implementation guidance: “Doing Business With Respect for Human Rights”, chapters [3.1](https://www.businessrespecthumanrights.org/en/page/342/policy-commitment) and [3.2](https://www.businessrespecthumanrights.org/en/page/343/embedding)3.2 * Global Business Initiative on Human Rights resource page, “[Making a policy commitment](https://gbihr.org/business-practice-portal/making-a-policy-commitment)” | | |

# Tool 2 - Supply chain mapping template

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Description automatically generatedCompanies may find it helpful to develop a basic supply chain map as a first step in assessing human rights risks and impacts. Supply chain mapping might focus initially on ‘primary suppliers’ only[[1]](#footnote-2) and then expand to other suppliers in cases where more detailed mapping is deemed necessary based on potential risks.

**Tool 2** provides a template can be used as a starting point for basic supply chain mapping.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Supplier name** | **Supplier location** | **Products supplied** | **Initial contract start date** | **Contract end date** | **Value of contract** |
|  |  |  |  |  |  |
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# Tool 3 - Supply chain mapping information request

In some cases, companies may decide to expand their supply chain mapping beyond the ‘basic mapping’ described for Tool 2. For example, in cases where companies identify supply chains with a higher risk of adverse human rights impacts, they may wish to look beyond their tier one and primary suppliers to establish a more comprehensive map of the full goods or materials supply chain.

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Description automatically generatedTool 3** provides a template that can be used to gather additional information from suppliers *about their own suppliers and supply chains* as part of an enhanced supply chain mapping for specific goods or materials.

|  |  |
| --- | --- |
|  | |
| What are the principal constituent components / raw materials in <Product>? |  |
| What is the name and location of the supplier of these components and raw materials? |  |
| Are any parts of the production process for <Product> subcontracted to other suppliers? |  |
| If so, what are the names and locations of these suppliers? |  |

# Tool 4 – Example (generic) supply chain maps

Supply chains are often complex. As part of basic and/or enhanced supply chain mapping, it may be helpful to develop diagrammatic supply chain maps to build a clearer picture of the various actors, tiers, and business relationships.

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Description automatically generatedTool 4** provides some generalized (and simplified) examples of a visual supply chain map that companies can use as prompts to develop their own supply chain maps.

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## **Garments**

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## **Agriculture - cocoa**

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# Tool 5 – Risk identification

Based on the mapping exercise (Tools 2-4), companies should be in a position to prioritise supply chains for initial human rights risk assessment. For the initial assessment, companies often start with ‘core’ products – for example, products that represent the highest volume or value of total procurement – or those goods and materials that are central or irreplaceable to company operations. Companies may also prioritize supply chains where there are already known human rights risks, systemic or otherwise.

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Description automatically generatedTool 5 provides some questions and indicators that companies can use to guide and prioritise their risk identification efforts. This can be used in conjunction with Tool 6, which provides some useful sources of information that companies can use in carrying out their risk identification.

|  |
| --- |
| Information with solid fillThe aim of the risk assessment is to establish the level of human rights risk associated with different supply chains. This may include an initial assessment of the likelihood and severity of potential impacts, as well as the possible rightsholders affected (for example, the supplier’s employees, including specific risks affecting women, migrant workers, or other vulnerable groups). **Tool 7** provides a template for prioritizing identified risks according to ‘likelihood’ and ‘severity’.  The resulting human rights risk assessment is typically a list or matrix of identified human rights risks associated with each of the company’s supply chains. It is useful to link risks to specific supply chain activities (such as production processes), actors (suppliers and other commercial entities), locations (country or region), and good or material (including constituent components). The final risk assessment is a useful tool to inform human rights due diligence efforts and helps to ensure companies can take appropriate steps to identify and manage human rights risks throughout their supply chains. It provides a useful basis for developing a Supply Chain Management Plan (see **Tool 8**). |

|  |  |
| --- | --- |
| **Key questions** | **Risk indicators** |
| What activities are involved in this (tier of the) supply chain? How are people involved in these activities (e.g. workers, local community)? How might these activities affect the people involved, including in relation to human rights? | * Sectors with inherent risk factors linked to production activities and/or prevalent labour management practices, for example: * Mining (use of heavy machinery and explosives) * Agriculture (hazardous chemicals, child labour) * Manufacturing processes (hazardous chemicals) * Garment factories (excessive working hours) |
| What do we know about the specific commodities, goods, or materials involved in the supply chain (and at different tiers of the supply chain)? Is there reason to believe that such risks will apply (or not apply) to the company’s specific supply chain context? | * Known human rights risks related to this commodity or good in specific country context (e.g. product appears on the US DoS list of goods produced by child and forced labour) * Known human rights risks related to this commodity or good in other geographic contexts |
| What do we know about the human rights track record of commercial actors (suppliers and the business partners / network) in this supply chain? Is there general awareness of, interest in, and capacity to manage human rights issues? Are commercial actors held accountable for adverse impacts of their business activities on people, or are they allowed to operate with impunity? Are they known to be transparent about human rights risks, or do they refuse to discuss human rights issues? | * Lack of human rights due diligence processes * Absence of clear processes or commercial actors responsible for managing human rights grievances and adverse impacts of business activities * Poor human rights record identified through audit results * Lack of participation in certification schemes * Little or no transparency around human rights risks related to business activities or supply chain structure |
| Based on the countries of operation, do we have reason to believe that the operating environment puts people at risk in relation to human rights? How? What rights are regularly at risk in the country of operation? | * Weak governance context in the country or region where supplier(s) operate, including national legal framework that does not align with international standards (e.g., concerning ILO core labour standards) * Weak enforcement of laws and regulations * Endemic corruption * Wider lack of citizen security (e.g. in fragile and conflict-affected states or geographies with significant organised criminal activity) |
| Are vulnerable groups or categories of workers, such as women, children, or minority groups, likely to be affected by the business activities in this supply chain and/or tier? How? How do wider labour market dynamics impact these groups? | * Large number of vulnerable categories of workers in the supply chain workforce, such as women, migrant workers, contract and agency workers, seasonal labour, children and young workers, ethnic minorities, people with disabilities * Extensive use of low-skilled, casual, and/or informal workers * Labour market dynamics that may affect the workforce profile and/or prevalent labour contracting practices, such as local labour shortages that lead to an increased use of agencies / intermediaries or labour surplus that may function to lower labour standards and protections in practice |
| Do recruitment practices put workers at risk of exploitation? Does a company have visibility over the supply chain workforce? | * Outsourcing and subcontracting practices whereby suppliers engage third-parties to carry out key business activities and/or use third-party recruitment agencies to secure labour, typically leading to higher risks of adverse human rights impacts |

**Note**: It is important to look beyond the direct workforce of specific suppliers to consider the workforce profile of the sector more broadly. Some risks may relate to the exclusion of workers from a supplier’s workforce (thus not easily identified by looking only at the supplier’s workforce). Understanding the profile of the wider sectoral workforce can also help assess risks associated with a supplier’s commercial partners (e.g., contractors, suppliers).

# Tool 6 – Overview of risk issues and useful sources

Companies can use multiple sources of information to develop their initial supply chain risk map, drawing both on existing knowledge within the organization and external sources. This can include desk research to identify publicly available information on specific human rights issues in relevant countries and supply chains.

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Description automatically generatedTool 6** provides some background information on common risk issues and a list of useful sources of additional information.

|  |  |  |
| --- | --- | --- |
| **Human rights risk areas** | **Overview of issues in supply chains and key risk areas** | **Further resources** |
| Child labour | * Nearly half of children engaged in child labour are involved in hazardous work which threatens their health, safety and educational development. * The agricultural sector accounts for 70% of all child labour. * In the context of supply chains, the risk of child labour increases at the lower tiers, in informal micro-and small enterprises. | * [USDOL list of goods produced by child labour](https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods) * Rainforest Alliance [Social Risk Map](https://www.rainforest-alliance.org/in-the-field/manage-risk-with-the-rainforest-alliance-child-labor-and-forced-labor-sectoral-risk-maps/) * [ILO IPEC Countries Dashboard](http://www.ilo.org/ipec/Regionsandcountries/lang--en/index.htm) * [UNICEF child labour resources](http://www.unicef.org/protection/57929_57987.html) |
| Forced labour | * Forced labour is work that is performed involuntarily and under the menace of penalty. * Sectors with high numbers of informal workers and little regulation are at highest risk of forced labour. These include agriculture and fishing, transport, domestic work and manufacturing. * Migrant workers are at increased risk of forced labour due to smaller community networks, lack of language skills and, in some cases, dependence on employers for accommodation or right to remain. | * [USDOL list of goods produced by FL](https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods) * [USDOS Trafficking in Persons Report](https://www.state.gov/trafficking-in-persons-report/) * [BII Managing Risks Associated with Modern Slavery Good Practice Note](https://assets.bii.co.uk/wp-content/uploads/2018/12/03105819/Managing-Risks-Associated-with-Modern-Slavery.pdf) * ILO [Forced Labour Observatory](https://www.ilo.org/flodashboard/) * Rainforest Alliance [Social Risk Map](https://www.rainforest-alliance.org/in-the-field/manage-risk-with-the-rainforest-alliance-child-labor-and-forced-labor-sectoral-risk-maps/) * [Walk Free Global Slavery Index](https://www.globalslaveryindex.org/resources/downloads/#gsi-2018) * [Freedom House country profiles](https://freedomhouse.org/explore-the-map?type=fiw&year=2023) * [Human Rights Watch](https://www.hrw.org/) * [Amnesty International](http://www.amnesty.org.uk/) |
| Freedom of association | * Freedom of association is considered an enabling right, as it allows workers to enjoy other rights, such as access to a fair wage, protection from discrimination, or access to a safe work environment. * Risks pertaining to freedom of association are likely to be highest in countries where trade union activity is restricted or banned under national law, and in sectors with high informality. | * [ITUC](https://www.globalrightsindex.org/en/2022/countries/tur) global rights index * [IndustriALL](http://www.industriall-union.org/) * [Solidarity Centre](https://www.solidaritycenter.org/) |
| Non-discrimination | * Risk of discrimination against workers may be highest in countries with gaps in national law, for example where national law only provides a limited set of legally protected characteristics. * Discrimination may be direct, meaning an exclusion or distinction is made on the basis of a protected characteristic, or indirect, meaning that a policy applies equally to all workers, but disproportionately impacts particular workers. * Non-discrimination must be considered at all stages of the working relationship, including during hiring processes, payment of wages, training, promotion, allocation of job assignments, disciplinary action and termination of employment. | * [World Bank – Women, Business and the Law](http://wbl.worldbank.org/) * [Minority Rights Group International Directory](https://minorityrights.org/programmes/library/directory/) * [Freedom House](https://freedomhouse.org/explore-the-map?type=fiw&year=2023) country reports * [UN Women](https://ergonassociatesltd-my.sharepoint.com/personal/sarah_mcleish_ergonassociates_net/Documents/o%09UN%20Women) * [IOM](https://www.iom.int/) * [BII Addressing Gender-Based Violence and Harassment Good Practice Note](https://www.bii.co.uk/wp-content/uploads/2020/07/Addressing-gender-based-violence-and-harrassment.pdf) |
| Occupational Health & Safety (OHS) | * Provisions around OHS must cover the workplace, in addition to employer-provided accommodation and transport. It should also consider risks to the community, for example in relation to pesticide use. * High-risk sectors include agriculture, fishing, forestry, construction, manufacturing and transport. | * [ILO](https://www.ilo.org/safework/areasofwork/occupational-health/lang--en/index.htm) Resources on OHS * [BII Preventing Fatalities and Serious Accidents Good Practice Note](https://toolkit.bii.co.uk/wp-content/uploads/2018/10/CDC_Good_Practice-Preventing_Fatalities_and_Serious_Accidents.pdf) |
| Community impacts - land | * Indigenous communities are particularly vulnerable in the context of large commercial land acquisitions because their culture and livelihood is often tied to their land. * Sectors at particular risk include mining and extractives, as well as large-scale plantation agriculture. | * [International Work Group for Indigenous Affairs](https://www.iwgia.org/en/) * [BII Guidance Note on Managing Legacy Land Issues in Agribusiness Investments](https://toolkit.bii.co.uk/wp-content/uploads/2018/10/CDC_Land_Legacy.pdf) |
| Effective remedy | * Grievance mechanisms must be efficient, accessible and set up to ensure no retaliation or discrimination against workers who use them. * Workers who have limited access to legal systems, for example those in remote rural areas, and those working in the informal economy may face particular barriers in accessing remedy. |  |

Other useful sources of information for risk identification include **prior knowledge or experience** among company staff of previous human rights issues, including in relation to:

|  |  |
| --- | --- |
| **Sectors** | Particular goods, supply chains and industries and their associated human rights risks |
| **Geography** | Risks associated with different regions, countries, or provinces, including on national law, typical labour force profile, migration patterns or conflict areas with need for heightened due diligence |
| **Suppliers** | Prior experiences with suppliers in the sector or region and risk issues that arose |

**Documentation on suppliers**, either collected by the company or requested from suppliers directly, is another important potential source of risk information. Supplier documentation can provide information concerning:

|  |
| --- |
| * Supplier and supply chain data * Supplier lists, including size, location, and business practices * Quality assurance data * Social audit reports and results * Relevant risk assessments and studies * Suppliers’ certification status, where such certification includes human rights elements * Other relevant initiatives that the supplier may have carried out, or can identify, as useful sources |

Finally, **direct engagement with stakeholders** can provide further insight into human rights risks in a country or area relevant to a particular supply chain. Stakeholder engagement can provide information concerning:

|  |
| --- |
| * Supply chain workers, taking into account groups with specific vulnerabilities * Trade unions, worker representatives and employers’ organisations working on a national, sectoral or enterprise level * Industry peers, academics and other experts with specialist knowledge of the sector or region * Civil society organizations, including NGOs, non-profits and cooperatives * Local communities who are likely to be affected by business activities * Effective stakeholder engagement requires significant time and financial resource. It may therefore be appropriate to target stakeholder engagement on supply chains that are identified as especially high risk during preliminary risk mapping and/or about which there is a significant information gap |

# Tool 7: Prioritisation matrix

Most businesses will be exposed to a number of human rights risks through their supply chain and may not be able to address all of the risks at the same time. Risk prioritisation involves identifying which risks to address first – through targeted actions to prevent or mitigate risks or impacts – and does not mean writing off certain risks as not requiring further attention.

Companies can prioritize identified risks based on an assessment of likelihood and severity.

* *Severity* refers to an assessment about the impact’s *scale*, *scope*, and *remediability*.
* *Likelihood* refers to an assessment about how likely the impact is to occur, and therefore takes into account operating contexts through the supply chain.

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Description automatically generatedTool 7** provides some indicative guidance on assessing severity and likelihood, as well as a basic matrix for prioritizing risk issues for further action.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Understanding severity** | | | | |
| **Dimension** | **Definition** | | **Examples** | |
| **Less severe** | **More severe** |
| **Scale** | How serious would the impact be? | | A 14-year-old helping out behind the counter in a family store | A 10-year-old child working in artisanal mining |
| **Scope** | How widespread would the impact be (how many people would be affected)? | | One or two individuals | A whole community or workforce |
| **Remediability** | How difficult would it be to put right the resulting harm to people? | | A worker is fired on a discriminatory basis but can be promptly reinstated with appropriate compensation | A worker contracts an incurable disease due to lack of appropriate workplace safety and health measures |
| Source: Adapted from <https://www.businessrespecthumanrights.org/en/page/344/assessing-impacts> | | | | |
| **Understanding likelihood** | | | | |
| **Factors that may increase the likelihood of human rights risks and adverse impacts** | | | | |
| **National law** | | National law is not aligned with international standards on human rights (e.g., fails to protect against discrimination or guarantee freedom of association) | | |
| **Enforcement** | | Weak enforcement of national laws and regulations in practice (e.g., due to lack of capacity in labour inspection, corruption, etc.) | | |
| **Security** | | Existence of armed conflict or high levels of violent crime and citizen insecurity | | |
| **Social norms** | | Prevalent social and/or cultural norms that run counter to internationally recognized human rights principles (e.g., social expectations about the role of women in work and society that restrict opporunities for women in employment) | | |
| **Corruption** | | Corruption is endemic | | |
| **Labour market** | | High prevalence of informal and/or casual work | | |
| **Migration** | | Presence of migrant workers | | |
| Source: Adapted from <https://www.businessrespecthumanrights.org/en/page/344/assessing-impacts> | | | | |

## **Prioritising identified risks**

Based on the assessment of the combined severity and likelihood of each risk (i.e., the salience of the risk), companies can then use the matrix below to prioritize risks for further action.

Ultimately, companies should prioritize high salience risks (top right quadrant) followed by medium saliency risks with high severity (top left).

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# Tool 8 – Supply chain management plan

Once a company has mapped their supply chain and identified the key human rights risks, they are then in a position to take action to prevent or mitigate actual impacts. This includes actions that can lessen the severity of risks, even if they cannot be entirely prevented, or reduce the likelihood of impacts arising.

A Supply Chain Management Plan (SCMP) is a useful tool for companies to systematise and coordinate their efforts to address supply chain risks and impacts, based on prior risk assessment and prioritisation (**Tools 4-5**). The SCMP sets out the specific steps and actions that the company will take to manage key supply chain risks and impacts.

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Description automatically generatedTool 8** provides a template that companies can use as a starting point for a basic supply chain management plan. The table below the template provides some indicative actions that might be included in a SCMP.

|  |
| --- |
| Information with solid fillThe SCMP should be a ‘living document’ that is regularly reviewed and updated, based on revised supplier information and risk assessment. There is no fixed format for a SCMP, and companies should determine the most appropriate format according to the nature of their supply chain and the risks identified. It is important to assign clear internal responsibilities and procedures for monitoring, updating, and implementing the human rights SCMP. |

| **Supply chain management plan - template** | | | | |
| --- | --- | --- | --- | --- |
| **Risk issue** | **Proposed action** | **Monitoring** | **Resources** | **Responsible person** |
| *A description of the identified risk issue, including relevant information about affected supply chains, suppliers, or sourcing locations* | *Agreed action(s) to mitigate or control the risk* | *How the risk issue and effectiveness of proposed mitigation or control measures will be monitored (including schedule, indicators, and means of monitoring).* | *Description of resources required to implement proposed actions* | *Responsible person within the company for overseeing and monitoring implementation of the action.* |
| *Risk issue #2* |  |  |  |  |
| *Risk issue #3* |  |  |  |  |

The specific actions a business can take to address human rights risks in its supply chain will vary according to the type of risk, its root cause, and the nature of the company’s linkage to the risk. The table below provides some examples areas for action that companies can consider.

| **Indicative actions for a SCMP** | |
| --- | --- |
| **Type of action** | **Example** |
| Supplier selection and contracts:   * Setting human rights prequalification criteria for new suppliers; for example, requiring suppliers to disclose information on their workforce practices, community engagement, and relevant policies and processes to manage human rights. * Conducting due diligence on potential suppliers to assess their human rights risks and track record. * Integrating human rights clauses into contracts and codes of conduct that require suppliers to respect human rights and comply with relevant laws and regulations. * Encouraging and incentivizing suppliers to improve their human rights performance, such as offering long-term contracts to suppliers who demonstrate enhanced commitment and performance on human rights | **Tool 9** provides some possible provisions for inclusion in a supplier Code of Conduct and/or supplier contracts. |
| Monitoring and verifying supplier compliance with human rights requirements:   * Developing a system to monitor and track supplier compliance with human rights requirements, using tools such as supplier self-assessment questionnaires, third-party audits, site visits, and regular review and verification of supplier information and documentation. * Ensuring there is an accessible grievance mechanisms for workers and community members involved in or affected by the company’s supply chain to report human rights concerns and violations. * Updating supply chain management plan and/or human rights risk map with new information gathered through supplier monitoring, including information derived from grievances. | **Tool 10** provides a template supplier self-assessment questionnaire. |
| Working with industry peers and other stakeholders:   * Joining relevant existing initiatives that aim to prevent and address human rights issues relevant supply chains, industries, or geographies. * Using certification schemes as a guide for assessing the conditions under which goods in the supply chain have been produced (especially useful when companies lack a direct contractual relationship with the supplier). * Initiating exchanges with other businesses involved in the supply chain to discuss common challenges, share experiences and practices, and explore potential solutions. | **Tool 11** provides some example multistakeholder and industry initiatives |

# Tool 9 – Supplier Code of Conduct

Some companies may choose to incorporate standard human rights clauses into commercial contracts and codes of conduct that require suppliers to respect human rights and comply with relevant laws and regulations. This may include clauses that require suppliers to include equivalent human rights provisions in contracts with their own suppliers, thus ‘cascading’ human rights requirements down the supply chain.

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Description automatically generatedTool 9** provides some example provisions that can be incorporated into contracts with suppliers or a supplier code of conduct.

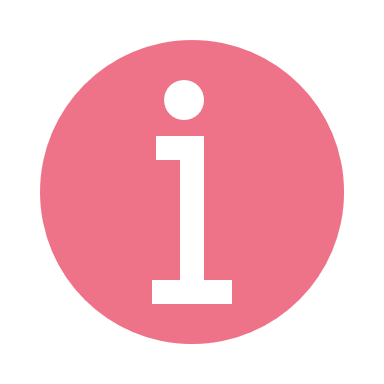
|  |
| --- |
| **Scope of application**  * The provisions of this Code of Conduct lay out the expectations of [Company] for all direct suppliers with whom [Company] does business. * All [Company] suppliers must adhere to the standards outlined in this Code of Conduct. * Suppliers are encouraged to introduce equivalent requirements for their own suppliers. |
| **Overarching**  * All [Company] suppliers are required to respect internationally recognised human rights, including the International Labour Organisation (ILO) Fundamental Conventions and International Bill of Human Rights. |
| **Forced labour**  * Suppliers must not use or otherwise benefit from forced labour. Forced labour here refers to work or service that is performed involuntarily and is exacted from an individual under threat of penalty or force, including through fraudulent or abusive recruitment practices. * No worker should pay a fee to secure work with the employer. This principle applies to workers employed through both brokers and labour agents. * Where cases of forced labour are identified, the supplier must immediately inform [Company]. The supplier will be expected to immediately take appropriate steps to remove the conditions that constitute forced labour and to safeguard victims. |
| **Child labour**   * The use of child labour by the Supplier is strictly prohibited, in line with ILO Convention 138 on the Minimum Age, and Convention 182 on the Elimination of the Worst Forms of Child Labour. * If the Supplier employs workers below the age of 18, it must demonstrate that the employment of young people does not expose them to undue physical risks that can harm physical, mental or emotional development. This should include regular risk assessments in addition to working conditions, regular monitoring of health and hours of work. |
| **Non-discrimination**   * Suppliers shall not discriminate against any worker based on race, ethnicity, age, gender, sexual orientation, disability, religion, union membership, national origin or political affiliation. * This principle applies during hiring processes, payment of wages, promotion, training, allocation of job assignments, disciplinary action and termination of employment. |
| **Freedom of association and collective bargaining**  * All workers have the right to form and join trade unions and to bargain collectively, and representatives or leaders of trade unions shall not be discriminated against. * Trade union and collective bargaining activities shall be openly accepted by employers and trade unions must be granted access to organise in the workplace. * In instances where freedom of association or collective bargaining is prohibited or restricted under national law, the company shall facilitate alternative means for freedom of association and collective bargaining. |
| **Occupational health and safety**  * Suppliers shall take appropriate measures to prevent health and safety risks in the workplace through the provision on appropriate controls, preventative maintenance, safe work procedures and other necessary technical protective measures. * Workers must provide a safe and healthy working environment, including potable drinking water, adequate temperature, sanitation, ventilation, and lighting at minimum. * Workers must be provided with appropriate personal protective equipment without charge in cases where hazards cannot be sufficiently controlled. * Safety information and training on hazardous work must be provided on a regular basis to educate workers and protect them from potential hazards. Training must be repeated for new employees. * Where accommodation is provided by employers, this must be safe and healthy and meet all basic needs of occupants. * The supplier shall take actions to prevent any form of gender-based violence and harassment within the workplace. Any form of psychological, physical, sexual or verbal abuse, intimidation, threat or harassment must not be tolerated. |
| * Community impacts * Before buying, renting, acquiring or otherwise accessing land or property, suppliers should take steps to ensure that all affected owners and users of the land or property, have been adequately consulted and compensated. |
| **Reporting**  * Any identified violations of the Code should be reported to [Company]. |
| **Compliance declaration**  We hereby confirm that:   1. Compliance with Code of Conduct of [Company] is an essential requirement for a business partnership with [Company]. 2. We have read the [Company] Supplier Code of Conduct. 3. We commit ourselves to fully comply with the conditions and principles established in this Code, in addition to the conditions stated in the supply agreements with [Company]. 4. In the case that we fail to comply with the provisions set out under this Code, we acknowledge that this may lead to the termination of our supply contract with [Company] and that we may be prohibited from working with [Company] in the future. 5. We will communicate [Company’s] Supplier Code of Conduct to our workers at all levels, as well as to suppliers, subcontractors, agents, and any other business partners. 6. We agree that compliance with the Supplier Code of Conduct may be regularly assessed through announced or unannounced inspections or audits of work sites and facilities. These may be carried out by [Company] or a third party employed by [Company]. 7. Where non-compliance in relation to the provisions of the Supplier Code of Conduct is identified, we will endeavour to eliminate these within an acceptable timeframe. Progress on these activities will be reported to [Company] every six months at minimum. |

# Tool 10 – Supplier Self-assessment Questionnaire

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Description automatically generatedTool 10** provides a template for a self-assessment questionnaire for suppliers.

Such a questionnaire can form part of the company’s monitoring and verification processes concerning supplier performance on human rights. Other key elements may include third-party audits, site visits, and regular review and verification of supplier information and documentation (e.g., supplier policies and procedures).

This template self-assessment questionnaire can be modified as required for inclusion within a wider supplier questionnaire. It can be used by companies to assess new and existing suppliers’ policies and practices on human rights.

|  |  |
| --- | --- |
| **Question** | **Response** |
| **Basic information** | |
| Company name: |  |
| Company location: |  |
| Your name and title: |  |
| Contact details |  |
| Site name / location |  |
| Have you received and read the supplier code of conduct? |  |
| **Overarching considerations** | |
| What policies and procedures are in place for managing human rights risks? (For example, a human rights policy, grievance mechanism?) |  |
| Is any training provided to staff on human rights issues? |  |
| What systems are in place to identify and trace the origin of key goods and materials? |  |
| How are requirements on human rights cascaded to suppliers? |  |
| **Forced labour** | |
| What policies and procedures do you have in place to ensure that your company does not use or benefit from any form of forced labour? |  |
| Are any steps in place to ensure that workers do not pay recruitment fees, including where workers are employed through labour agents and brokers? |  |
| Do workers have the freedom to terminate employment at any time without a penalty? |  |
| Are workers documents retained at the workplace? If so, how are documents stored and is there a policy to manage access? |  |
| Are there policies and procedures in place to safeguard victims of forced labour? |  |
| **Child labour** | |
| Is there a procedure in place for checking the age of workers and ensuring they are above minimum age for employment? |  |
| Are there policies and procedures in place to ensure that children under 18 are not engaged in hazardous work? |  |
| Are risk assessments out in relation to the employment of persons under 18 years of age? |  |
| Is there regular monitoring of health, working conditions and hours of work for employees under 18 years of age? |  |
| **Non-discrimination** | |
| Are there procedures in place to prevent discrimination during hiring processes, payment of wages, training, promotion, allocation of job assignments, disciplinary action and termination of employment? |  |
| **Freedom of association and collective bargaining** | |
| Do you recognise the right of workers to form or join trade unions and bargain collectively? |  |
| Is there a trade union or other form of worker representative in the workplace? |  |
| **Occupational health and safety** | |
| Does the company take appropriate measures to prevent health and safety risks in the workplace by providing controls, preventative maintenance and safe work procedures? |  |
| Is the work environment safe and healthy, and are workers adequately protected from chemical, biological and physical hazards? |  |
| In cases where hazards cannot be adequately controlled, are workers provided with PPE without charge? |  |
| Is safety information and training on hazardous work provided to employees on a regular basis, and is this training repeated for new employees? |  |
| Do you provide any accommodation for workers? If so, how do you ensure that living conditions are at an adequate standard? |  |
| Are appropriate actions to prevent any form of gender-based violence and harassment within the workplace? |  |
| **Community impacts** | |
| Does you ensure that all affected owners and users of land or property have been sufficiently consulted and compensated before buying, renting or accessing land or property? |  |
| **Monitoring and reporting** | |
| Are primary supply chains monitored on an ongoing basis to identify significant changes and new risks or incidents? |  |
| Do you report on workforce composition, changes in production and identified labour issues at least every 6 months? |  |
| Are reporting mechanisms effective and do they protect workers who submit grievances from prejudice or retaliation? |  |

# Tool 11 – Multistakeholder & Sectoral Initiatives

Collaborative actions with industry and other stakeholders can help companies improve their understanding of risks in the supply chain, learn from the experiences and practices of others, increase leverage with suppliers, and reduce the cost of interventions to manage human rights risks and impacts.

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Description automatically generatedTool 11** provides some examples of multi-stakeholder and sectoral initiatives of relevance to transition minerals and agricultural supply chains.

## **Transition minerals**

|  |  |  |
| --- | --- | --- |
| **Initiative** | **Countries covered** | **Commodities covered[[2]](#footnote-3)** |
| [Global Battery Alliance (GBA)](https://www.globalbattery.org/) | Not specified but appears to be focused on Africa / Democratic Republic of Congo | Cobalt, Lithium, Nickel, Manganese |
| [Cobalt 4 Development](https://cobalt4development.com/) | Democratic Republic of Congo | Cobalt |
| [Responsible Minerals Initiative](https://www.responsiblemineralsinitiative.org/) | Global but specific countries not listed | Cobalt, Gold, Mica, Tantalum, Tin, Tungsten, Other Minerals |
| [Cobalt Institute](http://www.cobaltinstitute.org) | Global but specific countries not listed | Cobalt |
| [Code of Responsible Extraction (CORE)](https://corecert.net/) | China and India | Natural soda ash (Trona), Phosphate rock, Natural sodium sulphate, Sodium Chloride, Clay (Kaolin, bentonite), Talc, Patash, Feldspar, Dolomite, Calcium carbonate, Ilmenite, Silica sand |
| [Certified Trading Chains (CTC) Scheme](https://www.bgr.bund.de/EN/Themen/Min_rohstoffe/CTC/Concept_MC/CTC-Standards-Principles/ctc_standards-principles_node_en.html#:~:text=The%20CTC%20scheme%20integrates%20improvement,standard%20set%20(see%20below).) | Burundi, Democratic Republic of Congo and Rwanda | Tin, Tungsten, Tantalum, Gold, Copper-cobalt, Galena, Semi-precious stones |
| [Aluminium Stewardship Initiative (ASI)](https://aluminium-stewardship.org/?asi-ie=1) | Global but specific countries not listed | Aluminium |
| [Fair Mined](https://fairmined.org/) | Europe, North America, Colombia, Peru and India | Gold from artisanal and small-scale mining organizations |
| [The Copper Mark](https://coppermark.org/assurance-process/core-documents/) | Bulgaria, Poland, Mongolia, Australia, Chile, Korea and USA | Copper |
| [FairTrade](https://www.fairtrade.org.uk/buying-fairtrade/gold/) | Armenia, Azerbaijan, Egypt, Jordan, Lebanon, Morocco, Kazakhstan,  Kyrgyzstan, Tajikistan, Tunisia,  Turkmenistan, Uzbekistan, Africa and South America | Gold |

## **Agricultural products**

|  |  |  |
| --- | --- | --- |
| **Initiative** | **Countries covered** | **Commodities covered[[3]](#footnote-4)** |
| [Aquaculture Stewardship Council (ASC)](https://www.asc-aqua.org/what-we-do/our-standards/farm-standards/ras-module/) | Albania, Croatia, Greece, Turkey, operating globally but concentrated in Europe | Farmed fish, seafood and seaweed |
| [Marine Stewardship Council (MSC)](https://www.msc.org/) | Operating globally | Seafood |
| [Bonsucro](https://bonsucro.com/what-is-bonsucro/) | Bosnia, Egypt, Poland, Russia, Tunisia, Turkey, Asia, Africa, Europe, North and South America | Sugar cane and all its products and derivatives (e.g. sugar, ethanol, molasses, and bagasse) |
| [Rainforest Alliance](https://www.rainforest-alliance.org/) | Albania, Bulgaria, Croatia, Czech Republic, Egypt, Greece, Montenegro, Poland, Turkey, Africa, Asia and South America | Various agricultural, horticultural and processed products, including bananas, cocoa, coffee, fruit, flowers, herbs and spices, nuts, tea, non-timber products and palm oil |
| [IDH](https://www.idhsustainabletrade.com/) | 40 countries across Europe, the Americas, Africa and Asia | Aquaculture, coffee, cocoa, palm oil, soy, tea, cassava, flowers and plants, fruit and vegetables, juice, nuts, spices, vanilla |
| [Fairtrade](https://www.fairtrade.org.uk/) | Argentina, Belize, Bolivia, Colombia, Costa Rica, Dominican Republic, Ethiopia, Ghana, Guatemala, Honduras, India, Ivory Coast, Kenya, Malawi, Mexico, Nicaragua, Papua New Guinea, Paraguay, Peru, South Africa, Sri Lanka, St Lucia, Tanzania, Uganda and Vietnam | Bananas, cocoa, coffee, cotton, flowers, nuts, sugar, tea, vanilla, wine |
| [World Cocoa Foundation](https://www.worldcocoafoundation.org/) | Brazil, Côte d’Ivoire, Ghana and other countries in cocoa growing regions of Africa, Southeast Asia and the Americas | Cocoa |
| [Global Coffee Platform](https://www.globalcoffeeplatform.org/) | Brazil, Colombia, Honduras, Indonesia, Kenya, Nicaragua, Peru, Tanzania, Uganda and Vietnam | Coffee |
| [Roundtable on Sustainable Palm Oil (RSPO)](https://rspo.org/) | Operating globally | Palm Oil |

# Tool 12 – Example indicators for supply chain monitoring

Companies need to monitor supply chain performance concerning human rights to track the effectiveness of their due diligence and risk management measures. The findings from regular supply chain monitoring can feed into ongoing human rights risk assessment and inform updates to relevant risk management measures, including those measures set out in the SCMP. Many companies may also need to report the results of their supply chain monitoring on human rights issues to buyers or investors.

Companies will need to collect a combination of different indicators to assess evolving human rights risks in the supply chain, including both quantitative and qualitative measures. These indicators should be tailored to specific supply chain risk profiles.

**A black and white symbol of a screwdriver and wrench

Description automatically generatedTool 12** provides some example indicators that can be used for monitoring and reporting on risks within supply chains. Companies should adapt indicators according to specific risks identified.

|  |  |
| --- | --- |
| **Example indicators for monitoring regular reporting on supply chain risks** | |
| Supply chain map | * Number of primary suppliers used during reporting period * Supply chain mapping results (or changes since last reporting period) |
| Company policies and contractual terms | * Changes in contractual terms between the company and any of its supplier(s) * Changes to company’s supplier Codes of Conduct * Changes to procurement and other relevant company policies |
| Supplier profile, policies, procedures | * Summary of primary suppliers’ relevant policies and procedures (e.g., human resource policies and procedures, human rights risk management processes, grievance mechanism), including any changes since last reporting period. * Changes in ownership or other significant management changes among primary suppliers * Basic workforce data from primary suppliers (e.g., total number of workers split by age, nationality, sex/gender; record of workplace accidents or injuries) * Primary suppliers’ certification status under credible third-party certification schemes and/or membership of a relevant sectoral initiative (and any changes to status) |
| Company actions | * Summary of company’s supply chain monitoring activities since last reporting period * Summary of company’s specific actions to manage supply chain human rights risks (e.g., training, guidance, or other support to suppliers on relevant issues and practices) * Challenges or lessons learned concerning effective human rights risk management in the supply chain |
| Risk issues | * Summary of key results from monitoring activities, including specific issues identified, number of non-conformities with contractual terms or Code of Conduct, etc. * Number of reported cases of specific human rights issues in relation to primary supply chains / suppliers * Description of specific cases of supply chain human rights issues, including possible root causes and remediation actions taken/required to prevent recurrence * Description of information provided by primary suppliers demonstrating appropriate measures to manage human rights risks in their own operations and supply chains |

1. Note that Performance Standard 2 (PS2) defines ‘primary suppliers’ as suppliers who, on an ongoing basis, provide goods or materials essential for the company’s core business activities and operations. [↑](#footnote-ref-2)
2. To the best of our knowledge at the time of publication. [↑](#footnote-ref-3)
3. To the best of our knowledge at the time of publication. [↑](#footnote-ref-4)