**Identifying and preventing human rights risks for business**

A company’s business model or strategy, its business relationships, operating contexts, workforce characteristics or public policy decisions may result in risks to human rights. These factors are associated with the most salient human rights risks to people. The table below gives examples of business risk indicators, the associated human rights risks, and examples of possible mitigating measures.

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|  | **Risk indicators** | **Human rights risks** | **Examples of mitigating measures** |
|  **Business**  **model** | A business model based on offering the lowest market price to consumers in industries where suppliers work on narrow margins. | Suppliers may be incentivised to pay workers below a living wage, demand excessive overtime, not pay wages or overtime, or not provide safe working conditions.States with the lowest wage markets may provide fewer protections for workers’ rights in law or in practice. | * Train purchasing staff so they understand how their decisions about suppliers can affect people's human rights, and hold them accountable for this.
* Include human rights and labour rights considerations into your policy for choosing and monitoring suppliers, and give supply chain compliance staff a veto over use of a supplier where labour rights risks remain high.
* Set up audit systems that identify human rights risks and focus follow up on suppliers with the highest risk.
* Work with suppliers to strengthen grievance mechanisms as a way of communicating supply chain workers’ concerns.
* Work with suppliers to promote and strengthen freedom of association and the right to collective bargaining.
* Work with other companies, trade unions, civil society and governments to increase protections for workers in countries from which goods or services are sourced.

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| A business model relying on short lead times for suppliers because of seasonal factors or high speed delivery requirements.  | Suppliers may require excessive working hours or cut corners on safety to meet time pressure on production.  | * Balance the cost of longer-term warehousing of goods against the increased employee risks linked to ‘just-in-time’ seasonal production.
* Where other products have different seasonal cycles, help suppliers with their capacity planning.
* Work with other companies sourcing from the same suppliers to find ways of reducing the risks.
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|  **Business relationships** | A joint venture partnership with – or the sale of sensitive products to – governments, state agencies or business partners with a poor track record on human rights. | Disregard for human rights by a government or business partner may expose people to harm in relation to the company’s operations. For example, where governments provide a license or permits for land without due process for communities that use it, or if a government misuses sensitive technology to harm citizens. | * Carry out due diligence on business relationships.
* Seek champions within partners’ home government and work with that government to improve respect for human rights.
* Ensure any joint venture or sales contracts include provisions to respect human rights.
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|  | A project financed by non-recourse loans, where the lender is only entitled to repayment from the profits. | Acute pressure to generate revenues may lead to excessive working hours, reduced safety at work, or inadequate consultation with local communities. | * Make financiers aware of the risks to the project – and to revenues – from inadequate management of human rights risks.
* Make sure time to prevent and mitigate risks to human rights is reflected in the terms of financing agreements.
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| **Operating context** | Operations based in countries with high risk of civil conflict or known to have high levels of corruption. | Conflict and corruption undermine laws protecting human rights, make human rights abuses more likely and effective remedy less likely. These make it more challenging for companies to respect human rights in their operations. | * Carry out human rights due diligence on business partners where conflict and corruption are widespread.
* Seek advice from UK embassies about human rights risks related to local corruption or conflict.
* Implement the Voluntary Principles on Security and Human Rights, where appropriate. (See <http://www.voluntaryprinciples.org/>).
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| Operations based in, or procurement from, states with weak rule of law.   | Individuals may lack the protection of laws and functioning agencies such as police or government, and have minimal access to remedy.  | * Carry out human rights due diligence on the company’s activities and its business partners.
* Build relationships with potentially affected stakeholders and local civil society organisations to identify problems early.
* Consider working with the government on important aspects of the rule of law, either alone or with peer companies.
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| Operations based in, or procurement from, locations where the state limits freedom of association.  | Workers are more vulnerable to human rights abuses when their rights to be represented and negotiate collectively are restricted or denied.  | * Work with government and others to encourage protection for freedom of association in law and its enforcement.
* Work with international trade unions to understand the limitations placed on freedom of association in the country.
* Introduce measures to allow workers to present their views to management, while taking care not to undermine opportunities for true freedom of association to evolve.
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|  | Operations based in, or procurement from, locations where the state limits freedom of expression. | Individuals and communities are more vulnerable to human rights abuses when civil society is not able to hold government or businesses to account.  | * Work with government and others to encourage protection for freedom of expression in law and its enforcement.
* Take advice on the essential steps necessary to comply with the law so that you do not breach rights unless legally required to do so. Ensure that company compliance decisions follow clear processes, with senior level approval if the state requests information about an individual or individuals.
* Educate vulnerable workers about the laws limiting their freedom of expression so they can better protect themselves.
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| Operations based in, or procurement from, locations where the state limits recognition of land title for indigenous peoples and other rural communities. | Communities may face forced eviction and loss of basic livelihoods where land tenure is not legally recognised; where the government awards title without due process or compensation; or where the government fails to secure the prior informed consent of indigenous people who have specific internationally recognised rights relating to their land. | * Work with local communities and experts to carry out assessments of land claims and water scarcity before new projects begin.
* Ensure due diligence looks beyond legal documents showing title to land to assess the history of land use and acquisition.
* Ensure water assessments consider community access to water for drinking and hygiene needs, as well as environmental impacts.
* Identify whether local communities claim indigenous status, and understand the particular human rights of indigenous peoples and their implications for business plans.
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| Operations based in, or procurement from, locations where the state limits the equality rights of specific groups. | Discrimination in local practices or laws may be perpetuated or exacerbated in connection with the company's activities where protections are not in place. | * Ensure risk assessments address legal restrictions and local practices.
* Adopt non-discriminatory company policies, raise awareness of discrimination and explain why it is unacceptable.
* Ensure grievance systems are known, accessible and effective.
* Work with government and others to encourage protection against discrimination.
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|  **Workforce characteristics** | A workforce or supply chain includes a significant proportion of low-skilled migrant labour. | Migrants may lack full legal protections. Employment and recruitment agencies may allow excessive working hours, physical abuse or bonded labour.  | * Check protections for migrant workers in the company’s and suppliers’ workforces against the ILO ‘Indicators of Forced Labour’. (See www.ilo.org/global/topics/forced-labour/publications/WCMS\_203832/lang--en/index.htm)
* Work with suppliers to strengthen grievance mechanisms and guarantee freedom of association.
* Conduct due diligence on employment and recruitment agencies supplying workers.
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| A heavy reliance on workers contracted through a third-party employer. | Lack of job security may mean workers are more vulnerable to human rights abuses and less likely to raise concerns if abuses occur.  | * Assess whether financial benefits of relying on contract workers justifies the human rights and business risks.
* Prohibit the dismissal of employees and their rehiring on contracts with reduced pay, benefits and job security.
* Conduct due diligence on employment and recruitment agencies supplying workers.
* Ensure that employees and contracted workers enjoy equal treatment and labour rights, and that grievance systems are known, accessible and effective.
* Work with the government to highlight the risks to workers where local laws incentivise use of contract labour.
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| **Public policy decisions** | Lobbying against regulations or other public policy initiatives intended to advance human rights. | The state’s duty to protect human rights is undermined, making it more difficult for companies to respect human rights. | * Screen direct lobbying, and lobbying through business associations, for compatibility with respect for human rights.
* Where lobbying by business associations is incompatible with respect for human rights, raise this with the associations and, if necessary, disassociate the company publicly.
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