



HUMAN RIGHTS NAVIGATOR

Practical Guidance to Navigating Human
Rights Due Diligence

WATCH & JEWELLERY
INITIATIVE 2030



Forward



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The Watch & Jewellery Initiative 2030 - founded by Cartier and Kering - is driven by a common conviction that the Sustainable Development Goals (SDGs) and aspiration for a sustainable watch and jewellery industry can only be achieved through collaborative initiatives. The 2030 agenda is about dignity for all, leaving no one behind. Human rights are everyone's business. At the core of Pillar 3 - Fostering Inclusivity, lies our commitment to protecting and promoting human rights, providing a foundation that propels our collective commitment towards making a positive difference in the lives of those who touch our industry. Recognizing the massive disruption facing our world today- geopolitical conflict, climate change and biodiversity loss, and subsequent threats to people's livelihoods and well-being we - WJI 2030, our members and partners - are accelerating action on the business and human rights agenda.

The publication of this Human Rights Navigator as an open-source tool, developed jointly with BSR and A Positive Impact SARL, marks the initial step in equipping our members with practical resources and case studies related to human rights due diligence in a regulatory landscaped characterized by a move from voluntary to mandatory corporate action.

In the coming months we will pilot this navigator with the SME community and build an online tool to support our members in this critical journey of operationalisation of human rights due diligence. As we strive to empower not only the leaders, but also the artisanal, usually family-run companies that make up the fabric of this industry, we invite you to take part in this journey. With companies readying to meet strengthened human rights requirements in many jurisdictions, we know that their human rights journey can also be profound and transformative, driving meaningful change for their employees and the suppliers and communities across their value chains. We invite you to share this Navigator and its resources widely across your business and supplier ecosystems and accelerate your action on business and human rights.

Wishing you success on your implementation of human rights due diligence, the baseline of a solid sustainability strategy.

With thanks from the WJI 2030 team

Disclaimer

Disclaimer:

The content of this document is the sole responsibility of the authors and does not necessarily reflect the views of Watch & Jewellery Initiative 2030 (WJI 2030) members. This document does not constitute and cannot be relied upon as legal advice of any sort and cannot be considered an exhaustive review of legal or regulatory compliance.

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As a living document, this is the first edition of the Human Rights Navigator. We welcome feedback at contact@wjinitiative2030.org



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1. Introduction

1.1 Context

1.2 About this Guidance

1.3 What does the Navigator Cover?

1.4 Who Should Use the Navigator?

1.5 What are Human Rights and Why are They Important?

1.6 Why You Need to Conduct Human Rights Due Diligence.

1.7 Overview of the Watch and Jewellery Industry

1. Introduction

1.1 CONTEXT

The watch and jewellery industry is characterized by complex and fragmented supply chains. Critical raw materials such as gold, diamonds, and other gemstones are mined from several geographically diverse regions of the world before being traded, exported, refined or transformed in other countries. Due to the complex network of processing, refining and polishing facilities, the artisanal nature of production, the number of small workshops involved, traceability throughout the supply chain from the lowest tiers of extraction of minerals can be challenging.

Despite this complexity, each individual company has a responsibility to ensure that it does not contribute to human rights abuses anywhere in its supply chains. Under the [United Nations Guiding Principles on Business and Human Rights](#) (UNGPs, 2011), business are required to put in place a human rights due diligence process to identify, prevent, mitigate, and account for their own impact on human rights; and establish processes to provide or enable remediation for adverse human rights impacts that they cause or contribute to.



Against this backdrop, the field of business and human rights is entering a new era marked by regulatory requirements shifting from voluntary to mandatory. This represents a fundamental evolution for companies in how they conceptualize, deliver, and report on their efforts to deliver on ambitious commitments for all stakeholders.

This also reflects an increasing focus from regulators, investors and the public on accountability and transparency from companies, while business is becoming more mature in integrating human rights management into day-to-day operations. In this new context, the watch and jewellery industry has a strong foundation to work from - driven by voluntary standards and public/private initiatives focused on sensitive materials. Yet, it can go further to meet growing stakeholder demands and contribute to improving the lives of the people who participate in the industry. For example, a growing segment of younger consumers are concerned about the origins of the products they buy, and demand assurances that jewellery has been produced under conditions that respect human rights.



1.2 ABOUT THIS GUIDANCE

The Watch & Jewellery Initiative 2030 (WJI 2030) is a multi-stakeholder initiative working towards a fully sustainable watch and jewellery industry. It seeks to accelerate positive impact in three areas: building climate resilience, preserving resources, and fostering inclusiveness. WJI 2030 was founded in 2021 by two leading companies, Kering and Cartier, and today includes over 50 members, including not only jewellery and watch brands, but their suppliers as well, in addition to civil society affiliate members.

In line with WJI 2030's core action pillar of accelerating the human rights agenda and working towards responsible supply chains, this document provides **guidance, tools, and insights** from experts and members related to the prevention and mitigation of human rights impacts in company operations and value chains, to contribute to the resilience and wellbeing of communities involved.

This guidance builds upon existing resources, including the [European Union guide to human rights for small and medium-sized enterprises](#), and aligns with the OECD guidance and the UNGPs' human rights due diligence requirements as per the European Commission's draft corporate due diligence directive.

This document, however, does not constitute and cannot be relied upon as legal advice of any sort and cannot be considered an exhaustive review of legal or regulatory compliance.

1.3 WHAT DOES THE NAVIGATOR COVER?

This tool covers the following elements:

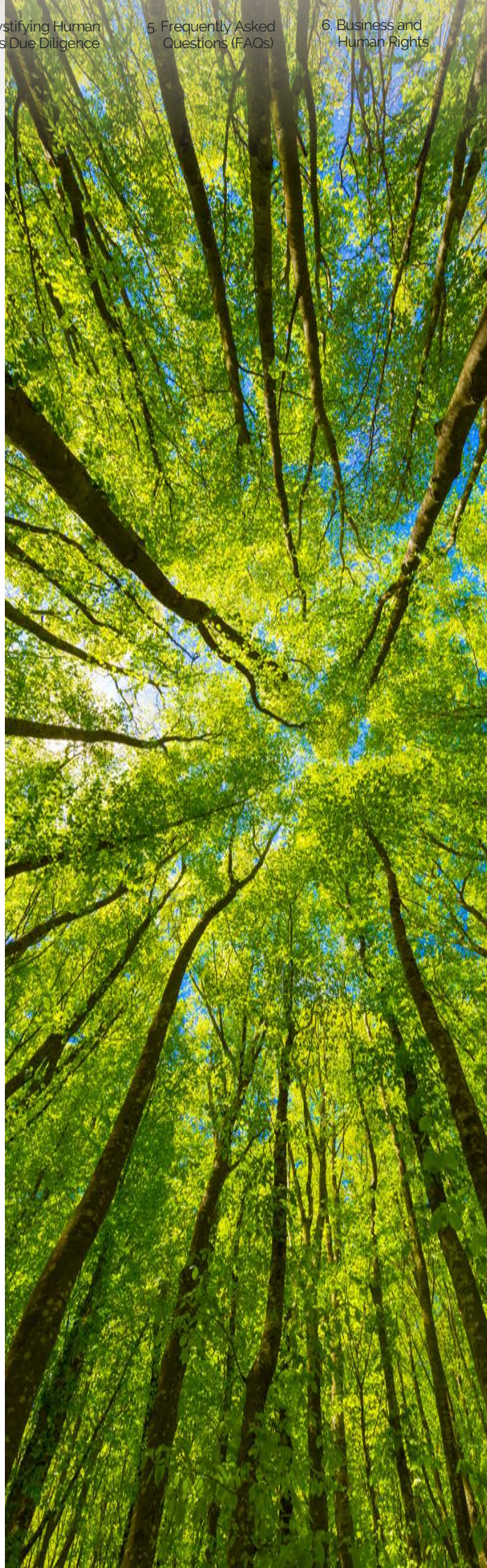
- Overview of **industry human rights salient impacts** and the importance of addressing them.
- Implications of a **changing regulatory landscape** for members related to developing strong and future-fit human rights programs.
- **Best practices** related to carrying out **due diligence** in watch & jewellery value chains, including **access to tools** which can be adapted and re-used in your company. The Navigator contains approaches to be adopted in **own operations** and **supply chains** at each step of the due diligence process. Where relevant, the Navigator highlights detailed tips and recommendations for **beginners and more advanced** companies.
- **Answers to most common questions** and challenges.
- **Additional useful resources** to progress with the integration of human rights best practices in company activities.



1.4 WHO SHOULD USE THE NAVIGATOR?

The Navigator is a living document which helps meet the expressed needs of all WJI members, covering **different positions in the value chain** (Maison-level, retailers, refiners, cutters and polishers, manufacturers, etc.); **differing levels of maturity** (from beginning to more advanced); and **various company sizes** (such as **SME's**, ateliers, or global Maisons).

- **Beginners:** If you are at the start of your human rights journey, this Navigator flags content for **Beginners**. Please also refer to the **WJI 2030 Minimum Requirements Toolkit**.
- **Advanced:** If you are more advanced on your journey, this Navigator flags content that goes beyond foundational elements. Please pro-actively share your insights, case studies and questions, so that they can be added to future iterations of the Navigator.



1.5 WHAT ARE HUMAN RIGHTS AND WHY ARE THEY IMPORTANT?

Human Rights are basic rights, inherent to all human beings regardless of place of birth or residence. They are defined and protected under international human rights law through declarations and treaties signed by governments such as the UN Declaration of Human Rights, the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICECSR).

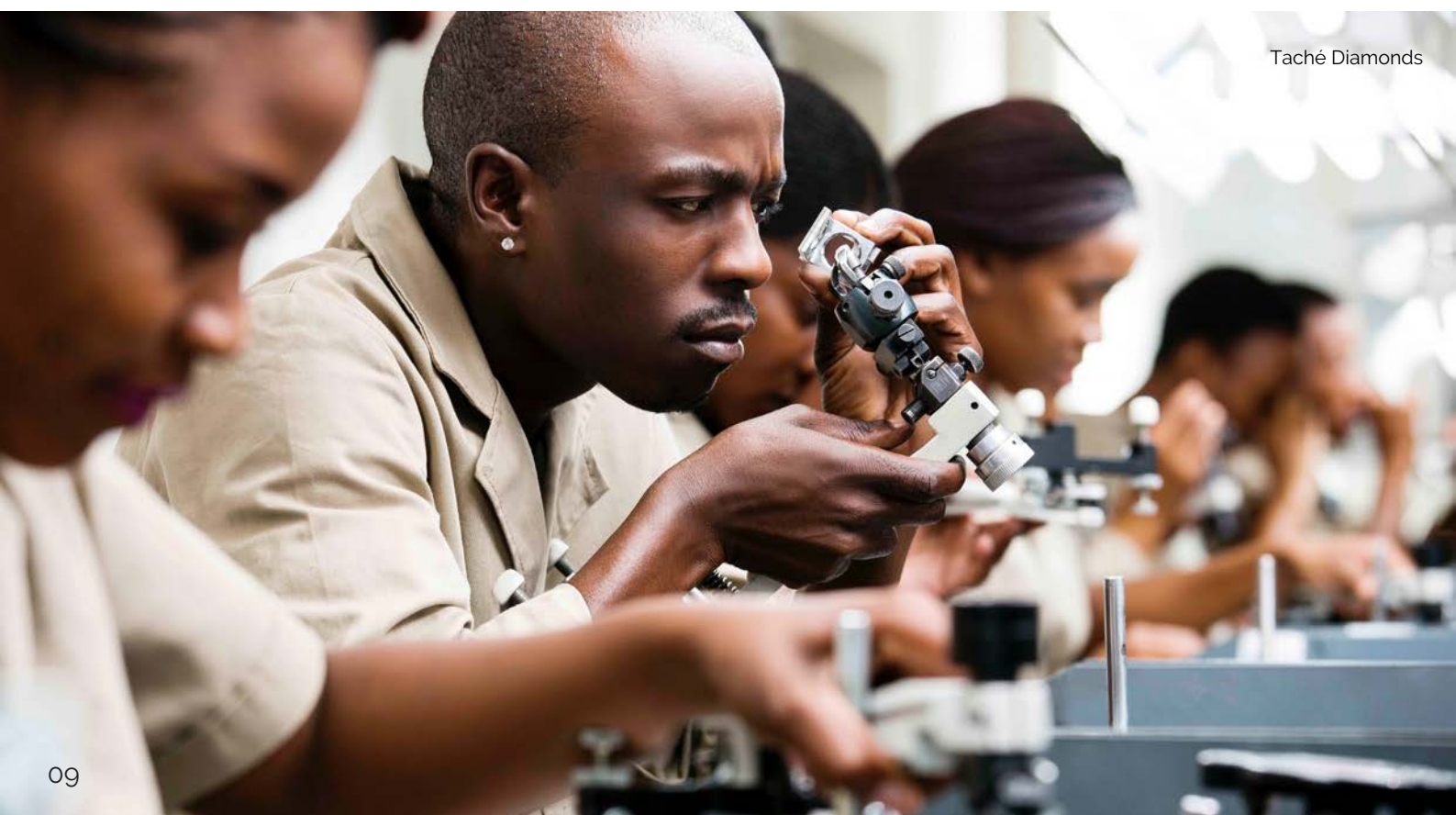
While governments have the duty to protect individuals against human rights abuses by third parties, **businesses are increasingly expected to respect human rights**, and to prevent harm to people that are connected to their business activities.

Unanimously endorsed by the UN Human Rights Council in 2011, the [UN Guiding Principles on Business and Human Rights \(UNGPs\)](#) are a voluntary global standard of expected business conduct regardless of business size, sector, or geography. The

UNGPs state that companies should avoid infringing on the human rights of others and should address adverse impacts with which they are involved with, including by providing remedy.

Organized under three pillars, the UNGPs articulate:

- The State **duty to protect human rights** against abuses committed by third parties, including business through appropriate policies, regulation, legislation, and enforcement.
- The Corporate **responsibility to respect human rights** by acting with due diligence to avoid infringing on the rights of others and addressing adverse human rights impacts.
- The need for **access to effective remedy**, both judicial and non-judicial, for victims of corporate-related abuse.



Taché Diamonds

The responsibility of business enterprises to respect human rights refers to [internationally recognized human rights](#) – understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Particularly relevant for the industry is also the universal framework set out in the [United Nations Declaration on the Rights of Indigenous Peoples \(UNDRIP\)](#).

A human rights approach considers **risk through the lens of rightsholders** (i.e., those who may be potentially or actually affected by a company's activities or business relationships). These are a business' employees, workers of its suppliers and contractors, communities in which a business operates, as well as clients and customers.

Governments, investors, NGOs, and major sustainability standards (e.g., integration of UNGPs into GRI) are aligning their human rights policies and agendas with the UNGPs.

It is essential for businesses to show a commitment to upholding human rights in order to promote a just, equitable, and sustainable environment. Neglecting human rights in operations can lead to a range of detrimental outcomes for all rightsholders. There is growing evidence of the **benefits to business** of respecting human rights such as the following:

- Reduced legal risks by identifying and addressing minor issues before they become major crises.
- Reduced chance of operational disruptions from community protests, public campaigns, or criticism.
- Reputational benefits from leadership in an area that external stakeholders feel strongly about.
- Greater interest and retention of top talent by demonstrating respect and support for human rights.



1.6 WHY YOU NEED TO CONDUCT HUMAN RIGHTS DUE DILIGENCE

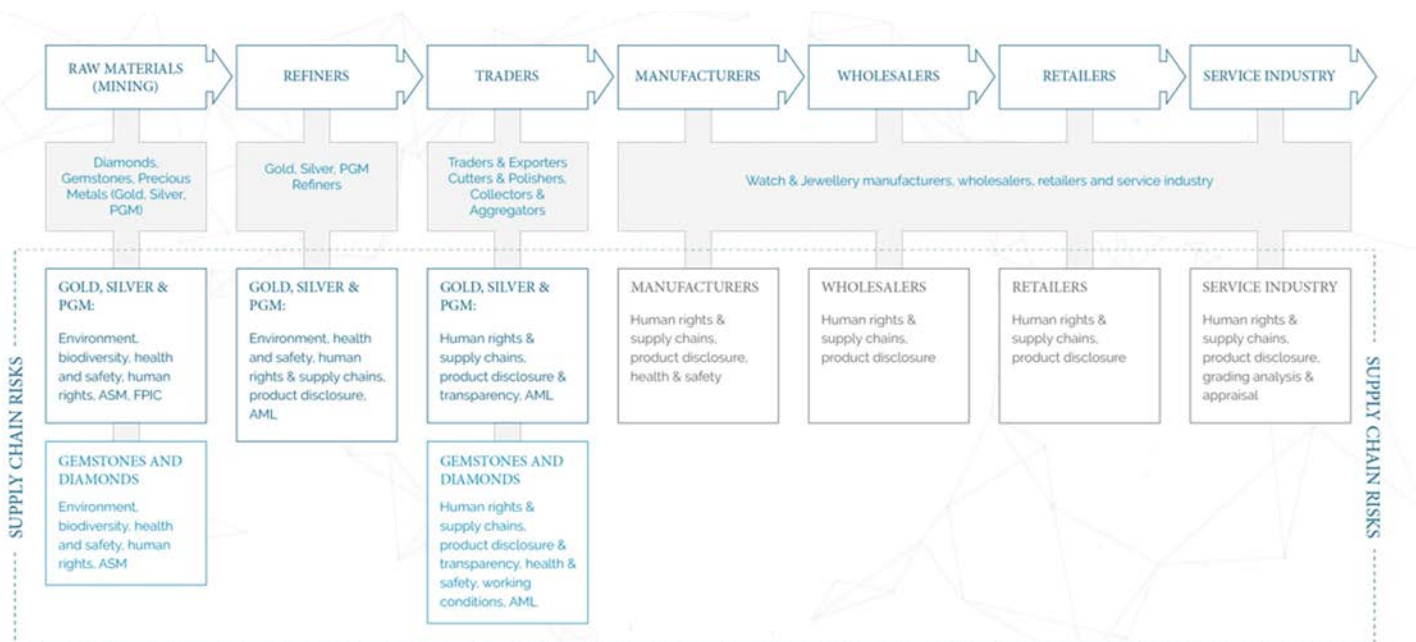
Human rights due diligence is a critical step to implementing the UNGPs, and is increasingly expected of companies by various stakeholders, including investors and regulatory requirements. Human rights due diligence also allows to:

- *Inform strategic decision-making.* Business will make better decisions about operations, expansions, and investments when it understands the human rights risks and impacts of those decisions.
- *Get a picture of business structure and impacts.* HRDD contributes to clarify the company's human rights risk profile, particularly in lesser-known areas such within the supply chain.

1.7 OVERVIEW OF THE WATCH AND JEWELLERY INDUSTRY

The watch and jewellery industry comprises a wide range of businesses and activities, from design and development, mining, sourcing of raw materials (ranging from metals to gemstones,), processing and manufacturing, packaging, retailing, and distribution, to marketing and advertising of luxury goods including watches and jewellery.

SUPPLY CHAIN RISKS



Source Watch & Jewellery Initiative 2030, own elaboration of "[Due Diligence Guidance for Responsible Mineral Supply Chains, OECD](#)"

The process of creating jewellery and watches is a complicated one, with supply chains often spanning multiple countries. Raw materials, such as gold, diamonds, and other minerals used in the production process are sourced from multiple countries before being refined and processed in various locations. The materials are then transformed into jewellery in manufacturing plants or artisan workshops before being sold in retail stores. However, given the complexity of supply chains it is often difficult to determine where these materials originated from or how they are sourced.

Given the nature of the supply chain, from extraction to manufacturing, through to retail, the watch & jewellery industry is typically characterized by a number of significant human rights risks, which can include the following categories:

Employment Conditions



Occupational Health and Safety – Risk that companies will not be able to protect the health and safety of their employees and onsite workers in their workplace. For example, exposure to hazardous and toxic contaminants on manufacturing and processing sites, lack of adequate safety training, lack of personal protective equipment (PPE), insufficient understanding of the company's occupational health and safety processes and the risk that good practices may not be implemented. In particular, risks are likely to increase in countries where occupational health and safety regulations are weak. It also includes worker mental health, which is central to both individual well-being and workplace health and safety. Mental health can negatively impact individual workers and their families, as well as the productivity of the industry as a whole.



Living Incomes - Workers in the supply chain receive inadequate income which does not allow them to afford a decent standard of living. A decent standard of living includes adequate food, water, clothing, housing, education, transportation and health care for themselves and their families, as well as the provision for unexpected events.



Grievance Mechanisms and Access to Remedy – Everyone has the right to effective remedy when their human rights have been violated. Where a company identifies that its operations (or supply chains) have caused or contributed to adverse human rights impacts, they should provide for or cooperate in their remediation through legitimate processes, whether through the company's own operational-level grievance mechanism or through cooperation with independent non-judicial grievance mechanisms

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- The UNGPs framework is widely considered the northern star for business committing to a human-rights compliant vision that leaves no one behind.
- Due to the nature of the watch and jewellery industry, a range of salient impacts are to be monitored and evaluated, from working conditions, to compulsory work and land acquisition.

COMPULSORY LABOUR



Forced Labour - Forced or compulsory labour is defined as any duty or service performed under the threat of penalties or any non-voluntary work or service. Migrant workers are the most vulnerable to risks because they are more likely to fall into situations in which they have restricted access to identity cards (for example, passport retention by employers), payment of recruitment fees through unfair hiring practices, and restrictions on freedom of movement. Forms of modern slavery, including forced labour, may occur in the raw material supply chains of jewellery companies. Workers in raw material supply chains may be subjected to labour abuse, including forced or bonded labour conditions. Undocumented migrants are particularly vulnerable.



Child Labour - Child labour is work done at an age that is too young and that can deprive children of access to education and adversely affect their development. ILO standards prohibit hazardous work for all persons under the age of 18. It also prohibits the labour of children under the age of 15, except in developing countries. The sourcing of raw materials often used to manufacture jewellery and watches is under increased scrutiny due to the elevated risk of child labour in mining and in lower tiers of the supply chain.

COMMUNITIES AND DISCRIMINATION



Safety and Gender Based Violence – Valuable minerals have frequently been associated with violence and conflict raising the level of military and civilian casualties. In addition to the possibility of violence against local communities or other rightsholders due to conflict involving state and non-state parties, public and/or private security personnel, the protection of retail and non-retail operations may also present human rights risks as it relates to discrimination, harassment and gender based violence.



Land Use & Acquisition – Unfair or insufficiently negotiated land acquisition, displacement of communities, and changes in land use and access to land for farming, grazing, cultural heritage, or forest resources can result in human rights violations and lead to conflict in the long or short term. In many cases, traditional land rights are not enshrined in law and resettlements and acquisitions are, or are perceived to be, undertaken without adequate compensation.



Free, Prior and Informed Consent - Risk that companies (and/or their suppliers) fail to appropriately consult a community that has the right to give or withhold their consent on lands they hold ownership rights to, or use, and therefore not taking a rights-based approach. Rights related issues in the field include the rights of unions to associate and engage in collective bargaining, entitlement to benefits, and freedom of expression.



Community Health and Environmental Impacts - Negative environmental impacts may be associated with company operations (and/or its supply chains), as a result of company practices or those of business partners, which may affect local communities and may disproportionately affect vulnerable groups including women. These include pollution/contamination of water use, deforestation, and food security issues. These risks may arise in major sourcing countries for watch and jewellery companies.



2. Overview of the Emerging Regulatory Landscape

2. Overview of the Emerging Regulatory Landscape

The field of business and human rights is entering a new regulatory era. As demonstrated by the most recent legislation that has been enacted and debated in the field of business and human rights.

Two critical regulations for the industry are:

- The Draft EU Corporate Sustainability Due Diligence Directive (CSDDD), which calls for certain companies to set up mandatory due diligence practices, and seeks to harmonize EU legislation on human rights and environmental due diligence.
- The EU Corporate Sustainability Reporting Directive (CSRD), which, since January 2023, ensures that investors and other stakeholders have access to the information that they need to assess investment risks arriving from sustainability issues.

This new wave of regulations is expected to generate important momentum on crucial topics, ranging from the energy transition to protections for human rights; to equity, inclusion, and justice (EIJ); to reporting and disclosure. Against the backdrop of these developments, the following are some considerations:

- The uptick in regulatory frameworks marks a move from voluntary to regulated approaches—at both national and supra-national levels. This reflects an increasing focus from regulators, investors and the public on accountability and transparency from companies, while business is becoming more mature in integrating human rights management into day-to-day operations.
- **New regulations are making the connection between human rights and other ESG issues more prominent.** The EU Corporate Sustainability Reporting Directive values sustainability metrics alongside environmental performance, with a particular attention to the “S” in ESG, considering human rights, but also workplace health and safety or diversity and inclusion. The increasingly popular concepts of just transition and climate justice are also translating a better understanding of human rights risks related to the extraction of minerals used in solar panels or electric vehicles and of the human rights implications of rising global temperatures (right to health, right to an adequate standard of living).



- **Mandatory due diligence laws bring human rights into the boardroom.** While in the past human rights were rather brought to the attention of the Board of Directors or C-Suite where a scandal or a crisis arose, now regulations are requiring leadership to proactively manage human rights issues across their value chain. The EU draft Corporate Sustainability Due Diligence Directive expands the directors' duty of care obligations for EU-based companies to include accounting for the consequences of decisions on sustainability matters, as well as a director's oversight responsibility to oversee implementation of corporate due diligence actions. Companies in scope for the Swiss Ordinance on Child Labor and Conflict Minerals or the Norway Transparency Act should issue annual reports that must be approved by their board.
- **Regulations also address specific human rights issues.** Forced labour bans now exist in various forms across North America, including Section 307 of the 1930 Tariff Act (US), the Uyghur Forced Labor Prevention Act (US), and the Tariff Act (Canada). In September 2022, the European Commission published its awaited proposal for a new trade instrument to ban products made with forced labour from being marketed, sold, or exported from the EU market, which is likely to enter into force in 2026. In September 2022 as well, the European Parliament approved a Directive introducing the principle of a minimum wage in the European Union. The Directive will not interfere with member states' freedom to choose between setting minimum wages by law or promoting protection through collective agreements; it will rather promote collective bargaining on wage determination and adequate levels of statutory minimum wages and aim to improve effective access to minimum wage protection for all EU workers. It also requires reporting on minimum wage coverage and adequacy by Member States.
- **Mandatory due diligence regulations build heavily on existing soft law frameworks, and notably the UN Guiding Principles on Business and Human Rights and on the OECD Guidelines for Multinational Enterprises.** They can be lumped into three broad categories:
 - Mandatory disclosure requirements, such as the EU Corporate Sustainability Reporting Directive or the California Transparency in Supply Chains Act.
 - National-level mandatory due diligence and reporting requirements that cover all human rights, such as the French Duty of Vigilance Law, the Norway Transparency Act, and the German Supply Chain Act.
 - Issue-specific legislation, including the U.S. and EU Conflict Minerals Rules, the UK and Australia Modern Slavery Act, the Dutch Child Labor Due Diligence Act or the US Uyghur Forced Labor Protection Act.
 - Some specific aspects vary across the regulations—e.g., how leadership should be involved, whether employee representatives need to be consulted, which aspects of a company's value chain / business relationships should be considered, information that should be disclosed externally—but so far there is a general alignment on the key components that companies need to consider.

- **In line with expectations set out for companies in the UNGPs**, these regulations all set out requirements related to:
 - Commitment to respect human rights.
 - Governance structure to manage human rights within the company.
 - Due diligence to identify actual and potential human rights risks, involving stakeholder and rights-holder engagement.
 - Implementation of measures to prevent and mitigate negative impacts on human rights and monitoring of their effectiveness.
 - Access to remedy, including through appropriate grievance mechanisms.
 - Disclosure of the above aspects through proper reporting.
- **Even if the scope of topics they cover is broader, the OECD Guidelines for Multinational Enterprises are also a foundational framework for business and human rights regulations.** They set out recommendations from governments to businesses for ensuring responsible

business conduct in all areas where business interacts with society, including human rights, labour rights, environment, bribery, consumer interests, as well as disclosure, science and technology, competition, and taxation. In order to promote the effective observance of the Guidelines, the OECD has also developed sectoral guidance to establish a common understanding among governments, business, civil society and workers on due diligence for responsible business conduct—such as the Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Guidelines were last revised in 2011 and the OECD Working Party on Responsible Business Conduct is currently working towards a targeted update of the Guidelines and Implementation Procedures to advance their uptake and promotion and to ensure they remain fit for purpose. BSR was one of the organisations consulted as part of this process, a summary report of the public consultation input is available [on the OECD website](#).

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- The business and human rights field is shifting from a voluntary to a mandatory regulatory framework.
- This entails newfound attention from company boards, and the opportunity to promote cross-functional partnerships across procurement, risk management, and sustainability teams.
- The watch and jewellery industry can capitalize on these opportunities and demonstrate leadership on sustainable action that goes beyond compliance.



3. Human Rights Frameworks & Standards

3. Human Rights Frameworks & Standards

UN Guiding Principles on Business and Human Rights ([UNGPs](#))

- Informed by international human rights standards such as:
 - [Universal Declaration of Human Rights](#)
 - [International Covenant on Civil & Political Rights](#)
 - [International Covenant on Economic, Social and Cultural Rights](#)

OECD Guidelines for Multinational Enterprises

- [OECD Due Diligence Guidance for Responsible Business Conduct](#)
- [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.](#)

ILO Core Conventions on Labour Standards (8 core conventions), e.g.:

- [ILO Declaration on Fundamental Principles and Rights at Work \(1998\)](#)
- [Forced Labour Convention, 1930 \(No. 29\) \(and its 2014 Protocol\)](#)
- [Worst Forms of Child Labour Convention, 1999 \(No. 182\)](#)

HRDD Legislation (in force & anticipated)

- National level mandatory human rights due diligence laws (I.e., [German Supply Chain Act](#), [Norway](#), Netherland etc.)
- [Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour](#)
- [EU Corporate Sustainability Reporting Directive \(CSRD\)](#)
- [Draft EU Corporate Sustainability Due Diligence Directive \(EU CSDDD\)](#)
- [EU Conflict Minerals Regulation](#)
- EU Artificial Intelligence (AI) Act (forthcoming)

Voluntary Frameworks

- [Voluntary Principles on Security & Human Rights \(VPSHR\)](#)
- [Initiative for Responsible Mining Assurance \(IRMA\)](#)
- [Earthworks' No Dirty Gold](#)
- [RJC Code of Practices](#)

KEY STEPS TO PREPARE FOR EMERGING REGULATIONS

In line with expectations set out for companies in the UNGPs, companies are required to:

- Commitment to respect human rights.
- Adopt a governance structure to map and manage human rights impacts within the company.
- Conduct due diligence to identify actual and potential human rights risks, involving stakeholder and rights-holder engagement.
- Prevent and mitigate negative impacts on human rights and monitoring of their effectiveness.
- Provide remedy, including through appropriate grievance mechanisms.
- Disclose of the above aspects through proper reporting.

WJI 2030 Insight

- The business and human rights field is shifting from a voluntary to a mandatory regulatory framework.
- This entails newfound attention from company boards, and the opportunity to promote cross-functional partnerships across procurement, risk management, and sustainability teams.
- The watch and jewellery industry can capitalize on these opportunities and demonstrate leadership on sustainable action that puts impacts on people at the front and center of decision-making

As practices relating to embedding environmental considerations into business due diligence process are nascent and evolving, future iterations of the WJI Human Rights Navigator will integrate environmental due diligence guidance to include such practices as they develop.

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY ARE INTERCONNECTED

In line with existing and emerging regulations, businesses play a key role in advancing sustainable economies and can contribute to delivering an effective and progressive response to environmental challenges, including the urgent threat of climate change. While understanding how enterprises can embed environmental considerations into their supply chain due diligence processes is not in scope of this Human Rights Navigator, OECD guidance on “Environmental Due Diligence in Mineral Supply Chains” provides a toolkit to identify and address adverse environmental impacts to help enterprises maximise positive contributions to society and sustainable development.





4. Demystifying Human Rights Due Diligence

4.1 Step 1 - Commit to Respect Human Rights and Embed the
Commitment in Your Business

4.2 Step 2 - Identify Your Human Rights Risks – Actual and Potential

4.3 Step 3 - Take Action to Prevent and Address the Risks You Identify

4.4 Step 4 - Enable Remedy for Those Affected

4.5 Step 5 - Track your Progress

4.6 Step 6 - Report and Communicate

4. Demystifying Human Rights Due Diligence

Governments have a duty to protect human rights, but since the adoption of the [UN Guiding Principles on Business and Human Rights](#) (UNGPs, 2011), it has become widely accepted that businesses also have a responsibility to respect human rights. This means they should identify – and then seek to prevent, mitigate, or remediate – any adverse impacts on human rights that might be linked to their activities. This responsibility covers both their own operations and their value chains (i.e., supply chains, as well as business partners such as suppliers, distributors and retailers, products, marketing distribution and use, etc.). This responsibility is also set out in the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

OECD Guidance

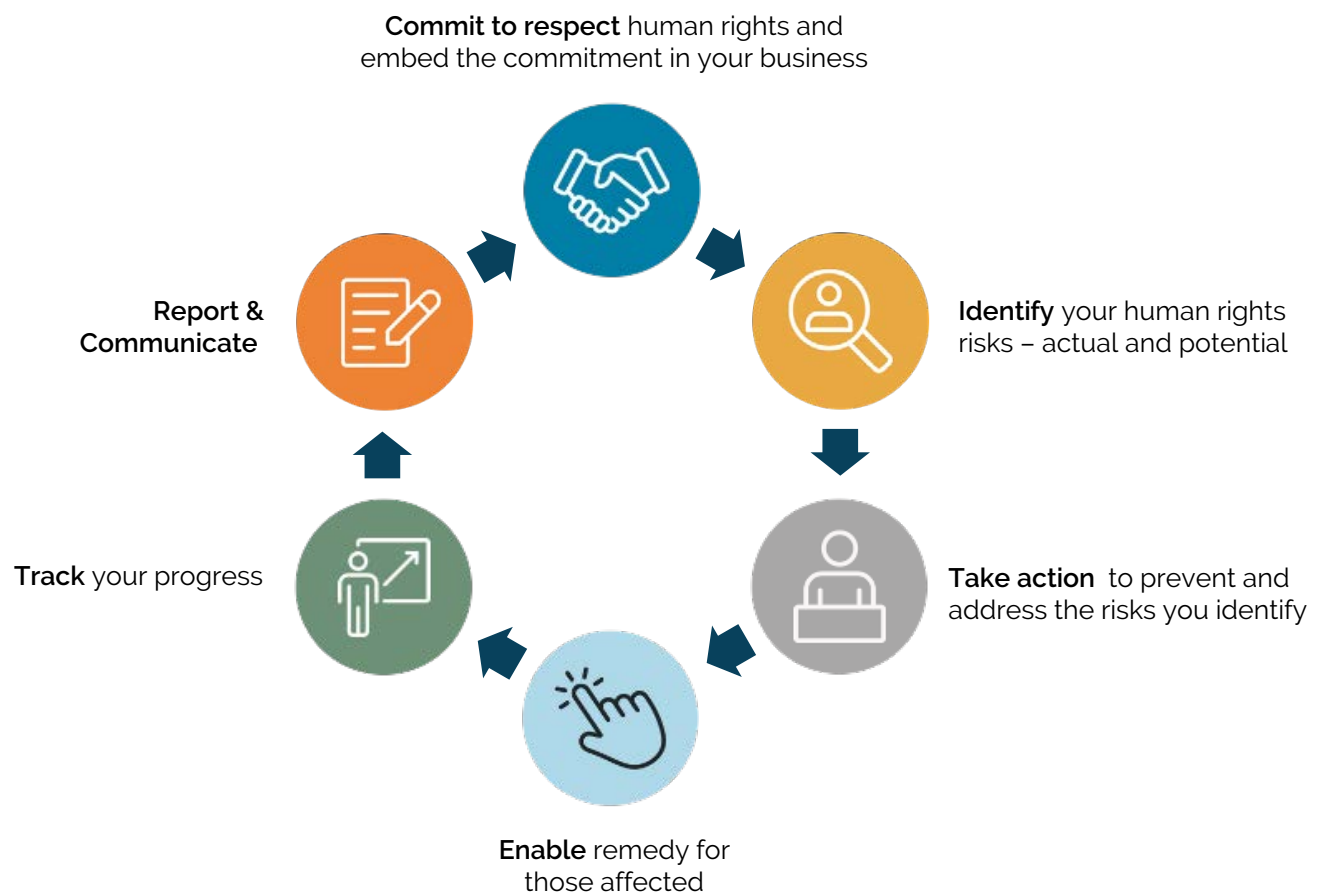
The OECD Guidelines for Multinational Enterprises are a foundational framework for business and human rights and have informed the guidance in this document. They set out recommendations from governments to businesses for ensuring responsible business conduct in all areas where business interacts with society, including human rights, labour rights, environment, bribery, consumer interests, as well as disclosure, science and technology, competition, and taxation. In order to promote the effective observance of the Guidelines, the OECD has also developed sectoral guidance to establish a common understanding among governments, business, civil society and workers on due diligence for responsible business conduct—such as the Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Guidelines were last revised in 2011 and the OECD Working Party on Responsible Business Conduct is currently working towards a targeted update of the Guidelines and Implementation Procedures to advance their uptake and promotion and to ensure they remain fit for purpose. BSR was one of the organisations consulted as part of this process, a summary report of the public consultation input is available [on the OECD website](#).

Every day, the operations of a business organisation and its value chain impact individuals' human rights. A company's operations can impact communities around the world, and the effects of that can be experienced by individuals beyond the countries they operate in, or in areas already considered high-risk, such in the case of migrant and temporary workers.

Human rights due diligence (HRDD) is a human-rights-based risk management process for organisations that helps businesses identify, prevent, mitigate, and act upon human rights impacts.

In line with the UNGPs, human rights due diligence can be defined as a process which includes six core steps:

CORE STEPS TO THE HUMAN RIGHTS DUE DILIGENCE PROCESS



KEY CONCEPTS

Human rights due diligence should focus on **both actual impacts** occurring in the present **and potential impacts** that could occur in the future.

HRDD is concerned with **impacts on people, not business risks** to the company.

Assessing **outward impacts on people** (as required by emerging regulations) thus requires a different approach to enterprise risk assessment methodologies that focus on risks to a business. This is particularly relevant for conducting human rights impact assessments in a company, where the severity of impact is measured from the perspective of the individual rightsholders who may be harmed or otherwise negatively affected by the impact.

A key component of human rights due diligence is **meaningful engagement with stakeholders**, particularly rights-holders such as employees, community members, human rights defenders, supply chain workers, and consumers.

HRDD is an **integral part of sustainable and responsible business** - an essential component of the corporate responsibility to respect human rights. It should be embedded in formal corporate governance processes and endorsed at the highest level of the organisation and have Board and senior leadership oversight.
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Further Resources

- [Human Rights Due Diligence & Impact Assessment - Business & Human Rights Resource Centre \(business-humanrights.org\)](https://business-humanrights.org/)
- [Human rights impact assessment guidance and toolbox | The Danish Institute for Human Rights](#)
- [Human Rights Due Diligence of Products and Services \(BSR\)](#)
- [Human Rights Assessments: Identifying Risks, Informing Strategy \(BSR\)](#)



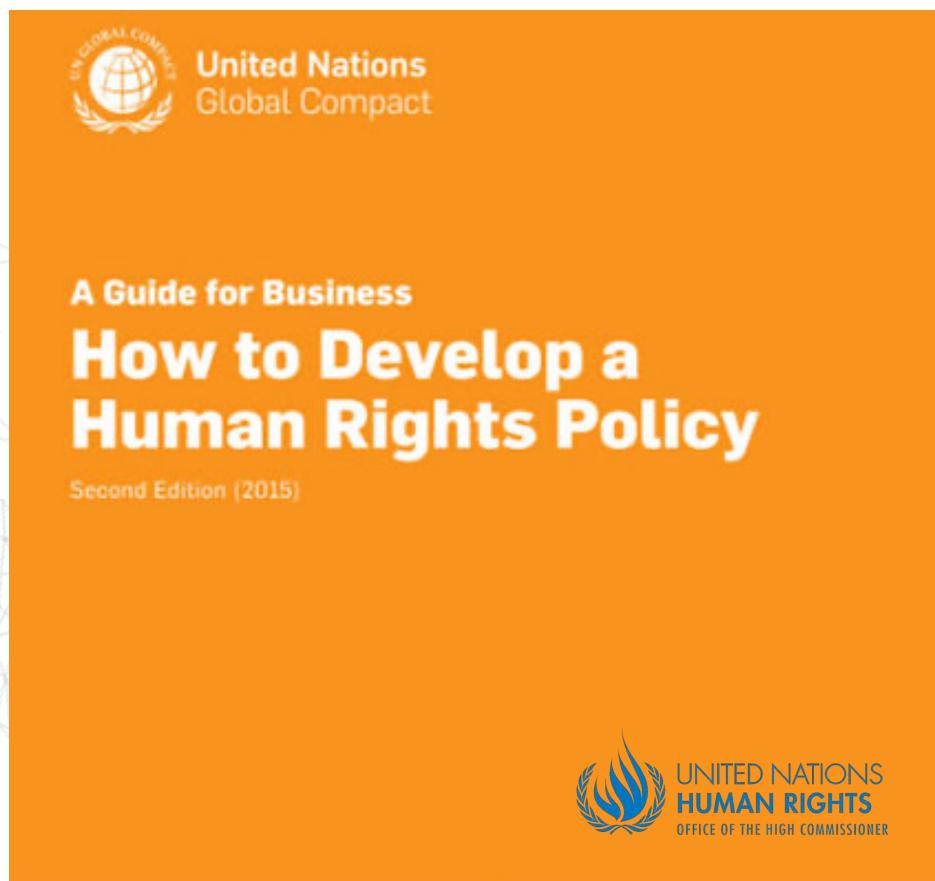
4.1 STEP 1

COMMIT TO RESPECT HUMAN RIGHTS AND EMBED THE COMMITMENT IN YOUR BUSINESS

CONTEXT

Respecting human rights starts with a clear commitment from a company's top management. Oversight, accountability, and coordination around human rights is also critical. This may entail assigning and defining roles and responsibilities within sustainability committees. Internal reporting and discussion on human rights should also occur on regular intervals and not exclusively ad-hoc or in the event of a crisis. Human rights policy commitments should be accompanied by internal KPIs to evaluate and demonstrate implementation and effectiveness over time.

- A **first action** is to publicly commit to respect all human rights and set out expectations for business partners, suppliers and distributors.
- The **second action** is to embed, or integrate, this commitment in relevant internal and external systems so that it gets translated into practice and into the organisational culture of your business, reaching all employees.
- A **further action** is to establish a Complaints/Grievance mechanism, providing a formalized and effective means for any individual or group to raise concerns about a corporation's impact on their human rights. The mechanism must be easily accessible, internally and externally.



[How to Develop a Human Rights Policy, UN Global Compact, 2015](#)



4.1 STEP 1

COMMIT TO RESPECT HUMAN RIGHTS AND EMBED THE COMMITMENT IN YOUR BUSINESS

OWN OPERATIONS

The [UNGPs](#) expect organisations to embed the responsibility to respect human rights within their internal structures – at every level of the organisation and across all functions and departments.

What to do:

Develop a policy/statement that expresses your commitment to respecting human rights within your own operations and value chain.

The policy/statement should, at a minimum:

- be **approved and signed at the most senior level** of the business enterprise (i.e., CEO and / or Board Members).
 - proclaim **respect for all internationally recognised human rights** and reference the International Bill of Human Rights, ILO Core Conventions and other relevant instruments and standards.
 - be informed by relevant internal and / or external expertise.
 - specify that in countries where the company operates and where local regulations may be less stringent than international human rights standards, the company will apply international standards (or company standards if they are implying similar obligations).
 - **be publicly available** and include references on how the business communicates these commitments internally and externally to all personnel, business partners and other relevant parties.
- **reference rightsholders** (all individuals and groups who may be impacted by the company's activities or through its business relationships, e.g., women, migrants).
 - **list areas of biggest human rights risks and opportunity** among the company's value streams (as identified in a human rights impact assessment, for instance).
 - **include a commitment to conduct human rights due diligence** process to identify, prevent, mitigate, and account for how to address impacts on human rights.
 - include governance and accountability for implementation of human rights commitments and monitoring.
 - **Reference other relevant policies**, such as code of conduct, gender equality policy, and other relevant human resources policies.
 - **Reference grievance mechanisms** or a commitment to provide effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted; and
 - state the company's commitment to **continually update its human rights approach** and use due diligence and monitoring for continuous improvement.





4.1 STEP 1

COMMIT TO RESPECT HUMAN RIGHTS AND EMBED THE COMMITMENT IN YOUR BUSINESS

COMPANIES SHOULD NOT TOLERATE

- Any form of psychological, physical, or sexual harassment, or any other violation of the dignity and respect of employees in the workplace.
- Any form of workplace discrimination based on gender, age, ethnicity, national origin, religion, disability, sexual orientation, HIV/AIDS status, citizenship, generic information, or any other relevant characteristics protected under the applicable law.
- Any form of involuntary or coerced work, including slavery-like and human trafficking practices.

Further Resources

- [United Nations Guiding Principles on Business and Human Rights \(UNGPs\) 2011](#)
- [The Corporate Responsibility to Respect Human Rights](#), OHCHR, 2012
- [OECD Guidelines for Multinational Enterprises](#), 2023
- [OECD Due Diligence Guidance for Responsible Business Conduct](#), 2018





4.1 STEP 1

COMMIT TO RESPECT HUMAN RIGHTS AND EMBED THE COMMITMENT IN YOUR BUSINESS

SUPPLY CHAIN

Clearly communicate your policy and expectations on respecting human rights and addressing potential harm to **suppliers and business partners**.

What to do:

- **Engage with business partners** to adequately inform them about your commitment and expectations, and make sure they understand them, including through your website.
- **Ensure that your procurement teams are familiar** with your policies, comfortable and able to engage with business partners on this topic.
- Ensure consistency and **integration of human rights standards into all your commercial documentations**: standard contracts (which can contain specific human rights protection or performance clauses), terms and conditions, supplier code of conduct, invitation to tender/bidding process, sustainability policy, third-party recruitment agreements.





4.1 STEP 1

COMMIT TO RESPECT HUMAN RIGHTS AND EMBED THE COMMITMENT IN YOUR BUSINESS

INSIDER TIPS

- A written commitment can be a standalone statement or part of your business vision, value statement, code of conduct or corporate social responsibility policy. In some instances, companies further adopt stand-alone theme specific policies, such as on forced labour and child labour, for the purpose of reinforcing their commitments in a particular area where impacts can be severe.
- Allocate the necessary internal capacity. For an **SME** with limited resources, it will likely be a task that can be allocated to an existing member of staff. For larger organisations, it will require a more systematized approach. This may involve structured collaboration across departments, clear internal reporting requirements, regular interactions with external experts, and/ or collective action with others.
- It is important that all business partners understand what the policy is about, what it means for them and what can be done to support them in the policy implementation. Thus, business engagement is key to encouraging them to adopt such principles and being transparent about how they go about implementing them.
- A Complaints / Grievance mechanism can be a stand-alone process in each business entity, or it can be integrated into a single mechanism. Such mechanisms can be managed internally (make sure to set up a clear standard operating procedure to operate them) or can be managed by an independent third-party. Your human rights policy should clearly communicate how to access these mechanisms.
- More **advanced companies** may consider developing internal human rights guides for employees dealing with suppliers, which describe how the company approaches human rights and provide actual cases that staff have had to deal with. Or sharing updates on human rights risks and best practice on a regular basis through internal communication. Consider organizing training for suppliers.

Further Resources

- [Human Rights Due Diligence and Remedy Guidance](#), Marks and Spencer
- [Navigating the Future of Business and Human Rights: Good Practice Examples](#), UN Global Compact, 2019



4.2 STEP 2

IDENTIFY YOUR HUMAN RIGHTS RISKS - ACTUAL AND POTENTIAL

CONTEXT

This critical step involves **assessing, identifying, and prioritizing human rights impacts** relevant to your business and its value chain, as well as groups of rightsholders that could potentially be affected, either:

- **Directly**, as a result of your own activities (for example risk of discriminating against certain people in recruitment process), or
- **Indirectly**, as a result of negligence by a business partner (for example risk linked to manufacturing of products or their use throughout the value chain)

The findings are used to inform response strategies and the development of actions to prevent, mitigate, and remedy adverse human rights impacts and position companies to fulfill their responsibility to respect human rights.

Taché Diamonds





4.2 STEP 2

IDENTIFY YOUR HUMAN RIGHTS RISKS - ACTUAL AND POTENTIAL

Spotlight on Supply Chain Mapping

Supply chains can be very complex, so it is important to gain as much visibility as possible on what your supply chain looks like before you start identifying your salient human rights issues. Mapping the value/ supply chain is a first critical task. This is often not a straightforward exercise, as modern supply chains are vast, complex, and dynamic.

- Start to map out each stage of your high-risk Tier 1 supply chains.
- Map out each stage of your key raw materials supply chains.
- Gather names of Tier 1 suppliers and as many tiers of suppliers as you are able to collect down to raw material, the location of suppliers, ownership of suppliers' businesses.
- Collect information on labour providers or service providers, the use of sub-contracting practices for example in warehousing and logistics etc.
- Use self-assessment questionnaires of high-risk suppliers in your Tier 1 to verify the risks you have identified.
- Use tools, for example third-party and second-party audits, visits, worker voice technology and worker surveys, to verify your high-risk suppliers.
- Involve internal departments that have direct interaction with entities in the supply chain such as the procurement or purchasing departments to assist in the mapping exercise.
- Encourage suppliers in your Tier 1 to carry out human rights risk assessments.
- Add commercial information (for example volume and value of each supplier or service provider) to your risk assessment to help identify which of your high-risk suppliers you prioritise for the next year/s (your business should decide a suitable timeframe).
- Regularly review your stakeholder mapping work and make sure your priorities reflect the interests of your most important stakeholders.
- Establish processes individually or collaboratively to assess the risk profile of more remote tiers of your supply chain, including by reviewing existing assessments, and engaging with mid-stream actors and "control points" in the supply chain to assess their due diligence practices.



4.2 STEP 2

IDENTIFY YOUR HUMAN RIGHTS RISKS - ACTUAL AND POTENTIAL

OWN OPERATIONS

Human rights risks at your offices/sites/operations cover workplace conditions and commonly include factors such as working hours, wages, health and safety, disciplinary practices, discrimination (throughout recruitment, during work or when terminating employment contracts), privacy, freedom of association and collective bargaining.

What to Do

- **Identify** where in your own operations the most severe human rights risks are likely to occur – consider forced labour risks, vulnerable workers (labour type, contract type), high risk geographies and areas.
- **Include** risks associated with labour providers, service providers, contractors or sub-contractors operating on your sites.
- **Build** in the views of employees, employee representatives and trade unions into your risk assessment, for example by gathering employee survey data or information from interviews or audits (e.g., health & safety audit). Identify different risks faced by different categories of employees such as women or minority groups.
- **Look** for complementary information from your peers, industry, government, and local organisations.
- **Update** the scoping exercise with new information whenever the enterprise makes significant changes.
- **Identify** where in your own operations the most severe human rights risks are likely to occur – consider forced labour risks, vulnerable workers (labour type, contract type), high risk geographies and areas.
- **Include** risks associated with labour providers, service providers, contractors or sub-contractors operating on your sites.
- **Build** in the views of employees, employee representatives and trade unions into your risk assessment, for example by gathering employee survey data or information from interviews or audits (e.g., health & safety audit). Identify different risks faced by different categories of employees such as women or minority groups.
- **Look** for complementary information from your peers, industry, government, and local organisations.
- **Update** the scoping exercise with new information whenever the enterprise makes significant changes.

Case Study – KERING

BOUCHERON PARIS GUCCI Pomellato DoDo CHARMING JEWELRY eeelin

Enhancing Human Rights Risks Identification in the Supply Chain

Kering and its Houses are committed to responsible business conduct as it is a cornerstone principle, as stated in its Code of Ethics.

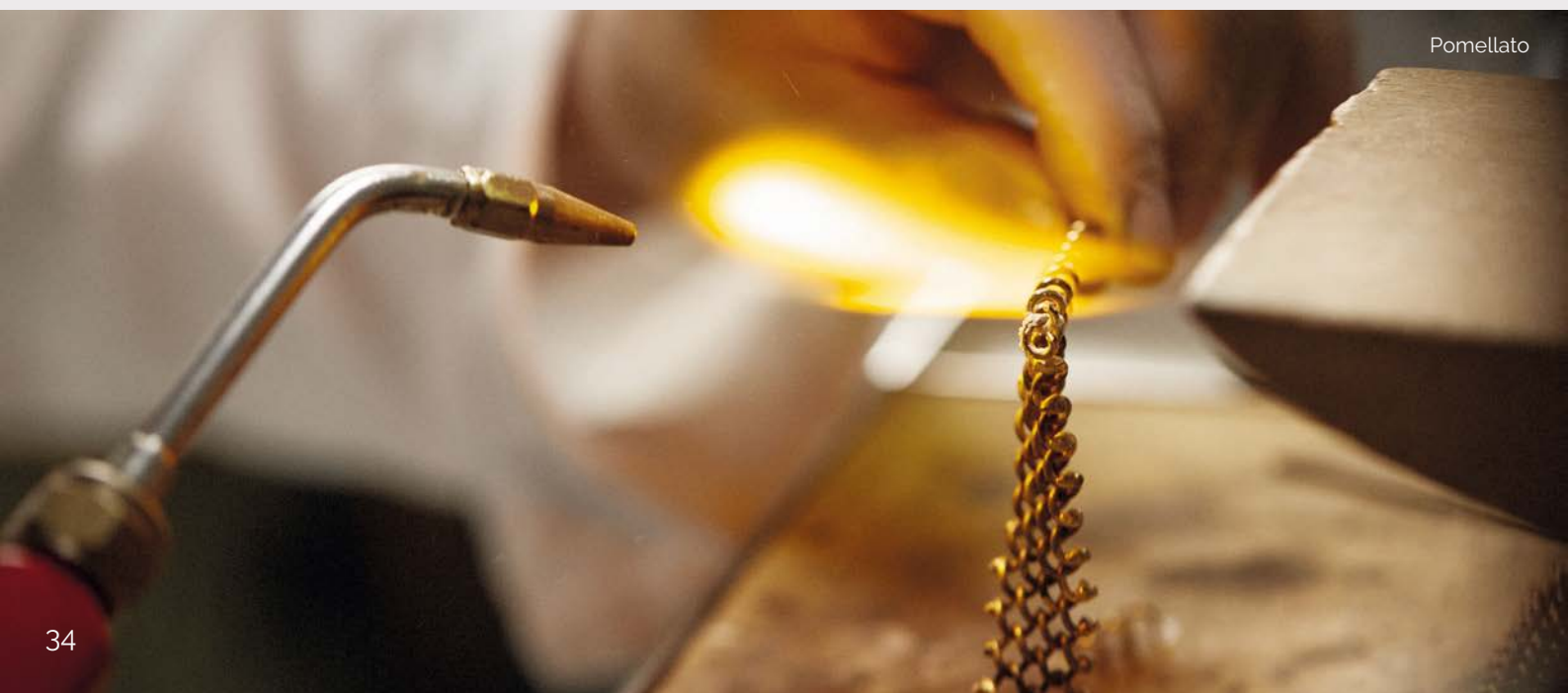
When it comes to implementing responsible business conduct, Kering and its Houses (i) implement internally due diligence processes in order to identify, hierarchize and mitigate risks and (ii) publicly disclose a set of documents and policies detailing what is expected from its suppliers. Houses are then required to cascade these expectations to their suppliers and these suppliers to their sub-suppliers and to support them in their implementation, if necessary.

In the context of due diligence, Kering, in order to have neutral and independent insights on human rights risks at country (and sometimes regional) level, is using, among various data sources and processes, a sector agnostic platform giving such visibility. Regularly updated and based on external official reports and documentations, it allows Kering to have a snapshot in time but also to identify trends.

However, implementing a due diligence process requires not only the involvement of different internal stakeholders, but also the cross-referencing of different external as well as internal indicators. Consequently, due diligence cannot naturally be based on a single technology or tool.

Audits also play a key role in Kering and its Houses' risk mitigation. These audits can be announced or unannounced and depending on the severity of anomalies identified, corrective action plans are framed by a predefined, tight schedule.

Lastly, Kering opened its grievance mechanism (Alert System) to workers of its direct suppliers to ensure that they have a possibility to alert or turn to Kering, shall they face or witness a situation which is not complying with what is stated in the Code of Ethics.



Pomellato



4.2 STEP 2

IDENTIFY YOUR HUMAN RIGHTS RISKS - ACTUAL AND POTENTIAL

SUPPLY CHAIN

It is important that **all risks – risk to people, not to the company – are identified and assessed**, whether these may be attributable to direct suppliers, indirect spend, labour providers, service providers or contractors.

What to Do

- Create a **detailed risk assessment of your supply chain** using internal and external sources that indicate the severity and probability of human rights risks in your supply chains.
- Gather information to understand high-level risks of adverse impacts related to the **sector** (e.g., products and their supply chains, services and other activities), **geography** (e.g., country governance and rule-of-law, conflict, pervasive human rights or environmental adverse impacts) or **enterprise-specific risk factors** (e.g., known instances of corruption, misconduct, implementation of standards for responsible business conduct).
- To that effect, you can **use external sources of data** to identify where in your supply chain the most severe human rights risks are likely to occur. Sources might include reports from governments, international organisations, civil society organisations, workers' representatives and trade unions, national human rights institutions (NHRIs), media or other experts. Where gaps in information exist, consult with relevant stakeholders and experts.
- If you are at the beginning of your human rights journey, or an **SME**, start with your Tier 1 suppliers and key raw materials. Over time, you will expand the risk assessment to include all your suppliers and services providers such as packaging, warehousing, logistics and IT.





4.2 STEP 2

IDENTIFY YOUR HUMAN RIGHTS RISKS - ACTUAL AND POTENTIAL

Companies with an already advanced human right policy should:

- **Build** networks with industry, government, and local organisations to supplement risk information about supply chains.
- **Encourage** their Tier 1 suppliers to conduct their own human rights risk assessment and share their findings. Encourage high-risk suppliers in your Tier 2 to conduct their own human rights risk assessment.
- **Use** available information from supplier questionnaires or audits to record mitigating factors at supplier level, for example, existence of health and safety policies or grievance channels or supplier attendance of modern slavery courses, whether suppliers are certified and whether the certification covers human rights topics, whether the suppliers are registered on Sedex or similar systems, whether they participate in industry initiatives, etc.
- **Track** information about suppliers' human rights due diligence approach as mitigating factors in your risk assessment e.g., suppliers that have an individual to manage human rights, suppliers that have conducted their own risk assessment or suppliers involved in collaborations to tackle human rights impacts.
- If necessary, **seek human rights** advice and information from human rights experts, NGOs, trade unions, and relevant multi-stakeholder initiatives. Contacting your business association may also be useful.

Circumstances may change, so human rights assessments need to be periodic and continuous. Perform an assessment when launching a new product, service, or project, entering a new market, operating in or sourcing from a new country, or establishing a new business relationship (e.g., mergers, acquisitions).

It is also important to note that social audits and certifications, albeit being a valuable instrument to ensure compliance with code of conducts and human rights policies, as noted by [Human Rights Watch](#), present a series of limitations and cannot be considered as a substitute for effective human rights and environmental due diligence of own operations and global value chains.

Finally, you can also **integrate** HRDD with your Know Your Counterparty (KYC) process. KYC is a due diligence process companies use to:

- **Verify** the identity and other credentials of a counterparty or business partner, whether supplier or customer.
- **Identify** risk factors for fraud and other financial crimes; and
- **Monitor** and mitigate counterparty risk.



Case Study – MONICA VINADER

Managing the Supply Chain Beyond Tier 1

Monica Vinader works with a small number of tier 1 suppliers, most of whom have long-standing relationships built on trust and a common understanding of the respect for human rights. However, the company is taking additional steps to map its entire value chain. This has allowed the company to work with its suppliers to consistently embed good practices over time. In response to new human rights due diligence requirements, the company has been making significant progress on ensuring compliance. For example, in 2021 and 2022, the company identified gaps in its existing Supplier Code of Conduct such as expected specific requirements that suppliers were meant to adhere to. As a result, Monica Vinader revised its SCoC to include specific requirements and increasing expectations around HRDD in accordance with the UNGPs, and other international standards. Specific requirements around employee contracts, working hours, minimum wage requirements and evidence of policies/ audits etc. were included.

In order to ensure compliance with the SCoC, the company's tier 1 suppliers (and more recently, its tier 2 suppliers) will be subject to compliance audits by a third-party auditor covering an assessment of the following human rights risk areas: child labour, forced labour, discrimination, freedom of association, employment contracts, working hours, wages and benefits. Following the audit, any non-compliances identified are addressed immediately and as part of this, a corrective action plan must be issued by the supplier within 48 hours of receipt of the audit report to address all non-compliances.

Monica Vinader



4.2 STEP 2

IDENTIFY YOUR HUMAN RIGHTS RISKS - ACTUAL AND POTENTIAL

INSIDER TIPS

- For **SMEs** Starter/Beginner, try to generate a simple map of your main business activities and relationships from raw materials, manufacturing, and logistics through to delivery of the product or service to the customer (include returns if that is part of your business). Then think through which groups of people could be affected along this simplified value chain, and how their rights could be impacted.
- Consult regularly with people that you may affect, such as employees, the local community, customers and clients – to learn what they think your impacts might be.
- When speaking to suppliers, discuss their own challenges and findings, focus on human rights impacts that are known to form a risk for businesses in the specific sector or country of operation.
- Intermediate and **Advanced** businesses could build diversity and inclusion, gender, and climate change into HRDD approach.



Company Case Study

Identification of Human Rights Risks Through the Supply Chain

Following a corporate-wide human rights risk assessment of operations and value chains, a member company recognized that strengthening the risk prioritization of its salient human rights impacts in the supply chain was a key component to enable meaningful due diligence in line with UNGPs and OECD guidelines.

This was particularly relevant for the identification of risks for raw materials, including in countries that may be classified as 'conflict affected and high-risk areas' (CAHRAs).

With the support of BSR, the company adapted the [KUMI CAHRA Mapping Tool](#) to create a strategic framework designed to streamline human rights due diligence by assessing sourcing countries and focusing the attention to specific areas of concern.

On a methodological point of view, the tool adopted by the company evaluates, on one hand, the **risk level of sourcing countries** through parameters such as country risk (CAHRA Map), indicating the degree of risk from CAHRA 4 (very high) to NOT CAHRA (very low). It further delves into the **salience of human rights impacts** providing an overall understanding of the human rights landscape in each country; on the other hand, the tool analyzes the **company's leverage** in the value chain, evaluating the extent of influence a company can exert. It also considers the **organizational structure of the value chain**, assessing its complexity.

Through the [KUMI CAHRA Mapping Tool](#), four critical indicators are utilized to identify high-risk areas within sourcing countries, thus allowing a more granular and tailored intervention at country-level: **conflict; governance and corruption; slavery; mineral flows within a country**, uncovering potential human rights abuses associated with mineral extraction and trade.

In sum, by combining the above evaluation criteria with in-depth analysis of specific risk indicators, this approach is helping the company make informed decisions on which supply chains addressing first and fostering responsible practices within complex and fragmented supply chains.

While adopting this methodological framework for risk prioritization, a more dynamic collaboration across sustainability and purchasing teams was also achieved in the evaluation of findings. Ultimately, the design of a risk prioritization tool not only contributed to enhance intra-departmental collaboration but helped generating internal efficiency and tailored approach to due diligence.



Case Study – ROSY BLUE

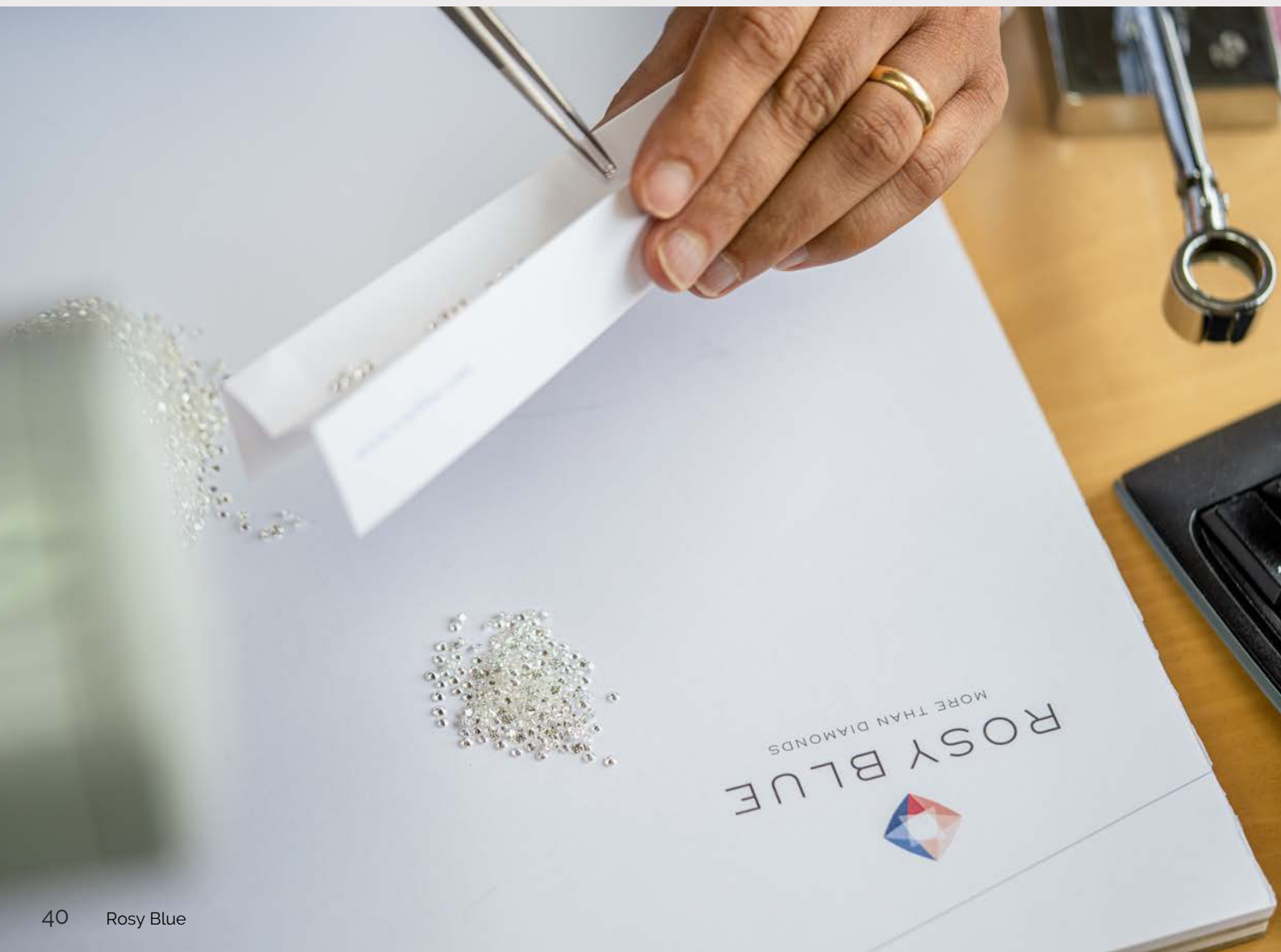
MORE THAN DIAMONDS

Identifying Human Rights Saliency Through Stakeholder Engagement

Beyond sharing its code of conduct and human rights policy to its business partners, Rosy Blue actively engages stakeholders through qualitative and quantitative surveys to learn of specific supply chain and human rights management. Consultations are run periodically with the support of independent third-party academic researchers and are aimed complementing Rosy Blue's analysis of its value chains and possible impacts.

With the goal of ensuring a multi-stakeholder approach, a diverse group of experts is engaged in this activity, including mining businesses, customers, governments, representatives of local communities' organizations, civil society experts, international organizations, business industries, and academics experts.

This analysis is part of a more comprehensive due diligence process that is then further complemented by on-site assessments based on a prioritization of risks and volume of business.





4.2 STEP 2

IDENTIFY YOUR HUMAN RIGHTS RISKS - ACTUAL AND POTENTIAL

Further Resources

- [OECD Due Diligence Guidance for Minerals, 5 Step Framework for Upstream and Downstream Supply Chains](#), OECD
- [OECD: 5 Steps Behind Due Diligence - video](#), OECD
- [Introduction to the OECD Guidance 5 Steps \(RJC, RMI, LBMA\) - video](#), OECD

Desk-based review of public sources of risk data including:

- [Global Slavery Index](#) (2018)
- [ITUC Global Rights Index](#) (2020)
- [US State Department Trafficking in Persons report](#) (2017)
- [US State Department Country Reports on Human Rights Practices](#), US State Department
- [US Department of Labor's List of Goods Produced by Child Labour and Forced Labour](#), US Department of Labor (USDOL)
- [Transparency International Corruption Perceptions Index](#), Transparency International (2016)
- [Verité Forced Labour Commodity Atlas](#), Verite.
- [Responsible sourcing tool](#)
- [Freedom in the World Index](#), Freedom House
- [ILO database on labour laws](#), ILO
- [Trafficking Risks in Sub Saharan African Supply Chains](#), Verite
- [World Justice Project Rule of Law Index](#), World Justice Project
- [Gender Inequality Index](#) – UNDP
- [Data migration portal](#)
- [Human Rights Measurement Initiative](#)



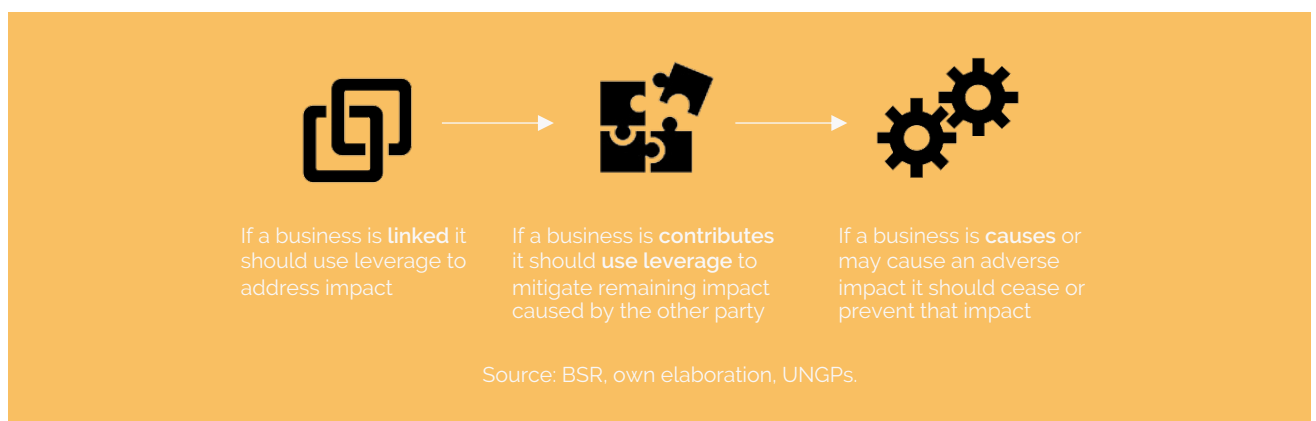
4.3 STEP 3

TAKE ACTION TO AVOID AND ADDRESS THE RISKS YOU IDENTIFY

CONTEXT

The next step is to **take action to prevent and address the risks identified** by assessing current management practices and identifying gaps.

The UNGPs state that appropriate action to address human rights will vary according to whether the company causes or contributes to an adverse impact, or whether it is involved solely because the impact is directly linked to its operations, products, or services by a business relationship.



If your company's activities directly caused or contributed to the human rights risk, you should be able to take concrete action to address it. If the risk of a negative human rights impact arises from a customer, supplier, or other business partner, exercising leverage is key.



4.3 STEP 3

TAKE ACTION TO AVOID AND ADDRESS THE RISKS YOU IDENTIFY

OWN OPERATIONS

Take action to deal with the human rights risks you have identified. Especially in smaller companies, such actions may be informal and aimed at modifying attitudes and the organisational culture.

What to do

- **Perform a stakeholder analysis** by making a list of key business functions that most likely need to be involved when addressing the human rights impacts identified in Step 1. Use existing meeting formats or structures already in place such as health & safety committees, sustainability meetings
- **Map the various processes you have already in place to prevent and mitigate** the potential impacts, or human resources workshops to build internal buy-in and engage key functions





4.3 STEP 3

TAKE ACTION TO AVOID AND ADDRESS THE RISKS YOU IDENTIFY

DESIGN A PLAN

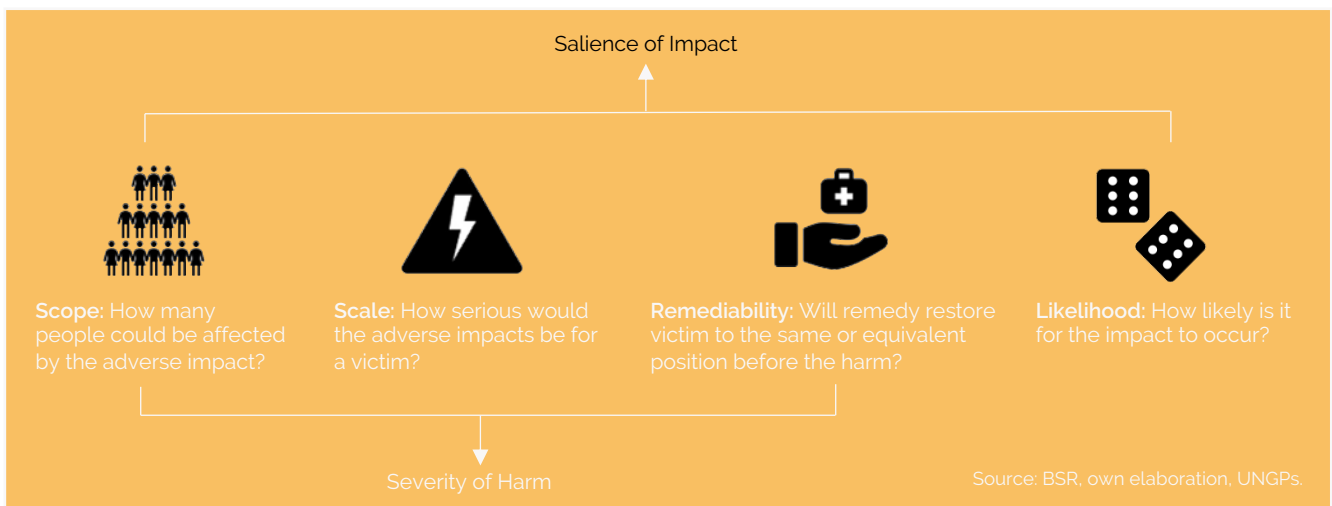
Design an action **plan** by drawing from the information obtained on actual and potential adverse impacts, and **prioritise** action for the most significant human rights risks for people and impacts based on severity and likelihood.

This needs to be bulleted with the previous list, but there is bug in the application it doesn't allow for it here

To integrate your assessment findings and respond to your risk and impacts, you will need to:

- **Assign responsibility** for addressing impacts to the appropriate level and function.
- Ensure the **internal decision-making, budgets and oversight** enable effective responses to such impacts.
- **Define appropriate action** depending on the business' relationship to the impacts and the extent of the business' leverage to influence change over these impacts.

It is important to stress though, that in line with the UNGPs framework, action should be prioritized only where it has been established that it is not possible to address all potential and actual adverse impacts immediately. Companies should prioritize action based on risks to the rightsholder, not risk to the business.





4.3 STEP 3

TAKE ACTION TO AVOID AND ADDRESS THE RISKS YOU IDENTIFY

SUPPLY CHAIN

Adverse human rights impacts can occur at any level of the supply chain, **from the first tier of direct or strategic suppliers**, all the way down via multiple layers of sub-suppliers and sub-contractors to those providing the raw material inputs. To fulfil their responsibilities, organizations need to understand human rights risks at all levels of their supply chain.



What to do

Though this is often not a straightforward exercise, as supply chains are vast, complex and dynamic,

- Base **your prioritisation on the severity of the adverse human rights impact** on stakeholders, independently of the nature of the link between the organisation and the impact.
- Add commercial information (for example volume and value of each supplier or service provider) to your risk assessment to help identify which of your high-risk suppliers you prioritise for the next year/s (your business should decide a suitable timeframe).
- **Establish processes individually or collaboratively to assess the risk profile of more remote tiers of your supply chain**, including by reviewing existing assessments, and engaging with mid-stream actors and "control points" in the supply chain to assess their due diligence practices.
- **Exercise leverage** by increasing cooperation with industry peers and key suppliers. If your leverage over a business partner is insufficient to prompt change (for example if the other organisation is a much larger organisation than yours), combine efforts with others who might have the same interests, but always within the boundaries of anti-trust and competition laws



4.3 STEP 3

TAKE ACTION TO AVOID AND ADDRESS THE RISKS YOU IDENTIFY

INSIDER TIPS

SMEs/Starters:

- When introducing the topic of human rights in your company and to your own employees, **use vocabulary which is familiar to your teams**: talk about fairness, respect, corporate values, integrity, health and safety, product security or being a responsible employee. Use short introductory videos on business & human rights providing visuals of relevant affected groups/ examples of human rights impacts relevant to your sector can also help you make the topic more tangible for your colleagues (see Resources below).
- **SMEs** do not generally have the market power to influence their business relationships by themselves. Enterprises can seek to overcome these challenges and **collaborate at an industry or multi-industry level as well as with relevant stakeholders throughout the due diligence process** to share knowledge, increase leverage and scaleup effective measures. Cost sharing is often a benefit to sector collaboration and can be particularly useful for **SMEs**.
- Use Google alerts or similar internet services to identify emerging human rights risks for own operations and key high-risk suppliers.

For More **Advanced** Companies:

- **Include human rights criteria in performance incentives and/or sanctions** for staff members. For example, bonuses for production line supervisors can be made dependent on a reduction in the number of work-related injuries.
- For your suppliers registered on Sedex, information will already be available as part of the Sedex Radar risk assessment and Sedex Self-Assessment Questionnaire.
- Engage with your suppliers to support them in making changes over time in specific areas and offer training and capacity building.

Further Resources

- [Ethical Trade and Human Rights Self-Assessment Questionnaire for Suppliers - Stronger Together Stronger Together \(stronger2gether.org\)](https://stronger2gether.org/)
- [Ethical Trade and Human Rights Self-Assessment Questionnaire for Suppliers - Stronger Together: Stronger Together \(stronger2gether.org\)](https://stronger2gether.org/)



4.4 STEP 4

ENABLE REMEDY FOR THOSE AFFECTED

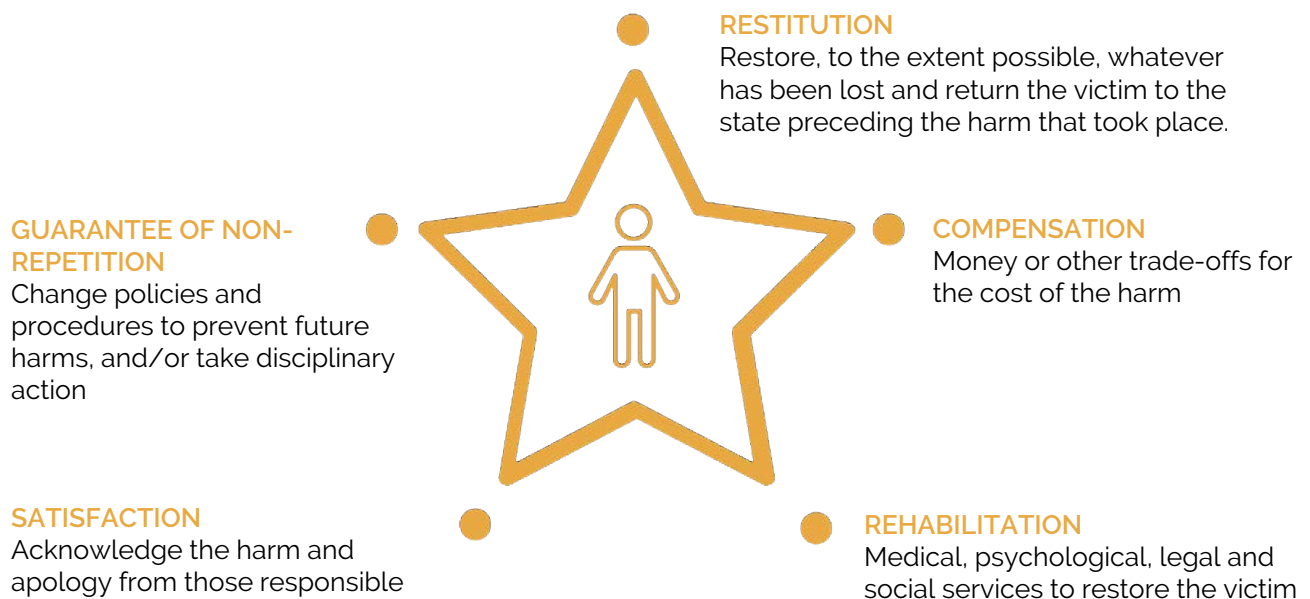
CONTEXT

One critical component of implementing due diligence in line with the UNGPs is providing effective remedy to redress human rights impact a company may have caused or contributed to or might be directly linked to.

Whether provided by the state or non-state company mechanisms, a remedy process should restore the rightsholder to the status they held preceding the harm and should be agreed upon and discussed with affected rightsholders.

ELEMENTS OF EFFECTIVE REMEDY

Restores the victim to the status preceding the harm that was done



REMEDICATION

Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.

What to do

In providing remedy, a company should:

- **Secure internal support** and funding for taking remedial action.
- Monitor the **effectiveness of those actions**, learn from your successes and challenges and give feedback internally to staff and management.
- **Document remedy plans** in an accessible format to help the organisation move forward. The actions taken will be determined by the risks that you are trying to reduce, and the root causes that you have identified.



4.4 STEP 4

ENABLE REMEDY FOR THOSE AFFECTED

SUPPLY CHAIN

What to do

Where an organisation has not contributed to an adverse human rights impact, but that impact is nevertheless directly linked to its operations, products, or services by its business relationship with another entity, a company will have to determine the degree of action by defining and working collaboratively with other stakeholders.

Steps that your company can take to exert leverage include:

- **Supplier engagement** and support.
- **Commercial influence** – using terms of tenders, contracts, or joint venture agreements to set human rights standards, using audits and other assessments to ensure standards are implemented and using purchasing decisions to encourage suppliers to meet human rights standards.
- **Business influence** – improving standards and business practices of suppliers through training, integrating international or industry standards into negotiations and ensuring a consistent message about human rights to supply chain partners from everyone in the company.
- **Increase leverage** by collaborating with business partners – working with industry peers to establish common requirements for suppliers, and engaging with industry peers who may face similar supply chain issues to share lessons learned and identify possible solutions.
- **Leverage** through **working with government, NGOs, civil society and trade unions** to gather information on human rights risks and resolve human rights impacts.
- **Leverage** through **multi-stakeholder collaboration** – developing shared standards for suppliers through multi-stakeholder initiatives, working with multiple stakeholders to address systemic issues.

Further Resources

- [Phase 4: Impact mitigation and management](#), The Danish Institute for Human Rights
- [Practical Definitions of Cause Contribute, and Directly Linked to Inform Business Respect for Human Rights, Discussion Draft, February 2017](#), Debevoise & Plimpton | Enodo Rights
- [Human Rights Due Diligence and Remedy Guidance](#), Marks and Spencer

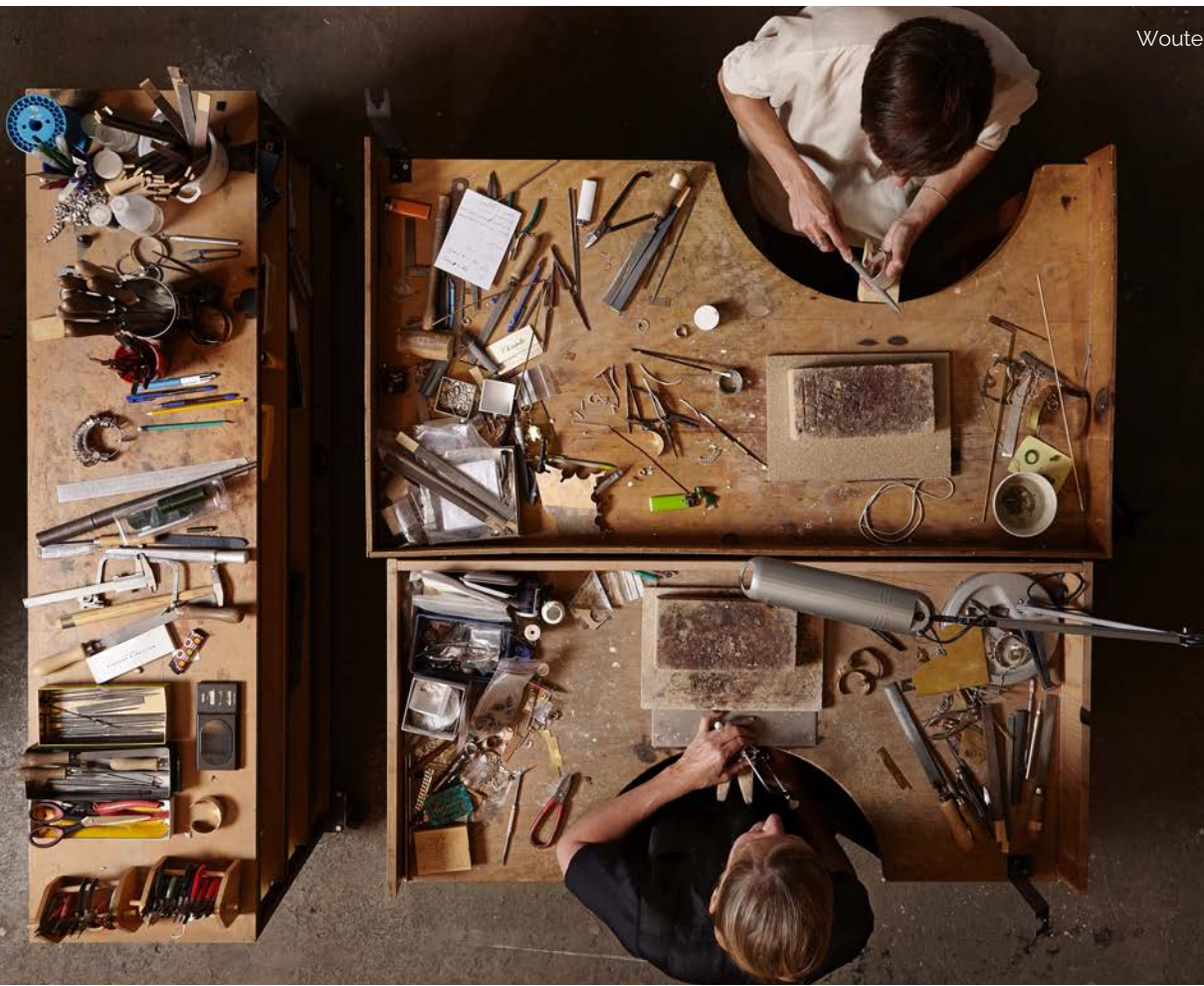


4.4 STEP 4

ENABLE REMEDY FOR THOSE AFFECTED

INSIDER TIPS

- For risks that you have contributed to, consider the steps that can be taken **to cease or prevent any potential impacts** or look at how to use leverage to encourage suppliers to take steps to reduce any remaining impacts.
- For risks you are linked to, look at how leverage can be used to encourage suppliers to take steps and/or collaborate with others to prevent or reduce impacts.
- Ensure that all **workers on your site can raise issues and concerns** about their own working conditions or those of colleagues with managers. Establish mechanisms to hear from workers on a regular basis and ensure they are in contact with local authorities who can support them if any severe human rights violations are found.
- **SMEs should focus on cascading human rights due diligence from corporate action** and preventing human rights risks occurring in their own operations, by introducing policies and procedures to reduce the risks of potential cases of forced labour particularly risks of forced labour and by formalising relationships with labour providers and auditing them on a regular basis.



Wouters & Hendrix



4.5 STEP 5 TRACK YOUR PROGRESS

CONTEXT

To ensure effective management of your responses to potential and actual negative human rights impacts, it is important to be able to efficiently track and record action, whether and how a potential negative impact was prevented, or a situation was mitigated or remedied for concerned individuals.

Measurement is a key step in any management process and forms the basis of continuous improvement. Tracking and monitoring will help your organisation monitor human rights risks profile, comply with existing laws, operate effectively, and report externally. This may require using both quantitative and qualitative performance indicators to measure such actions.



Wouters & Hendrix

OWN OPERATIONS

What to do:

- **Start by determining what information is already being collected** about workers in your own operations including audit findings, health and safety and human resource indicators, for example, working hours, working recruitment fees, demographics, number of reported health and safety incidents and accidents, overtime hours.
- **Determine how to collect that information**, where it is stored and who it is reported to.
- **Identify gaps in the information you have**, for example data broken down by gender or outcomes of training activities or action plans to address audit findings.

In monitoring progress, include the following:

- **Management systems** – how human rights are reflected in company policies, due diligence mechanisms and grievance mechanisms.
- **Progress against action plans** – whether you have achieved the actions you planned to take in identifying, preventing, and mitigating your human rights risks.
- **Impact on workers** – it is critical that indicators show whether the steps you are taking have had a positive impact on workers in your own operations and supply chains. Measuring the impact on workers in your supply chains may be difficult initially but should be included in your longer-term plans. Remember that workers are not a single homogenous group, and you should aim to understand the different impacts that your actions have on women workers, migrant workers, disabled workers, indigenous and minority ethnic groups.



4.5 STEP 5 TRACK YOUR PROGRESS

SUPPLY CHAIN

What to do

Similarly as a company would do for its own operations:

- Identify what information you are collecting about your ethical trade activities, and responsible sourcing.
- Identify how often you are collecting that information, where it is stored and who it is reported to.
- **Identify the information you are collecting about workers in your high-risk Tier 1** supply chains, for example audit findings and indicators.
- Establish a **centralized system for tracking your human rights impact**.
- Set up a system to communicate and exchange information with suppliers (newsletter, meetings in person, virtual meetings, site visits, website, intranet for the more **advanced** companies).
- **Analyze and follow up on your due diligence performance** across your entire supply chain.
- Integrate relevant indicators in existing quality management or environmental performance tracking systems, and use surveys of consumers', customers', or suppliers' perceptions.

In your tracking and monitoring, include the following:

- **Management systems** – how human rights are reflected in company policies, supplier codes, procurement rules, purchase (or distribution) contractual clauses and terms and conditions.
- **Progress against action plans** – whether you have achieved the actions you planned to take in identifying, preventing, and mitigating your human rights risks.
- **Impact on suppliers** – the inclusion of human rights and HRDD when engaging with suppliers and contractors.
- **Projects** – the impact of projects you are involved in in specific countries or industries.

Case Study – PANDÖRA

In designing key performance indicators looking at HRDD in supply chains support your high-risk Tier 1 suppliers to gather data to measure the impact of their HRDD approach, audit non-conformances and workplace indicators such as absenteeism, worker turnover, worker satisfaction, number of reported health and safety incidents and accidents, overtime hours

Going Beyond Audits

Challenge

Pandora wanted to better understand the impact of the pandemic on working conditions in its supply chain.

Approach

In 2022, Pandora conducted COVID-19 recovery visits at a range of Chinese, Thai and Indian direct product and indirect suppliers. It contracted a third-party to conduct interviews with management and workers, as well as documentation reviews. By placing more emphasis on root cause analysis and worker interviews and using an interpreter to facilitate interviews with migrant workers in their own language, Pandora uncovered issues that were not highlighted in standard audits.

The approach taken put supplier partnership and collaboration at the forefront, and put worker experience at the heart of the assessment:

- Management was engaged from start to finish, with open two-way communication channels.
- Consultants who conducted the assessments were equipped to understand why management systems sometimes do not deliver for workers.
- Impacts were explained to management with recommendations on how to re-engage workers and improve welfare at work.
- Two-person teams, consisting of a highly skilled auditor and an expert worker interviewer, were deployed. This approach allowed for 25% more time being spent with workers than during a typical audit assessment.
- Interviewers focused on workers' stories, their backgrounds, their decisions and their lives rather than just moving through a checklist of questions.
- The post-assessment action plans were realistic and included step-by-step improvements that could be introduced over time.

Case Study – PANDORA

Learning and Next Steps

The assessment underscored the importance of identifying the root causes of issues by conducting a more in-depth investigation compared to traditional audits. It also highlighted the importance of spending more time speaking to workers to understand their experiences.

Here are some of the actions Pandora is taking to improve its audit programme based on the learnings:

- Changing audit body provider to ensure more focus on root cause analysis.
- More holistic supplier engagement before and after audits to ensure suppliers know what to expect, support on remediation and embed a continuous improvement culture.
- Increased focus on higher risks, for example increasing the audit days to conduct a specialised migrant worker assessment where appropriate.

Pandora will share more about this process and relevant findings in its Sustainability Report 2023.

Pandora



Audits are traditionally used to track the implementation and results of due diligence practices in the supply chain. **However, research has found that traditional auditing processes are insufficient** to detect human rights impacts. Audits can serve as a tool for identifying current shortfalls in standards, but they are only a snapshot in time.

Some organisations have shifted their emphasis away from relying on compliance auditing towards more collaborative approaches, such as working with suppliers to assess gaps, build capacity, and incentivize sustainable improvements. Other organisations use audits that are specifically focused on human rights to monitor compliance with their human rights provisions and codes of conduct.



4.5 STEP 5 TRACK YOUR PROGRESS

INSIDER TIPS

[BSR's approach](#) below is firmly focused on understanding business impacts on workers. BSR's framework suggests businesses monitor workforce profile indicators and workforce impact indicators and recommends looking at differences between men and women in all the indicators you measure. It can also be helpful to evaluate outcomes of your complaints system.

Businesses with strong tracking and measurement systems typically align their KPIs and metrics with existing reporting standards or sustainability frameworks such as the [Global Reporting Initiative](#) (GRI) human rights assessment (e.g., GRI standard 412), the [UNGPs Reporting Framework](#), or emerging reporting standards such as the [European Sustainability Reporting Standards](#) (ESRS).

Common KPIs used to track human rights performance typically include the following:

- **Publicly available human rights policy commitments** that are relevant to own workers, value chain workers, communities, and consumers (ESRS)
- **Total number and percentage** of operations that have been subject to human rights reviews or human rights impact assessments, by country (GRI)
- **Number of severe human rights issues and incidents connected to the company** in the reporting period and incidents where the undertaking has played a role in securing remedy for those affected (ESRS)
- **Percentage of employees trained during the reporting period** in human rights policies or procedures relevant to the business.

WJI 2030 Insight

- To streamline existing and emerging reporting requirements on human rights and ensure that members communicate transparently on their progress against a set of common indicators, WJI 2030 in partnership with ESG Book is developing a reporting framework for its membership.
- The forthcoming framework, which will be published in 2024, will include relevant KPIs and metrics aligned with the WJI 2030 minimum requirements, industry priorities, and relevant reporting standards and frameworks.

Further Resources

- [Progress Reporting Tool](#), Stronger Together
- Sedex Self-Assessment Questionnaire (SAQ) ([new version to be launched in 2023](#))



4.6 STEP 6 REPORT AND COMMUNICATE

CONTEXT

This step is about **communicating relevant information on your due diligence policies, processes, and activities to identify and address actual and potential adverse impacts** – including your findings from these activities – with all relevant internal and external stakeholders.

What to Do

- Reporting should be **meaningful / detailed** enough, while ensuring adequate protection of private or commercial information.
- Meet **legal and certification reporting requirements** and share findings from reporting. If you participate in national or international initiatives such as the UN Global Compact or the Ethical Trading Initiative, you are already expected to report on a number of criteria. Information about your human rights vision and strategy can be integrated into these other reporting mechanisms.
- If you are an **SME**, you may choose to communicate informally by including the information in regular meetings and discussions with employees, suppliers, customers, or community representatives,
- More **advanced** or large companies should preferably do it by way of formal, publicly available reporting.
- Where applicable, **relevant information should be included in annual reports, corporate social responsibility, or sustainability reports.**
- **Advanced** companies or those with high risks may consider developing ad hoc HRDD public report.
- Be transparent, sincere, and accurate with your findings. Do not overstate the scope of due diligence undertaken or understate the potential adverse human rights impacts identified.
- To improve corporate buy-in, **consider asking for feedback and engage core functions** with the human rights due diligence approach.
- **Communicate with suppliers on progress achieved** in implementing human rights strategies and due diligence and gather feedback on their challenges.
- Hold meetings with your Tier 1 suppliers to share feedback from public reports on challenges and successes in human rights due diligence.
- Communicate your progress publicly for stakeholders including investors, consumers, and civil society. It is good practice to report on action to prevent and address human rights impacts should at least once a year,
- In addition to an annual report, share relevant information through industry forums and events.





4.6 STEP 6 REPORT AND COMMUNICATE

INSIDER TIPS

- Consider **meeting and consulting with affected stakeholders** or their representatives as a core element of your communication approach.
- **Independent verification** or endorsement of human rights reporting and the inclusion of comments from affected individuals can strengthen your communication's content and credibility.

Further Resources

- [Introduction to the UN Guiding Principles Reporting Framework](#), Shift Project.
- [10 keys to effectively communicating human rights](#), Europa
- [UN Guiding Principles Reporting Framework with Implementation Guidance](#), UN, 2016





5. Frequently Asked Questions

5. FAQ's

WHAT IS A HUMAN RIGHTS ASSESSMENT?

A human rights assessment identifies and prioritizes actual and potential adverse human rights impacts and makes recommendations for appropriate action to address those impacts. A human rights assessment can take many forms, but has the following key features:

- **All Human Rights:** A review of all internationally recognized human rights as a reference point since companies may potentially impact virtually any of these rights.
- **Stakeholder Engagement:** Meaningful consultation with potentially affected groups, other relevant stakeholders, and credible independent experts.
- **Vulnerable Groups:** Identifying whose rights may be adversely impacted, paying special attention to any particular human rights impacts on individuals from groups or populations that may be at heightened risk of vulnerability or marginalization.
- **Appropriate Action:** Identifying appropriate action to avoid, prevent, mitigate, or remedy actual and potential adverse human rights impacts.

A human rights assessment identifies and prioritizes risks to people (i.e., risks to rightsholders) rather than risks to the business (i.e., risks to enterprise value creation).

WHAT ARE THE RISKS ASSOCIATED WITH HUMAN RIGHTS ASSESSMENTS BEING REQUIRED BY LAW?

Companies and business leaders are facing some of the most significant changes to regulatory requirements concerning just and sustainable business. Yet, there is a risk that companies will seek a narrow focus on compliance, risk-averse actions, and overly cautious communications and stifle efforts aimed at more ambitious and meaningful human rights due diligence. However, the absence of consistent and structured human rights due diligence at companies today means that regulation is merited. The task ahead—with a key role played by the Chief Sustainability Officer (CSO)—is to ensure that both the spirit and the letter of the laws are followed, and that ambition is not sacrificed to achieve compliance. Companies are expected to stay focused on actions that will be considered credible, not merely compliant.



IS A HUMAN RIGHTS ASSESSMENT THE SAME AS HUMAN RIGHTS DUE DILIGENCE?

No, a human rights assessment is only one part of human rights due diligence. According to the UNGPs, human rights due diligence has four elements:

- **Assessment:** Assessing actual or potential adverse human rights impacts with which the company may be involved.
- **Action:** Taking appropriate action to avoid, prevent, mitigate, and / or remedy actual or potential adverse human rights impacts identified in assessments.
- **Tracking:** Tracking the effectiveness of the company's response to human right impacts, including via qualitative and / or quantitative indicators and feedback from stakeholders.
- **Communications:** Communicating externally in a form and frequency such that the company's approach can be effectively evaluated.

WHAT IS THE DIFFERENCE BETWEEN A HUMAN RIGHTS ASSESSMENT AND A HUMAN RIGHTS AUDIT?

A human rights assessment is typically forward looking, identifies and prioritizes actual and potential human rights impacts, and recommends appropriate action to address them. By contrast, a human rights audit is typically historical, determines compliance against a standard, investigates the root causes of prior harms, and recommends corrective actions.

CAN HUMAN RIGHTS BE EMBEDDED IN ENTERPRISE RISK ASSESSMENT?

Human rights assessments can be included within broader enterprise risk assessments and risk management systems, provided it goes beyond identifying material risks to the company and includes risks to people as well.

The emerging concepts of "double materiality" (the notion that companies should report on matters that influence enterprise value and matters that affect wider society) and "dynamic materiality" (the notion that the relative materiality of an issue may change over time) make it likely that the connectivity between enterprise risk assessment and human rights assessment will grow over time.

HOW CAN A BUSINESS ADDRESS GROUPS THAT MAY BE PARTICULARLY VULNERABLE TO ADVERSE IMPACT?

Some groups may face increased risks of negative impact from business activities. Those that are already marginalized or excluded in society, as is often the case for women, minorities, migrants, persons with disabilities or indigenous peoples, may be more vulnerable to adverse impact or may experience impact differently. Other groups, such as children, may also be vulnerable in certain circumstances and require different protection. The UNGPs explicitly state that the principles should be implemented in a non-discriminatory manner, with particular attention given to the rights and needs of individuals from such groups.

WHAT IF A POTENTIAL ADVERSE IMPACT CANNOT BE PREVENTED OR ADEQUATELY MITIGATED? SHOULD A COMPANY TERMINATE ITS RELATIONSHIP WITH A SUPPLIER/ PARTNER?

If a potential adverse impact could not be prevented or adequately mitigated, the company would be required **to refrain from entering into new or extending existing relations with the partner in connection to or in the value chain of which the impact has arisen**. In addition, where the law governing the relationship entitles the company to do so, it would be required to take the following actions:

- **Temporarily suspend commercial relations** with the partner in question, while pursuing prevention and minimization efforts, if there is a reasonable expectation that these efforts will succeed in the short term.
- **Terminate the business relationship with respect to the activities concerned** if the potential adverse impact is severe.
- There is an **exception for regulated financial undertakings** that provide credit, loan, or other financial services, which would not be required to terminate their contracts if this would reasonably be expected to cause substantial prejudice to the counterparty. Under the Directive, Member States would be required to provide for the availability of an option to terminate the business relationship in contracts governed by their laws.





6. Tools & Resources

6.1 General Resources and Tools

6.2 Glossary of Human Rights Terms

6.3 SME Human Rights Due Diligence Checklist

6.4 Sample Questions to Consider in the HRDD Process

6. Business and Human Rights

6.1 GENERAL RESOURCES AND TOOLS

- [United Nations Guiding Principles on Business and Human Rights \(UNGPs\) 2011](#)
- Office of the High Commissioner for Human Rights (OHCHR) - [The Corporate Responsibility to Respect Human Rights, 2012](#)
- UN - [UN Guiding Principles Reporting Framework with Implementation Guidance, 2016](#)
- OECD - [OECD Guidelines for Multinational Enterprises, 2023](#)
- OECD - [OECD Due Diligence Guidance for Responsible Business Conduct, 2018](#)
- OECD - [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, 2016](#)
- OECD - [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Supplement on Gold, 2012](#)
- UNDP, Human Rights Working Group - [Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts](#)
- Responsible Jewellery Council (RJC) - [Human Rights Implementation Toolkit, 2022](#)
- RJC - [Code of Practice, 2019](#)
- RJC - [Code of Practice Self-Assessment](#)
- RJC - [Risk Assessment Toolkit](#)
- RJC - [Due Diligence for Diamonds and Coloured Gemstones Toolkit](#)
- RJC - [Due Diligence for Precious Metals Toolkit](#)
- RJC - [Small Business Sustainability toolkit](#)



- RJC - [Retailer Sustainability Toolkit](#)
- [United Nations Global Compact & Business and Human Rights Navigator](#)
- Responsible Minerals Initiative (RMI) - [Conflict Minerals Reporting Template \(CMRT\)](#)
- Responsible Minerals Initiative (RMI) - [Responsible Minerals Initiative Training](#)
- European Commission - [Conflict Minerals Regulation Explained](#)
- Responsible Minerals Initiative (RMI) - [Practical Guide to Minerals Due Diligence Implementation](#)
- Responsible Minerals Initiative (RMI) - [Due Diligence Playbook](#)
- Responsible Business Alliance (RBA) - [Practical Guide to Implementing Responsible Business Conduct Due Diligence in Supply Chains](#)
- Ethical Trading Initiative (ETI) - [Human Rights Due Diligence Framework](#)
- Ethical Trading Initiative - [Guide to Buying Responsibly](#)
- Global Business Initiative on Human Rights (GBI) - [Business Practice Portal](#)
- Danish Institute for Human Rights (DIHR) - [Human Rights Impact Assessment Guidance and Toolbox](#)
- Danish Institute for Human Rights (DIHR) - [Driving Change Through Public Procurement](#)
- UN Global Compact - [The Global Compact Self-Assessment Tool](#)
- Human Level - [Respecting Indigenous Rights: An Actionable Due Diligence Toolkit for Institutional Investors](#)
- UN Global Compact - [How to Develop a Human Rights Policy](#)
- UN Global Compact, TwentyFifty - [Stakeholder Engagement in Human Rights Due Diligence](#)
- IOM UN Migration - [Fair and Ethical Recruitment Due Diligence Toolkit](#)
- ICMM - [International Council on Mining and Metals](#)
- BSR - [Business in Conflict-Affected and High-Risk Contexts](#)
- BSR - [Rapid Human Rights Due Diligence During Political and Armed Conflict, BSR](#)
- UNDP - [Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts: A Guide, UNDP](#)
- UN Working Group on Business and Human Rights - [Business, Human Rights and Conflict-Affected Regions: Towards Heightened Action, UN Working Group on Business and Human Rights](#)
- DCAF - [Security and Human Rights Toolkit, DCAF](#)
- Australian Red cross & RMIT University - [Doing Responsible Business in Armed Conflict, Australian Red Cross & RMIT University](#)
- International Committee of the Red Cross (ICRC) - [Business and international humanitarian law, International Committee of the Red Cross](#)

Grievance Mechanisms & Access to Remedy

Standards and Tools

- International Labour Organization (ILO) - [R130 Examination of Grievances Recommendation](#)
- CAO - [Grievance Mechanism Toolkit](#)
- IPIECA - <http://www.ipieca.org/news/ipieca-launches-community-grievance-mechanism-toolbox/>
- IFC - [Good Practice Note on Addressing Grievances from Project-Affected Communities](#)

Research Reports and Literature

- OHCHR, Accountability and Remedy Project III: [Enhancing effectiveness of non-state-based grievance mechanisms in cases of business-related human rights abuse](#), (2020)
- Regulation & Governance 14, 840–860, [Non-judicial business regulation and community access to remedy](#) (2020)
- International Council on Mining and Metals (ICMM), [Handling and Resolving Local-level Concerns and Grievances](#): Human rights in the mining and metals sector (2019)
- International Commission of Jurists (ICJ), [Effective Operational-level Grievance Mechanisms](#), (2019)
- BSR, [In Search of Justice: Pathways to Remedy at the Porgera Gold Mine](#), Jungk, Margaret, Chichester, Ouida, and Fletcher, Chris, (2018)
- Business and Human Rights Journal, [Community-Driven Operational Grievance Mechanisms](#) - Volume 1 Issue 1 - Jonathan KAUFMAN, Katherine McDONNELL (2016)
- Ludwig Boltzmann Institute of Human Rights, [The Right to Remedy, Extrajudicial Complaint Mechanisms for Resolving Conflicts of Interest Between Business Actors and Those Affected by Their Operations](#), Linder, Lukas & Steinkellner, (2013)
- [Dispute or Dialogue? Community Perspectives on Company-Led Grievance Mechanisms](#), E. Wilson & E. Blackmore, (2013)
- Office of the Compliance Advisor/Ombudsman (CAO), [A Guide to Designing and Implementing Grievance Mechanisms for Development Project](#): Advisory note (2008)

6.2 GLOSSARY OF HUMAN RIGHTS TERMS

Technical human rights language is used in this Navigator. The following glossary provides a common understanding of key terms.

Human Rights	The idea of human rights is simple and powerful: people have a right to be treated with respect and dignity. Human rights are inherent in all humans, no matter their nationality, residence, ethnicity, race, gender, sexual identity religion, language, or other status
The 'UNGPs'	In 2011, the United Nations Guiding Principles on Business and Human Rights (UNGPs) were unanimously adopted by the United Nations Human Rights Council. Drafted in consultation with business, civil society groups, and governments, the UNGPs are the authoritative global standard on business and human rights.
State Duty to Respect	First & foremost the UNGPs clearly state that governments have the responsibility to protect human rights.
Corporate Responsibility to Respect	The UNGPs state that business has a 'corporate responsibility to respect human rights' and at a high-level, defines this as, "Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should a
Priority Focus Areas	companies are expected to identify the most likely and severe human rights impacts that could occur in its own operations or business relationships in the value chain and take action.
Due Diligence	An ongoing risk management process companies should deploy to identify and assess human rights impacts: integrate and act on the findings; tack effectiveness and communicate results.
Rights-Holders	In general terms, all human beings are rights-holders, under the Universal Declaration of Human Rights. For companies, they are individuals or social groups that have particular entitlement in relation to a companies' value chain, e.g., own employees, supply base workers, distribution base workers, patients, caregivers, local communities...
Vulnerable Groups	While all human beings are "rights-holders", some groups or individuals face specific hurdles in relation to the enjoyment of rights – these are identified as potentially 'vulnerable groups', e.g., children, women, migrant workers, persons with disabilities, indigenous peoples.
Grievance Mechanism	A process through which a human rights grievance can be raised (including anonymously), assessed, investigated, and responded to, without retaliation or fear of retaliation.
Remedy	Remedy is both the process of providing remedy for a negative human rights impact and the substantive outcomes that can counteract, or make good, the negative impact. The role of the company in remedy is often defined by how connected it is to the human rights impact – did it cause, contribute or was it linked to the harm?

6.3 SME HUMAN RIGHTS DUE DILIGENCE CHECKLIST

SMEs make up the vast majority of businesses across the world and provide around 50% of total employment globally, according to figures by the [World Bank](#). They also play a critical role in the watch & jewelry industry, particularly when it comes to respecting human rights. The following checklist outlines key considerations and tips for **SMEs** when it comes to conducting HRDD in line with the UNGPs.

Step in HRDD Process	Top Tips for SMEs	Questions to Consider
<p>STEP 1 Commit to respect human rights and embed the commitment in your business</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Express your commitment to human rights verbally or in writing, depending on the size of your business. <input type="checkbox"/> If you have a website, publish your commitment in line with UNGPs. <input type="checkbox"/> Allocate the necessary internal capacity & governance to monitor policy implementation. <input type="checkbox"/> Proactively communicate your policy commitments to relevant parties. 	<ul style="list-style-type: none"> • Does our policy commit to internationally recognized human rights standards, and is it endorsed by senior leadership? • Which employee / department leads on and oversees our human rights commitment? • What policies and processes do we need to update (code of conduct, risk management systems)? • Are we clear on expectations for, employees, business partners, other rightsholders, etc.?
<p>STEP 2 Identify your human rights risks – actual and potential.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Map out your operations and value chain, by starting with your immediate Tier 1 suppliers and key raw materials and expand your assessment over time. <input type="checkbox"/> Consider which groups of people could be affected along this simplified value chain, and how their rights could be impacted. <input type="checkbox"/> Understand whether existing systems such as risk management system, EHS processes, or supply chain management systems detect human rights risks. <input type="checkbox"/> Seek external advice as relevant. 	<ul style="list-style-type: none"> • What does our supply chain look like? Do you know if any sourcing or activity relevant to your product/service take place outside your Tier 1 suppliers? • Who are our rightsholders? How could our operations, products, services, or business relationships impact their rights? • What are the actual and potential human rights that may be affected? • Do we have existing systems in place that may already detect human rights risks? • Can I draw on any external resources (e.g., industry HRIAs) or experts (e.g., NGOs, industry initiatives) that may help me understand my impacts better?

Step in HRDD Process	Top Tips for SMEs	Questions to Consider
<p>STEP 3</p> <p>Take action to avoid and address the risks you identify</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Assign responsibility to employee or function to address identified impacts. <input type="checkbox"/> Use language and concepts to describe human rights that are accessible to staff / business partners. <input type="checkbox"/> Conduct or identify publicly available trainings on human rights where necessary. <input type="checkbox"/> Engage with business partners on human rights impacts. Where leverage is small, collaborate at an industry or multi-industry level as well as with relevant stakeholders throughout the due diligence process to share knowledge, increase leverage, share costs, and scale up effective measures. <input type="checkbox"/> Use Google alerts or similar internet services to identify emerging human rights risks for own operations and key high-risk suppliers. 	<ul style="list-style-type: none"> • Which employee / department leads on and oversees our human rights work? Is internal collaboration needed? • What is the level of awareness of human rights within our company? Do we need to build capacity? • Which business partners / suppliers do we need to engage? • Do we have leverage to ensure that our suppliers / business partners mitigate the risks identified? Do we need to partner?
<p>STEP 4</p> <p>Enable remedy for those affected</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Introduce policies and procedures to reduce identified risks in own operations. <input type="checkbox"/> Consider whether regular audits or engagements with high-risk business partners / suppliers are / should be implemented (e.g., third-party labour agencies). <input type="checkbox"/> Put in place a complaints or grievance mechanisms. If too costly to establish one on your own, consider external providers. <input type="checkbox"/> Open dialogue with rightsholders that may be affected by your operations and business relationships. 	<ul style="list-style-type: none"> • Which policies need to be updated to mitigate and remediate identified impacts? • Do we need to monitor our business relationships more closely and formally? • What complaints or grievance channels exist? Are they effective? How do we handle grievances? • Do we engage with rightsholders in a meaningful way?

Step in HRDD Process	Top Tips for SMEs	Questions to Consider
STEP 5 Track your progress	<input type="checkbox"/> Track basic metrics to assess whether your efforts are effective in addressing identified impacts. <input type="checkbox"/> Evaluate outcomes of your complaints or grievance mechanism. <input type="checkbox"/> Seek rightsholder feedback.	<ul style="list-style-type: none"> • How are we going to monitor progress against our actions (KPIs, other action plans?) • Are we effectively mitigating and remediating identified impacts? • Can we draw on existing systems to track our progress (e.g., OHS system, etc.)?
STEP 6 Report & Communicate	<input type="checkbox"/> Show how your company is mitigating human rights impacts via formal or informal communication channels. <input type="checkbox"/> Consider integrating your human rights efforts into existing reports (e.g., CSR report, annual report, etc.) <input type="checkbox"/> Include information in regular meetings and discussions with employees, suppliers, customers, or community representatives, <input type="checkbox"/> Publish a brief statement on your website or on social media channels as relevant.	<ul style="list-style-type: none"> • How do we want to communicate about our human rights efforts? • Who do we need to communicate to and why? • Are there existing reports or disclosures we can integrate human rights into?

Useful Resources

- [Addressing Modern Slavery Risks Among Business Partners \(GBCAT\)](#)
- [My business and human rights: A guide to human rights for small and medium-sized enterprises \(European Commission\)](#)

6.4 SAMPLE QUESTIONS TO CONSIDER IN THE HRDD PROCESS

	Business Area	Sample Questions to Consider	Sample Human Rights Risks
OWN OPERATIONS	Recruitment	<ul style="list-style-type: none"> • Does our business use a third-party staffing agency to find workers? Are these agencies licenced? • Do we consider only experience and competencies relevant to the job advertised? • Are our hiring and recruitment practices equitable or do we discourage certain populations from applying? • Is our stance on discrimination clear? • How do we store personal information of applicants? 	<ul style="list-style-type: none"> • Non-discrimination • Right to work • Right to privacy • Forced labour, child labour
	Employment Practices & Compensation	<ul style="list-style-type: none"> • Do we provide a workplace that promotes respect and prevents discriminatory practices? • Do we pay employees' wages fairly, timely, and regularly? • Do we support employees' rights to freedom of association? • Do we have channels in place to allow employees to report any incidents or grievances without fear of retaliation and in an anonymous fashion? 	<ul style="list-style-type: none"> • Equal pay for equal work • Non-discrimination • Freedom of association • Labor exploitation
	Occupational Health & Safety	<ul style="list-style-type: none"> • Do we train employees on workplace health and safety? • Do employees operate heavy machinery or are exposed to harmful substance? • Do we regularly conduct assessments to ensure that our workplace is adequate and functional so as to reduce potential accidents? 	<ul style="list-style-type: none"> • Right to a safe and healthy work environment
	Product Marketing & Sales	<ul style="list-style-type: none"> • Do we ensure non-discrimination in our marketing practices? • Do we market to children? • How do our products impact the rights of our consumers? • Do we collect and store consumer information in a way that ensures their privacy? 	<ul style="list-style-type: none"> • Privacy • Physical and mental health

	Business Area	Sample Questions to Consider	Sample Human Rights Risks
SUPPLY CHAIN	Supplier / Business Partner Screening	<ul style="list-style-type: none"> Does the supplier/business partner have in place a publicly available commitment to human rights and/or non-discrimination? What is the composition of the supplier's workforce? Are employees directly employed or contracted? Does the supplier provide all prospective workers with a written employment contract in their native language? Does the supplier or recruitment agency keep the passports or personal documents of workers? What are the working conditions and compensation practices like? Does the supplier/business partner have a grievance mechanism in place? Do our business partners charge fees or delay or withhold paying wages as a disciplinary action? 	<ul style="list-style-type: none"> Equal pay for equal work Non-discrimination Abolition of child labour / forced labour
	Purchasing Practices	<ul style="list-style-type: none"> Do you place tight deadlines on your suppliers / business partners or do you forecast purchases and volumes in an adequate manner? Do you pay your suppliers/business partners in an adequate / timely manner? 	<ul style="list-style-type: none"> Right to rest and leisure
	Contextual Risk	<ul style="list-style-type: none"> Does the supplier/business partner operate in conflict-affected or high-risk contexts? Does the supplier/business partner have a strong stance against child and forced labour? Does the supplier/business partner interact with government/contracted security forces? Who are the rightsholders and vulnerable groups in this context (e.g., women, children, people with disabilities, elderly, etc.)? 	<ul style="list-style-type: none"> Right to life, liberty and security of the person