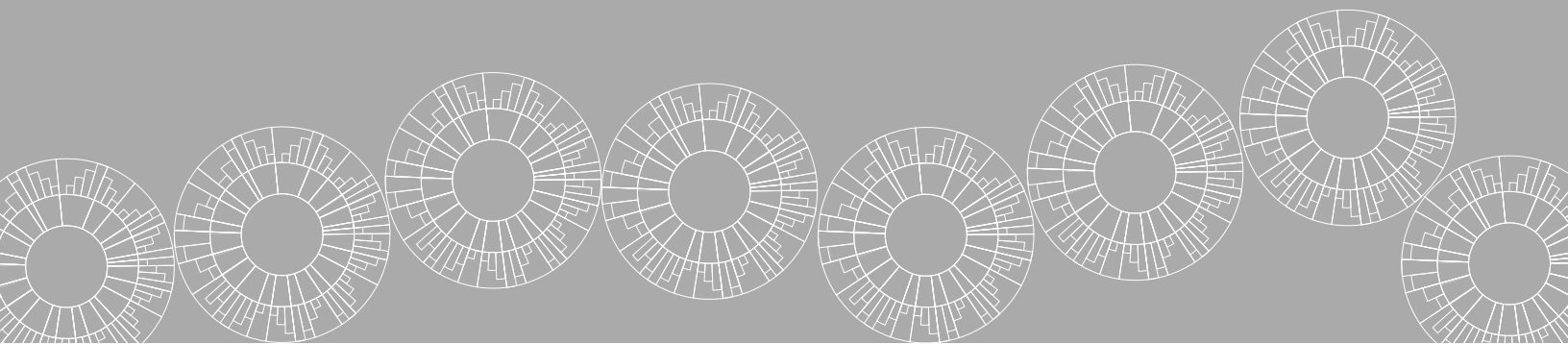


# Respecting Human Rights in Your Supply Chain:

A TIP SHEET FOR SMES



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## A Tip Sheet for SMEs

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Supported by British Columbia's Office of the Human Rights Commissioner.

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# Contents

What are human rights?	5
How can you uphold human rights through your purchasing decisions?	6
1. Understand what you buy	6
2. Understand the full 'life cycle' of your key purchases	6
3. Explore the (possible) impacts of your key purchases	7
4. Learn more about your suppliers' human rights performance	9
5. Determine your sustainability and human rights priorities and how they will inform your purchasing decisions	10
6. Signal your expectations	11
7. Reflect on how you can support suppliers in meeting your expectations	13
8. Addressing human rights concerns	13
9. Evaluate your outcomes	14
Navigating your company's human rights due diligence journey	14
Worksheet: Life cycle of a service	15
Worksheet: Life cycle of a product	16

## Who is this for?

This tip sheet helps leaders and purchasers in small and medium-sized enterprises (SMEs) to improve the human rights outcomes of their company's buying decisions and to avoid being complicit in negative impacts on human rights.

Companies large and small are recognising that the goods and services they buy contribute to their environmental and social footprint, often quite significantly. Every company has [an obligation](#) to avoid human rights abuses, and to address violations when they occur. Integrating human rights considerations into your company's purchasing decisions can help you to ensure you respect human rights and to improve the impact your company has on the environment and on communities.

To do this, you need to know what human rights are, understand whether your company is infringing on human rights (or if there is a risk that this could happen), and make sure human rights violations are addressed. This responsibility also extends into your supply chain, where your company may be considered complicit in the human rights abuses of your suppliers.

Respecting human rights starts with what is in your direct control - your own operations. As you build confidence that your company is respecting human rights and preventing violations, it will be time to turn your attention to your suppliers.

This tip sheet focuses on helping you to improve the human rights outcomes of your company's buying decisions to avoid being complicit in negative impacts on human rights. Even if you don't have the resources to do everything right away, you can start with making one key purchase more sustainable and build from there. Here are some tips to get you started.

## What are human rights?

Each person, no matter where they are in the world, has certain basic rights in international law, simply by being human. Everyone has the right equality, dignity, and recognition as a person, and to freedom from discrimination, slavery, or bondage. They have rights in the workplace, including the freedom of association (including forming unions) and the right to equal pay and a safe work environment. Every person has the right to an adequate standard of living. The right to health, the right to live in a [clean and healthy environment](#), and the right to have access to clean water are essential to achieve this. More broadly, everyone has the right to privacy, freedom of expression, freedom of thought and religion, [and more](#). Indigenous Peoples also have a unique set of rights outlined in the [UN Declaration of the Rights of Indigenous Peoples \(UNDRIP\)](#). Companies need to ensure that their actions do not infringe upon these rights.

Some of your country's constitutional or statutory rights may overlap with international human rights, but they are granted by virtue of citizenship or residency status. Citizens and residents of other countries may have their own additional civil or statutory rights under their national laws. As a procurement professional, you must respect all laws and you have a responsibility to respect international human rights (even if national laws don't meet the same standard) and to ensure your company's own actions or business relationships don't violate them.

# How can you uphold human rights through your purchasing decisions?

When you buy goods and services, no matter how small, you become part of a supply chain that often extends across the globe. Unfortunately, violations of human rights and labour rights are still very common, and may include forced labour and child labour, excessive working hours, unsafe working conditions, anti-union activities, labour abuses, or suppression of freedom of expression. When companies damage the environment or affect access to clear water, it can also violate people's human rights or Indigenous rights by affecting their standard of living, their health, or how Indigenous Peoples can use their land to support themselves and their families and engage in cultural activities. Impacts on human rights can still be found in companies operating all around the world, including in Canada.

## 1. Understand what you buy

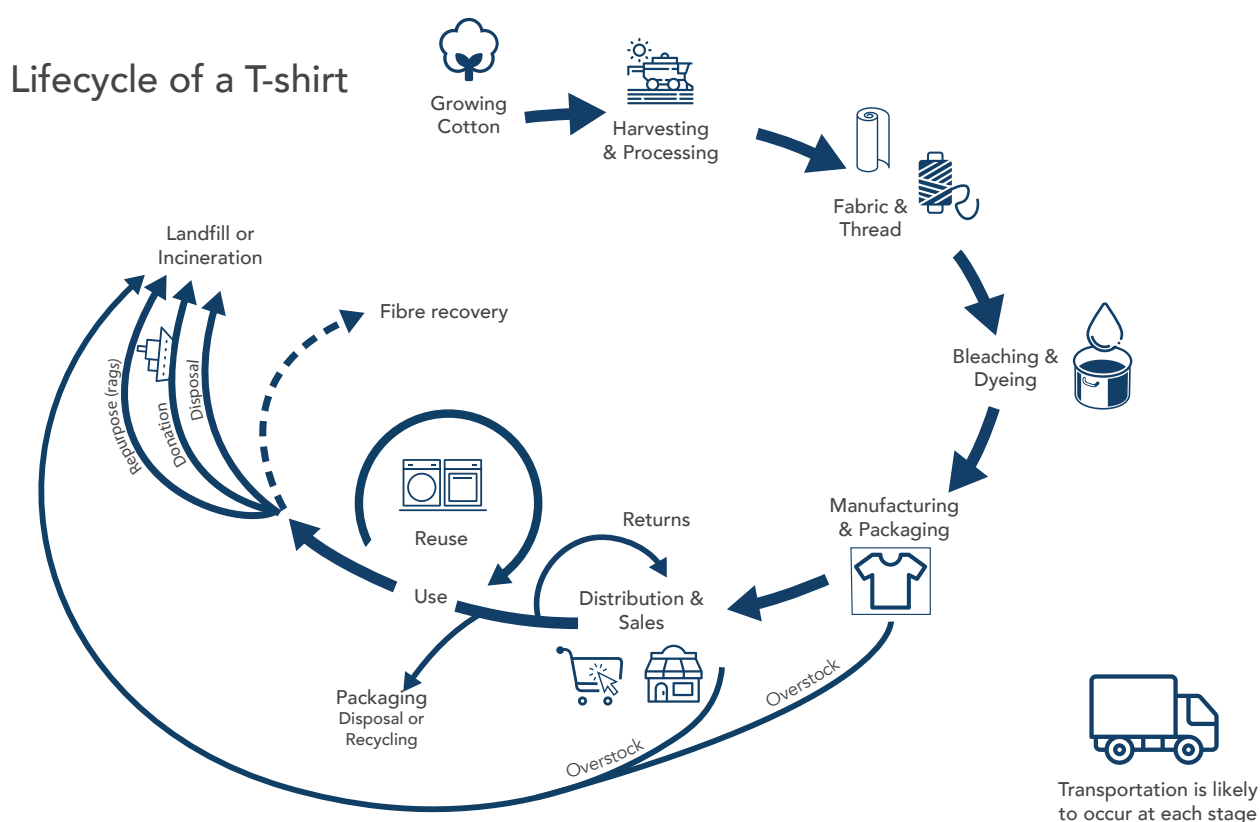
Start by understanding your company's purchasing patterns. What products and services do you currently buy? What do you expect to buy in the future? Which products do you buy frequently and in large quantities? Where is your highest spend? These products and services are a good place to start.

Just remember that in many cases, the most sustainable procurement decision you can make is to find ways to buy less, or in the case of some products or services, not to buy them at all. An important step in managing your company's environmental footprint is to ask yourself: do we really need to purchase this?

## 2. Understand the full 'life cycle' of your key purchases

Sustainability and human rights impacts happen across the life of a product or service. In products, this cycle extends from raw materials, through production and use, and right through to the end of life. In the case of a service, impacts can occur right from the decisions taken about service preparation, through service production, delivery, and consumption, and in any maintenance activities after service delivery.

Pick one of your key products or services to explore. Think about (or better yet, draw) its full life cycle. Who sold it to you? How far did it need to be transported? Or how far did your service contractor need to travel? Did they require a hotel room? What materials, processes, or services did your supplier, or their suppliers, need to produce their product or to deliver their service? Now imagine where the products or the used materials will go: at the end of their life, can they be recycled or reused? Consider creating a simple 'map' of the life of your key purchases, from beginning to end, like the example of a cotton t-shirt below. A blank template has been included at the end of this tip sheet.



### 3. Explore the (possible) impacts of your key purchases

Next, you will want to try to identify the key human rights that may be associated with the materials, production, distribution, or use of your key purchases or services, as well as their adverse impacts at end of life.

While many of us first think about modern slavery or child labour, human rights cover a broad range of topics. Some are related to how employers treat their workers and others cover broader freedoms and entitlements. The human right to a clean and healthy environment was the latest right to be recognised in 2021. When understanding the human rights impacts in your supply chain, you will want to consider both labour rights and broader human rights, as well as the rights of Indigenous Peoples.

Human rights concerns related to the workplace include impacts on:

- **Discrimination:** freedom from workplace discrimination; discriminatory hiring and promotion practices.
- **Health and Safety:** safe work environment and access to protective equipment.
- **Work Requirements:** reasonable working hours; access to leisure and time off or paid leave.
- **Compensation:** equal pay for equal work and fair compensation including paying what amounts to a living wage.
- **Unions:** freedom of association and collective bargaining.

Human rights concerns related to broader freedoms and entitlements include impacts on:

- **Freedoms:** freedom from forced labour, slavery, child labour, debt bondage, or restrictions on workers' movements.
- **Security:** safety, security, and disaster response in nearby communities.
- **Health:** health and wellness of workers and in nearby communities, including through pollution.
- **Livelihoods:** ability of residents in communities that your supplier impacts to make a living.
- **Land Use:** ownership or use of land and natural resources (land rights).
- **Environment:** access to a clean and healthy environment.
- **Ecosystems:** limits to or changes in how ecosystems function, with negative impacts for individuals and communities.
- **Water:** access to clean water for water use and sanitation in nearby communities.
- **Special Groups:** respect for the rights of individuals with a disability, marginalised groups, Indigenous Peoples, women, children, migrants, and others.



As a result of the longstanding use, occupancy, and cultural relevance of their lands, Indigenous Peoples have collective rights, in addition to the human rights they have as individuals. The rights of Indigenous Peoples aim to ensure that Indigenous Peoples can make decisions about their territories, use their land to support themselves and their families, and engage in cultural activities.

To better understand the human rights risks associated with your purchases, you will need to do a bit of research. Perhaps you are purchasing t-shirts for an event: a simple internet search for “cotton AND human rights” can be a great start. A quick search might reveal that cotton grown in certain countries has a higher risk of involving child or forced labour than cotton grown elsewhere. Products often indicate where they are produced. Some companies are starting to improve the traceability of their products, so you can easily find product origin and sustainability concerns (including human rights risks).

Though human rights abuses are more common in certain regions and industries, that does not rule them out elsewhere. We know that human rights abuses can and do occur anywhere in the world. On the flip side, though abuses may be common in some locations, some companies that source there work hard to ensure they have the right policies and practices in place to mitigate human rights risk in their products.

## 4. Learn more about your suppliers' human rights performance

Take a bit of time to learn more about your suppliers. For larger companies, especially, there likely is a good amount of relevant information you can access freely, right from your phone or computer. You can start by reviewing the company website for:

- Policies on human rights (and Indigenous rights)
- Descriptions of their human rights approach and performance. Consider: does this supplier confirm that there have not been human rights violations in their sustainability report or on the website? Does the supplier describe what it has done to prevent the likelihood of human rights abuses?
- Memberships or participation in industry or sustainable business standards or associations
- Awards and case studies about human rights
- Audited reports, including sustainability and modern slavery reports

Does the website explain how the company approaches human rights? Have they made public commitments or set goals? Does their approach align with yours?

Next, you could do a basic internet search on the company. Are there public benchmarking reports on key sustainability topics? Are there evaluations by employees? Are there complaints or lawsuits related to sustainability issues? Consider the following search strategy:

- Search for “Company (or product) AND human rights”
- Search for “Company (or product) AND human rights violations”
- Search for “Company (or product) AND sustainability news”
- (For larger companies) check what score the company has received in independent human rights or ESG performance assessments like the [Corporate Human Rights Benchmark](#) or [Refinitive](#) or check whether the company reports to the [UN Global Compact](#). Or check if the [Business and Human Rights Resource Centre](#) tracks the company. Consider: How does the company perform against its peers? Has its performance been improving over time?
- (For specific products) Does your supplier participate in initiatives that trace products to their origin and provide information about human rights risk on their website?

## 5. Determine your sustainability and human rights priorities and how they will inform your purchasing decisions

To integrate your key human rights concerns into your buying decisions, a decision-making framework can be helpful. Consider creating two lists. The first is a list of minimum criteria that a supplier must meet (or your company will not consider them). The second will be a list of desired criteria that can help you to rank potential suppliers. In addition to assigning a weighted score to criteria such as price, quality, reliability, and/or timeline, you could allocate 10-20% of that weighting to human rights or related sustainability criteria.

Take a moment to consider what human rights criteria your company will adopt. Will you require or give preference to a publicly stated and demonstrated respect for human rights? Will you require or give preference to a company that conducts regular human rights due diligence?<sup>1</sup>

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<sup>1</sup> Human rights due diligence refers to ongoing efforts by, for example, a company to identify, prevent, mitigate and account for how it addresses its adverse impacts on human rights.

Next, consider what evidence you will accept as confirmation that a company or purchase meets your criteria. For example, will you accept policies, certifications, independent Human Rights rankings, case studies, audited company reports, or publicly available company communications materials and web pages as evidence?

## 6. Signal your expectations

You can signal your expectations by creating a public statement on your commitment to upholding human rights in your supply chain and/or by creating a supplier code of conduct. Next, you will want to signal these expectations in your discussions with suppliers, in your requests for proposals, and in your contracts.

It's easy to underestimate the power of asking questions. Even if your company is small, you can still contact your main suppliers and ask them how they approach respecting human rights. If you have many suppliers, you could consider creating a supplier sustainability questionnaire that explains your company's commitment to sustainability and human rights and includes questions about your suppliers' human/Indigenous rights policies, feedback mechanisms, and approach to due diligence and remedy of human rights violations. In it, you can also request evidence (see Tip 5) of key human rights practices and policies that will help you assess whether they manage risks that are relevant to your purchases. To be most effective, you will want to conduct your due diligence before a major purchasing decision and perhaps annually after that, as part of an auditing process.

The questions below can help you better understand the human rights approach of your suppliers. And they can provide confirmation that a company meets your human rights criteria (see Tip 4). You may want to adjust these questions depending on the size and type of supplier. For example, a formal community feedback mechanism will be more relevant for a mining company than for a small janitorial services company whose impact on local communities is limited. And "how do you train workers on how to respect human rights" may be more relevant for an apparel company that works with manufacturers around the world than for a small interior design company with two staff.

As part of your due diligence, consider posing (some of) the following questions to your suppliers:

**Human Rights, Indigenous Rights, and/or Health and Safety:** Does your company have a relevant policy? If so, have your leadership signed-off on it? Who is ultimately accountable for ensuring you comply with your policy? Do your workers receive relevant training? (Or: “how do you train workers?”) Could you provide evidence that your systems are working as they should (e.g. case studies, reporting on violations and/or health and safety statistics, external audits, surveys, etc.)

**Commitment to Standards and Principles:** Is your company a member of industry or sustainable business associations whose membership requirements include respect for human rights? Is your company a signatory to sustainable business standards or industry standards or principles that require your company to practice and report on respect for human rights and mitigation of adverse impacts? If so, which ones?

**Concerns and Complaints (internal):** Does your company have a whistle-blower policy? Do you have appropriate avenues for whistle-blowers to submit concerns? Are workers able to submit concerns or complaints confidentially (and anonymously, if they want), and without fear of reprisal?

**Concerns and Complaints (external):** Does your company have a feedback or grievance mechanism for communities? Are external groups able to submit concerns or complaints confidentially (and anonymously, if they want), and without fear of reprisal? Are procedures clearly explained? Is feedback addressed promptly and resolved adequately?

**Due Diligence:** Does your company conduct regular human rights due diligence of its operations and of its supply chain and act on its findings? If yes, does your company disclose the results?

**Supply Chain Engagement:** Do your company’s procurement contracts require that your suppliers respect human rights, conduct human rights due diligence, and prevent adverse human rights impacts? Do you monitor/audit your supply chain?

When companies hear their customers asking about human rights, it has an impact. And if you're willing to pay a higher price or accept slightly different criteria for an option that respects human rights, tell your suppliers. This is important market information that may help shift your suppliers' approach to human rights and human rights due diligence.

## 7. Reflect on how you can support suppliers in meeting your expectations

Speak with your existing suppliers (and potential new ones) to understand what you could be doing to support them in meeting your new criteria, and whether your company creates any barriers for the kinds of companies you want to buy from. Consider whether you can reduce or eliminate these barriers. For example, to help suppliers pay a living wage, you could commit to paying your suppliers more promptly.

## 8. Addressing human rights concerns

What happens when your processes and due diligence identify human rights abuses in your supply chain? Your approach will likely differ based on whether you are already locked into a contract or are still at the stage of making a decision to buy (or not), whether you are a small or large company, and whether you have the ability to influence your supplier.

For prospective suppliers, you can simply decide not to purchase from them, unless there is no substitute. For existing suppliers, if you have influence or leverage, you might be able to motivate your suppliers to improve their human rights practices. If this does not lead to improvements, you may try to source your products or services elsewhere. Remember that for some suppliers, losing your business may have a substantial impact, including on their ability to retain workers. In those cases, you may want to offer the opportunity for your supplier to commit to improvements over time to retain your business, or a phased exit, if you must part ways.

## 9. Evaluate your outcomes

You will want to understand the success of your efforts and the progress you're making towards respect for human rights in your supply chain and eliminating the possible negative human rights impacts of your company. To do so, consider creating a review schedule, once a year ideally, where you track the performance of your procurement against your human rights priorities. What percentage of suppliers have made progress on respecting human rights? Is the percentage of purchases where you were able to confirm respect for human rights going up? Are there areas where you're not making progress? Are there alternative options you could explore?

# Navigating your company's human rights due diligence journey

Over time, the inclusion of human rights requirements in your procurement practices will help to improve your suppliers' and, by extension, your company's human rights performance. It will likely result in more proposals from suppliers that also care about respecting human rights. Or it might motivate other suppliers that hadn't considered human rights to change some of their practices.

Understanding and addressing human rights in their supply chain is a journey for all companies. It is unrealistic to expect that you will be able to roll out a 'perfect' supplier human rights program right away. If you're just getting started, consider conducting high-level due diligence on a few key suppliers this year and expand your efforts from there.

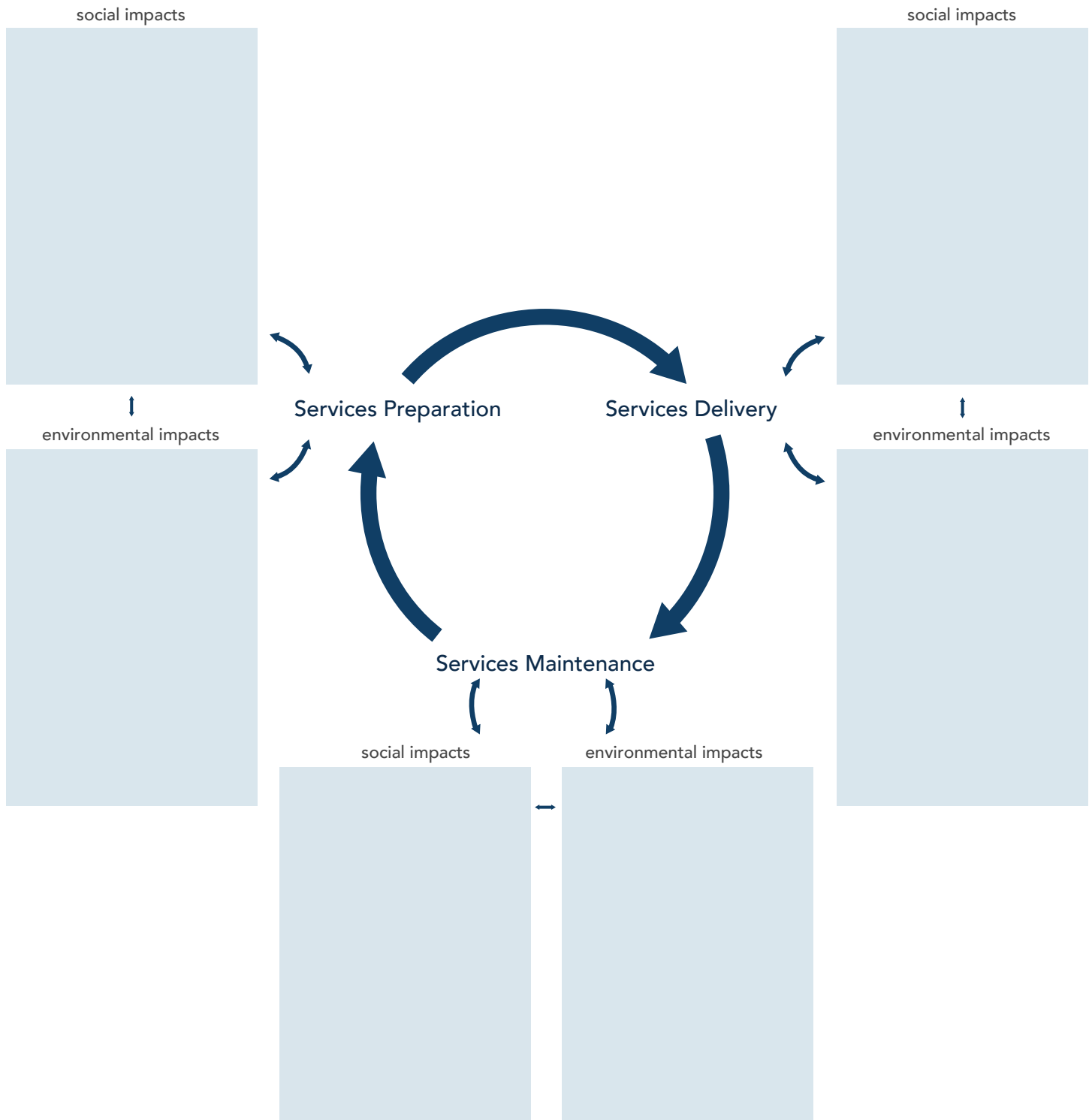
The awareness and expectations for companies to do their part in upholding human rights continue to grow. Using the tips outlined here, we hope you can contribute to this important movement.

# Worksheet: Life Cycle of a Service

CONSIDER AT EACH STAGE:



- Materials
- Logistics
- Labour



# Worksheet: Life Cycle of a Product

CONSIDER AT EACH STAGE:



- Materials
- Logistics
- Labour

social & environmental impacts

Incineration  
or combustion

Uncontrolled  
release

social & environmental impacts

social & environmental impacts

Disposal

Landfill

Materials  
Recovery or  
Composting

Natural  
Resources

social & environmental impacts

social & environmental impacts

Use &  
Maintenance

Reuse

social & environmental impacts

social & environmental impacts

Distribution &  
Purchase

Material  
Processing

social & environmental impacts

Component  
Manufacturing

Assembly &  
Packaging

social & environmental impacts



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