



Participatory Human Rights Due Diligence Meaningful Stakeholder Engagement

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OUTLINE



Clarify the differences between stakeholders and right-holders in business perspective and BHR perspective



Understand participatory HRDD and meaningful stakeholder engagement in theory

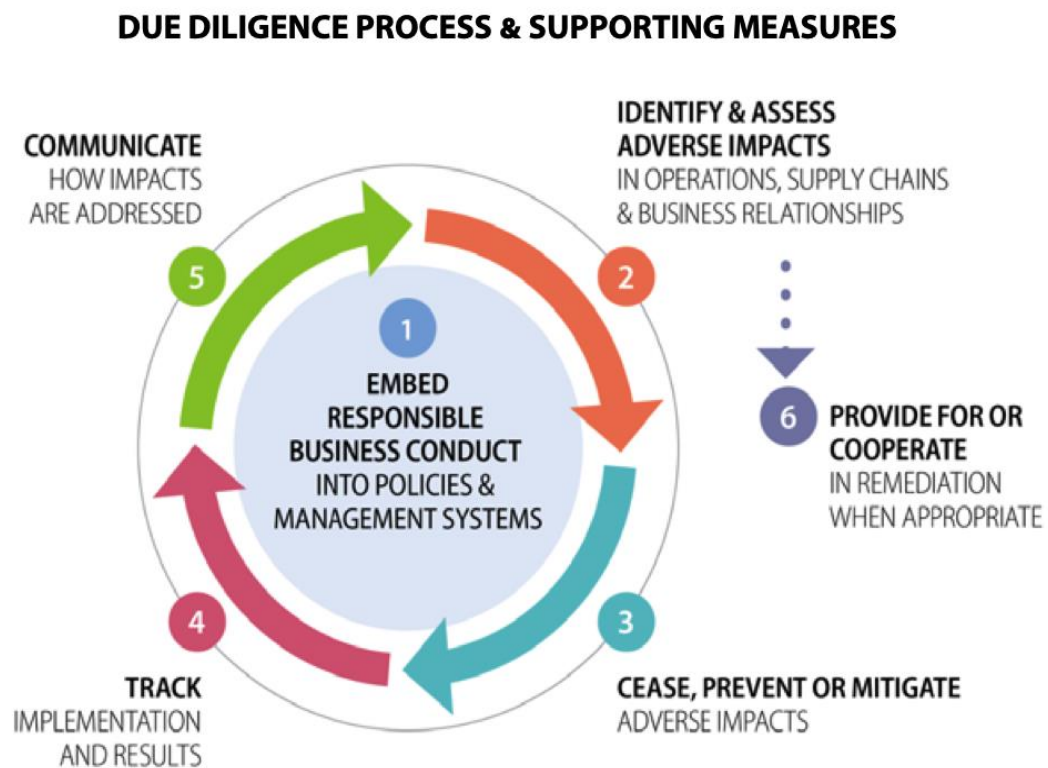


Be aware of the criteria of participatory HRDD and meaningful stakeholder engagement



Understand the knowledge and power dynamics in meaningful stakeholder engagement

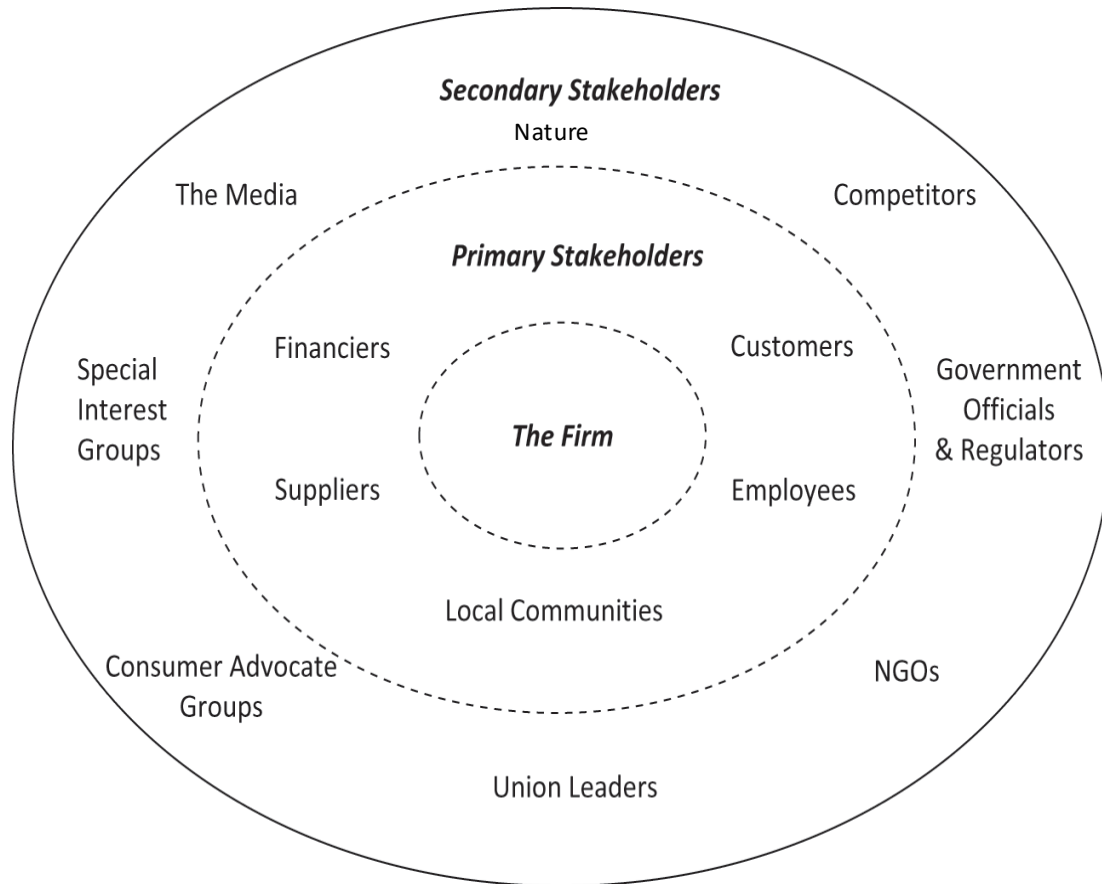
HRDD Core Elements



- *HRDD is about people. It reflects the entitlement of every human being to be treated with dignity.*
- *It therefore involves relationships— between an enterprise and those on whom it may have an impact.*
- *Hence, the key to human rights due diligence is the need to understand the perspective of potentially affected individuals and groups, i.e. the rights-holders*

(UNHRC UNGPs Interpretation Guidance 2012)

Stakeholders Theory (Freeman 1984 onwards)



The firm and its primary and secondary stakeholders are interdependent

Confronts the shareholder-primacy view that inhibits managers' attention to social issues

Understands business as a set of relationships

Businesses should create value for all their stakeholders – those who can affect or be affected by the realization of an organization's purpose (the wide definition) or those without whose support the organization would not exist (the narrow definition)

The composition of stakeholders may differ depending on a company's industry and business model...

BHR stakeholders



Rights-holders, affected stakeholders who are negatively affected by the activities of the business or that of its business partners

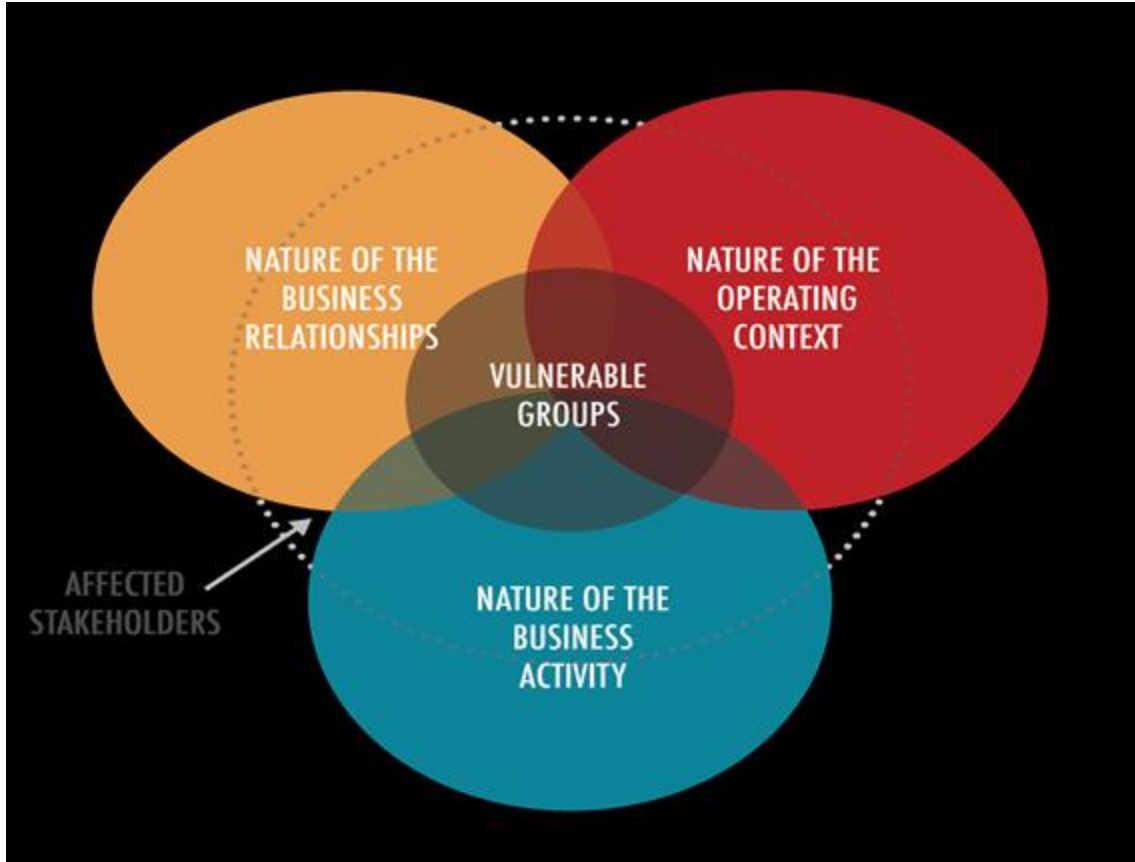


Business partners who are involved in the harm by causing it, contributing to it, or otherwise being involved through their own operations, products or services or those of their business partners.

> The lead company has leverage over them to change the situation

Affected stakeholders, Rights-holders

Identifying affected-stakeholders/rights-holders



3 groups to consider especially

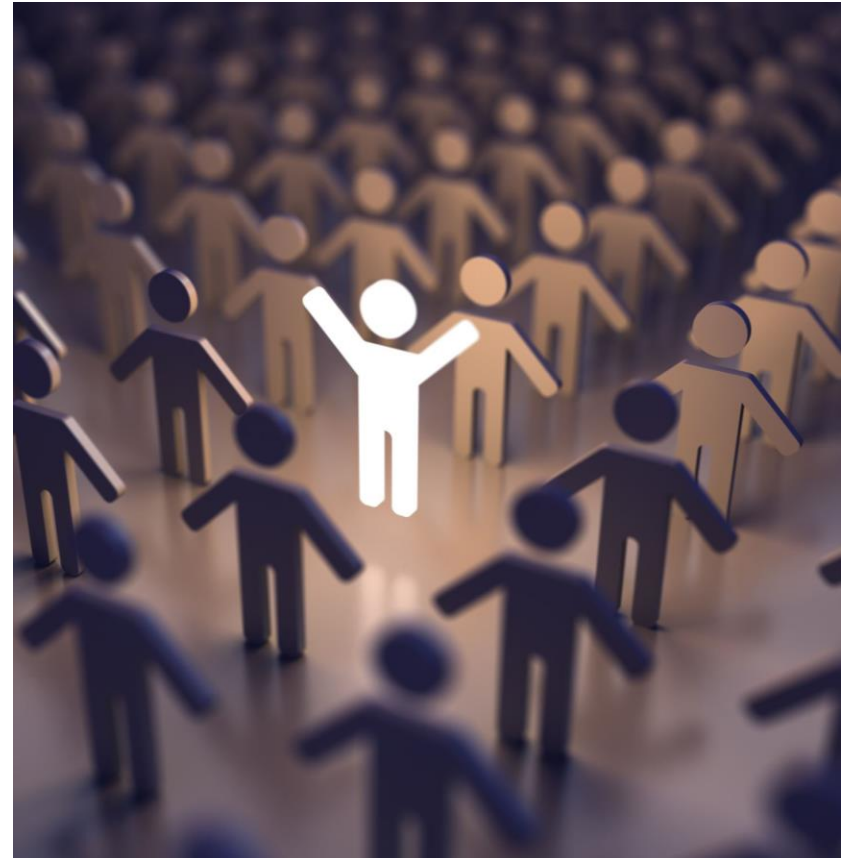
- Potentially affected stakeholders and their legitimate representatives
- Credible proxies who have a sufficiently deep experience in engaging with affected stakeholders
- Human Rights experts for how the company can effectively manage human rights (not a replacement for affected stakeholders)

Why introduce the concept of rights-holders?

What does it change?

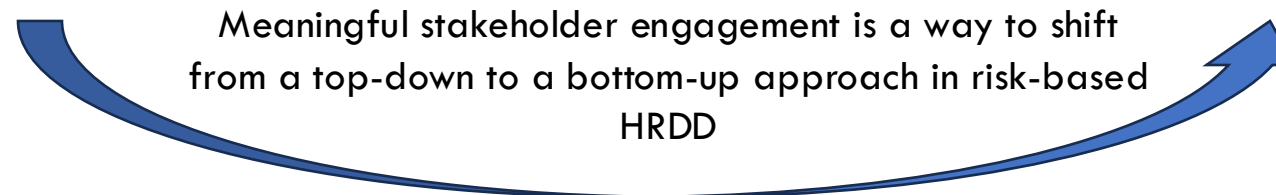
Who are the interlocutors in business?

- The role that human rights play for responsible business requires awareness among managers exercising a broad range of tasks.
- Human rights issues arise in relation to procurement, finance, supply chain management, stakeholder engagement and consultation, risk management, human resource management, communication, and non-financial reporting.
- However, HRDD might, like CSR and sustainability, be delegated to specific offices (Legal department, CSR/Sustainability team, etc) or an external agent with little strategic leverage rather than being integrated as a transversal matter across the organization
- Will mandatory HRDD change this?



Participation in HR and BHR

- Human rights-based approach (HRBA) principles:
 - participation and inclusion; equality and non-discrimination; and transparency and accountability
 - inclusive participation ‘goes well beyond mere consultation or a technical add-on to project design’
 - fundamental principle of democracy that people are entitled to participate in decisions that affect them
- HRDD emphasizes meaningful stakeholder engagement as part of HRIA, solutions and remedies:
 - but in both theory and practice it remains a*
 - Top-down risk management tool designed and implemented under the dominating approaches of organisations that drive the process
 - not a tool designed for rights-holders who are affected or rights-holders’ representatives
 - precludes the adoption of fully participatory approaches that facilitate community empowerment



Meaningful stakeholder engagement is a way to shift from a top-down to a bottom-up approach in risk-based HRDD

Participation and meaningful stakeholder engagement in BHR...?

Purpose:

- ✓ Understand the perspectives, interests and concerns of those who may be affected
- ✓ Improve the quality of analysis of human rights impacts
- ✓ Be able to prioritise those impacts, without the company making those decisions alone
- ✓ Better understand how to manage identified impacts

What

- An ongoing process of interaction and dialogue between a company and its potentially affected stakeholders that enables the company to exist and operate
- At all stages of HRDD

How

- By directly engaging with affected stakeholders wherever feasible
- Collaborative approaches workers' committees, community dialogues, round-tables, face-to-face meetings, and grievance mechanisms



Stakeholders in Business & in Human Rights

In small groups, map a company's stakeholders from a management perspective and from a human rights perspective

Explain why they differ

From
Rafto/IHRB
Ocean
platform

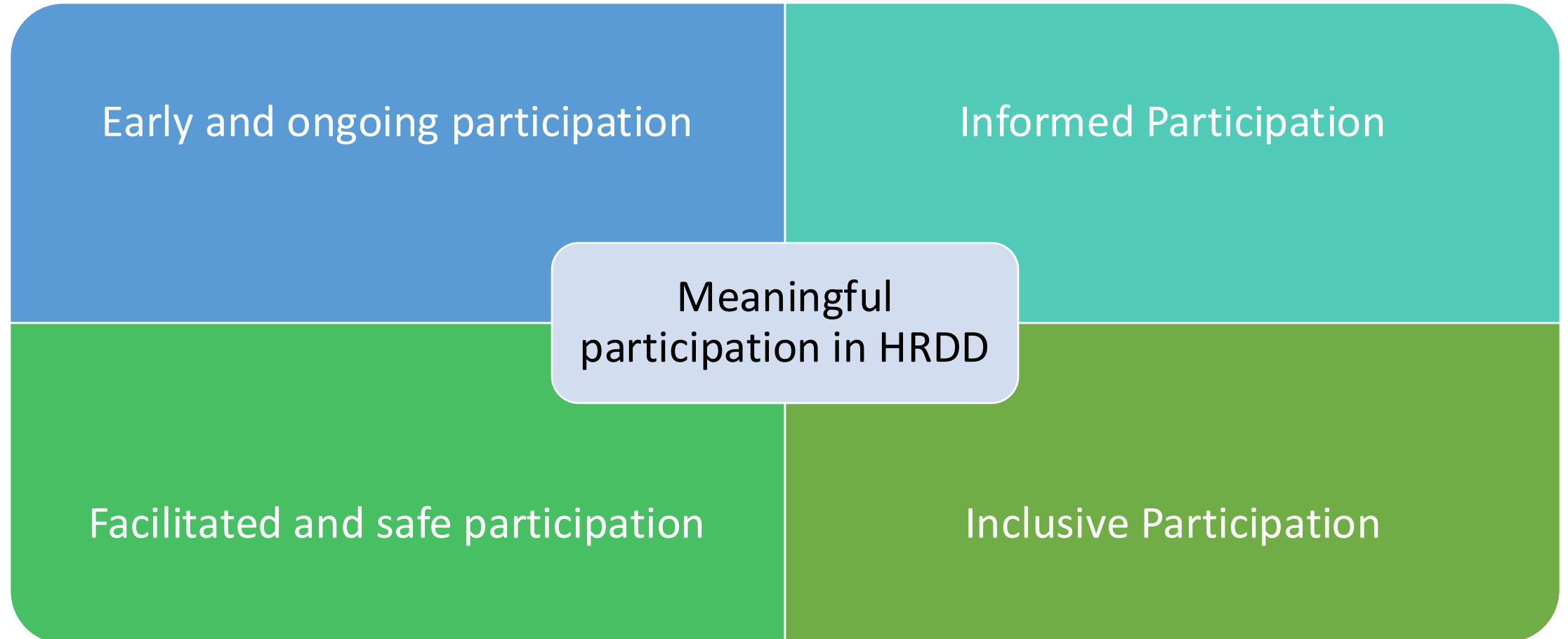


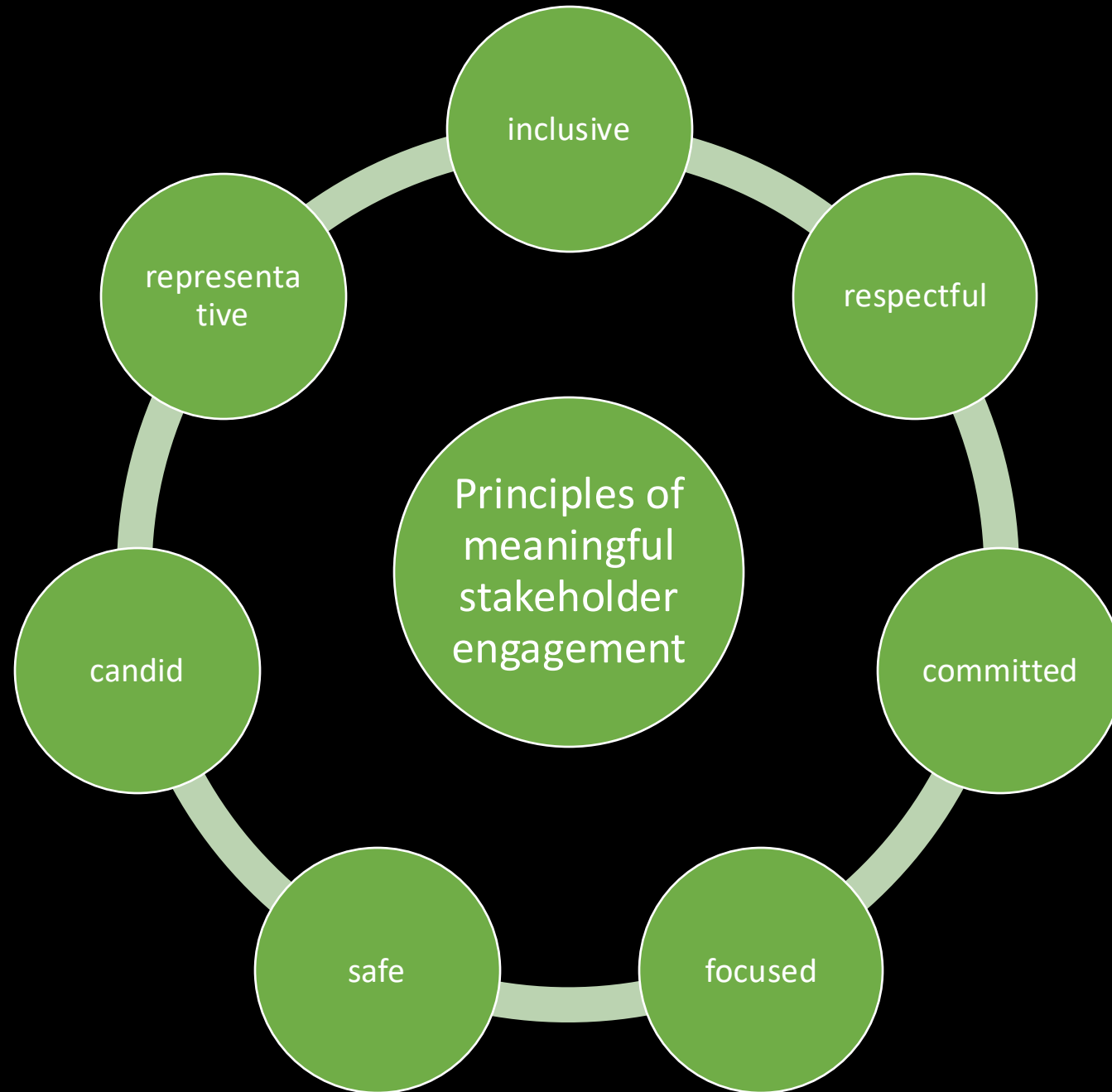
Circle 1: Rights holders

Oxfam identification of stakeholders in the textile and extractive sectors



Oxfam meaningful participation through HRDD





Drivers of meaningful stakeholder engagement from a business perspective

- **Meaningful engagement benefits:**

- Better-informed decisions and a reduction in the severity of impacts
- Develop trust with affected stakeholders from the start
- Improve the quality of analysis of human rights impacts
- Understand power dynamics and interests of different stakeholders
- Ability to prioritise those impacts, without the company making those decisions alone
- Understand how to manage identified impacts
- Create co-ownership of necessary solutions

- **Ineffectual engagement risks:**

- Negative human rights impacts due to a failure to address stakeholder concerns early and effectively before they escalate
- Stakeholders feel used if only consulted when the company needs it, and their needs and voice are not reflected in decision making > mistrust

THE BUSINESS CASE

Reputational and governance risks
Divestment from investors
Costs of remedy
Loss of social license to operate
Loss of business partners (for suppliers)

Participation: Interests, Knowledge, and Power challenges

- Significant imbalance of power between large companies, their business stakeholders and people affected by their activities and relationships (e.g. government, investors, competitors, people with influence)
- Power dynamics between rights-holders, those who represent them, companies and state actors and between the people in the assessment team
- Power dynamics at play within affected communities, they are not homogenous > roles of women and men in family, work and social structures, understanding of vulnerability based on analysis of contextual circumstances
- Whose knowledge is accepted: expert, scientific, experience of affected people?
- Whose interests are prioritized between the company and the multitude of stakeholders
- Adequate responses should be highly culture sensitive and the process must be informed by knowledge of local culture, gender, values, customs



Questions?
Thank you

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