

CLIMATE AND HUMAN RIGHTS DUE DILIGENCE GUIDE



How to conduct effective climate and human rights due diligence in food supply chains.

Acknowledgements

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Human-induced climate change is the largest, most pervasive threat to the natural environment and societies the world has ever experienced¹.

About a third of greenhouse gas emissions caused by humans are linked to food systems, with the majority of emissions coming from agriculture and land use, and followed by refrigeration and transportation of food, industrial processes related to packaging, and food waste management². In 2021, the UN Human Rights Council voted that a right to a clean environment is a human right and stressed in COP27 talks in 2022 to respect all human rights in climate action³.

Human rights may be impacted by climate change in the following areas: (for more information please refer to FNET Climate and Human Rights Guidance Note)

- Working Conditions
 - such as working hours due to extreme heat
 - heightened exploitation for seasonal workers due to shifting seasons
 - wage deficits to off-set infrastructure investment
- Risk to life/damage to infrastructure (extreme events e.g. flooding & monsoons)
- Loss of farm livelihood/food shortages (changing weather patterns)
 - Reconfiguration of the value change due to shifting growing areas
- Diversification of crops
- Migration, Social unrest, conflict, and violence
- Water shortages and droughts
- Loss of biodiversity

The human rights approach to climate change and environmental degradation began in late 2022. Throughout 2023, the FNET Climate Change and Human Rights Working Group discussed this process and its principles, in partnership with Human Level. This document is an outcome of these discussions.

This guide is a practical tool developed by FNET members in the Climate and Human Rights working group, the FNET Technical Team, Human Level and Bev Hall Consulting to help companies take practical steps to understand potential environmental impacts on workers and communities in the supply chain, and how to take action to mitigate the worst effects.

How to use this guide

This guide is aimed at FNET member companies to support integration of climate change risk in their business' human rights due diligence. In order to be practically focussed, the guide uses the structure of the UNGP's stages of due diligence (see annex 1 for summary on "General Principles of HRDD) and fig.1 following describes the process.

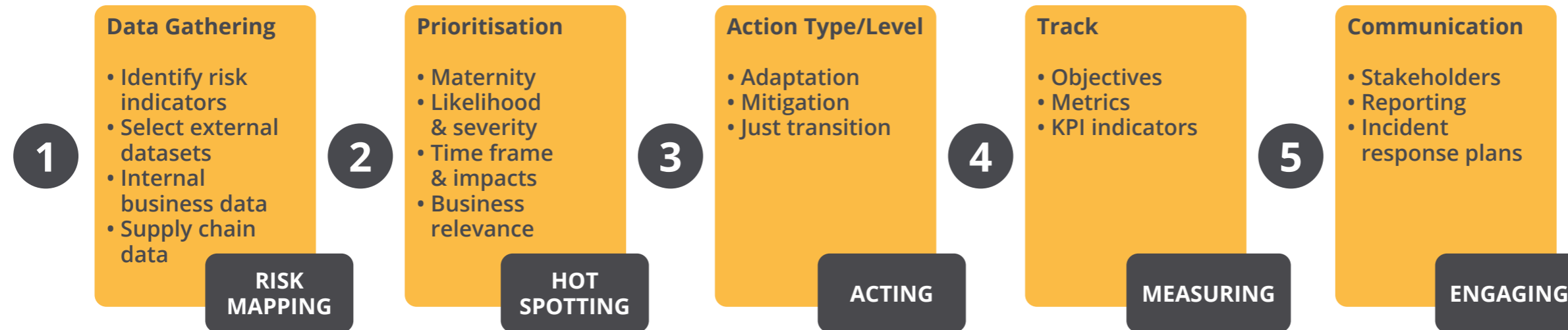
Practical insights and recommendations are based on companies' work within the FNET Climate & Human Rights working group during 2023-24. As experience and knowledge develops both within the companies in the FNET membership and externally, this guide will be updated with more case studies and best practice insights. This guide is intended to follow the UNGPs approach to human rights due diligence, but the sections can be used as stand-alone information to support activities where relevant.

1. [https://www.ohchr.org/en/press-releases/2022/10/climate-change-greatest-threat-world-has-ever-faced-un-expert-](https://www.ohchr.org/en/press-releases/2022/10/climate-change-greatest-threat-world-has-ever-faced-un-expert)

2. <https://www.un.org/en/climatechange/science/climate-issues/food>

3. <https://www.ohchr.org/en/statements/2022/11/cop27-urgent-need-respect-human-rights-all-climate-change-action-say-un-experts>

FNET Climate Change and Human Rights working group due diligence approach 2023-24 ^{fig 1}



Examples of how climate and environmental impacts can manifest as human rights risks in agricultural supply chains

Climate or environmental risk or impact	Related human rights impacts
<ol style="list-style-type: none"> 1. Flooding and rise in sea levels 2. Increasing temperature and heat stress 3. Extreme weather 	<ul style="list-style-type: none"> • Health and safety risks to workers (rights to life and health) • Loss of food safety (rights to life and health) • Increased climate-related migration and climate refugees (increased risks of child and forced labour) • Disruption to labour markets with loss of skills & knowledge • Spread of disease (rights to life and health) • Increased violence to women
<ol style="list-style-type: none"> 4. Deforestation 	<ul style="list-style-type: none"> • Loss of livelihoods for foraging or semi-nomadic communities to adequate standard of living) • Exacerbation of an already dangerous industry which at a local level has high levels of family/child labour and infringement of indigenous people's land and rights • Loss of food safety (rights to life and health) • Increased heat and extreme weather (see impacts above) • Loss of medicinal resources • Loss of cultural or religious value (Indigenous rights, religious freedom) • Loss of land rights
<ol style="list-style-type: none"> 5. Water scarcity 	<ul style="list-style-type: none"> • Lack of access to clean water • Loss of food safety (rights to life and health) • Loss of crops or livelihoods (right to adequate standard of living)
<p>Further resources include the</p>	<ul style="list-style-type: none"> • United Nations Food and Agriculture Organisation (FAO) policy paper and 2022–2031 strategy • United Nations Human Rights impacts of climate change briefing • Ethical Trading Initiative Feb 2022 research HRDD and climate change nexus ETI Community (ethicaltrade.org)

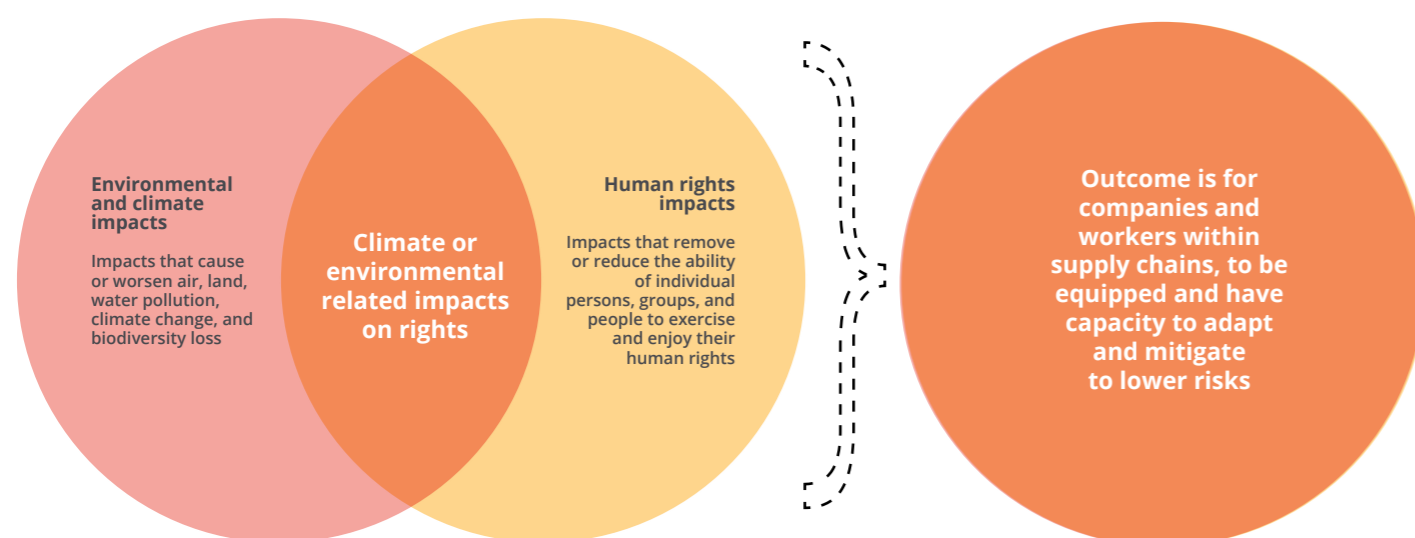


Step 1 Risk mapping (assessing)

What is assessing or risk mapping and why do it?

The first step to managing human rights and environmental risks is to identify how human rights can be impacted in company operations and value chains, either directly or through the environmental and climate conditions that your business may be contributing to or expected to account for.

The goal is to identify all severe climate and environment-related impacts on human rights your business might be connected to.



How to assess risks? In practice

1. Decide which parts of your value chain you want to focus on.

This selection is likely to be dependent on; products, geographies that are relevant for your business in terms of spend, volume, or have been prioritised for other salient risks. Ideally a company would map their whole value chain to identify the priority supply chains, however in many instances due to the number of supply chains and operations this may not be a realistic approach. Where available in larger companies, the environment/climate team will perhaps be a good source of data on high risk areas

>> TOP TIP Learn from those at local level who are taking action and ensure you are engaging with all the necessary and appropriate stakeholders.
Fresh Produce Supplier, FNET Member

2a) Decide which information and risk assessment tools to use.

There is a wide range of information in reports and indices available to inform companies on both environmental changes, human rights in different geographies and climate change. There are also various risk assessment tools the companies can use to help inform. Currently there are no definitive resources that provide companies with information on the impact of a changing climate on workers, so sources will have to be selected by the company. These are some sources being used by FNET companies or recommended by other companies.

FNET members in the working group reviewed the following tools and indices summarised below and a detailed analysis can be found in Annex 1:

[WWF Water Risk Filter & Biodiversity Filter Suite](#)

[Fairtrade HRDD Risk Mapping Tool](#)

[Sedex Radar](#)

[Environmental Performance Index \(EPI\)](#)

[Agri Adapt](#)

[UNICEF Climate Risk Index](#)

Some additional sources to consider

- **Climate Data Online** <https://www.ncei.noaa.gov/cdo-web/datasets> National Oceanic and Atmospheric Information – A US-based tool - NCEI provides environmental data, products, and services covering the depths of the ocean to the surface of the sun to drive resilience, prosperity, and equity for current and future generations.

Data Distribution Centre (DDC) of the Intergovernmental Panel on Climate Change (IPCC) <https://www.ipcc-data.org/> Data sets on temperature rises and precipitation.

- The **Global Climate Action Portal** gives an overview of actions being taken across the globe by a range of actors, including investors, companies and non-state actors. [GCAP UNFCCC - Home Page](#)
- **International Financial Institutions (IFIs) and Regional Development Banks** are also a good source of priority areas linked to climate related impacts. <https://www.developmentaid.org/news-stream/post/76903/top-multilateral-development-banks-an-overview> For example, specific climate change strategies in Africa, <https://www.afdb.org/en/topics-and-sectors/sectors/climate-change>
- National policy, prioritisation and investment will be reflected in local business activity and could inform decision making. For example:
- **The Climate Action Tracker** tracks government climate action against the globally agreed Paris Agreement aim of “holding warming well below 2°C, and pursuing efforts to limit warming to 1.5°C.” It monitors Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs). Additional country level assessments can be found <https://napcentral.org/submitted-naps>
- **The Koronivia Joint Work on Agriculture** is another source of information and is laid out against priorities such as assessing adaptation measures which are country specific and cross-sectoral. <https://www.fao.org/koronivia/about/en/>

1b) Decide which data points from the tools to use

There is a wide range of information in reports and indices available to inform companies on both environmental changes, human rights in different geographies and climate change. There are also various risk assessment tools

The FNET Climate Change and Human Rights Working Group piloted and tested some tools and data sets in 2023 (see Annex 1). The group reached the conclusion that there were currently no tools that could accurately be applied and interpretation would be needed to draw out inferences from the data that could help build a picture of climate impact on people.

The group identified the following points as useful indicators for trying to understand the picture, and depending on your business, some points will be prioritised.

The working group's summary of the tools in Annex 1 can be used to help identify which points might be most relevant for your business to include in risk mapping, and below is a list of considerations for deciding which data points and tools to use.

1c) Understand from your data selection what information the tool or index is telling you, and what is missing that you might need to interpret, or find additional information on.

Key points to consider

- Data collected internally such as own sourcing strategy, business relationships, audit reports and supplier discussions
- Data may be scientific (for example showing increasing temperature over time in a specific geography) and might need further interpretation/information to be applied to understand impact on people.
- Data can be from worker interviews which can demonstrate an “on the ground” perspective and an understanding of human impact, but might be subjective.
- Date of the report or data source – how up-to-date is the data, and how recent does the data need to be for the purposes of the assessment.
- Geography – data may be presented on a local, regional or national level and what might be a useful level to meet the objectives of your assessments.
- Using cross-commodity data sources i.e. some tools look at specific crops, but can they be applied to another supply chain and what would need to be added to ensure the data is accurately applied?
 - Does the information give an indication of scale or severity?
 - Is the data looking at risks to your company, or to people or the planet?
 - Do you want data to identify the current risk, or a future risk. These may be used in different scenarios – for example:
- a future projection is helpful when assessing risk for new supply chains and sourcing geographies, and demonstrating the direction of travel, however current or past data will give more information on the current context.
- Current risk is needed in order to mitigate potential future problems i.e. the need to protect water sources to ensure that future risks are reduced.

There are some additional points to consider when selecting information sources:

- Have I maximised the use of free and open-source data?
- Is the tool free and is it easy to use?
- Can the data be downloaded or combined with other risk assessments to form reports?

3) Analyse the results of the risk mapping.

Once you have collected the data, the next step is to analyse the information. It will involve looking at the data points, understanding what is missing, and what the information can tell you. By using an understanding of how climate can impact on people (e.g. Box 1) you can begin to subjectively understand how they might impact people in supply chains.

The following points are also important when trying to interpret the data.

- **Cumulative impact.** Combined environmental or climate contributions could lead to severe risks to people that are not evident from just looking at your own value chain.
- **Identify vulnerable groups.** Consider the workplace in the first instance and then the links to local communities and other groups. Identify how impacts will exacerbate current vulnerable groups and where impacts could be particularly severe. (i.e., **low-income workers, women and migrant workers, small-holder farmers, children, Indigenous Peoples, the elderly and disabled**). It can be helpful to use “vulnerability” as the significant weight e.g. if a child is potentially impacted, then this can be the baseline.
- **Focus on identifying climate risks to people– and think about the interconnections.** How, in your value chain, you could be connected to impacts on the environment, climate or biodiversity that reduce or remove people’s ability to enjoy their rights.
- **Engage with (potentially) impacted stakeholders and rights holders.** Build knowledge by engaging authentically with stakeholders such as human rights experts, trade unions or local community groups and experts and with the rights holders.
- **Review your risk assessment regularly or when there are key changes in the operating context, such as a natural disaster, unexpected political change, or the beginning of a conflict.** Keep monitoring other potentially useful data sources.



Our HRDD approach started with our existing and embedded Ethical Risk Assessment. Over a period of time, we identified an emerging labour related challenges that coincided with weather extremes of flooding and drought

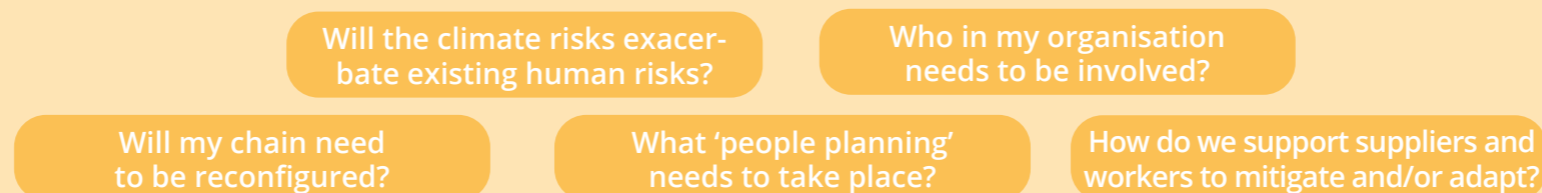
Fresh Produce Supplier, FNET Member



Where relevant take a layered approach to integrating human rights and climate change risk assessments

Suggested steps	Integration considerations
<p>1. Human rights risk information from assessments & other sources e.g. Modern Slavery reports and strategic objectives – developed through:</p> <ul style="list-style-type: none"> • Supplier engagement & audit data • Industry Association, Commodity forums/networks <p>Climate/Environmental data from sourcing country/regions National Action Plans are a good source to identify national climate change priorities – this will have an influence on supplier priorities.</p>	<p>Existing internal data on human rights can be maximised to inform climate change risk identification and decision making.</p> <p>This has the potential to identify ‘hot spots’ for where both human rights and climate risks are high.</p> <p>Country indicators linked to NAPs, in combination with supplier engagement would indicate the ‘type’ of risk they are facing. Risk ‘type’, for example, would be specific to their industry, and could include, droughts, seasonal change, resource depletion or sea level rise</p> <p>This would be validated by your suppliers and specialist teams within your organisations.</p>
<p>2. Add to your existing information a thematic overlay using data, for example:</p> <ul style="list-style-type: none"> • Occupational Safety & Health (OSH) from reported issues and non-compliances • Gender disaggregated data and reported issues • Significant migrant workforce 	<p>Work in thematic areas such as OSH or gender can be linked to established risk – this could be used to:</p> <ul style="list-style-type: none"> • Identify entry points for activity • Identify most vulnerable groups for heightened consideration. For example: <ol style="list-style-type: none"> OSH and heat stress can be applied to all Gender = where there is a high % of women employed with potential to identify additional health risks Migrant labour is potentially linked to seasonal extremes
<p>3. One size does not fit all. The supply chain tier will present a range of considerations depending on different tiers and operations.</p> <p>This would be internal data and is directly linked to your supply chain mapping. For example:</p> <ul style="list-style-type: none"> • Growing • Production • Logistics 	<p>Each part of the supply chain will present specific challenges. This may need an integrated approach with indicators aligned to the operation. For example:</p> <p>a. Carbon reduction:</p> <ol style="list-style-type: none"> Growing = farming methods, machinery and transport, waste (methane), reforestation Production = building and production processes for energy efficiency. This could include innovation on cooling & refrigeration & waste reduction Logistics = local arrangements and low carbon international transport methods <p>b. Heat and drought:</p> <ol style="list-style-type: none"> Growing = water resilience, crop diversification, irrigation systems, working time Production = wastewater management, building retrofitting, cooling & refrigeration, seasonal shifts Logistics = reconfiguration of the supply chain

Triangulation for an integrated approach to determine the ‘people plan’ Taking the regional & national climate realities, predictions and the existing human rights risks consider:



Benefits of an integrated approach to human rights and climate change

It encourages inter-departmental working and broadening the reach of understanding and solution finding.

Legal compliance

Complying with emerging national and regional human rights and environmental due diligence legislations, reporting requirements and import bans. Existing and incoming laws in this area are based on the UNGPs.

Future-proofing businesses

Ensuring that the business is better adapted to future challenges and more resilient during the transition to sustainable economies.

Propelling a just transition in the sector

Leading or supporting a just and equitable transition in the food and agriculture sector by assessing, prioritising and acting on risks to people with a climate and environmental perspective.

Reducing audit fatigue and associated costs – maximising existing data

Standing up to scrutiny or reputational risks

Facing scrutiny from external stakeholders by better understanding and acting on the human rights, climate and environmental impacts connected to your value chain.

Meeting market demands

Fulfilling the requirements from customers and buyers to conduct human rights and environmental due diligence, as well as keeping up with peers who are strengthening and integrating their approaches to sustainability.

Step 2 Prioritising (hot spotting)

After completing risk mapping, the next step is to **identify where the human rights risks are highest** and the process is usually comparing and prioritising the results of the risk assessment.

According to the UNGPs companies should prioritise the most **salient** impacts on human rights, from the perspective of those who would be suffering them (farmers, workers and communities) and business will also be concerned with where they can have the highest impact.

Some of the key principles around prioritisation are in Appendix 2 at the end of the guide.

How to prioritise? In practice

- 1 **Map the most serious issues that came up during the assessment in relation to their severity and likelihood (salience).** You can use internal and external knowledge to inform your understanding of the nature of the risk; how likely is the risk to happen and how severe it would be. You can map risks into a matrix like the one illustrated here, using the **factors of severity and likelihood** (see Box 2). Try and be specific about the nature of the risk, the regions at risk and the vulnerable groups, when relevant.

Box 2. Factors of severity and likelihood

Severity

- a. **Scale:** How harmful is it (for the person who suffers it)?
- b. **Scope:** How many people are/would be impacted?
- c. **Remediability:** Could this impact be **put right?** (is it linked to adaptation, mitigation and/or exit)

Likelihood

- (1) **The nature of the activity:** Does the activity put workers, farmers and communities at higher risk to climate and environmental impacts? Do your operations or suppliers rely on extensive amounts of natural resources, land or public goods?
- (2) **The presence of vulnerable people:** Do you rely on smallholder farmers, gig workers, low-paid workers from labour providers or other forms of precarious labour in that region? Do you know if vulnerable groups like women, migrant workers, disabled workers, indigenous and minority ethnic groups are present and would be impacted?
- (3) **The nature of the business relationship/supplier:** Do you have visibility over your suppliers, supply chain(s) and any possible human rights, environmental or climate impacts related to them? What are these suppliers' track record in the area/region (based on sources such as social audits, self-assessment questionnaires, visits or through policies and processes)? Do they have policies and processes in place to seek to respect human rights and comply with environmental or climate requirements?

- (4) **The nature of the operating context:** Do you have a good picture of the likelihood that climate or environmental changes will impact human rights there? How adapted and resilient to climate changes would they be? What kind of national legislations or social safety nets exist there?
- (5) **The strength of your own measures in place to mitigate the risks:** Do you have any policies, processes, programs, audits, assessments and certifications to help helping mitigate this risk in this region?

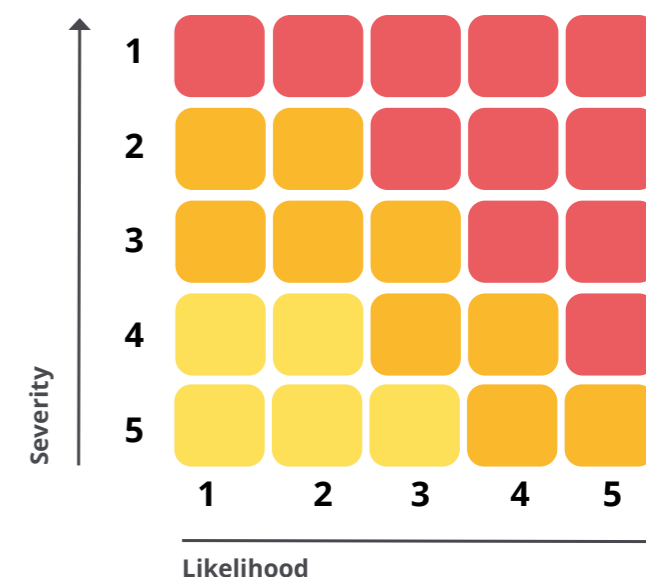
Note that when assessing risks at a corporate-level, the factors that relate to the nature of the activity, the presence of vulnerable people – at a high-level, and the nature of the operating context are likely to be those that are the most helpful and feasible to apply. The factors that relate to the nature of the business relationships and whether they have mitigation measures in place – as well as whether your company has mitigation measures in place, can feed into a deeper level of prioritisation following this high-level scan.

- 2 **Identify the most salient human rights risks.** Once the risks are identified based on severity and likelihood, the next step is to choose which risks to prioritise. It is recommended that the choice is made based on their severity. That is, the business is expected to prioritise for action those risks that are the **highest in severity**, regardless of their likelihood. It is also expected to prioritise those that are **high in severity and in likelihood**.

- 3 If the number of salient issues initially identified is too large to act upon, continue using the factors of severity described above to reduce number further. For example, you can focus on those salient impacts that will impact the most people (scope).

- 4 **Engage with stakeholders, rights holders or experts to test the conclusions.** Include suppliers, internal departments, workers' associations, industry associations, civil society organisations and researchers in the discussion around prioritisation.

Using a future temporal lens. Using data sets that include future data points can be helpful e.g. 2030 as future projections are more likely to identify severe and medium/long-term risks for people. It is recommended that the datasets for future and current risks need to be assessed separately because looking at them together might result in two massive datasets with conflicting information.



Informing our decision making included historical (2011) known severe human rights risks for agricultural workers. The Spanish regulation on outdoor working confirmed the growing risk to both workers and suppliers. The regulation covers temperatures of high 30s or over 40C, posing a risk for citizens outdoors or for the environment.

Retailer, FNET Member

Step 3

Acting

Once priority supply chains have been identified, the next step is to prevent and mitigate ongoing or future impacts and **provide or enable remedy** for those impacts that have already occurred.

Actions can range from conducting more research to understanding the problem in more depth to responsible exit. The issues may be large and complex, and it is important to note that the action relates to what the business (and stakeholders) and achieve. It may not be possible to directly influence the extreme weather changes, but it may be possible to adapt working hours, increase access to water/shade, and adopt business practices to mitigate the worst effects.



TOP TIP

STREAMLINE ENGAGEMENT & SUPPORT, USE LOCAL PARTNERSHIPS AND INCENTIVE COMMITMENT

“Suppliers have one point of contact who is trained on both the ethics and environmental requirements. The suppliers are supported through guidance and sign posted to local resources, people, initiatives and projects that builds their capacity to progress and improve.” Fresh Produce Supplier, FNET Member

“We are partnering with a local organisation. They are leading expert in heat stress – they will assess onsite risks and design protocols that aim to reduce the likelihood and severity of heat stress on workers.”

Retailer, FNET Member

“We will profile businesses who demonstrate a commitment to improving the health and wellbeing of the workforce.”

Fresh Produce Supplier, FNET Member



How to take action? In practice

- 1 Know your resources. This will include team capability, links with stakeholders, budget and leverage.
- 2 Make sure policies and procedures are fit for purpose.
- 3 Decide if you are acting to prevent, mitigate or remedy.

Prevention, mitigation and remedy

- **Prevent:** avoid all environmental and climate impacts that can be avoided (e.g., avoid contributing to new land conversion into farmland; avoid contributing to deforestation; avoid applying agrochemicals with toxic and heavy metals; reduce dependence on single-use packaging through designing products to be packaging-free).
- **Mitigate:** reduce climate and environmental impacts that can't be avoided and mitigate their impacts on people specifically.
- **Remedy:** restore or regenerate impacted ecosystems to achieve positive environmental outcomes. Engage stakeholders and local communities in determining what restoration or regeneration should look like.

Examples of actions to take internally within the business

- **Internal engagement with commercial, human rights and other pertinent departments.** Establish a cross departmental/expert working group It is useful to have future predictions to share with commercial colleagues to influence relationships with future or current suppliers. Good internal communication ensure alignment, but it will take an integrated approach to support supplier action.
- **Supplier engagement** - highlight that action is not just about conducting a risk assessment but about protecting their business and livelihoods of workers. It is not a box-ticking exercise, but climate-human rights action is about future-proofing a business. Need to collaborate to find the best fit between partners in a supply chain and clarify ownership for involvement, investment and change approaches where relevant for the audience.
- **Contractual terms** that set future standards and 'front-load' leverage
- **Aligning management standards, voluntary standards and audit (social & environmental) criteria** to maximize systems on the one hand and to guide attention on an issue, and engaging constructively on the other
- **Bidding and onboarding criteria** for new suppliers and partners
- **Commercial incentives**, like longer-term contracts, higher prices, larger business volumes and off-setting
- **Capacity building** by offering training programmes, relevant resources, and technical knowledge
- **Strategic planning** and decision making on mitigation and/or adaptation, in consultation with business partners, suppliers and the workforce. This could include an ethical exit plan where reconfiguration takes place and could also include diversification arrangements and support.

Integrate just transition considerations. When taking action to mitigate or adapt to climate change or environmental changes, broad and wide consultation and discussion is needed to find equitable and fair solutions.

New risks to human rights can be caused by climate or environmental change mitigation and adaptation actions (e.g., loss of farmer incomes from suppliers not being able to meet sustainability requirements; land grabbing in nature-based solutions). These risks are also to be considered, prevented and mitigated when developing action plans.



Examples of actions to take externally with other stakeholders

- Use existing stakeholder or rights holder groups to introduce the integrated approach to 'sustainability'
- Organise or join **joint discussions** with industry associations or export bodies facing similar issues in a specific context
- Develop or join a **multi-stakeholder initiative** to seek to tackle the issue
- Develop joint **expectations of business partners** to mitigate certain issues
- Invest in collaborative research along thematic or commodity lines
- Join **civil society discussions** with peers to learn from another perspective Issue shared expectation of the **government** related to the **enabling environment**
- Liaise with the **home government** on related expectations of host countries

Key principles to consider when taking action

- **Take a rights-holder informed approach.** Engage with those who have been or would be impacted, or their representatives or credible proxies, to inform the best course of action and ensure that actions do not create new unintended risks and impacts. **Local knowledge is a potential untapped source of information for shaping your activity.**
- **Embed a win-win narrative** when using leverage and/or influence to navigate challenging situations. This would include for example, collaboration to ensure long term viability of the business for both suppliers and workers.
- **Act based on the business' involvement with the impacts and respond continuously.** The business may have **caused** the impact or risk, **contributed** to it – alongside or through others – or be **directly linked** to it, through its value chain. In all of these cases, businesses are expected to prevent and mitigate salient risks to people and to the climate and the environment, if they will impact people.

Step 4

Tracking and communicating (measuring)

What is tracking and communicating and why do it

This step tracks the effectiveness of the efforts to map, prioritise and act on risk mitigation. Some reasons to track or measure progress include:

Improving internal practices by having better information about how the company impacts human rights, climate and the environment

Identifying most effective practices at mitigating and preventing risks and impacts

Ensuring the most effective use of resource and avoiding wasting resources – strategic and long-term planning linked to sourcing decisions, future finance (including insurance) and restructuring your supply chain (logistics, relationships etc.)

Giving senior management and other stakeholders the “big picture” of what the environmental and social impacts are and how you are addressing them

Complying with external reporting requirements or with customer information requests.

Continuously improving your due diligence processes and procedures

You may also communicate externally about the actions you are taking to mitigate, prevent and remediate human rights, climate and environmental impacts which can be demonstrated by measuring your effectiveness.



Holistic view of data, ongoing monitoring against KPIs

‘Both the ethical and the climate risk data is kept independently but access enabled to view both data sets thereby providing a holistic view of overall risk. This data is accessible to technical teams and supplier management staff’.

Fresh Produce Supplier, FNET Member

How to track and communicate? Key principles

- **Use both quantitative indicators and qualitative indicators.** Include, as far as possible, qualitative indicators that seek to capture the perspectives of the (potentially) impacted stakeholders. These will always be important to assess human rights impacts and even better understand quantitative indicators.
- **Use internationally accepted management standards that can be used internally and by key suppliers.** Sustainability reporting is also distinct from certification, assurance, verification or third-party auditing schemes and refers, instead, to the disclosure of non-financial and sustainable development-related information to stakeholders of the organization. **These for example could be the GRI [GRI - Advancing sustainable production on land and sea \(globalreporting.org\)](https://www.gri.org/) or ISO 26000**
- **Use well established and precise international/national standards, when those exist, to track for climate, environmental and human rights impacts.** Where they exist and are helpful, align internal tracking systems with internationally recognised climate and environmental experts and disclosure frameworks such as the Science-Based Targets Initiative (SBTi), the Taskforce on Nature-related Financial Disclosures (TNFD) or the Task Force on Climate-related Financial Disclosures (TCFD).
- **Consider tracking impact indicators, as well as outputs and outcomes.** Outputs are the tangible products that result from an activity and **outcomes** are the negative or positive effects they have on nature, climate, people or the businesses; that is, your main targets or goals. Consider tracking how your own or your suppliers’ practices are changing to affect those outcomes (e.g., whether purchasing teams are engaging directly with farmer or worker representatives in high-risk countries).
- **Focus on “outcomes for people” and distinguish these from “outcomes for business.”** When setting the targets that the indicators will build towards, focus on measuring outcomes for people and planet – as this is the main goal of implementing this **RISK ASSESSMENT FRAMEWORK**. However, it can be helpful to show how these actions also bring benefits to the business (i.e., cost savings, reputational improvements, or new business opportunities). Measure those too as they are needed or important, while recognising that outcomes for people and planet are to be the main goals or targets. Additionally, avoid confusing the due diligence process with these final outcomes; for example, by having a policy or commitment as a target and not just an indicator of an activity.
- **Focus on working collaborative with suppliers, worker’s and community groups in support of / with your audits and certification data.** When it comes to the most salient risks, requiring that suppliers and partners implement audits, self-assessments or certification schemes may not be the most effective way to track progress or achieve change. Leaning into the problem and collaborating with your partners (think: “changing practices and behaviours”) is often the best way to achieve changes that will mitigate and prevent climate, environmental and human rights risks. Engaging and consulting with suppliers directly will also allow you to identify new emerging issues or areas of concern before they become full-blown environmental or human rights emergencies. Integrating these kinds of conversations and building trust with suppliers will improve your entire due diligence process.
- **Use tracking to drive continuous improvement in business’ human rights due diligence and other processes.** Use what you learn through measuring progress to improve your internal processes and make them more efficient at preventing and mitigating risks to climate, the environment, and people.

How to track and communicate? Key principles (continued)

- **Compile a win-win communication that seeks to build stakeholder understanding** of the realities of human rights due diligence in this field. There are a number of severe risks present in company operations and value chains that are particularly challenging to tackle. Openness and transparency about the issues, why they are manifesting, the limits of certain actions, learnings from mitigation and opportunities ahead helps individual company due diligence, since it helps create more opportunities for joint understanding and action on the part of other companies and stakeholders. Agreement aim of “holding warming well below 2°C, and pursuing efforts to limit warming to 1.5°C.” It monitors Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs). Additional country level assessments can be found <https://napcentral.org/submitted-naps>
- **Consider a ‘cascade model’ of support.** This is based on building knowledge and capacity at each tier of a value chain. For example, a tier one supplier equipped to influence and support their tiers and/or suppliers.
- **Encourage Workforce communication** – at local level provides a platform to engage and participate in goals and ambitions. It also supports raising awareness of the issues and lays the foundation for possible changes to operational and working practices.
- **Prioritise communication with (potentially) impacted stakeholders & rights-holders.** The main goal of communication in human rights and environmental due diligence is to engage with and learn from (potentially) impacted stakeholders so that they provide inputs into the company’s risk management processes. This may take some time to build, and you can start with a smaller number of experts and proxies to engage with at first. Consumer communication on your planning to address climatic and environmental challenges in one respect is important for transparency and continued custom. It can also be part of a wider awareness raising of the challenges.



Build relationships, cultural understanding and internal cross working

“Relationship development is key to communicating requirements and introducing new initiatives”.

Fresh Produce supplier, FNET Member

“We need to be aware of language and cultural differences that slow down the process of gathering accurate granular detail & information. It takes time and energy and in turn cost”.

Fresh Produce Supplier, FNET Member

“Internally there are discussions between the Environment and Human rights team and reported through international communication platforms”. Retailer, FNET Member

How to track and communicate? In practice

1. **Put together indicators and targets to measure progress. Include both qualitative and quantitative indicators, across the areas of:**
 - a. **Inputs:** the financial, human and other resources going in
 - b. **Activities:** actions taken to mobilise inputs
 - c. **Outputs:** tangible results of the activities
 - d. **Impact indicators:** aligned to a theory of change or the change you want to see. This can be at project level to test new models, organisational level aligned to strategic objectives or behaviour change throughout the chain.
 - e. **Outcomes for people (targets):** negative or positive effects on nature, climate, people or the businesses (impact indicators?)
2. **Track performance by drawing on internal information and feedback from business partners (while applying the principles listed above).** Use existing tracking systems within the company when they are available (i.e., health and safety, gender or environmental performance) to track progress. Additionally, you can build on or align human rights risk mapping to climate related data. This could lead to the design of new ways to track progress along your value chain by drawing on internal experts (e.g., procurement, technical specialists, and marketing), suppliers and workers. This can look like, for instance, integrating new considerations into relevant reporting or engagement processes (i.e., direct supplier engagement, self-assessment questionnaires, contracts and performance reviews, surveys and audits and operational-level grievance mechanisms).
3. **Communicate openly about challenges faced, lessons learned and opportunities ahead.** This open communication can be included in a company’s website, sustainability reporting or annual report (to an extent). There is a balance to be struck in the public reporting. It is helpful to put together information that captures learnings from general due diligence processes, while providing illustrative examples to depict due diligence in practice. It is also helpful to convey successes and helpful learnings, while also providing information on remaining challenges and pitfalls ahead to avoid.
4. **Communicate with stakeholders.** Throughout the process of tracking and measuring effectiveness, make sure to find opportunities to engage with (potentially) impacted stakeholders or their representatives, and integrate their feedback. Once you have results to share, regularly engage with them to inform them of the progress and results and gather feedback to feed back into ongoing actions and programs.



Step 5 Remedy

What is tracking and communicating and why do it

When causing or contributing to an impact, businesses are also expected to provide or contribute to remedy to those that have already been affected. A business' involvement in a human rights or environmental impact may and does change over time, depending on the business' due diligence.

- **Consider taking collaborative or joint action when the environmental or climate impacts are cumulative.** For example, greenhouse gas emissions, plastic pollution, water stress, deforestation. Companies could be viewed as being in a position of contribution or direct linkage, and they have joint but independent responsibility to prevent and mitigate these risks. Consider collaborating with other companies or stakeholders that have contributed to the environmental or climate impact to take effective action to prevent or mitigate impacts to people now and in the future.
- **Consultation with your suppliers** to determine their understanding of climate change and the need to prepare for change. Support can be through technical knowledge, research, accessing adaptation finance, education and joint planning.
- **Use or build your leverage.** Use your ability to influence the behaviour of other businesses or stakeholders such as legislators to mitigate or prevent risks.
- **Prioritise remedy.** Remedy is the most important action a company can take once an impact happens. Companies that have caused or contributed to an impact are responsible for providing or contributing to remedy, and those that are directly linked are expected to use their leverage to facilitate and enable remedy to happen.
- **Consider disengaging responsibly when action is not effective and negative impacts on rights continue.** Sometimes, disengaging from your suppliers or business partners might be the only way to stop being connected to a negative human rights impact that you have not been able to effectively mitigate. However, the decision to disengage should be taken responsibly and only after assessing and mitigating the risks of disengaging. If you can still collaborate with your suppliers to bring them along and improve climate, environmental and human rights practices, consider continuing the relationship while carrying out continuous due diligence.

Key Term. Modes of Involvement

There are three ways your business can be involved with adverse human rights and environmental impacts:

1. **Causation:** Direct activities taken by the business negatively impact the people and the environment for example, use of harmful chemicals that impact human health and wider water supplies.
2. **Contribution:** Businesses contribute to the impacts on people or the environment (a) alongside other actors or (b) through their business relationships (value chain). For example, commercial farming practices that could impact on regional water supplies, removal of indigenous biodiversity or pressure on infrastructure such as roads. A business can contribute to a business partner causing an impact by motivating or incentivising it or by facilitating it.
3. **Direct Linkage:** The business does not cause or contribute to these impacts, but these are connected to their operations, products, or services provided by the business.

Integrated approach

To ensure that the risk assessment framework is effective, it is essential that it is embedded into company policy and practice. Human rights and environmental due diligence is most effective when backed by a policy commitment to respect all internationally recognised human rights, as well as relevant processes that seek to mitigate the business' most severe climate and environmental impacts.

Some other key recommendations to embed the framework into company practice and governance include:

Assign clear roles and responsibilities within the company for executing the framework.

This can include functions beyond the sustainability/ human rights function. One way to do that can be by creating a dedicated cross-functional team that includes members from the human rights, environmental sustainability, legal, procurement and/or compliance departments to discuss risk assessments, prioritisations, and actions, track progress and address challenges and roadblocks.

Establish clear accountability mechanisms within the company's governance structure.

This includes channels for regular reporting on progress, communicating on progress with stakeholders and implementing action plans. It also involves assigning senior-level responsibility for implementing the framework – so that accountability sits at more senior levels of the business.

Integrate the framework into business decision-making processes as much as possible. This means embedding environmental and human rights considerations and targets into business-led departments and decisions, such as procurement, marketing, operations, and strategic planning.

Encourage continuous improvement of processes and frameworks, in light of new developments and insights. Use feedback from engagement with suppliers, audits and engagement with stakeholders to refine practices and increase effectiveness in mitigating risks.

Establish a framework for workforce engagement and participation in your goals and targets.



Holistic view of data, ongoing monitoring against KPIs

“Both the ethical and the climate risk data is kept independently but access enabled to view both data sets thereby providing a holistic view of overall risk. This data is accessible to technical teams and supplier management staff”.

Fresh Produce Supplier, FNET Member

Appendix 1

General principles for conducting human rights due diligence for climate related impacts

- **See it as an ongoing process, to be conducted throughout the life of an activity or relationship.** Strengthen it when there is a new activity or relationship, prior to major decisions or changes in the operation, in response to or anticipation of changes in the operating environment.
- **Seek to respect all internationally recognised human rights**, regardless of whether they are recognised in national laws.
- **Know that your responsibility includes your full value chain.** When assessing and addressing your risks to human rights, climate and the environment, have a full value chain perspective – which includes your upstream and downstream supply chains, as well as supporting goods and services (e.g., transportation, packaging, or goods not for resale).
- **Prioritise issues based on the salience of the risk to people and not to business.** The severity and likelihood of the risks to people are the criteria you are expected to use when choosing which human rights, climate or environmental issues to prioritise for action. However, managing your most severe and likely risks to people will also help you manage the risk to your business by preventing litigation, reputation-damaging campaigns, disruption to your operations, increased costs or loss of value to the business.
- **Engage with stakeholders who are (potentially) impacted.** At a corporate risk assessment level, stakeholder engagement may entail engagement with environmental and human rights experts. When conducting more localised due diligence, then this engagement extends to stakeholders who are or have been impacted by the business, their legitimate representatives, and/or credible proxies like local CSOs, workers' associations or human rights and environmental defenders. Stakeholder engagement is the cornerstone of human rights due diligence, and different levels of engagement are possible – so long as engagement is done in such a way as to further identify risks to people, rather than risks to business.
- **Preventing, mitigating and remediating negative impacts on human rights is the best way to promote human rights or to create positive impacts.** You can only have a positive impact if you manage your negative impacts. Additionally, under the international business and human rights framework, positive actions cannot offset negative impacts.
- **Recognise the limits of audits and certifications to identify and address human rights issues.** Most salient human rights risks – and especially those related to climate and the environment – are systemic and endemic. A number of studies and company practice highlight that audits and certifications have limited capacity to identify and address systemic and endemic risks. This risk assessment framework aims to become an ongoing process that is integrated into your business and ways of operating instead of a compliance exercise.

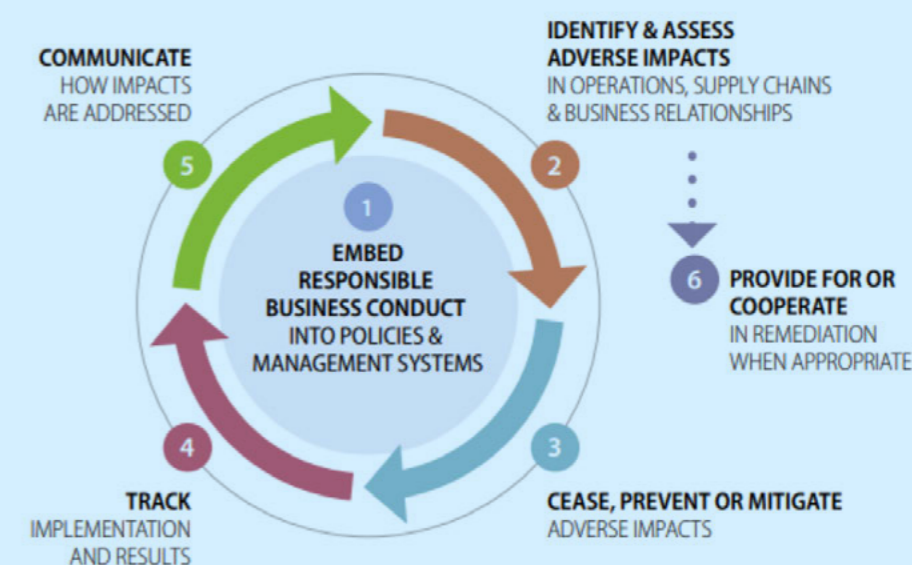
To fulfil their responsibility to respect human rights in their operations and value chains, companies are expected to assess and mitigate risks to people with an environmental and climate perspective.

This can be advanced by integrating environmental and climate considerations into existing human rights due diligence processes.

Member companies of the Food Network for Ethical Trade (FNET) are already aware of the inter-connections between human rights, climate, and environment impacts and how they will be increasing with time. Teams are already seeking to map, prioritise and act on their most serious or material risks to climate, the environment and human rights.

This “risk assessment framework” seeks to provide guidance to member companies for how to conduct these due diligence processes by applying human rights due diligence processes, as described under the UN Guiding Principles (UNGPs) in the context of a changing climate and environment.

The risk assessment framework based on the OECD due diligence implementation model, also aims to align risk assessment processes across the sector, to ensure that respect for human rights remains at the centre of climate and environmental action. It further seeks to bring the human rights and climate and environmental sustainability functions more closely together and close existing silos.



Key Terms Human Rights Due Diligence

Also known as “HRDD,” human rights due diligence is an ongoing risk management process that a reasonable and prudent company needs to follow in order to identify, prevent, mitigate and account for how it addresses its adverse human rights impacts.

An expectation

Businesses are expected to respect human rights, as recognised in international standards.

A methodology

The UN Guiding Principles on Business and Human Rights (UNGPs) provide the framework to follow when conducting human rights due diligence and providing remedy.

Appendix 2

How to prioritise Key principles

Prioritise risks based on their “salience” to avoid cherry picking. Businesses are expected to prevent and mitigate those impacts on human rights that would be the **most salient**, that is, those most severe and likely.

The most **severe** risks and impacts are considered in terms of:

- a. **Scale** – how grave or serious the impacts are;
- b. **Scope** – how many people are impacted; and
- c. **Remediability** – how difficult it would be to put right or remediate.

The **likelihood** of those impacts depends on different factors: what makes a risk more likely to materialise? Some of these include: (1) the nature of the activity, (2) the presence of vulnerable people, (3) the nature of the business relationship/supplier, (4) the nature of the operating context and (5) the strength of the measures in place to mitigate the risks (your own and those of your business partners).

- **Avoid prioritising risks based on how issues will impact your business or the strength of your influence or leverage.** According to the UNGPs, prioritisation is purely based on the level of risks to people. However, once you have identified your business’ salient risks, you will be able to identify the actions to take to address those risks, which are often based on the strength of your leverage.
- **Look beyond own operations and direct suppliers.** Often, some of the most severe risks to people or the environment won’t be connected to your operations or even your direct suppliers. How can you capture this information?

Map your value chain by drawing on internal knowledge of the business. This includes Tiers 1, 2, 3 and beyond (or as much as possible), in collaboration with internal teams (procurement, sales, marketing etc) and external actors (suppliers, logistics suppliers, customers, brokers, distributors and wholesalers). At first, focus on identifying the following, for your supply chain:

- The **countries or regions** where goods are produced, manufactured or extracted from / or where services are provided
- The **kind of goods or services** being produced, manufactured, extracted or provided
- The **nature of processes or activities** being done in each of these locations
- The **processes, mechanisms or laws in place to prevent or mitigate negative impacts**, especially those linked to environmental and climate factors

Key term. Salience vs. Materiality

Materiality and Salience are two different ways of identifying and prioritising risks within a business’ operations and value chain. **Materiality** aims to identify the most pressing issues for a particular audience or goal. Examples include those most relevant for shareholders or for societal welfare. Therefore, materiality assessments can miss significant risks to human rights, depending on what is viewed as important for the particular stakeholder group.

Salience, on the other hand, aims to directly capture a company’s most severe and likely negative impacts on human rights, occurring through its own activities or business relationships.

Further reading

<https://www.un.org/en/climatechange/science/climate-issues/food>

<https://www.ohchr.org/en/statements/2022/11/cop27-urgent-need-respect-human-rights-all-climate-change-action-say-un-experts>

<https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>