



Developing a Policy Commitment and Embedding Respect for Human Rights

What do the UN Guiding Principles Expect?

- ▶ A policy commitment is a statement approved at the highest levels of the business that shows it is committed to respecting human rights and communicates this internally and externally.
- ▶ The statement needs to be reflected in other company policies, procedures and practices in order to **embed** respect for human rights throughout the business.

Why is this Important?

- A policy commitment sets the “tone at the top” of the company that is needed to continually drive respect for human rights into the core values and culture of the business.
- It indicates that top management considers respect for human rights to be a minimum standard for conducting business with legitimacy; it sets out their expectations of how staff and business partners should act, as well as what others can expect of the company.
- It should trigger a range of other internal actions that are necessary to meet the commitment in practice.

What are the Steps Involved?



Resources on “Internationally Recognised Human Rights”:

The Guiding Principles define these rights as including, at a minimum:

- ▶ The [International Bill of Human Rights](#) (meaning the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and
- ▶ The principles concerning fundamental rights set out in the [International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work](#), which address:
 - freedom of association and collective bargaining,
 - forced labour,
 - child labour, and
 - non-discrimination.

A good “translation” of these rights is in [Human Rights Translated: A Business Reference Guide](#).

Where businesses might have impacts on individuals belonging to potentially vulnerable or marginalised groups (e.g., women, children, racial or ethnic minorities), they will need to consider the additional international standards that apply to those individuals or groups (see [Annex 1](#) for a full list).

I A Defining the Content of a Policy Commitment

Key Points for Implementation

- ▶ A policy commitment should be a general commitment to respect all “[internationally recognised human rights](#)” throughout the company’s operations.
- ▶ The commitment should clearly explain how it applies to the company’s staff (employees and contract workers), as well as the company’s expectations of business partners, including those one or more steps removed in the value chain.
- ▶ The commitment will need to be reviewed periodically to reflect any significant changes in the company’s human rights risks, for example due to new operating contexts or new business relationships.

Possible Approaches

- **Stand-alone or integrated policies?** An O&G company may integrate respect for human rights into an existing high-level policy that guides the business, such as a Code of Conduct or Business Principles. In the case of smaller companies, human rights might be added into existing policies on health, safety and the environment. Alternatively, companies may opt for a stand-alone human rights policy. Both approaches can be effective: the key is to take an approach that signals the importance of respecting human rights and helps embed respect into the corporate culture.

In determining the right “home” for the policy within the company, it will also be important to reflect on who, or which department, should have ownership over the policy and help drive the embedding process.

- **Key elements of the policy:** The policy needs at a minimum to reflect the company’s commitment to meet its responsibility to respect all internationally-recognised human rights, and to set out the company’s expectations of staff, business partners and others in its value chain with regard to respect for human rights. Companies could also include other information of interest to stakeholders, such as:
 - A commitment to conduct on-going human rights due diligence, perhaps specifying key phases of projects when risks will be assessed;
 - The extent to which they have in place operational-level grievance mechanisms;
 - The leading human rights risks they identified for the company as a whole and its approach to addressing them;
 - Their commitment or approach to engaging and consulting with potentially affected stakeholders;
 - Their approach to communicating with other stakeholders and the wider public;

- Direct references to international principles or initiatives that are consistent with internationally-recognised human rights, and which the company is committed to implement. An explicit commitment to the UN Guiding Principles is a good starting point. International initiatives particularly relevant for O&G companies include the [Voluntary Principles on Security and Human Rights](#) and the [IFC Performance Standards](#).
- **Identifying leading human rights risks:** O&G companies can have significant human rights risks. It can be helpful to identify leading risks in the policy commitment. In identifying these risks, a larger company may choose to:
 - Conduct a “bottom-up” process by gathering information on human rights issues at the site level, for example through local impact assessments or field surveys; then analyse the information across sites to understand leading human rights risks for the company as a whole;
 - Rely on a more high-level process that draws on external sources, including industry experts and the experience of peer companies.

Leading human rights issues for an O&G company often include:

- Certain human rights of workers, including the right to form and join a trade union and the elimination of forced labour, including in supply chains;
- Non-discrimination against both workers and community members;
- Impacts related to the actions of private or public security forces (including impacts on the rights to security, health and life);
- Rights related to the welfare of local communities (including rights to health, education, livelihoods, land use and access to food and water);
- The rights of indigenous peoples (including in relation to land use, cultural heritage and self-determination).

An O&G company with distinct operational sites may want to consider what issues are best addressed in its overarching, corporate policy commitment, and whether some are more appropriate to site-level policies. Site-level policies may reflect specific local human rights issues and stakeholders. For example, gender-related violence, caste-based discrimination or HIV health issues may be particularly relevant in some, but not all, contexts.

- **Operating in challenging contexts:** O&G companies with operations in high risk contexts, where human rights impacts are more likely to occur, will want to think through their approach to managing the additional risks involved. It can be helpful to reflect this in their policy commitment, or in a separate, supporting guideline. Possible approaches to managing human rights risks in such contexts are discussed in [Section III-E](#) below.

I B Developing the Policy Commitment

Key Points for Implementation

- ▶ The company should draw on expert resources to ensure the policy is well-informed and complete. These may be individuals with knowledge of human rights and of the business and/or – particularly where resources are more limited – credible written sources.

Example: Developing a Policy with External Stakeholders

One O&G company developed a human rights policy with the active involvement of an association of socially responsible investors. The company reported back in following years on its progress in implementing the policy, and later worked with another NGO on its first risk assessment. It found that the engagement process helped diffuse internal company fears about NGOs “meddling” in company processes, and built legitimacy for human rights issues internally. It led to the inclusion of human rights in the company’s annual report with senior management backing. It also created external credibility for the company’s reporting due to the on-going scrutiny by the investors’ association.

Lessons drawn from the experience included:

- ▶ The benefits of clear goals and agreed milestones for the engagement;
- ▶ The need to recognise initial mistrust and define exit strategies that would not harm either side, if the collaboration did not work;
- ▶ The benefits of starting with pilot efforts that could build trust.

Possible Approaches

- **Involving different parts of the company:** In larger O&G companies, there may be various departments or functions that have potential impacts on a range of different human rights. For example, human resources will mostly look at risks to the human rights of the company’s employees and contract workers; those sourcing supplies may look at the rights of workers in supply chains or any safety risks of products being sourced; those involved with exploration or production will probably focus on impacts on communities. In smaller companies, these roles may be concentrated among a few managers.

In addition, [legitimate trade unions](#) or worker representatives within the company may be a useful source of expertise regarding local labour laws, technical standards and specific conditions in the local labour market that may affect the human rights of workers.

It is a good idea to involve people from across relevant areas of responsibility in the development of the policy – what it should cover and how it should be implemented. This will help build understanding of the reasons for the policy and ownership of its implementation.

- **Involving external expertise:** Companies that do not have in-house expertise on human rights can use external sources as they develop their policy commitment. For smaller companies, written guidance from industry associations, multi-stakeholder initiatives or human rights organisations that have worked with the industry can provide a good starting point. A list of helpful resources is included in [Annex 1](#). O&G companies may also find it useful to benchmark their policies against their peers, in particular those recognised as industry leaders in human rights performance.
- **Engaging stakeholders:** Companies may find it particularly helpful to test a draft policy commitment with representatives of key stakeholder groups. This can help the company understand how the policy commitment is likely to be seen by these [stakeholders](#). Approaches could include:
 - Seeking the views of [legitimate trade unions](#) that represent company workers wherever that is possible;
 - Identifying key locations to informally test the draft commitment with representatives of local communities or NGOs;
 - Testing the policy commitment in draft with investors – particularly socially-responsible investors (SRIs) that have expertise on the issues;
 - Establishing a formal advisory group to seek feedback. This can include representatives of a national human rights institution, NGOs, trade unions, SRIs, and other relevant experts. Such a group might also play a longer-term role providing feedback on the company’s ongoing efforts to meet its responsibility to respect.



Communicating the Policy Commitment

Key Points for Implementation

- ▶ The policy commitment should be publicly available.
- ▶ It needs to be approved at the highest levels of the company and communicated internally to all workers in order to signal its importance and help embed it throughout the business.
- ▶ It also needs to be communicated externally to business partners and others in the company's value chain, as well as to people who may be affected by the company's operations.

Example: Top-level Commitment

At one O&G company, the lead person for human rights succeeded in getting a strong human rights policy agreed at the top level of the company, but had a hard time getting the CEO to make clear his continued commitment to it over time. The result was that some business units considered the policy to be a mere gesture designed to respond to the wishes of NGOs, and not something they needed to pay attention to in their work.

Possible Approaches

- **Demonstrating top-level commitment to the policy:** Clear and consistent messages over time from the CEO and senior management set the “tone at the top” of the company. They can help draw attention to the policy commitment and embed it into the business culture. Many O&G companies have experience doing this with regard to safety. Approaches for human rights could include:
 - Regular references to human rights issues and due diligence in top management speeches inside and outside the company;
 - Regular questions about human rights risks or performance from top management in meetings on core business issues, such as new project approvals;
 - Publicising internally examples where there has been accountability for human rights performance – whether rewards or sanctions (examples can be anonymised as necessary);
 - Making human rights part of top management's early-stage discussions with potential business partners and governments.
- **Choosing appropriate methods:** It will be important for O&G companies to consider how workers and other stakeholders, particularly local communities, access information – for example, through written, spoken or visual means, through which languages, and with or without the use of technology. This will help the company decide how best to communicate the policy commitment both internally and externally.
- **Choosing appropriate “language”:** Language can be a sensitive issue. There may be resistance within the company if “human rights” are perceived as an issue that is not relevant to the company's core business. Externally, there may be cultural considerations that make the use of human rights language challenging, including with local communities and governments. In some cases, there may be a good reason to avoid human rights terminology in the short-term or in a particular situation. If so, it will be important that at least those who lead on the issue, and any others who routinely engage with stakeholders, have an understanding of internationally-recognised human rights and their implications for company processes. In time, it may be possible to reintroduce the language of human rights to strengthen understanding of their relevance to the company's daily activities.

Example: Creating a Cross-functional Team

Many large O&G companies have found that creating a cross-functional team can help drive the embedding process at the corporate/head office level. Similar structures can also play an important role in implementation at site level.

For example, one company has established a group that involves representatives from a range of functions including legal, public affairs, procurement, security, exploration and production, and sustainability. It works closely with a senior management committee to promote awareness of relevant company standards; provide advice and support to operational teams and to other relevant teams at the corporate/head office level; and oversees the implementation of compliance assessments.



Aligning Internally with the Policy Commitment

Key Points for Implementation

- ▶ For the policy commitment to be effective in practice, other policies and processes across the company need to be consistent with it.
- ▶ Implementation of the commitment needs adequate support and resources, including through leadership, accountability, incentives, and training. These factors can directly affect staff assumptions and attitudes about the relevance of the commitment to their work and help embed it into the company's values and culture.

Possible Approaches

- **Alignment with existing policies:** Larger O&G companies often have a recognised hierarchy of standards within the company. This may start with a top-level policy document that sets the company's principles and values; there may then be a management systems document that describes how supporting policies and processes will embed these principles into company practice; and typically there are specific standards for applying this to the individual areas of the business. It will be much easier to implement a human rights policy if it is a seamless part of any such hierarchy, rather than a "misfit" within the system.

An O&G company is likely to have various existing internal policies and processes that incorporate aspects of human rights, even if they are not expressed in human rights language. This can be helpful in showing that human rights is not a new issue for the company. It is also important to check that these other policies and processes are consistent with the human rights policy commitment: meaning that they reinforce it, rather than work against or contradict it.

Examples of relevant policies and processes include those in the areas of:

- Sustainability/social performance;
- Health and Safety;
- Security;
- Human Resources;
- Community Relations, including resettlement and compensation;
- Environment;
- Legal compliance;
- Procurement/Contracting;
- Public Affairs/Communications;
- Risk Management and Project Approval.

Anti-corruption policies in an O&G company are also relevant: where corruption and bribery are accepted, human rights are rarely respected.

- **Training and awareness-raising:** Colleagues on the technical side of the business (for example, exploration and production, as well as business development teams) will be more likely to take human rights into account in their work if they understand what they are about, their relevance to the company, their significance to their own responsibilities, and the steps they need to take. There are various ways that O&G companies can “demystify” human rights in this way, including:
 - Providing training for staff in key functions (such as procurement and security) and for technical specialists (especially engineers and those involved in exploration, such as geologists);
 - Establishing focal points to support site-level staff in answering questions and dilemmas;
 - Holding regular “human rights moments” at the start of meetings, as is done with safety. This could be a brief reminder that issues under discussion may have human rights implications that need to be considered;
 - Connecting human rights “champions” across functions and sites to support knowledge sharing;
 - Engaging trade unions and/or worker representatives to support efforts to raise awareness among workers of the policy commitment;
 - Providing interactive seminars on specific human rights issues related to security, local content requirements, or high risk contexts;
 - Preparing internal briefing reports on emerging human rights issues, such as access to water.

O&G companies should prioritise awareness-raising and offers of expert assistance in contexts where the risks of human rights impacts are greatest.

- **Establishing accountability:** Internal accountability for implementation of the policy commitment will be important. O&G companies can build on industry experience with embedding safety standards, which are today seen in many companies as a critical part of “everyone’s job”.

Approaches to embedding accountability for respect for human rights can include:

- Giving responsibility for overseeing human rights issues to an individual or committee of the Board or of senior management, such as an Ethics or Sustainability Committee;
- Establishing accountability mechanisms at both corporate/head office level and site level, for example:
 - > Placing ultimate responsibility for human rights with the CEO;
 - > Requiring managers at the country or regional level to sign off on reporting on human rights issues;
- Tying staff assessments and reward systems to implementation of the policy commitment; and doing so across all functions or departments, not just those with lead responsibility for human rights.

Example: Training for Business Partners

The lack of a shared understanding of human rights can be a particular problem in challenging contexts like weak governance zones and conflict-affected areas. Some companies have found that training for, or joint training with, their business partners in such cases can be especially valuable.

For example, one company operating in a challenging environment established a training program (joint with an international organisation) for government officials to learn about international law, including human rights, as well as developing training for local communities and authorities in their area of operations. The company found that discussing such issues was easier if they started from basic values or concepts such as “respect” and “being a good neighbour”.



Applying the Commitment to Business Relationships

Key Points for Implementation

- ▶ The human rights policy commitment needs to be embedded in how an O&G company conducts its **business relationships** from their earliest stages, including in the terms of contracts. This makes it clear that these expectations are not “negotiable extras”.
- ▶ Embedding the policy commitment into the terms of contracts and other agreements increases the company’s **leverage** – that is, its ability to influence behaviour – in those relationships. It can lay the foundations for regular engagement to discuss or review the management of human rights risks.

Possible Approaches

- **Getting it right from the start:** Many of an O&G company’s human rights risks – and its capacity to mitigate them – are established in the terms of its contracts with business partners, suppliers and contractors and in host government agreements and Memoranda of Understanding (MoUs) with government. Staff with responsibility for negotiating and concluding such agreements need clear guidance, including on:
 - The importance of specifying in the agreements who has responsibility for addressing human rights risks in the relationship;
 - What resources will be required to ensure respect for human rights and where those resources will come from;
 - How implementation of respect for human rights will be monitored and discussed with business partners. For more on these issues, see [Section III-D](#).

Companies will also want to consider:

- Looking for evidence before contracts are signed that a business partner, contractor or supplier has the capacity and will to comply with human rights provisions;
 - Clarifying that the company expects its contractors and suppliers to “pass on” expectations to respect human rights to their own supply chains, and seeking evidence that they do so wherever possible.
- **National O&G Companies and the Government:** National O&G Companies (NOCs) are subject to the same responsibility to respect human rights as all other O&G companies, but will also need to take into account the human rights obligations of the state that owns or controls them. These obligations suggest a number of roles for the state, for example:
 - Ensuring policies that are consistent with human rights standards and coherent across all ministries that engage with the NOC (such as energy, health, foreign affairs, education and research);
 - Including human rights issues in regular “owner dialogues” between the government and the company;
 - Developing guidance for all state-owned entities on human rights.

NOCs may be particularly well-placed to raise with government representatives the benefits of these kinds of approaches for both the state and the company.

Where to Start

For companies that are just starting to develop a human rights policy commitment, the following are some preliminary steps to consider:

Read [Human Rights Translated](#) and look at the [Business and Human Rights Resource Centre website \(www.business-humanrights.org\)](http://www.business-humanrights.org) to build an understanding of human rights issues for the O&G sector.

Review your existing policies, processes and functional responsibilities to see where they already cover human rights (eg, health and safety, human resources) and where there may be gaps.

Talk with internal colleagues and external experts about what they see as the company's leading human rights risks.

Consider how you could start to embed respect for human rights in company policies and processes (eg, a senior point of accountability; staff training; a network of champions).

Discuss your findings with senior management and seek support for the development of a human rights policy commitment and steps to embed it across the company

Questions to Ask

The following questions correspond to sub-sections A, B, C, D and E above. They should help test the extent to which a company's policy commitment, and its efforts to embed it across the business, are consistent with the Guiding Principles:

I-A	<p>Defining the Content of a Policy Commitment</p> <ul style="list-style-type: none"> ▶ If we include our leading human rights risks in our policy commitment, how did we identify the risks? ▶ How will our policy commitment cope with major changes in the company's operating contexts (like entry into high-risk environments) or in relevant technology or methods of production?
I-B	<p>Developing the Policy Commitment</p> <ul style="list-style-type: none"> ▶ What internal and external expertise have we drawn on in developing the commitment? ▶ Has the commitment been tested with representatives of key stakeholder groups? If not, are we confident that it will be understood and supported by those groups?
I-C	<p>Communicating the Policy Commitment</p> <ul style="list-style-type: none"> ▶ Has the commitment been approved at the most senior levels of the company? ▶ How is top leadership commitment to the policy communicated internally? How is it communicated publicly? ▶ What appropriate means have we found to communicate our commitment to local communities that we may impact, taking into account information and communication barriers?
I-D	<p>Aligning Internally with the Policy Commitment</p> <ul style="list-style-type: none"> ▶ What steps have we taken to review whether our existing policies and processes are consistent with the policy commitment? ▶ Do our training methods and materials take full account of the policy commitment? How do we know if they are effective? ▶ Where does accountability for implementation of the policy sit? Are there appropriate incentives and resources in place to meet the commitment in practice?
I-E	<p>Applying the Commitment to Business Relationships</p> <ul style="list-style-type: none"> ▶ How is the policy commitment taken into account in our relationships with business partners, including joint venture partners, contractors, suppliers and host governments? ▶ Do relevant staff have the guidance and support that they need to raise these issues at the earliest stages of those relationships?