

Higg Brand Retail Module Guidance: Checklist to Align Your Program with the UNGPs

This checklist is designed to help you assess and align your company's program with the [United Nations Guiding Principles for Business and Human Rights \(UNGPs\)](#) as well as **the OECD Due Diligence Guidance of Responsible Supply Chains in the Garment and Footwear Sector**.

The **UNGPs** are the authoritative global standard on business and human rights, unanimously endorsed by the UN Human Rights Council in 2011. The UNGPs define eight steps companies are expected to follow to embed human rights due diligence within their management systems to prevent and address negative human rights impacts, which includes actual or potential harm, within their operations and supply chain.

The [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#)¹ defines practical implementation guidance to support implementation of a systemic and integrated approach, aligned with the UNGP, to assess and manage social, environmental and corruption risks and impacts in supply chains. This guidance can further support your company's efforts to align your program with the UNGPs.

Step 1: Commit (define a policy)

- Your company has a policy commitment to respect human rights, which can be a standalone policy or integrated into another policy
 - It defines expectations for employees and business partners on what the company expects them to do to help your company fulfil its commitment to respect human rights
 - It includes an explicit commitment to respect all internationally recognized human rights standards defined by the International Bill of Rights and the International Labour Organization's Declaration on the Fundamental Principles and Rights at Work
 - It provides an overview of how the company will implement its commitment tailored to your business—size, countries of operation, industry
 - Internal and external human rights experts are consulted to develop and provide feedback on the policy
- Communicate the policy internally and externally; specific efforts should be taken to communicate to individuals with defined responsibilities for implementation

Step 2: Embed the policy

- Assign accountability throughout all senior levels of the company and functions to ensure the commitment is reflected in decision-making
- Review and update operational policies and procedures to make sure the company's ways of working align with the policy
- Maintain an inventory of all related internal policies and procedures and the individuals responsible for these policies to support annual reviews to determine where improvements are needed
- Identify all internal business functions with responsibility to implement the policy and define responsibilities in writing to provide clarity and create accountability within internal functions in the company
- Develop and conduct training for employees and business partners to educate them on your company's commitment to human rights, roles and expectations, and how to escalate issues
- Conduct specialized training with key roles responsible for implementing the policy to build internal expertise (e.g. responsible purchasing practices for merchants; training on specific human rights risks related to key sourcing markets)

¹ OECD. "OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector." (2018). https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en

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- Update your company's rewards and incentives programs (e.g. annual bonuses, stock incentives) to prevent your company from incentivizing the wrong behavior

Step 3: Assess human rights impacts

- Assign responsibility to an individual or internal business functions to assess human rights risks and impacts on a regular basis
- Review your company's suppliers to identify what countries it is sourcing product from and what types of products are being sourced to support risk assessment activities
- Conduct desk research to understand potential human rights risks by countries and product type that are relevant to your company's operations and sourcing; prioritize research based on countries and products with the highest purchasing or sales volumes
- Engage individuals or groups whose human rights may be impacted by your company's operations or supply chain by using tools like worker surveys, supplier self-assessment questionnaires and NGO support to engage in local communities
- Prioritize actual or potential human rights impacts based on:
 - Severity, which the UNGPs define by their scale, scope and their remediability
 - Likelihood, how likely is the impact to exist or to occur in the company's operations

Step 4: Integrate & Act

- Review risks to determine if your company caused, contributed or is linked to them because it identifies your company's responsibility to act; appropriate required action depends on whether you have caused or contributed to the impact or are linked to it
 - For the former, you will need to cease and prevent whatever is causing or contributing to the impact.
 - For the latter, you will need to use your leverage to prevent the impact from happening
- Actual risks or impacts are addressed to make sure they don't materialise or happen again
 - Assign identified risks and impacts to employees in relevant areas of business and make them responsible for reviewing existing practices to identify the root cause of the risk and how to prevent reoccurrence
 - Use leverage—ability to effect change in a wrongful practice of a third party that causes harm—where an impact was caused by collective action of multiple parties—including the company—or when linked to operations, products or services through a business relationship

Step 5: Track

- Develop key performance indicators, also called targets, to track and report on their human rights performance – this should include prioritized risks
 - Good targets should be normalized, include a baseline and be able to demonstrate progress
 - Define qualitative and quantitative indicators, which can include audit reports, worker surveys, reviewing submitted grievances, reports from internal or external experts
- Create internal processes and assign responsibility to collect and maintain data to support reporting on indicators
- Create processes to review indicators to assess how the company is performing and where improvements may be needed to mitigate risks
- Consult internal and external stakeholders to help determine how to improve current efforts

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Step 6: Communicate

- Identify stakeholders—shareholders, investors, governments, human rights experts and employees— to communicate with about risks related to the company’s operations and sourcing activities
- Decide which channels would most effectively reach stakeholders to help communicate
- Communicate to stakeholders about risks related to the company’s operations and sourcing activities that could directly affect them and actions being taken to prevent and mitigate
- Formally communicate efforts to prevent and address negative human rights risks to demonstrate the effectiveness of your company’s efforts through external reporting
- Identify any reporting regulations your company is required to comply with based on the countries it operates (i.e. UK Modern Slavery Act statement, California Transparency Act), and industry best practices (i.e. GRI) to help make sure you comply

Step 7: Engage

- Identify and conduct stakeholder engagement with the three types of stakeholders identified in the UNGPs on a regular basis:
 - Potentially affected stakeholders and their legitimate representatives
 - Credible proxies for the views of affected stakeholders
 - Human rights experts
- Consult affected stakeholders to help:
 - Identify and assess actual and potential human rights impacts
 - Track and report on company efforts to prevent and manage those impacts
 - Design effective grievance mechanisms and remediation processes

Step 8: Remedy

- If your company has caused or contributed to an adverse human rights impact, you provide for, or support, legitimate processes to remedy it.
 - In situations where you may be linked to a negative human rights impact, you do not have direct responsibility to provide remedy, although you are still expected to support the actions of others, such as a government agency or court, to do so.
- Implement processes to assess the effectiveness of remedy provided to help improve systems to prevent recurrences
- Your company has a grievance mechanism and/or requires business partners to provide them in the supply chain to support the provision of remedy to create a channel where grievances can be raised and addressed
- Develop key performance indicators for monitoring the grievance mechanism, which can include:
 - Number of complaints received,
 - Percent of complaints received broken down by stakeholder type (e.g. employee, worker, community member)
 - Categorization of complaint by type and severity
 - Rate of resolution complaints
 - Parties responsible for investigation and management

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Step 8: Remedy (Continued)

- Map the grievance mechanisms your company has in place to identify coverage gaps where stakeholders do not have access to grievance mechanisms
- Assess identified grievance mechanisms to determine their effectiveness using the UNGPs effective grievance mechanism criteria
- Create and implement actions based on the review of the effectiveness of grievance mechanisms to improve systems