



The Corporate Responsibility to Respect Human Rights in Supply Chains:

Company Implementation and Civil Society Perspectives

Workshop Report

January 26-27th, 2016

Istanbul

Background: Global Compact Network Turkey and Oxfam in Turkey, together with the project partners, Global Compact Network Netherlands, Oxfam Novib, and Shift, held a workshop on **“The Corporate Responsibility to Respect Human Rights in Supply Chains: Company Implementation and Civil Society Perspectives,”** on **January 26-27th 2016**, in Istanbul. The workshop aimed to explore how the United National Guiding Principles on Business and Human Rights (UNGPs) can support implementation of the UN Global Compact’s Human and Labor Rights Principles (1-6), in particular in relation to company supply chains. Participants also had the chance to discuss and analyze how the UNGPs can support civil society organizations’ goals of advancing respect for human rights in company supply chains within a broader sustainable development perspective.

The workshop aimed to facilitate mutual learning around experiences, challenges and good practices on the management of human rights in supply chains among companies in Turkey. The workshop provided a space for corporations to directly share their experiences, while also inviting and encouraging civil society organizations to present lessons learned from their partnerships and other engagements with private sector entities. Collaborative risk and impact assessments, information sharing of human rights risk analyses in supply chains, and usage of social performance indicators by stakeholders were some of the topics that were discussed during the workshop. By the conclusion of the workshop, participants had shared experiences on mechanisms for the implementation of the UN Guiding Principles throughout their operations, particularly through their supply chains, as well as discussing some follow up steps for strengthening multi stakeholder collaboration in an effort to ensure respect for human rights in supply chains.

Summary

Over the last several decades, companies have been increasingly recognizing their responsibility to prevent and address negative social, economic, and environmental impacts that they may be connected to through their supply chains. The UNGPs, unanimously adopted by the UN Human Rights Council in 2011, clarify what is expected of companies in regard to respecting workers’ human rights as well as the

human rights of other individuals that the company may impact through its operations and business relationships (such as suppliers). As awareness of this responsibility has increased, so too has a recognition of the limitations of conventional approaches such as “social compliance auditing” for addressing negative human rights impacts in supply chains.

The workshop started with an introduction to the UNGPs and their relevance for business and civil society stakeholders in Turkey, including hearing directly from a number of business and civil society representatives. The representatives shared their experiences on the ground and how the picture can be improved within the private sector in Turkey.

In the morning of the second day, a number of leading trends among the “new generation” of supply chain social compliance programs were discussed, including collaborative assessment, capacity-building approaches, and alignment of internal purchasing practices with company’s human rights responsibilities. Some of the new and innovative supply chain management approaches being tested by leading companies were mentioned, including lessons learned and further challenges identified, which helped participants to identify how such approaches can assist in overcoming the limitations of audit-based models as a tool for sustainable improvements in working conditions and other human rights impacts in the supply chains.

In the afternoon of the second day, the focus was on women’s rights in supply chains. The session discussed current challenges facing women within supply chains in Turkey and how companies can use the UN Guiding Principles and Women’s Empowerment Principles to improve their business practices to ensure women’s rights are respected. By sharing case studies and listening to the experiences of participants, the session examined some of the innovative ways in which companies can integrate policies and practices that seek to ensure respect for women’s rights throughout their supply chains.

Workshop

The workshop began on January 26th with opening speeches from local project partners; Oxfam, Global Compact Turkey and Consulate General of the Kingdom of Netherlands. Oxfam in Turkey Country Director Ms. Meryem Aslan described the objective of the project with reference to previous workshops in Mexico, Indonesia, South Africa and lastly in Turkey, and noted the importance of this project as business enterprises have the responsibility to respect human rights, regardless of their operation size. Ms. Aslan also noted the importance of private sector partnership with NGOs in the relevant fields, and that concrete, actionable steps for governments and companies to meet responsibilities to prevent human rights abuses are critical. Oxfam sees the engagement with multiple stakeholders, including the business community, governments and civil society organizations, as crucial in its efforts to reduce poverty and inequality.

Global Compact Turkey Chairman Dr. Yılmaz Argüden noted the importance of UN Global Compact as an inclusive platform for business for collective efforts in corporate sustainability, as illustrated by the

efforts of GC Local Networks in the four participating countries. Dr. Argüden stated the importance of business' role in assessing their own performances with regards to human rights, collaborative efforts in improving such performances, and collaboration with NGOs who are actually a source of knowledge in the field. With the launch of Corporate Human Rights Index led by investors globally and the launch of the Sustainable Development Goals, Dr. Argüden noted the rising importance attached to Human Rights and the guiding role that SDGs can play for more policy platforms (such as G20) in the upcoming years.¹

Consul General of the Kingdom of The Netherlands in Istanbul, H.E. Robert Schuddeboom noted the progress made in implementing the Guiding Principles in the last 4-5 years and that companies cannot work on Human Rights issues in isolation. Consul General Schuddeboom mentioned the Netherlands National Action Plan (NAP) which is aimed at increasing awareness of the UNGPs as well as guiding its implementation.

Mr. David Vermijs, from SHIFT presented the UN Guiding Principles, including their background, content and examples of how they can be implemented. Gine Zwart from Oxfam Novib emphasized the importance for business to create better working conditions even if/when the legislation of a country is not clear or/and the enforcement of such legislation is problematic. She further emphasized the importance of collaboration with civil society organizations.

The participants then moved on to a multi-stakeholder roundtable discussion on Human Rights and the UNGPs in the context of Turkey. During the discussions, the participants brainstormed practical approaches and methods to integrate UNGPs within the context within which the private sector functions in Turkey. Various examples from different sectors were shared among the participants with the aim to inspire companies to implement alternative corporate policies that would respect and promote human rights for employees and other people's human rights across their operations.

Roundtable sessions were followed by a panel discussion, where business and civil society representatives discussed company implementation and civil society perspectives. The panel discussion highlighted innovative approaches taken by companies in implementing the UN Guiding Principles and analyzed the current challenges from a civil society point of view.

Several issues raised by the panelists were;

- Consumers need to raise awareness and create more pressure on companies to implement policies that would ensure respect for human rights throughout value chains,
- The need for effective government regulations for monitoring human rights compliance of the private sector,

¹ Note the open letter by Prof. John Ruggie, author of the Guiding Principles, on the relationship between the SDGs and human rights (published after the workshop took place):
<http://shiftproject.org/news/john-ruggie-sustainable-development-goals-and-un-guiding-principles>



- The need to urgently address some of the most important issues in supply chains, including long working hours, security at work place, and child labour, especially in seasonal agricultural work,
- Recognizing and respecting the right of employees to collective bargaining and promotion and protection of this right,
- Recognizing the recent increase in incidences of child labor and the related trend of decreasing wages,
- And the importance of focusing on small and medium sized enterprises when addressing human rights in supply chains, as they constitute one of the backbones of the economy in Turkey.

On the second day of the workshop, January 27th, facilitators began the session by providing a brief recap of day 1 discussions, followed by an introduction to the second day agenda of the workshop.

David Vermijs provided details on how the UNGPs address human rights impacts in company supply chains, including identifying and addressing the risks. Vermijs noted that there are three scenarios in which a company can be involved with human rights harm. First, a company may directly causing a human rights abuse, for example by not providing a safe working space for its workers. Second, a company may be contributing to human rights abuses. One way—“contribution in parallel”—is where a company emits a small amount of waste water into a river, which on its own may not lead to a significant impact, but where multiple companies emit similar amounts of waste water together this may pollute the water to an extent that people depending on the water (eg. smallholder farmers) are impacted on their livelihoods. Another way—“contribution through a business relationship”—involves the situation where a company acts (or omits certain action) that makes it more likely that a business relationship (eg. a supplier) abuses human rights, for example changing order requirements last minute without adjusting for price and delivery time, leading a supplier to subcontract to a supplier that uses child labor. Finally, companies may be directly linked through their products services and activities to human rights abuses by third parties without causing or contributing to them, for example impacts deep in their supply chain. Making the distinction between these three scenarios—cause, contribution and linkage—is important as the Guiding Principles have different requirements around what action (including on remedy) is expected for each of the three scenarios. Moreover, while a company has a responsibility to act in all three scenarios, the type of action is likely to be different for each. What varies in particular is the type of leverage—the ability to influence a third party—needed where it is contributing or directly linked to abuses by a third party, ranging anywhere from exercising contractual requirements to building capacity of a supplier and engaging in collaborative action with peers, government, and/or civil society organizations to address systemic issues.

Vermijs further elaborated on expectations in supply chain relationships through analysis of a mineral supply chain, including mapping the value chain, identifying severe human rights risk in the chain, and analyzing point of interventions/ measures that can be taken by companies in the chain to prevent and

mitigate human rights impacts, including financial institutions that are an important financier of activities in the mineral chain.

Innovations in supply chain management – Case Study

An example of an innovative approach to managing human rights in supply chains was presented by Orhan Goztas, the Social Manager at DeFacto Textiles. The sessions provided inspiration for participants to discuss exemplary social compliance mechanisms within the textile industry.

DeFacto is a Turkish retail brand which opened its first store in Turkey in 2004. A relatively young company, DeFacto currently has 293 stores in Turkey and 46 stores in 11 other countries. Signing the Global Compact principles in 2014, DeFacto produced its first Communication on Progress (COP) report in 2015 and signed on to Women Empowerment Principles (WEPs) in March 2015. Taking further steps to analyze and improve sustainability of its business, DeFacto published its first sustainability report in January 2016.

DeFacto's key stakeholders compose of employees, suppliers, customers, shareholders, retailers sector, and the society at large. Putting the human component at the focus of its sustainability strategy, DeFacto has created a social compliance system for Turkish suppliers with the goal to "strengthen the company's commitment to partnership in fair and sustainable supply chain while maintaining transparency." The advantage that DeFacto had while establishing this system was the full support of higher management and the existence of institutional strategies and procedures that have been aligned with sustainability in mind.

The social compliance management system started with garment suppliers, and later included subcontractors. Through sharing a code of conduct with the suppliers, the company aimed to give guidelines to the suppliers for human rights and environmental protection. It was critical in this process to explain to suppliers that this was not a pass/fail test, but a way to understand the problems at hand and work on alternative solutions. Based on its experience so far, DeFacto believes that as suppliers get performance scores on different social compliance components, they start to have more incentives to improve their practices.

For 2016, DeFacto has high expectations. A member of the UN Global Compact Supply Chain Working Group in Turkey, they will continue to play an active role and will join the Environment Working Group as well. In addition to continuing its training for suppliers and cooperating with workers, DeFacto is also looking forward to collaborating with other companies and brands to see whether they can create a common set of tools to solve human rights related issues within their supply chains.

Common Issues and Challenges: Roundtable Discussion



During the subsequent break-out groups, participants from companies and civil society organizations had the chance to discuss the challenges and opportunities they face in preventing and addressing human rights impacts within company supply chains. At the end of the session, common themes and lessons learned were shared with the wider group which highlighted innovative approaches and solutions. Specific company examples, which were discussed at length in roundtable setting, provided common challenges that can also be observed across different sectors.

One of the companies analyzed during the session came from the food industry which mentioned the importance of aligning procurement procedures with human rights principles. The supply chain of the company starts with farmers, transfers to factories, and goes to suppliers for packaging. Along the way, the company representatives mentioned three issues that need to be improved for enhancing human rights within their supply chains: exploitation of migrant and seasonal workers (as they mostly do not encompass work permits), long working hours, and health and safety concerns (the health and safety concerns in other industries may also include muscular diseases and psycho-sociological issues as well.) In addition to tough working conditions, another food company also mentioned the issues of low wages and lack of insurance that may be observed in their operations.

Issues related to long working hours, health conditions, and improper regulations appear to be common issues that companies across sectors seem to observe within their supply chains. Another company also added that there might be issues related to child labor that needs to be prevented within some supply chains. This subject needs further analysis and requires action from companies that suspect the existence of human and children's rights violations within their supply chains.

Another interesting example presented summarized general trends that can be observed in cotton production. Cotton goes through six stages in the supply chain until it reaches the customer. There are different issues to be tackled within cotton production which needs further attention by both companies and relevant public bodies. As mentioned in the example above, child labor may also be taking place in the cotton supply chain as the country that sells these seeds go unnoticed. There is also the issue that companies with 50 or less workers are not subject to an inspection mechanism which increases the risk for human rights abuses. Weak governmental oversight, limited civil society focus on the issue, and consumer preferences towards cheaper products remain important challenges to overcome in improving human rights conditions within cotton production supply chains.

Women's Rights in Supply Chains

After analyzing various challenges that companies observe within their industries and supply chains, participants had the chance to discuss another important issue for companies in Turkey and around the world: respecting women's rights in supply chains. In order to inspire new ideas and ways of thinking, an example of an existing effort aimed at ensuring respect for women's rights in supply chains was presented. The presentation, given by Erica van Doorn, the Director of Fair Fear Foundation, helped



explore the relationship between efforts to prevent negative impacts on women's rights and women's empowerment.

Fair Wear Foundation is an independent, not-for-profit organization located in Amsterdam which focuses on sewing and brand-factory relations. Working with over 80 European companies (from 9 EU countries), the foundation focuses on companies in fashion, outdoor, workwear, and B2B (business to business) brands. The mission of the foundation is to "improve the working conditions in apparel factories." **Fair Wear Foundation's (FWF) Code of Labour Practices** consist of the following principles: employment is freely chosen, freedom of association and the right to collective bargaining, no discrimination in employment, no exploitation of child labor, payment of a living wage, reasonable hours of work, safe and healthy working conditions, a legally binding employment relationship.

The general approach that the foundation is taking is quite simple: members are responsible for improving conditions in their supply chains. The FWF then verifies how well each member is doing and reports to the public. This involves a **multi-level verification** that consists of several steps; **brand performance check** (which are not pass/fail assessments but learning processes), **factory inspections** (in which FWF observes whether workers' rights are being respected or not), **complaints handling**, and **remediation and training**.

Turkey is the 5th biggest supplier country among the FWF members with 136 supplier factories and 41 member companies sourcing from the country. According to FWF, the country profile is characterized as encompassing relatively small factories with about 69% non-registered workers, higher average age of workers, and various other problems such as double book keeping, a living wage gap, challenges to freedom of association, and migrant workers. The picture is also problematic for women as female labour force participation is only at 31.8% within the country. About 60% of this **female labor force** composes of unregistered work with no social security, lower wages, limited compensation for pregnancy, poor child care services, and limited leadership opportunities.

FWF's work and experience in Turkish factories demonstrates the importance of establishing a complaint system that workers can trust and access. Through increasing dialogue with workers, significant improvements were made within the factory setting which also enhanced workers' rights and increased their motivations. These improvements included: granting permission to leave factory during breaks, creating praying rooms, payment of benefits, putting better lighting at production sites, putting enough drinking water for workers. A manager at one of these companies actually said that "**speed and quality of production increased when workers felt they were being listened to.**"

In terms of addressing the problems that women are facing (such as gender pay gap), FWF believes that education of higher management is quite important in achieving sustainable, long term change. With regards to Turkey, it is especially essential to lay the foundations for trust before women workers can actually talk about their problems in the workplace. FWF can also act as a mediator between

management and workers; in one instance, the foundation acted as a facilitator between the company and workers who were fired. As a result of communicating with both groups, some workers received compensation and some returned to the factory. This also positively contributed to the work that unions were doing, including their collective bargaining.

Conclusion: Lessons Learned and Actions for Further Work

The positive energy that was culminated throughout the 2 days laid the foundation for cooperation and collaboration between companies and civil society organizations to take the human rights & business discussions much further. At the end of the workshop, participants discussed the ways in which further work can be done to not only promote social compliance principles, but also to continue to build on existing cross-sectoral relations.

How can we take this subject further to make sure companies are informed about social compliance principles to be practiced within their supply chains? The participants stated that in addition to conducting cross-sectoral work as demonstrated in this workshop, companies and NGOs can approach other institutions such as the Union of Chambers and Commodity Exchanges of Turkey (TOBB) or Turkish Confederation of Employer Associations (TISK) which can help disseminate information and create discussion around these issues. The time is ripe for involving other organizations in this discussion and sharing best practices across sectors. Various government bodies can also be contacted and pursued to collaborate more with the private sector to incentivize companies to apply social compliance principles in their operations.

As a take away, participants commented on learning about innovate ways to look at business and human rights, and how companies can better work with and highlight social compliance principles. The UN Guiding Principles, in this sense, will continue to play an important role in advocating for human rights in business settings and also be available as an important advocacy tool. Organizations like Oxfam and Global Compact can continue to demonstrate leadership in this field and continue to bring together representatives from private companies and civil society organizations to work on a future roadmap for social compliance. Businesses, on the other hand, can invest in research to analyze unique problems that different sectors face and contribute to information sharing among companies.

As workshop was concluded, an important message is given as to the next step: there is already a common vision to take it forward; what we should do next is scale up, expand, and build on this energy. Continuing to organize platforms and events like these and creating concrete action plans will be important in making sure principles are implemented across company operations.



Participants' evaluation

At the end of the workshop, participants were asked to evaluate the workshop. The following themes emerged from the short assessment, which will be taken into consideration when preparing a similar activity in the near future.

Overall, the participants were satisfied with the content flow, organization, and preparations for the workshop. It was stated in the evaluation forms that the workshop provided an opportunity for participants to expand their knowledge of the UN Guiding Principles and their application. As many companies did not have an extensive prior knowledge of the UN Guiding Principles or their implementation at the company level, the workshop constructed an effective introduction to the discussions at hand. The moderation of the sessions provided an added value as participants had the chance to not only ask in-depth questions but also had a chance to brainstorm amongst themselves. The presentations from a variety of organizations also provided an opportunity for participants to acquire knowledge about different experiences and perspectives, including company case studies and civil society reflections. Disseminating some of the key workshop resources before the event also provided a chance for participants to review key documents before they actually arrived in the workshop.

Although the participants provided positive and satisfactory remarks, some aspects of the Workshop could be improved. It was addressed by many participants that women's issues could have been discussed in more detail. It was also mentioned that more case studies (from different sectors and areas) could have been introduced and discussed in detail. It was also suggested that small group discussions could have yielded more concrete action points for future follow up.

It was suggested by a few participants that companies and civil society organizations together should come up with more solid actions to tackle human rights violations in supply chains. Similar events/workshop can also be organized on related issues which can discuss different thematic areas in more detail. As many participants commented on the success of the workshop in bringing together a variety of representatives across sectors, a follow up event can take place with more involvement from different companies, civil society organizations, audit companies, as well as the public sector.