



# The Australian manufacturing and retail sectors and human rights



The corporate responsibility to respect human rights is a social responsibility over and above compliance with applicable laws. It is the minimum expectation society has of business conduct in relation to human rights. It means that as business goes about its business, it should not infringe on the rights of others. So manufacture your mouse traps, deliver whatever services you provide, but don't infringe on others' human rights in the process.



*John Ruggie, Harvard University, former UN Special Representative on Business and Human Rights*

The collapse of Bangladesh factory in April 2013, which killed more than 1,100 garment workers and injured many more, has generated increased attention to the issue of human rights in global supply chains, and has brought business practices, worker safety and labour rights in factories across the world under the spotlight.

In 2008, the United Nations Human Rights Council recognised that, while the primary duty to *protect* and *promote* human rights lies with national governments, corporations also have distinct responsibility to *respect* human rights. Three years later the Human Rights Council unanimously adopted the Guiding Principles on Business and Human Rights (the Guiding Principles) which provide a framework for addressing and preventing human rights impacts associated with business activity, including in supply chains.

The Guiding Principles are available at <http://business-humanrights.org/en/un-guiding-principles>.

Integrating human rights into business practice is vital for managing business risks in the manufacturing and retail sectors. However, respecting human rights goes much further than risk management, and can strengthen operations that may potentially generate new business opportunities and create value for broader society.

Adverse human rights impacts can occur at any level of a supply chain and addressing human rights issues is not always easy due to the complexity and depth of modern supply chains. This fact sheet provides some basic guidance and resources for Australian manufacturing and retail companies on how to incorporate human rights into everyday business operations and within supply chains.

## How are human rights relevant to manufacturing and retail companies?

There are very few human rights that are not impacted by a retail or manufacturing company's operations. However, the following are some of the more common areas where human rights can create business risks for manufacturers and retailers.





## Labour practices and human rights

All companies have a responsibility to make sure that employees enjoy fundamental labour rights like a safe workplace, a living wage, non-discriminatory work practices, and collective bargaining. In Australia this might include ensuring an accessible workplace or providing a workplace free from discrimination.

- What is your worker safety policy? Does it apply throughout your supply chain?
- Does your company have an equal opportunity and workplace diversity strategy?
- Does your company ensure that your outworkers enjoy the workplace conditions and labour standards required by international law?
- Does your company have a Disability Action Plan and Reconciliation Action Plan for Australian operations?
- Does your company take measures to ensure that employees are provided with a workplace that is free from harassment, violence and bullying?

## Supply chain and human rights

Manufacturing and retail companies often have complex supply chains that may include suppliers with poor human rights records and weak labour and environmental standards. Australian companies have a responsibility to ensure that they are not sourcing goods or services from companies that might be breaching human rights – no company can outsource human rights responsibilities or risks. Companies must also take responsibility for the product safety of the goods they sell.

- Does your company have a supply chain policy or code of conduct requiring all suppliers to meet internationally recognised labour and human rights standards? How do you ensure compliance?
- Do your supply contracts include terms requiring adherence to internationally recognised human rights standards?
- Has your company conducted a mapping exercise of its supply chains to see where human rights impacts may occur? Have you identified areas of great risk in your supply chain?
- Does your company have stable and ongoing relationships with its suppliers?

## What should manufacturing and retail companies do to ensure they respect human rights?

The corporate responsibility to respect human rights is a matter of due diligence. Due diligence describes the steps a company must take to become aware of, prevent and address adverse human rights impacts.



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The Guiding Principles outline a number of steps that businesses should take to embed human rights into core practice, and provide a framework to manage human rights risks through due diligence. The process will vary for each company depending on the type of business and where it operates, but it should include, as a minimum, the following steps:

### 1. Adopt, implement and integrate a human rights policy\*

- Does your human rights policy explicitly invoke the Universal Declaration of Human Rights and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work?
- Are there clear roles and responsibilities for implementing your human rights policy throughout your business?
- Do your staff understand what it takes to comply with the human rights policy?
- Are there enough resources to support compliance with your human rights policy?



- Does the policy apply to the company’s business partners, suppliers, contractors and other relevant stakeholders? What do you do to ensure compliance?
- Is the policy publicly available?
- What are the consequences for failing to comply with the policy?

### 2. Assess the human rights impacts of your company’s operations

- Do you understand the scope and scale of the human rights risks facing your business?
- Have you mapped the supply chain for all aspects of your business and identified the potential human rights risks?
- Have you consulted with stakeholders such as community groups, indigenous communities, NGOs, industry bodies and unions to find out how their human rights might be affected?

### 3. Ensure compliance with all local laws and adopt relevant codes of practice relating to human rights

- Do you understand your legal obligations under Australian law – including anti-discrimination and OH&S?
- Have you considered committing to relevant international principles and voluntary codes or joining international initiatives relevant to the manufacturing and retail sectors? For example:
  - Ethical Clothing Australia: [www.ethicalclothingaustralia.org.au](http://www.ethicalclothingaustralia.org.au)
  - Ethical Trading Initiative: [www.ethicaltrade.org](http://www.ethicaltrade.org)
  - Fair Labor Association: [www.fairlabor.org](http://www.fairlabor.org)
  - Social Accountability 8000 Standard: [www.sa-intl.org](http://www.sa-intl.org)
  - International Chamber of Commerce Guide to Responsible Sourcing: [www.iccwbo.org/products-and-services/trade-facilitation/guide-to-responsible-sourcing/](http://www.iccwbo.org/products-and-services/trade-facilitation/guide-to-responsible-sourcing/)
  - UN Global Compact Network Australia: [www.unglobalcompact.org.au](http://www.unglobalcompact.org.au)
  - Global Reporting Initiative: <https://www.globalreporting.org/home>
  - ISO 26000 Guidance on Social Responsibility: [www.iso.org/iso/home/standards](http://www.iso.org/iso/home/standards)



#### 4. Implement a credible and transparent system of monitoring and reporting on your human rights impacts and performance

- Does senior management have clear responsibility for monitoring compliance with your human rights policy?
- Is your reporting process public and transparent?
- Do you draw on both internal and external sources in your monitoring and reporting progress?

#### 5. Communicate externally on your human rights impacts and progress

- Do you work on an ongoing basis with community groups, indigenous communities, NGOs, industry bodies, other companies and unions to address the human rights challenges identified?
- Do you have communication mechanisms in place to inform stakeholders on human rights impacts and steps taken to mitigate them?
- Do you communicate in a way that is accessible and appropriate?

#### 6. Establish accessible and appropriate systems to address grievances

- Do you have appropriate and accessible grievance mechanisms in place?
- Do your operational-level mechanisms reflect the cultural environment in which you operate?
- Do you work with external remediation processes?

#### Need help getting started?



To find out more about relevant business and human rights guidelines, voluntary codes of practice and case studies see

[www.humanrights.gov.au/employers](http://www.humanrights.gov.au/employers)

See the following *Good practice, good business* fact sheets at [www.humanrights.gov.au/employers](http://www.humanrights.gov.au/employers) to read more about human rights and business: *Integrating human rights into Australian business practice*, *The Australian finance sector and human rights* and *The Australian mining and resource sector and human rights*.

#### Further information

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\* A guide to developing a human rights policy is available at: [https://www.unglobalcompact.org/docs/issues\\_doc/human\\_rights/Resources/HR\\_Policy\\_Guide.pdf](https://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/HR_Policy_Guide.pdf)

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