



SUSTAINABLE SUPPLY CHAIN ALLIANCE

# HUMAN RIGHTS QUICK START GUIDE

SSCA Guidance for Electric Utility Supply Chain  
Professionals

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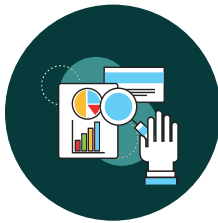


# WHY IS THIS IMPORTANT?



## 01 — New Regulatory Frameworks

Governments and international organizations are increasingly developing regulatory frameworks to address long-standing Human Rights issues across all industries. Noteworthy examples include the [Uyghur Forced Labor Prevention Act \(UFLPA\)](#), [UK Modern Slavery Act](#), the [EU mHRDD](#), [California's Transparency in Supply Chains Act](#), and the proposed [Slave-Free Business Certification Act](#) introduced to Senate in Feb. 2022 which if passed, would require US corporations with annual, worldwide gross receipts in excess of \$500 million to audit and report on instances of forced labor in their supply chains.



## 02 — Increased Investor Scrutiny

Investors are more closely evaluating chain management practices as it becomes increasingly evident that respecting human rights increases certainty of supply and long-term resilience in their portfolios. Investors representing trillions in AUM have called upon governments to enact mandatory human rights due diligence law.



## 03 — Reputational, Financial, and Operational Risk

The unveiling of Child Labor in the US in well-known companies (i.e. Cheetos, Fruit of the Loom) has brought evidence that these issues are happening close to home, and human rights breaches in Xinjiang and exploitation of Uyghur labor have brought supply chain human rights to the forefront of the global agenda and presented evidence of the potential business disruptions and risk that can occur if human rights issues remain unaddressed.

# WHERE SHOULD YOU START?

The number one priority for mitigating human rights risks within the supply chain is ensuring suppliers are attesting to and being trained in your organization's Supplier Code of Conduct (CoC) or similar policy that addresses human rights.

It will ultimately be important to verify that suppliers are actually operating according to the standards in your supplier CoC, but ensuring one exists, and that suppliers understand the requirements is an important first step.

# ORGANIZATIONAL RISK MANAGEMENT PRACTICES



## Supplier Code of Conduct

- Supplier Code of Conduct or similar policy in place that addresses child labor; forced labor; working hours; wages; discrimination; health and safety; freedom of association and collective bargaining and disciplinary practices/humane treatment of workers

## Human Rights Policy/ Sourcing Policy

- Sourcing policy integrates labor and human rights performance of suppliers into direct spend sourcing decisions and purchasing practices.
- Application of the UN Guiding Principles in a public human rights policy, conducting due diligence/supplier screening covering labor relations issues & ethical sourcing of materials and transparency. Suppliers should be aware of potential HR risks and have management systems in place (e.g., documented procedures to ensure that workers are employed legally by sub-contractors).

## Assessments & Audits

- Initial assessment of new suppliers to gather information about labor and human rights risks. Periodic risk screening of suppliers based on generalized information about risk hotspots.
- Defined program or schedule for auditing higher risk suppliers. Requirement for CAPs where applicable and timely closure of significant non-conformances.

## Programs and Initiatives

- Programs and projects aimed at supporting capacity building and improving supplier's ability to meet requirements in a Code of Conduct and initiatives that improve the lives and well being of workers and affected communities.
- Ensuring suppliers treat their workers fairly, and setting up avenues for claims, whistle-blowing and remediation.

# Key Purchasing Practices



1

Identify items you are purchasing from within U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor. Review these item's suppliers' corporate policies and systems to manage risks.

2

Assess whether the company is sourcing from countries known to have a high risk of modern slavery. The U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor is a great resource as a starting point.

3

Assess whether prices paid to suppliers enable provision of decent wages and safe working conditions.

4

Work with key contractors in high-risk categories to better understand risks and opportunities in your organization's supply chain. You can use the [CSR Risk Check tool](#) to identify risks in your supply chain.

## Sample RFX Questions

1. Does the company have a formal health & safety management system or procedures in place? Is this independently certified to a recognized international standard such as ISO 45001? Does it monitor health & safety incidents and if so, are these reported externally?
2. Does the company recognize the right to freedom of association and the right of its workers to collectively bargain (e.g., to join any trade union)?
3. Is there evidence that the company has breached relevant ILO conventions on prevention of trafficking or forced labor?
4. Does the company have a policy and/or supplier code of conduct which promotes the protection of labor rights for all workers, including migrant workers and those in precarious employment?
5. Can you show where the product is manufactured and where the inputs come from? For example, can you explain where the module, cells, wafers, and polysilicon come from?



# NOTABLE UTILITY SC CONCERNS

## POOR LABOR STANDARDS



- Construction projects frequently include hiring a main contractor who then outsources work to several subcontractors and/or labor providers without necessarily having the same policies and practices in place (e.g. robust safety procedures).
- Outsourcing practices may lead to a decline in collective bargaining and the effectiveness of workers' councils or representatives. This could reduce worker protection and exacerbate discrimination for vulnerable workers.
- One key risk is exploitation of migrant workers, especially those with complicated and opaque legal situations, receiving less payment than local workers, given unpopular shifts and longer hours, and denied equal opportunities for promotion.

## MODERN SLAVERY



- Around 18% of forced labor occurs in the construction industry—directly in the constructing process or in the mining, harvesting, and production of materials.
- Forced labor has become common in the making of building materials such as timber, bricks, glass, copper, and steel, among other raw and composite materials. [Read more.](#)
- The sector is a key customer for suppliers of cabling, piping and meters. Meters in particular can contain components or be compiled in factories where working conditions are harmful and/or that employ child labor.
- The sector also purchases significant volumes of PPE, uniforms, and other products which may be produced in factories with child labor, inadequate pay, poor health and safety standards, unjust treatment of migrant workers and/or forced overtime.
- There are increasingly human trafficking concerns associated with global shipments; especially via land and maritime transportation.

## VIOLENCE, CONFLICT, AND OTHER HUMAN RIGHTS ABUSES



- Human Rights-related risks are particularly high in purchase categories associated with technology requiring significant mineral/metal inputs including copper, iron, lead, molybdenum, nickel, zinc, cobalt, and lithium, which are critical in the production of solar panels, wind turbines, EVs, and energy storage.
- Extraction of many of these minerals can be linked to various abuses, including murder, forced displacement, and exploitation. For example, the mining of cobalt in the DRC has so often been connected to violence to be dubbed the “blood diamonds of this decade”. [Read more.](#)
- While supply chain governance for certain minerals, including tin, tungsten, tantalum, and gold is improving, such initiatives have not yet been expanded to include most of the minerals and metals central to green energy technologies.



# TOOLS AND RESOURCES



## SSCA Resources

- [Supplier CoC Model Language](#)
- [Human Rights Policy Model Language](#)



# 01

## Frameworks

- [UN Guiding Principles on Business and Human Rights](#)
- [ILO Declaration on Fundamental Principles and Rights at Work](#)
- [OECD Guidelines for Multinational Enterprises](#)
- [UNGC Guide on How to Develop a Human Rights Policy](#)

### **BSR Human Rights Assessments: Identifying Risks, Informing Strategy**

Guides companies in the design of measures to prevent, mitigate, and remedy actual and potential adverse human rights impacts.

### **Sedex A guide to risk assessment in supply chains**

Provides an introduction to risk assessment on human rights in supply chains and aims to provide guidance on risk management within all sectors and types of suppliers– including suppliers of goods, service providers and suppliers of labor.

### **ETI Human rights due diligence framework**

A guide for companies to help them prevent and manage labour rights risks, and understand why engagement, negotiation and collaboration is the only way to succeed.

### **RBA Practical Guide to Implementing Responsible Business Conduct Due Diligence In Supply Chains**

Provides an overview of the major standards on responsible business conduct.

### **IEH A Guide to Human Rights Due Diligence in Global Supply Chains**

Describes how all enterprises, including small and medium-sized enterprises can carry out due diligence to prevent violations of human rights.

## Assessment Guidance

# 02



## Further Information

- [Green conflict minerals – The fuels of conflict in the transition to a low-carbon economy](#)
- [Modern slavery in construction services](#)
- [Modern slavery underpins the global construction industry](#)
- [U.S. Department of Labor’s List of Goods Produced by Child Labor or Forced Labor](#)
- [Sustainalytics’ Human Rights Risk Ratings](#)
- [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#)



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