

## Hivos Guidelines for companies

# Hivos and the Private Sector The Guiding Principles for Companies

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### Introduction

This document 'Hivos and The Private Sector, The Guiding Principles for Companies' is formulated by Hivos in order to clarify what Hivos considers 'responsible' business. Hivos aims for companies that preferably comply with these principles or make efforts in order to adopt these. Hivos prefers companies to continually seek to improve their corporate performance towards the principles. This includes the (re)formulation of policies, the actual business activities and the independent and transparent monitoring and evaluation of these activities.

The Guiding Principles for Companies are based on the [UN Global Compact's ten principles](#) in the areas of human rights, labour, environment and anti-corruption which enjoy universal consensus and are derived from:

- [The Universal Declaration of Human Rights.](#)<sup>1</sup>
- [The International Labour Organization's Declaration on Fundamental Principles and Rights at Work.](#)
- [The Rio Declaration on Environment and Development.](#)
- [The United Nations Convention against Corruption.](#)

Furthermore, the Guiding Principles comprise:

- [The Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" \(Ruggie\) Framework.](#)
- [The Global Compact Women's Empowerment Principles.](#)
- [The Ethical Trading Initiative Base Code.](#)
- [The OECD Guidelines for Multinational Enterprises.](#)
- [The International Labour Organisation's Convention 169.](#)
- [ISO 26000.](#)

Hivos agrees upon – as in the guideline 17 on general policies formulated in the OECD Guidelines for Multinational Enterprises - that companies should avoid causing or contributing to adverse impacts through their activities. This includes activities in their whole supply chain. The supply chain management can take place through a variety of forms including, for example, franchising, licensing or subcontracting.<sup>2</sup> Hivos considers companies accountable for responsible management of all principles in relation to the company's business and thereby also for, at least, the suppliers and resellers the company directly contracts.

<sup>1</sup> The United Nations Declaration on Human Rights can be found in Annex 1. <sup>2</sup> The OECD Guidelines for Multinational Enterprises.

At all times Hivos considers it essential that a company acts upon the ISO 26000 – CSR Principles of:

- Accountability;
- Transparency;
- Ethical behavior;
- Respect for stakeholder interests;
- Respect for the rule of law;
- Respect for international norms of behaviour;
- And, respect for human rights.

## I. Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.<sup>3</sup>

The responsibility to respect human rights requires that business enterprises:

- Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;
- Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.

In relation, Hivos is not willing to collaborate with companies which are active or have a share in e.g. the weapon industry since this industry does not acknowledge the principles set.

In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:

- A policy commitment to meet their responsibility to respect human rights;
- A human rights due-diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;
- Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.

As the basis for embedding their responsibility to respect human rights, business enterprises should express their commitment to meet this responsibility through a statement of policy that:

- Is approved at the most senior level of the business enterprise;
- Is informed by relevant internal and/or external expertise;
- Stipulates the enterprise's human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services;
- Is publicly available and communicated internally and externally to all personnel, business partners and other relevant parties;
- Is reflected in operational policies and procedures necessary to embed it throughout the business enterprise.

In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.

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<sup>3</sup> Based on: The Global Compact and The Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" (Ruggie) Framework.

Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.

In all contexts, business enterprises should:

- Comply with all applicable laws and respect internationally recognized human rights, wherever they operate;
- Seek ways to honour the principles of internationally recognized human rights when faced with conflicting requirements;
- Treat the risk of causing or contributing to gross human rights abuses as a legal compliance issue wherever they operate.

In addition to the United Nations Declaration of Human Rights, Hivos considers it important that:

- The social, cultural, religious and spiritual values and practices of indigenous and tribal people are recognised and respected by companies.
- The rights of ownership and possession of these people over the lands and the natural resources pertaining to their lands which they traditionally occupy or have had access to are recognised and respected by companies.
  - 1) The people concerned shall not be removed from the lands and shall have the opportunity to participate in the use, management and conservation of resources.
  - 2) In cases in which the ownership is retained procedures shall be established and maintained through which these peoples are consulted before undertaking or permitting any programmes for the exploration or exploitation of such resources pertaining to their lands.
  - 3) The people concerned shall wherever possible participate in the benefits of such activities, and shall receive fair compensation for any damages which they may sustain as a result of such activities.<sup>4</sup>

## II. Gender

Principle 2: Businesses should support a precautionary approach to gender inequality and undertake initiatives to achieve women's empowerment;<sup>5</sup>

The advancement of women and the achievement of equality between women and men are a matter of human rights and a condition for social justice and should not be seen in isolation as a women's issue. They are the only way to build a sustainable, just and developed society. Empowerment of women and gender equality are prerequisites for achieving political, social, economic, cultural and environmental security among all peoples. Companies therefore should:

1. Establish high-level corporate leadership for gender equality.
  - Ensure that policies are gender-sensitive – identifying factors that impact women and men differently – and that corporate culture advances equality and inclusion.
  - Measure and report on progress, both internally and externally, using data disaggregated by sex.
  - Incorporate gender markers into ongoing reporting obligations.
2. Treat all women and men fairly at work – respect and support human rights and nondiscrimination.
  - Pay equal remuneration, including benefits, for work of equal value and pay a living wage to all women and men.
  - Ensure that workplace policies and practices are free from gender-based discrimination.

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<sup>4</sup> The International Labour Organisation's Convention 169.

<sup>5</sup> Based on: The Global Compact Women's Empowerment Principles.

- Assure sufficient participation of women – 30% or greater in decision-making and governance at all levels and across all business areas.
3. Ensure the health, safety and well-being of all women and men workers.
- Taking into account differential impacts on women and men, provide safe working conditions and protection from exposure to hazardous materials and disclose potential risks, including to reproductive health.
  - Establish a zero-tolerance policy towards all forms of violence at work, including verbal and/or physical abuse and prevent sexual harassment.

### III. Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;<sup>6</sup>

This means that:

- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.

Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

Principle 4: Businesses should provide decent work;<sup>7</sup>

This means:

1. The elimination of all forms of forced and compulsory labour
  - Employment is no forced, bonded or involuntary prison labour;
  - Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.
  
2. Working conditions are safe and hygienic
  - A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
  - Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
  - Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
  - Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
  - The company observing the code shall assign responsibility for health and safety to a senior management representative.
  
3. Living wages are paid
  - Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event

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<sup>6</sup> Based on: The Global Compact, The International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and The Ethical Trading Initiative Base Code.

<sup>7</sup> Based on: The Global Compact, The International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and The Ethical Trading Initiative Base Code.

wages should always be enough to meet basic needs and to provide some discretionary income.

- All workers shall be provided with written and understandable Information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

4. Working hours are not excessive

- Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.
- In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

5. Regular employment is provided

- To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, subcontracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

6. No harsh or inhumane treatment is allowed

- Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

Principle 5: Businesses should commit to the effective abolition of child labour;<sup>8</sup>

This means:

- There shall be no new recruitment of child labour.
- Companies shall actively develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; "child" and "child labour" being defined in the appendices.
- The general minimum age for admission to employment should not be less than the age of completion of compulsory schooling and never be less than 15 years. Although not preferred, a minimum age of 14 years may be applied in countries where the economy and educational facilities are insufficiently developed.
- Children and young persons under 18 shall not be employed at night or in hazardous conditions, or in any circumstances that can harm their physical, emotional or mental development.

The principle of the effective abolition of child labour means ensuring that every girl and boy has the opportunity to develop physically and mentally to her or his full potential. Its aim is to stop all work by children that jeopardises their education and development. Every child has the right to regular full-time education as enshrined in the United Nations Convention on the Rights of the Child. Under this convention, not only do children have the right to

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<sup>8</sup> Based on: The Global Compact, The International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Trading Initiative Base Code.

education but also to leisure. In addition, this convention stipulates that children should be protected from economic exploitation and unsafe work.

Principle 6: Businesses should commit to the elimination of discrimination in respect of employment and occupation;<sup>9</sup>

There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation since discrimination at work denies opportunities for individuals and robs societies of what those people can and could contribute.

## IV. Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges and undertake initiatives to achieve greater environmental responsibility;<sup>10</sup>

Enterprises should, within the framework of laws, regulations and administrative practices in the countries in which they operate, and in consideration of relevant international agreements, principles, objectives, and standards, take due account of the need to protect the environment, public health and safety, and generally to conduct their activities in a manner contributing to the wider goal of sustainable development. In particular, enterprises should:

1. Establish and maintain a system of environmental management appropriate to the enterprise, including:
  - collection and evaluation of adequate and timely information regarding the environmental, health, and safety impacts of their activities;
  - establishment of measurable objectives and, where appropriate, targets for improved environmental performance and resource utilisation, including periodically reviewing the continuing relevance of these objectives; where appropriate, targets should be
  - consistent with relevant national policies and international environmental commitments; and
  - regular monitoring and verification of progress toward environmental, health, and safety objectives or targets.
2. Consistent with the scientific and technical understanding of the risks, where there are threats of serious damage to the environment, taking also into account human health and safety, not use the lack of full scientific certainty as a reason for postponing cost-effective measures to prevent or minimise such damage.
3. Maintain contingency plans for preventing, mitigating, and controlling serious environmental and health damage from their operations, including accidents and emergencies; and mechanisms for immediate reporting to the competent authorities.
4. Continually seek to improve corporate environmental performance, at the level of the enterprise and, where appropriate, of its supply chain, by encouraging such activities as:
  - adoption of technologies and operating procedures in all parts of the enterprise that reflect standards concerning environmental performance in the best performing part of the enterprise;

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<sup>9</sup> Based on: The Global Compact, The International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and The Ethical Trading Initiative Base Code.

<sup>10</sup> Based on: The Global Compact and The OECD Guidelines for Multinational Enterprises.

- development and provision of products or services that have no undue environmental impacts; are safe in their intended use; reduce greenhouse gas emissions; are efficient in their consumption of energy and natural resources; can be reused, recycled, or disposed of safely;
  - exploring and assessing ways of improving the environmental performance of the enterprise over the longer term, for instance by developing strategies for emission reduction, efficient resource utilisation and recycling, substitution or reduction of use of toxic substances, or strategies on biodiversity.
5. Hivos does not want to be involved in activities or projects that include genetical modification. However, Hivos is willing to collaborate with companies which have activities that include activities of genetical modification as long as it commits to all other aspects of responsible management mentioned in this document.

#### IV. Anti-Corruption and Transparency

Principle 9: Businesses should work against corruption in all its forms.<sup>11</sup>

Companies should not only avoid bribery, extortion and other forms of corruption, but also to develop policies and concrete programs to address corruption. The following elements are considered:

- Internal: Introduction of anti-corruption policies and programs within the organizations and business operations;
- External: Report on the work against corruption in the annual Communication on Progress; and share experiences and best practices through the submission of examples and case stories.

Principle 10: Businesses should be transparent on business activities.<sup>12</sup>

Furthermore, companies should be transparent about their business and activities within the related value chain in order to be accountable. Transparency can show from:

1. Adopted measures designed to help to comply with the law and standards of business conduct, and to enhance the transparency of the companies' operations.
2. Voluntary codes of corporate conduct, which are expressions of commitments to ethical values in such areas as environment, human rights, labour standards, consumer protection, or taxation.
3. Specialised management systems which have been or are being developed and continue to evolve with the aim of helping companies' respect its commitments (e.g. information systems, operating procedures and training requirements).
4. Cooperation with NGOs and intergovernmental organisations in developing reporting standards that enhance enterprises' ability to communicate how their activities influence sustainable development outcomes.<sup>13</sup>

Hivos agrees with the Global Reporting Initiative's vision that reporting on economic, environmental and social performance is crucial as it provides transparency and accountability (source: [www.globalreporting.org](http://www.globalreporting.org)).

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<sup>11</sup> Based on: The Global Compact and the OECD Guidelines for Multinational Enterprises.

<sup>12</sup> Based on: The Global Compact and the OECD Guidelines for Multinational Enterprises.

## UN Declaration of Human Rights

### Article:

1. All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.
2. Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing or under any other limitation of sovereignty.
3. Everyone has the right to life, liberty and security of person.
4. No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.
5. No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.
6. Everyone has the right to recognition everywhere as a person before the law.
7. All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.
8. Everyone has the right to an effective remedy by the competent national tribunals for acts violating the fundamental rights granted him by the constitution or by law.
9. No one shall be subjected to arbitrary arrest, detention or exile.
10. Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and of any criminal charge against him.
11. (1) Everyone charged with a penal offence has the right to be presumed innocent until proved guilty according to law in a public trial at which he has had all the guarantees necessary for his defence.  
(2) No one shall be held guilty of any penal offence on account of any act or omission which did not constitute a penal offence, under national or international law, at the time when it was committed. Nor shall a heavier penalty be imposed than the one that was applicable at the time the penal offence was committed.
12. No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.
13. (1) Everyone has the right to freedom of movement and residence within the borders of each state. (2) Everyone has the right to leave any country, including his own, and to return to his country.
14. (1) Everyone has the right to seek and to enjoy in other countries asylum from persecution. (2) This right may not be invoked in the case of prosecutions genuinely arising from non-political crimes or from acts contrary to the purposes and principles of the United Nations.
15. (1) Everyone has the right to a nationality. (2) No one shall be arbitrarily deprived of his nationality nor denied the right to change his nationality.
16. (1) Men and women of full age, without any limitation due to race, nationality or religion, have the right to marry and to found a family. They are entitled to equal rights as to marriage, during marriage and at its dissolution. (2) Marriage shall be entered into only with the free and full consent of the intending spouses. (3) The family is the natural and fundamental group unit of society and is entitled to protection by society and the State.
17. (1) Everyone has the right to own property alone as well as in association with others. (2) No one shall be arbitrarily deprived of his property.
18. Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to change his religion or belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.
19. Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.
20. (1) Everyone has the right to freedom of peaceful assembly and association. (2) No one may be compelled to belong to an association.
21. (1) Everyone has the right to take part in the government of his country, directly or through freely chosen representatives. (2) Everyone has the right of equal access to public service in his country. (3) The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.
22. Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.
23. (1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment. (2) Everyone, without any discrimination, has the right to equal pay for equal work. (3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection. (4) Everyone has the right to form and to join trade unions for the protection of his interests.
24. Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.



25. (1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. (2) Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.
26. (1) Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.  
(2) Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace. (3) Parents have a prior right to choose the kind of education that shall be given to their children.
27. (1) Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits. (2) Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.
28. Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized.
29. (1) Everyone has duties to the community in which alone the free and full development of his personality is possible. (2) In the exercise of his rights and freedoms, everyone shall be subject only to such limitations as are determined by law solely for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and the general welfare in a democratic society. (3) These rights and freedoms may in no case be exercised contrary to the purposes and principles of the United Nations.
30. Nothing in this Declaration may be interpreted as implying for any State, group or person any right to engage in any activity or to perform any act aimed at the destruction of any of the rights and freedoms set forth herein.

