

UN Guiding Principles on Business and Human Rights: Resources for SMEs
Informal reference paper – September 2020

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About this paper

This note was researched and written in support of the UN Working Group on Business Human Rights' project "Business and human rights: towards a decade of global implementation" (UNGPs 10+ / Next Decade BHR). Project web page: www.ohchr.org/UNGPsBizHRsnext10

The Working Group is grateful to the author for the contribution. The research was carried under the auspices of the Graduate Program in Sustainable International Development, Center for Human Rights, University of Washington, under the supervision of UN Working Group member, Professor Anita Ramasastry.

Introduction

The UN Guiding Principles on Business and Human Rights – the authoritative global standard for states' and business enterprises' respective duties and responsibilities in preventing and addressing business-related human rights abuses – state in Guiding Principle 14: "The responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size. Nevertheless, the scale and complexity of the means through which enterprises meet that responsibility may vary according to these factors and with the severity of the enterprise's adverse human rights impacts."¹

Small and medium enterprises (SMEs) account for approximately two thirds of the world's employment.² Due to their small size, many SMEs lack important resources and financial capital, making it difficult to implement human rights policies or the Guiding Principles.³ Despite this, SMEs can have "severe human rights impacts, which will require effective human rights due diligence measures that correspond to the severity of the impacts – regardless of their size."⁴

¹ See Working Group on Business and Human Rights, *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect, and Remedy" Framework*, at 15 (2011), https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.

² See Working Group on Business and Human Rights, *Report of the Working Group on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises*, at ¶6-7, U.N. Doc. A/HRC/35/32 (April 24, 2017).

³ See *id.*, at ¶11-12.

⁴ See Working Group on Business and Human Rights, *Companion note II to the Working Group's 2018 report to the General Assembly (A/73/163)*, at 7, <https://www.ohchr.org/Documents/Issues/Business/Session18/CompanionNote2DiligenceReport.pdf>

Although SMEs generally have less leverage than large enterprises, they “often have more flexibility than larger companies, which means they can potentially respond quicker and more effectively to changes in the context of the supply chain.”⁵ In furtherance of Guiding Principle 14, the Working Group has stressed the importance of implementation within SMEs and the need for other organizations to “provide dedicated support” to SMEs.⁶ This memo discusses three types of tools created to aid SMEs: tools targeted at SMEs for implementing the Guiding Principles, tools for implementing the Guiding Principles targeted at businesses in general, and capacity building tools targeted at SMEs.

1. Tools for implementing the Guiding Principles targeted at SMEs: There are very few tools and resources available to small and medium enterprises (SMEs) specifically for implementing the Guiding Principles on Business and Human Rights. The European Commission has published guidance to aid SMEs in implementing the Guiding Principles.⁷ The Ethical Trading Initiative offers a human rights training program, focused in part on the Guiding Principles, with customization options that could be used by SMEs.⁸ OECD has published *Due Diligence Guidance for Responsible Business Conduct*, which contains some suggestions specific to SMEs.⁹ Similarly, ISO’s *26000:2010 Guidance* contains SME specific guidance, although overall, the guidance is aimed at businesses in general. Additionally, IOE has published a summary of implementation strategies used by various SMEs.¹⁰
2. Tools on implementing the Guiding Principles targeted at businesses in general: The Working Group has prepared an overview of available tools and resources for getting started on implementing the corporate responsibility to respect human rights, and in particular the key aspect of human rights due diligence.¹¹ The Business & Human Rights Resource Center has also created an “implementation hub” with tools and resources to help all businesses implement the Guiding Principles.¹² However, there are no tools immediately available in the implementation hub which are specifically aimed at SMEs.
3. Capacity building tools targeted at SMEs: Although not immediately connected to human rights, ILO has found that lack of capacity in SMEs can be a contributing factor to human rights violations, making capacity building a critical factor in increasing SMEs’ ability to

⁵ See *id.*

⁶ See *id.*, at ¶73.

⁷ GLOBAL CSR and BBI International, European Commission, *My Business and Human Rights: A Guide To Human Rights For Small And Medium-Sized Enterprises* 3 (2012), <https://www.business-humanrights.org/sites/default/files/documents/SME-BHR-guide-EU.pdf>.

⁸ See <https://www.ethicaltrade.org/training/human-rights-due-diligence-2-day-immersive-training>.

⁹ See Organisation for Economic Co-ordination and Development [OECD], *Due Diligence Guidance for Responsible Business Conduct*, at 9 (2018), <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>.

¹⁰ IOE, *SMEs and the Responsibility to Respect Human Rights* (2019), <https://shiftproject.org/wp-content/uploads/2020/01/index.pdf>.

¹¹ See See Working Group on Business and Human Rights, *Companion note II to the Working Group’s 2018 report to the General Assembly (A/73/163)*, <https://www.ohchr.org/Documents/Issues/Business/Session18/CompanionNote2DiligenceReport.pdf>

¹² See <https://www.business-humanrights.org/en/un-guiding-principles/implementation-tools-examples/implementation-by-companies/by-countryregion>.

uphold human rights.¹³ Therefore, the capacity building tools for SMEs published by ILO have been included.

A detailed description of each resource is included below. A condensed resource guide is available in Appendix I.

European Commission

Resource: General guidance for SMEs on implementing the Guiding Principles.

This guide is specifically targeted at SMEs in the European Union but may still be applicable to SMEs outside the EU.¹⁴ This guide provides six steps SMEs should follow when implementing the Guiding Principles, followed by fifteen questions SMEs can ask themselves in relation to business situations “that may carry a risk of negative impacts on human rights” and a list of basic human rights, with examples for each of how SMEs could have a negative impact on the right.¹⁵ The six steps are meant to be incorporated into existing policies and provide examples of how an SME might practically implement the step. The six steps are: “commit to respect human rights and embed the commitment in your business,” “identify your human rights risks,” “take action to avoid and address the risks you identify,” “enable remedy for those affected, if you are directly involved in a negative impact,” “track your progress,” and “communicate about what you are doing.”¹⁶

Ethical Trading Initiative (ETI)

Resource: Training courses on human rights.

ETI offers a two-day immersive training built on the Guiding Principles and ETI’s Human Rights Due Diligence Framework. The goal of this training is to provide “deep insight into the different elements of Human Rights Due Diligence and leave [participants] equipped with the knowledge and tools to identify and manage human rights impacts in their companies.”¹⁷ While this training is not specifically designed for SMEs, ETI also offers bespoke training options, so all courses “can be tailored to the particular needs of [a] business[,]” including those of an SME.¹⁸ ETI offers a number of other ethics training which may be useful to SMEs but are not focused on implementation of the Guiding Principles.¹⁹

¹³ See IOE & ILO, *SMEs and Human Rights: What is the current state of play, what are the opportunities and challenges, what kind of support is needed?* (2016), https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_535220.pdf.

¹⁴ GLOBAL CSR and BBI International, European Commission, *My Business and Human Rights: A Guide To Human Rights For Small And Medium-Sized Enterprises 3* (2012), <https://www.business-humanrights.org/sites/default/files/documents/SME-BHR-guide-EU.pdf>.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ See <https://www.ethicaltrade.org/training/human-rights-due-diligence-2-day-immersive-training>.

¹⁸ See *id.*

¹⁹ See <https://www.ethicaltrade.org/training/all-courses>.

Organisation for Economic Co-operation and Development (OECD)

Resource: Due Diligence Guidance for Responsible Business Conduct.

Although not created specifically for SMEs, OECD's *Due Diligence Guidance for Responsible Business Conduct* does state that SMEs are within the scope of the guidance.²⁰ This guidance gives an overview of Responsible Business Conduct, the due diligence process, and includes answers to many due diligence questions. The guidance also contains a few suggestions specific to SMEs. SMEs “may not have the market power to influence their business relationships by themselves” but it suggests SMEs try to “influence business relationships through contractual arrangements, pre-qualification requirements, voting trusts, license or franchise agreements, and also through collaborative efforts to pool leverage in industry associations or cross-sectoral initiatives.”²¹ The guidance also states that cost sharing and savings through sector collaboration can be “particularly useful” to SMEs.²² Additionally, SMEs that have limited leverage over suppliers can use “robust prequalification processes” based on OECD's Reasonable Business Conduct requirements to prevent negative human rights impacts.²³

International Organization for Standardization (ISO)

Resource: ISO 26000:2010 Guidance on social responsibility.

ISO 26000:2010 is an international standard which provides “guidance on the underlying principles of social responsibility, recognizing social responsibility and engaging stakeholders, the core subjects and issues pertaining to social responsibility and on ways to integrate socially responsible behaviour into the organization.”²⁴ This standard is meant to provide guidance only and was not created for certification purposes.²⁵ The human rights section of the ISO standard adopted in 2010 was aligned with the second pillar of the Guiding Principles. However, with recent changes that have been proposed for ISO 26000:2010, there is a risk the guidance may diverge from the Guiding Principles.²⁶ This standard was created for organizations regardless of size, but does provide a section with specific guidance on how this standard can be applied by SMEs.²⁷

International Organization with Employers (IOE)

²⁰ Organisation for Economic Co-ordination and Development [OECD], *Due Diligence Guidance for Responsible Business Conduct*, at 9 (2018), <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>.

²¹ *Id.* at 18.

²² *Id.* at 19.

²³ *Id.* at 46.

²⁴ International Organization for Standardization [ISO], *ISO 26000:2010*, at 2 (Oct. 28, 2010), <https://www.iso.org/obp/ui/#iso:std:iso:26000:ed-1:v1:en> (citations omitted).

²⁵ *Id.*

²⁶ See generally Institute for Business and Human Rights, *Why Now is the Wrong Time to Revise ISO 26000* (June 18, 2020), <https://www.ihrb.org/other/businesss-role/submission-iso-26000>.

²⁷ *Id.* at Table 1.

Resource: Summary of implementation strategies used by various SMEs.

Although not a strict tool, this workshop summary from IOE, and co-funded by the EU, is a helpful collection of feedback from various SMEs on how they have been implementing the Guiding Principles into their businesses.²⁸ The feedback from SMEs covers five broad categories: what drove the SMEs to implement the Guiding Principles, how they have maintained commitment to the Guiding Principles while encountering growth, how they identified relevant human rights issues, how they used their leverage with their suppliers to encourage compliance, and how they incorporated grievance mechanisms.²⁹ Overall, the workshop found that SMEs tend to have deeper relationships with their suppliers because of their small size.³⁰ When SMEs intentionally select suppliers and use their close relationship as leverage, it allows the SMEs to facilitate discussions about human rights risks and expected standards, which can be very effective.³¹

Working Group on Business and Human Rights

Resource: Companion Note II to the Working Group’s 2018 Report to the General Assembly (A/73/163).

This note provides helpful information on implementing the Guiding Principles, beginning with identification of potential human rights impacts.³² The note then outlines advice for developing a roadmap, milestones to focus on, factors that enable change, and general guidance on how long the process of implementation will take.³³ The Working Group does make some suggestions specific to SMEs, such as: “seek support from employer and industry associations” to find resources, “use existing processes for reporting on responsible business conduct and sustainability,” learn from other compliance mechanisms, and “utilize peer support systems.”³⁴ Additionally, the note provides information on best practices of stakeholder engagement, such as engaging and collaborating with critical voices and affected stakeholders, as well as best practices for transparent reporting and exercising leverage.³⁵

Business & Human Rights Resource Center

Resource: “Implementation Hub” with materials and tools for companies to use when implementing the Guiding Principles.

²⁸ IOE, *SMEs and the Responsibility to Respect Human Rights* (2019), <https://shiftproject.org/wp-content/uploads/2020/01/index.pdf>.

²⁹ *See id.*

³⁰ *See id.*, at 8.

³¹ *See id.*, at 8–9.

³² *See* UN Working Group on Business and Human Rights, Companion Note II to the Working Group’s 2018 Report to the General Assembly (A/73/163), at 1-2, <https://www.ohchr.org/Documents/Issues/Business/Session18/CompanionNote2DiligenceReport.pdf>.

³³ *See id.*

³⁴ *See id.*, at 7.

³⁵ *See id.*, at 10-15.

The Business & Human Rights Resource Center has developed an “implementation hub” to aid companies in implementing the Guiding Principles. The hub provides general tools for implementation, as well as tools segmented by sector, region, and issue.³⁶ Although the Business & Human Rights Resource Center does not have implementation tools specific to SMEs, SMEs may find the resources in the implementation hub helpful. The hub has general tools and resources for companies seeking information on the Guiding Principles or those just starting to implement the Guiding Principles.³⁷ Additionally, the hub has in-depth guides segmented by “type of step taken:” due diligence, policy implementation, impact assessments, implementation within supply chains, reporting, and training.³⁸ Among the other sources discussed in this memo, the Business & Human Rights Resource Center implementation hub has the most extensive collection of tools and resources for implementation of the Guiding Principles. However, because of the resource limitations most small businesses face,³⁹ SMEs may have difficulty adapting some of these resources to fit their business structure.

International Labor Organization (ILO)

Resource: Capacity building tools with focus on vulnerable groups.

ILO has developed a number of programs aimed at SMEs. The Start and Improve Your Business Programme (SIYB) was created to help “start[] and improv[e] small businesses as a strategy for creating more and better employment for women and men, particularly in developing economies.”⁴⁰ SIYB provides a detailed implementation guide, monitoring and evaluation toolkit, as well as other helpful publications for achieving financial, technological, and institutional sustainability.⁴¹ ILO has also published a number of other reports and guides for SMEs aimed specifically at vulnerable groups such as women,⁴² refugees,⁴³ child labor,⁴⁴ and people with disabilities.⁴⁵

³⁶ See <https://www.business-humanrights.org/en/un-guiding-principles/implementation-tools-examples/implementation-by-companies/by-countryregion>

³⁷ See <https://www.business-humanrights.org/en/un-guiding-principles/implementation-tools-examples/implementation-by-companies/getting-started>

³⁸ See <https://www.business-humanrights.org/en/un-guiding-principles/implementation-tools-examples/implementation-by-companies/type-of-step-taken>

³⁹ J. Welsh and J. White, “A Small Business Is Not a Little Big Business”, Harvard Business Review, (July 1981). Available from <https://hbr.org/1981/07/a-small-business-is-not-a-little-big-business>.

⁴⁰ ILO, *Start and Improve Your Business Implementation Guide* (2014), https://www.ilo.org/wcmsp5/groups/public/-ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_315262.pdf

⁴¹ See <https://www.ilo.org/empent/areas/start-and-improve-your-business/lang--en/index.htm>

⁴² See ILO, *A Simplified Guide for Micro and Small-Scale Women Cross Border Traders and Service Providers within the East African Community* (2017), https://www.ilo.org/empent/areas/womens-entrepreneurship-development-wed/WCMS_551147/lang--en/index.htm; ILO, *Women Entrepreneurs’ Associations Capacity Building Guide* (2014), https://www.ilo.org/global/docs/WCMS_248603/lang--en/index.htm.

⁴³ See ILO, *Guide to market-based livelihood interventions for refugees* (2017), https://www.ilo.org/global/docs/WCMS_550036/lang--en/index.htm.

⁴⁴ See ILO, *Guide for productive inclusion and economic empowerment for the prevention and eradication of child labor* (2015), https://www.ilo.org/empent/areas/value-chain-development-vcd/WCMS_436487/lang--en/index.htm.

⁴⁵ See ILO, *Access to SIYB training for people with disabilities* (2007), https://www.ilo.org/empent/Publications/WCMS_101311/lang--en/index.htm.

Resource: Capacity building program with focus on Sustainable Development Goals.

ILO's Sustaining Competitive and Responsible Enterprises (SCORE) Programme helps "SMEs improve working conditions and processes, particularly by mainstreaming gender, promoting decent work, achieving cleaner and more sustainable production patterns and enabling SMEs to participate in global supply chains."⁴⁶ The SCORE Program consists of five modules covering workplace cooperation, quality management, clean production, human resource management, and occupational health and safety.⁴⁷ SCORE focusses on the Sustainable Development Goals in all its trainings, specifically Goals 5,8,9, and 12.⁴⁸

Resource: ILO Helpdesk for Business on International Labour Standards

While not specifically created for SMEs, ILO has compiled a set of resources to help companies "better align business operations with international labour standards and build good industrial relations."⁴⁹ This resource provides information on two important ILO declarations, Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) and the ILO Declaration of Fundamental Principles and Rights at Work. These documents are aimed at multinational enterprises and contain expected labor policies and fundamental rights.⁵⁰ The Helpdesk also provides guidance and answers to frequently asked questions on a range of labor topics, for example: COVID-19, forced labor, child labor, and freedom of association.⁵¹

Conclusion

Overall, there are very few resources available specifically to aid SMEs in implementing the Guiding Principles. Although a few resources discussed above do offer guidance to SMEs, many key international organizations are not providing this essential guidance on how SMEs can meet the responsibility to respect human rights set out in the Guiding Principles. This is an important gap to be addressed.

⁴⁶ ILO, *The SCORE Program*, <https://www.ilo.org/empent/Projects/score/lang--en/index.htm>.

⁴⁷ *See id.*

⁴⁸ *See id.*

⁴⁹ ILO, *ILO Helpdesk for Business on International Labour Standards*, <https://www.ilo.org/empent/areas/business-helpdesk/lang--en/index.htm> (last visited Aug. 27, 2020).

⁵⁰ *See generally* ILO, *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy* (5th ed. March 2017); ILO, *ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up* (June 18, 1998).

⁵¹ ILO, *ILO Helpdesk for Business on International Labour Standards*, <https://www.ilo.org/empent/areas/business-helpdesk/lang--en/index.htm> (last visited Aug. 27, 2020).

Appendix I: Condensed Resource Guide

Organization	Resource Title	Target Audience	Description	Link
Business & Human Rights Resource Center	Implementation-Tools & Examples	General resource (not specifically SMEs)	Implementation hub (website) with many resources on the UNGPs. Implementation resources for companies can be segmented by region, industry, issue, or implementation stage.	https://www.business-humanrights.org/en/un-guiding-principles/implementation-tools-examples
ETI	Human Rights Due Diligence: 2-day Immersive Training	Businesses (not specifically SMEs, but can be tailored)	Training program on UNGPs and ETI Human Rights Due Diligence Framework. Can be tailored to fit the needs of an SME.	https://www.ethicaltrade.org/training/human-rights-due-diligence-2-day-immersive-training
European Commission	My Business and Human Rights: A Guide to Human Rights for Small and Medium-Sized Enterprises	SMEs	General guidance on implementing the UNGPs.	https://www.business-humanrights.org/sites/default/files/documents/SME-BHR-guide-EU.pdf
ILO	Start and Improve Your Business: Implementation Guide	SMEs	Capacity building tool.	https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_315262.pdf
ILO	SCORE Program	SMEs	Capacity building tool focused on the SDGs.	https://www.ilo.org/empent/Projects/score/lang--en/index.htm
ILO	ILO Helpdesk for Business on International Labour Standards	General resource (not specifically SMEs)	Guidance and policy suggestions on standards for fundamental labor rights.	https://www.ilo.org/empent/areas/business-helpdesk/lang--en/index.htm

IOE	SMEs and The Responsibility to Respect Human Rights: A Summary Of A Workshop With SMEs and IOE Members on the UN Guiding Principles on Business and Human Rights	SMEs	Summary of a workshop with various SMEs. Contains examples of how SMEs are implementing the UNGPs.	https://shiftproject.org/wp-content/uploads/2020/01/index.pdf
IOE	Guiding Principles On Business And Human Rights: an Employers' Guide	Employers' organization and membership companies	A guide created to help employers begin the process of implementing the UNGPs. It is not meant to be a definitive guide.	https://www.ioe-emp.org/index.php?eID=dumpFile&t=f&f=110485&token=93c86715ead79f47ca4a14500db753905186a517&L=0 .
ISO	ISO 26000:2010	General resource (but some SME specific suggestions)	Guidance on social responsibility	https://www.iso.org/obp/ui/-iso:std:iso:26000:ed-1:v1
OECD	Due Diligence Guidance for Responsible Business Conduct	General resource (but some SME specific suggestions)	Guidance on Reasonable Business Conduct requirements to prevent negative human rights impacts.	https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf