



NEN

NPR 9036:2015

Corporate social responsibility – Guidance for the integration of due diligence in existing risk management systems

Summary of the Dutch code of practice NPR 9036:2015 (en) Corporate social responsibility – Guidance for the integration of due diligence in existing risk management systems

Foreword

Companies play a crucial role in society by creating employment, innovation and economic growth. However, the Dutch government, consumers, companies' own staff and other stakeholders expect companies to respect human rights and the environment while conducting their business. This expectation is also set out in the OECD Guidelines for Multinational Enterprises (OECD Guidelines) and the UN Guiding Principles on Business and Human Rights (UNGP)¹. How should companies deal with this? What sort of human rights risks and other corporate social responsibility (CSR) risks are related to or may affect their activities? How can companies identify these risks and, most importantly, prevent, mitigate and account for them?

In their international business activities companies may face risks that differ from those they are familiar with in the Netherlands.

Companies may become involved with poor working conditions, intimidation of union members or find themselves implicated in situations where farmland is unlawfully confiscated or fragile ecosystems are damaged. They may become exposed to well-known issues as child labor, forced labor, discrimination and less known issues such as right to housing, right to adequate supply of fresh water and right to cultural participation.

The OECD Guidelines and the UNGP expect companies to take their responsibility and prevent and mitigate (potential) violations of human rights and other adverse corporate social responsibility (CSR) impacts in which they are or become directly or indirectly involved. This requires a company to implement a due diligence process through which it can manage its actual and potential adverse impacts.

NEN sets the standard



NPR 9036 provides guidance on the integration of due diligence based on the UNGP in existing (risk) management systems that companies already apply (formally or informally) to identify and evaluate specific and/or generic risks and to take the necessary actions to address these as part of their business operations. There are several advantages to integrating due diligence in existing (risk) management systems. This avoids duplication, ensures building on existing experience and knowledge, application of proven techniques and promotes that due diligence becomes part of the 'normal' operations of a company, both in its own operations and those of its business partners in the value chain.

It is acknowledged that the due diligence process as described in the UNGP focuses on human rights, however, the basic principles and steps also apply to other CSR issues as addressed in the OECD Guidelines, although the details of carrying out specific due diligence assessments may differ.

NPR 9036 provides a comprehensive introduction to due diligence as well as guidance for its integration in a company's (risk) management system. This code is relevant for top management of companies as well as other organizations, but also specialist staff involved in support of corporate decision-making and the operation of existing (risk) management systems (e.g. the QHSE and risk managers), supplier and contractor management (e.g. the purchasing and procurement managers) and CSR departments.

The development of NPR 9036

In the perspective of the growing interest for and importance of due diligence, the committee on international CSR of the Social and Economic Council of the Netherlands (SER) focused on due diligence as the theme for its work program in 2013-2014. The goal of the committee was to contribute to the further operationalization of due diligence by Dutch companies. In that context, it was decided to

develop this Dutch code of practice (Nederlandse Praktijkrichtlijn or NPR) to assist companies in applying their existing (risk) management system for implementing due diligence and in adapting their existing practices to ensure they comply with the OECD Guidelines and the UNGP.

This code of practice has been developed by a special working group under responsibility of the Standards Committees 400 178 'Social responsibility' and 400 179 'Risk Management' under supervision of NEN, the Dutch standardization institute. This working group included stakeholders with a background in the field of human rights, due diligence, risk management and management systems.

In the working group the following organizations were represented:

KLM, Amstelveen
Otelli, Haarlem
Nuon, Amsterdam
Royal HaskoningDHV, Amersfoort
Alliander, Arnhem
Philips Electronics Nederland B.V., Eindhoven
Damen Shipyards, Gorinchem
MVO Nederland, Utrecht
PRIMO Nederland, Den Haag en SEAR B.V., Prinsenbeek
FNV, Amsterdam
Tata Steel, IJmuiden
SER, Den Haag
Human Right@Work, Den Haag
ZCIM, Den Haag

NPR 9036 is available via the website of the Dutch standardization institute www.nen.nl.

1 Guiding Principles on Business and Human Rights – Implementing the United Nations "Protect, Respect and Remedy" framework

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Annex A Explanation of existing ISO Standards

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Basic elements for the integration of due diligence in (risk) management systems

The due diligence process is based on the elements of the operational principles of the UNGP. The components of due diligence are shown in Figure 1.

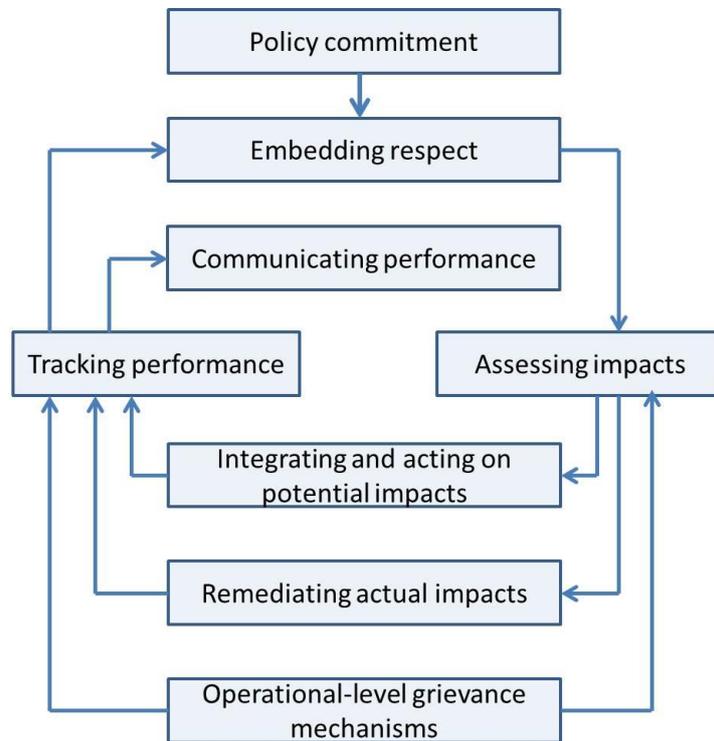


Figure 1 – Components of due diligence according to UNGP

The so-called High Level Structure for ISO management systems is used as a basis for (risk) management systems applied by many companies. This is the core of widely applied management systems for quality, environmental and occupational health and safety and is visualized in Figure 2.

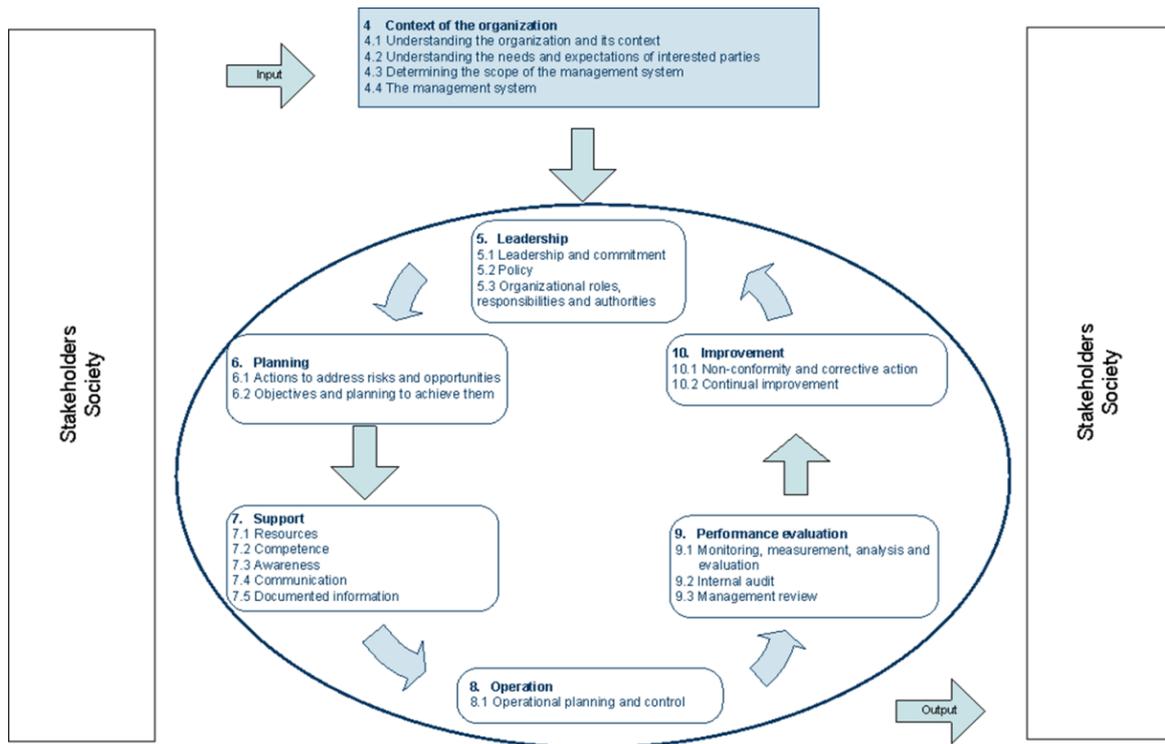


Figure 2 — Management system elements in the HLS structure

Figure 3 shows the relationship between the HLS based management systems and the elements of due diligence according to the UNGP. In the following tables more information is provided. NPR 9036 includes extensive guidance and many examples of how to bring this into practice. Other relevant ISO standards, such as ISO 31000 for risk management and ISO 26000 for CSR are also referred to for further practical guidance.

Steps in Due Diligence		HLS Management framework	
Policy Commitment	OP 16	Policy and leadership commitment	5.1, 5.2
Assessment of impacts	OP 17-18	Understanding the context, determination of risk and opportunities	4.1, 4.2, 6.1
Integrating and acting upon findings	OP 19	Actions to address risk and opportunities, support, operational control	5.3, 6.1, 6.2, 7, 8.1
Tracking performance (monitoring)	OP 20	Performance evaluation	6.1, 9
Communications	OP 21	Internal and external communication	7.4
Remediation	OP 22	Take action on non-conformities	10.1

NOTE The numbers of the Operating Principles (OP) refer to the numbers of these principles in the UNGP and the numbers of the HLS to the text as specified in Annex SL of the ISO Directives Part 1.

Figure 3 — The relationship between the components of due diligence and the HLS management framework

Overview of integration of due diligence in the generic (risk) management framework

The tables below identify the linkages and differences between the elements of the generic (risk) management framework as specified in the ISO HLS and the steps in the due diligence process specified as the UNGP operational principles 16 to 24. This is the basis for the guidance on how to integrate due diligence in existing generic (risk) management systems that is further elaborated in Clause 6 with explanatory notes and examples.

The colours in the Tables show the degree of adaptation needed to ensure alignment with the due diligence process as described in the UNGP.

(almost) No adaptation required
Minor adaptation required
Substantial adaptation required

Table 1 — Policy commitment (operational principle 16 of the UNGP)

UNGP	Generic (risk) management framework	What a company should do when integrating due diligence	How to integrate
Committing to meet the corporate responsibility to respect human rights through a policy statement.	The policy addresses specific commitments related to the management system.	<ul style="list-style-type: none"> — Include in the policy a reference to respect internationally agreed human rights (as a minimum the Bill of Human Rights and ILO core conventions). — Describe the most relevant and significant issues. 	6.2.1
Approved by the most senior level of the company.	Established by top management.	<ul style="list-style-type: none"> — Top management should take responsibility and be accountable for respecting human rights. — Top management commitment and involvement is a key factor for successful and sustained management of CSR risks and opportunities. 	6.2.2
Informed by relevant internal/external expertise.		<ul style="list-style-type: none"> — Involve specific human rights expertise to get a thorough understanding of the issues. 	6.2.3
Stipulates the company's human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services.		<ul style="list-style-type: none"> — Clarify what is expected from the different stakeholders. 	6.2.4
Is publicly available and communicated internally and externally to all personnel, business partners and other relevant parties.	The policy is: <ul style="list-style-type: none"> — available as documented information; — communicated within the company; — available to interested parties, as appropriate. 	<ul style="list-style-type: none"> — Make the policy available to external parties via the website or other means of communications. — Communicate actively to involved parties (also internally) to clarify the intentions and expectations. 	6.2.5

UNGP	Generic (risk) management framework	What a company should do when integrating due diligence	How to integrate
Is reflected in operational policies and procedures necessary to embed it throughout the company.	The policy provides a framework for setting objectives. Objectives are consistent with the policy. The company plans how to achieve objectives. The company plans the processes needed to meet requirements and objectives.	<ul style="list-style-type: none"> — Ensure coherence between CSR policies and policies governing the wider business activities and relationships. — Policy requirements should be embedded in objectives, programs, procedures and actions. 	6.2.6

Table 2 — Identifying and assessing actual and potential impacts (operational principles 17 and 18 of the UNGP)

UNGP	Generic (risk) management framework	What a company should do when integrating due diligence	How to integrate
Identification and assessment will vary in complexity with the size of the company, the risk of severe human rights impacts, and the nature and context of its operations.	Risk assessment processes are (as all management systems elements) scaled and adapted to the size, nature, complexity and context of a company.	<p>Scoping should be:</p> <ul style="list-style-type: none"> — proportional to the size of the company; — dependent upon the purpose of the assessment. <p>The purpose of the assessment should be to understand the specific impacts on specific people, given a specific context of operations.</p>	6.3.2
Identification and assessment of any actual or potential adverse human rights impacts with which the company may be involved either through its own activities or as a result of its business relationships.	<p>The company identifies:</p> <ul style="list-style-type: none"> — internal and external issues that affect the company’s ability to achieve the intended outcomes of its management systems (including its policy commitments); — interested parties that are relevant to the company’s management systems and determination of their needs and expectations. <p>This information is input for the operational risk assessment where the company determines the risks and opportunities that need to be addressed to achieve intended results and objectives and to prevent or reduce undesired effects.</p>	<p>When identifying and assessing risks as part of due diligence, the company should explicitly:</p> <ul style="list-style-type: none"> — focus on impact on people and the environment, not only on business risks; — include the risks related to the business relationships; — have a broad scope and cover all relevant environmental, ethical and economic issues. For social issues, this includes as a minimum the thirty human rights described in the Universal Declaration of Human Rights and the ILO core conventions; — pay specific attention to vulnerable groups. 	<p>Identify impacts:</p> <p>6.3.3</p> <p>Assess impacts:</p> <p>6.3.4</p>

UNGP	Generic (risk) management framework	What a company should do when integrating due diligence	How to integrate
Draw on internal and/or independent external human rights expertise.	As part of the management system the company should identify the necessary competence of personnel carrying out specific activities and ensure that the required competences are available.	<ul style="list-style-type: none"> — Involvement of specific expertise is necessary. — Internal expertise may be available with QHSE and human resources departments. — External expertise can be involved from specialized consultancies, affected parties, societal interest groups, NGOs and labor unions. 	<p>Identify impacts:</p> <p>6.3.3.2</p>
Where it is necessary to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable (UNGP 24).	Risk evaluation and prioritization is based on an analysis of consequences and likelihood.	<p>The company should prioritize impacts on severity and likelihood, by:</p> <ul style="list-style-type: none"> — judging the severity of impacts on basis of their scale, scope and irremediable character; — the likelihood of those impacts; — assessing supply chain issues; — determining the ability to change those impacts (leverage), see 6.7. 	<p>Assess impacts:</p> <p>6.3.4</p>
Involve meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the company and the nature and context of the operation.	<p>Needs and expectations of interested parties are identified as part of the context analysis and taken into account when risks are assessed.</p> <p>ISO 31000 pays extensive attention to stakeholder consultation during the risk management process.</p>	Stakeholder consultation involves special attention to any particular human rights impacts on individuals from groups or populations that may be at heightened risk of vulnerability or marginalization, and bear in mind the different risks that may be faced by women and men.	6.3.4
Should be ongoing, recognizing that the human rights risks may change over time as the company's operations and operating context evolve.	The PDCA cycle as the underlying principle of the management system approach ensures periodic re-assessment of risks and taking account of changing circumstances.	<p>The company should conduct assessments at regular intervals:</p> <ul style="list-style-type: none"> — prior to a new activity or relationship; — prior to major decisions or changes in the operation; — in response to or anticipation of changes in the operating environment (e.g. rising social tensions); — periodically throughout the life of an activity. 	6.3.5

**Table 3 — Integrating findings across relevant functions and processes
(operational principle 19 of the UNGP)**

UNGP	Generic (risk) management framework	What a company should do when integrating due diligence	How to integrate
<p>In order to prevent and mitigate adverse human rights impacts, companies should integrate the findings from their impact assessments across relevant internal functions and processes.</p> <p>Effective integration requires that:</p> <ul style="list-style-type: none"> — responsibility for addressing such impacts is assigned to the appropriate level and function within the company; — internal decision-making, budget allocations and oversight processes enable effective responses to such impacts. 	<p>A company plans actions to address its risks and opportunities and determines how to integrate and implement these actions in its business processes. The company implements controls for its processes to ensure risks are addressed and legal and accepted stakeholder requirements ('compliance obligations') are met.</p> <p>This control of business processes is supported by clear assignment of roles, responsibilities and authorities, allocation of resources, including human resources, competent personnel and appropriate documentation.</p>	<ul style="list-style-type: none"> — Review existing processes. — Identify and implement necessary adaptations. — Identify and implement opportunities for strengthening existing processes related to respecting human rights. 	<p>6.4.1</p>
<p>In order to prevent and mitigate adverse human rights impacts, companies should take appropriate action.</p> <p>Appropriate action will vary according to:</p> <ul style="list-style-type: none"> — whether the company causes or contributes to an adverse impact, or whether it is involved solely because the impact is directly linked to its operations, products or services by a business relationship; — the extent of its leverage in addressing the adverse impact. 		<ul style="list-style-type: none"> — Take the necessary steps to cease or prevent the impact the company caused, may have caused, or contributed to. — Remediate any remaining impact to the greatest extent possible. — Take necessary steps to prevent or mitigate the impact when the company is linked to the impact through its operations, products or services by its business relationships. — Using leverage. When the company has leverage it should exercise it. If it lacks leverage it should find ways to increase the leverage. 	<p>6.4.2</p>

Table 4 — Tracking performance (operational principle 20 of the UNGP)

UNGP	Generic (risk) management framework	What a company should do when integrating due diligence	How to integrate
<p>In order to verify whether adverse human rights impacts are being addressed, companies should track the effectiveness of their response.</p>	<p>Companies evaluate the effectiveness of their actions to address risks and opportunities. The basis for this evaluation is monitoring of the company’s business processes, including the performance of implemented measures and control to prevent adverse effects. Via internal audit and management review results of monitoring are addressed in the (strategic) planning and control cycle. The company takes action on any identified deviations and non-conformities.</p> <p>Many companies apply indicators as part of their monitoring processes and as a basis for internal and external reporting of performance.</p>	<ul style="list-style-type: none"> — Integration in the monitoring and evaluation system. — Develop quantitative and qualitative indicators for human rights performance. — Draw on feedback from internal and external sources. — Monitoring should include the effectiveness for vulnerable groups using grievance mechanisms. 	<p>6.5</p>

Table 5 — Communicating how impacts are addressed (operational principle 21 of the UNGP)

UNGP	Generic (risk) management framework	What a company should do when integrating due diligence	How to integrate
<p>In order to account for how they address their human rights impacts, companies should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders.</p> <p>Companies whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them.</p>	<p>Companies determine the internal and external communication that is relevant for their management system, including what, when, with whom and how to communicate on issues that are relevant to its business operations.</p>	<p>The company can apply its existing means and methods of communication but should ensure that:</p> <ul style="list-style-type: none"> — communication includes information on how risks of human rights impacts are addressed; — the form and frequency reflect the human rights impacts and are accessible to the intended audience; — the information provided is sufficient to evaluate the adequacy of the company’s response to the particular human rights impact involved; — it does not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality. 	<p>6.6</p>

Table 6 — Remediation (operational principle 22 of the UNGP)

UNGP	Generic (risk) management framework	What a company should do when integrating due diligence	How to integrate
<p>Where companies identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.</p>	<p>When a company identifies as the result of monitoring and measurement or conducting audits any non-conformities with its policies and objectives, its operational criteria or its compliance obligations, it takes action to correct the situation, mitigate any adverse impact and consider corrective actions as appropriate.</p> <p>As part of quality management organizations will have a mechanism via which complaints can be submitted by external stakeholders (customers) that have to be dealt with by the company.</p>	<ul style="list-style-type: none"> — Extend the mechanisms to identify and take action on non-conformities to human rights issues and include situations where the company contributes or may contribute to these impacts via its business relationships. — Implement an operational-level grievance mechanism. 	<p>6.7</p>