



Partners in
Transformation
Helpdesk Business
and Human Rights

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



SME Compass

Due Diligence Compass | Toolkit 9
The learning system

Structure of the presentation

[Slide 3](#) | Overview of the toolkit

[Slide 4](#) | Overview of the five phases of the due diligence process

[Slide 5](#) | Feedback on phase ① “Develop a strategy”

[Slide 6](#) | Feedback on phase ② “Perform a risk analysis”

[Slide 7](#) | Feedback on phase ③ “Take action”

[Slide 8](#) | Feedback on phase ④ “Measure and report”

Overview of the toolkit



Continuously improve due diligence processes

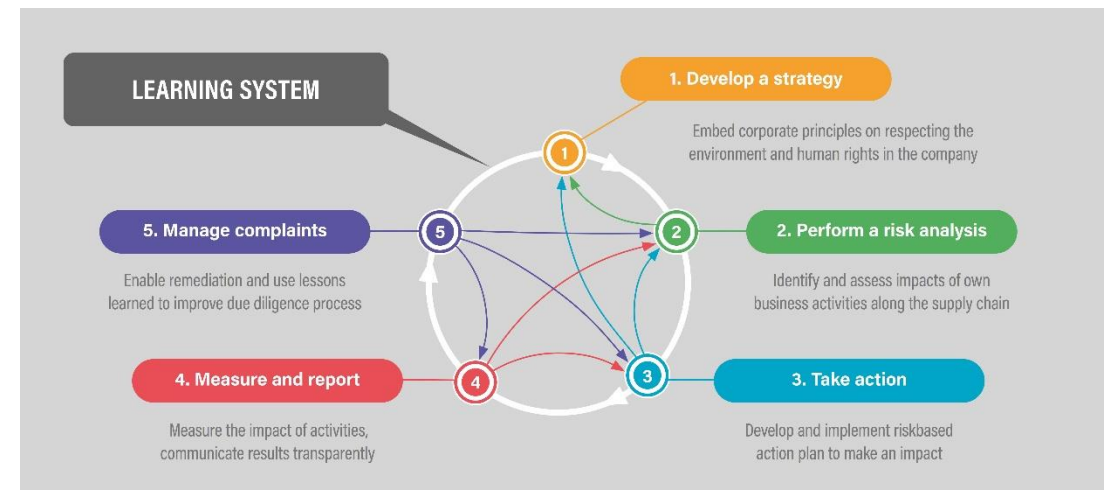
- Meeting due diligence obligations is a continuous improvement process.
- Use the Due Diligence Compass to gradually expand the scope of your activities in the **five phases** (see figure to the right, outer white circle).

Example: Use indications from your complaint management (phase 5) to perform an in-depth risk analysis (phase 2) or use the impact measurement (phase 4) to improve activities (phase 3).



The learning system as a complementary perspective of the five process phases

- Draw on information from the phases you have already gone through.
- By doing so, you can feed results back into the process phases and establish a **learning system** (see figure to the right, arrows inside the circle).

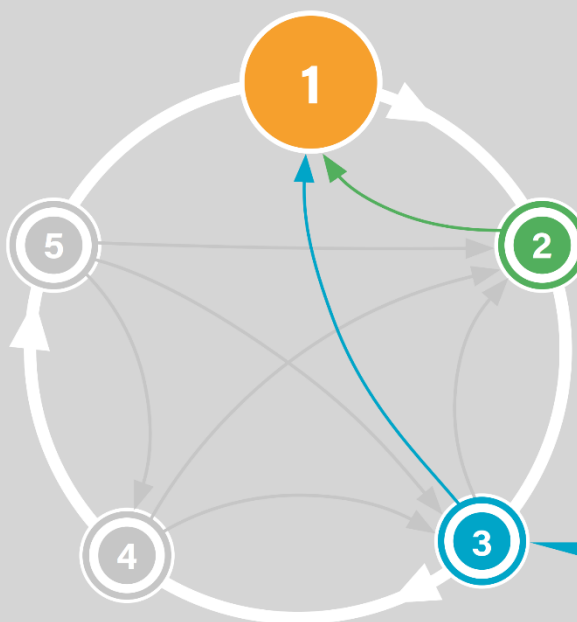


Overview of the five phases of the due diligence process



The learning system: Develop a strategy (phase 1)

1. Develop a strategy



RISK ANALYSIS

The risk analysis provides information on risks and negative impacts that might occur in a company's supply chain. Integrate this information in the strategy development process. The strategy is the foundation of your actions in all five phases of the due diligence process.

ACTION PLAN

An action plan should i.a. consist of descriptions of measures, targets and indicators. Use your action plan to refine and advance your strategy. You can use your findings from the implementation of your action plan to increase your level of ambition or to revise the policy statement.

The learning system: Perform a risk analysis (phase 2)

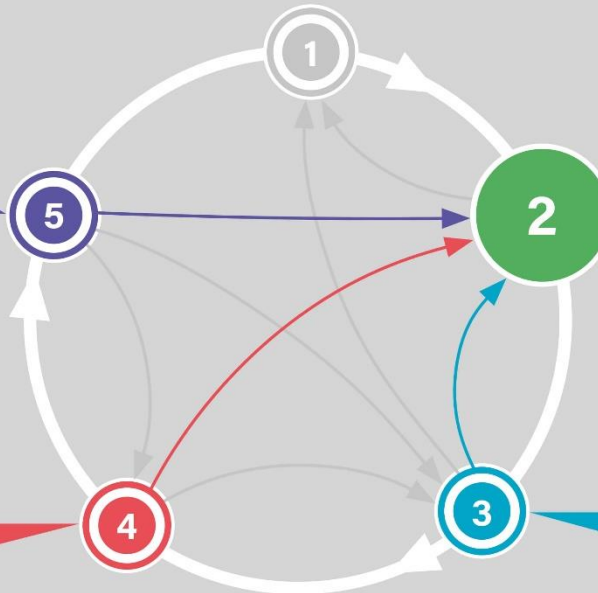
2. Perform a risk analysis

COMPLAINTS

Complaints can reveal previously unknown risks or negative impacts and provide information on risks that have already been identified. Use complaints to update and revise your risk analysis, if necessary.

IMPACT MEASUREMENT

Measuring impact provides information on how effectively actions contribute to risk minimisation or prevention. Use this information to determine which of the identified risks are already being adequately addressed and which risks should be prioritised in the future.



SUPPLIER REVIEW

Information from the supplier review (e.g. from self-assessments or audits) can be used to check the results of your own risk analysis. Results can then be refined or adjusted.

The learning system: Take action (phase 3)

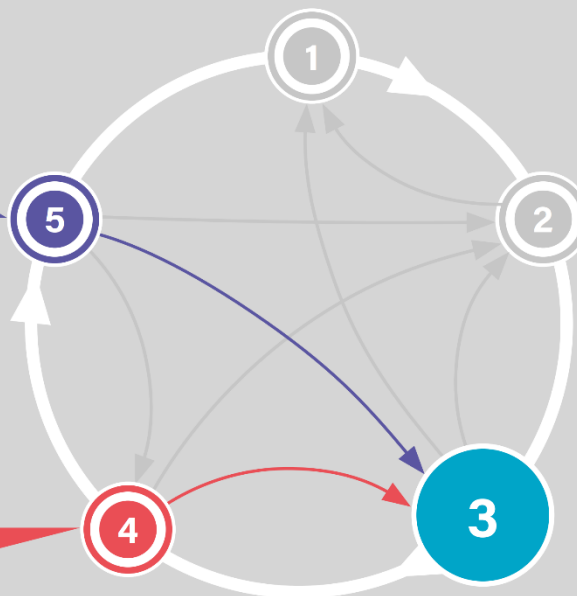
3. Take action

COMPLAINTS

Complaints can reveal which risks or negative impacts are not effectively mitigated or avoided by existing measures. Incorporate this information into the redesign of existing measures or design of new measures.

IMPACT MEASUREMENT

The impact measurement provides information about the actual risk minimisation or avoidance of measures. Use this information to continuously improve measures.

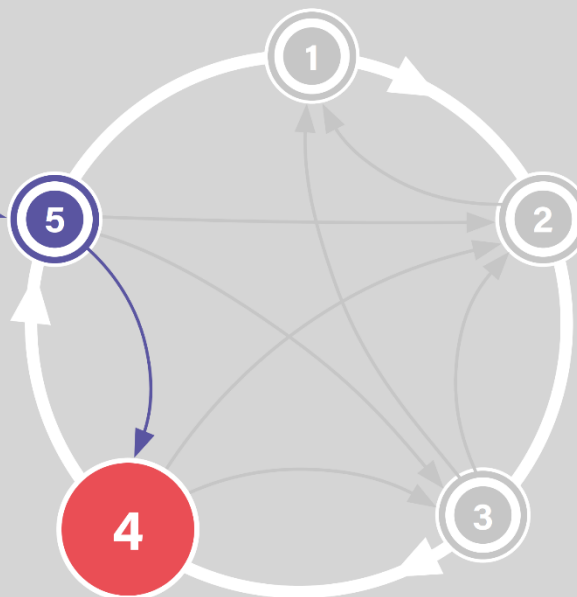


The learning system: Measure and report (phase 4)

4. Measure and report

COMPLAINTS

Received complaints provide important insights that should be considered when developing and/or adapting the impact measurement.



Information and contact details

Additional information about the **SME Compass** is available at: <https://kompass.wirtschaft-entwicklung.de/en/>

The **Helpdesk on Business & Human Rights** is offering free and confidential support services:

M kontakt@helpdeskwmr.de | T +49 (0)30 590 099 430