

Developing a policy statement: examples and tips

Guidelines

The policy statement is an important guidance document for your business activities and for your employees alike. It conveys the basic values of the corporate philosophy, states what your company and employees stand for and highlights how these principles are being pursued together. This practical guide provides some practical examples from companies to showcase how other organisations put the key requirements of a policy statement into practice.

Why is it important to develop a policy statement?

- **Public commitment:** Your company communicates internally and externally that it recognises and assumes responsibility.
- **Internal orientation and motivation:** Employees have a clear orientation for their actions.
- **Basis for external communication:** External communication enables constructive exchange with stakeholders and creates trust.

Towards a policy statement: A step-by-step approach

Creating a profound policy statement is a collaborative effort. Follow a step-by-step approach to design and create the policy statement:

- Designate a staff member who is entrusted with the conceptual design and integration of the policy statement into the corporate strategy.
- If necessary, establish a cross-departmental team to oversee the implementation of the policy statement in day-to-day corporate activities. Teams should include representatives from sustainability/environmental management, human resources, purchasing, communications and quality management. Management should also be involved in the process.
- If you have not yet carried out a risk analysis, it may make sense to formulate and formalise the policy statement only after the initial results are available. This makes the policy statement more company-specific. It also promotes understanding among everyone involved in the company.
- In particular, involve employees from the departments who are supposed to implement the content of the policy statement into day-to-day corporate processes.

Stand-alone document or integration into an existing one?

For smaller companies, it can be useful to integrate the corporate principles into an existing document. On the other hand, an independent document creates additional emphasis and can signal internally and externally that management takes the topic seriously. Regardless of whether you create an integrated document or a stand-alone one, establish coherence between documents in terms of content and level of ambition.

- Existing documents and principles, such as an environmental policy or CSR guideline, can be expanded to include principles for protecting human rights.
- The policy statement can be incorporated into existing documents, including the (supplier) code of conduct.
- Existing documents can be reviewed based on a **checklist**. To do so, consider the following aspects, which make up a good policy statement and represent effective implementation:
 - ✓ Is the highest corporate level committed to observing and monitoring human rights due diligence throughout the company?
 - ✓ Does the document make reference to recognised international human rights standards?
 - ✓ Are sector and company-specific risks identified and adequately addressed?
 - ✓ Are responsibilities and specific measures for the protection of human rights and for changing business activities in the event of human rights violations defined?
 - ✓ Does it include a process for how your company fulfils its human rights and environmental due diligence?
 - ✓ Are measures, deadlines for implementation and responsibilities described?
 - ✓ Are there expectations for employees, suppliers, business partners and customers?

Practical examples

This section presents several practical examples. The examples cover the formal and content-related requirements for a policy statement, which result from the United Nations Guiding Principles on Business and Human Rights. In addition, they demonstrate how the policy statement can be integrated into existing documents. All these examples come from large companies that communicate their commitment to the outside world as part of a publicly available policy statement. They are equally suitable for SMEs, as they enable them to formulate their own ambitious claims and understand what expectations large companies have of their business partners.

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Example 1: Commitment at the highest corporate level

Requirement: In order to successfully implement responsibility and self-imposed guidelines with regard to human rights, an obligation at the highest corporate level is essential. This is the only way to ensure that the protection of human rights is integrated into all company processes and that the company actually fulfils its responsibility.

Example: In its policy statement, the logistics group Deutsche Post DHL Group emphasises the responsibility of the company's management for the implementation of corporate due diligence:

“Accountability for the implementation of this policy is overseen by the Group Chief Executive Officer, the Chief Executive Officers of the divisions and the Executive officers of the Group functions. This ensures that every part of our business is clear about the responsibility to respect human rights and its day-to-day implementation.”

Source: Deutsche Post DHL Group: Declaration of principles on human rights. Available at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/responsibility/dpdhl-human-rights-policy-statement.pdf>, p. 9.

Examples 2 and 3: Relation to international standards

Requirements: International frameworks and standards for the observance and protection of human rights offer companies an orientation for implementing corporate due diligence in practice. If companies refer to these frameworks and standards in their policy statement, they recognise international human rights and assure that they will comply with a minimum standard. The reference to international standards lays the foundation for the strategic orientation and implementation to protect human rights in business activities. In addition, this reference gives credibility to the objectives of the policy statement.

Example: The policy statement of the mining company and salt producer K+S makes specific reference to several frameworks and standards:

"[...] We are a signatory to the United Nations Global Compact and our commitment to human rights is based on the United Nations Guiding Principles on Business and Human Rights (Guiding Principles) and the OECD Guidelines for Multinational Enterprises. Our approach is further informed by the International Bill of Human Rights and the International Labor Organization's 1998 Declaration on Fundamental Principles and Rights at Work. We always follow the law. Where local law and international human rights law are not aligned, we will act in accordance with the higher standard. Where they are in conflict, we will adhere to national law, while seeking ways to respect international human rights to the greatest extent possible."

Source: K+S. Global organization book, chapter human rights. Available at: <https://www.kpluss.com/en-us/.pdf/sustainability/Chapter-Human-Rights-from-the-Global-Organization-Handbook.pdf>

Example: In addition to human rights, the telecommunications company Telefónica O2 is committed to safeguarding additional political and economic rights and labour standards:

"In line with the United Nations Guiding Principles on Business and Human Rights, we commit ourselves to upholding the principles of the following internationally recognised human rights frameworks and standards:

- *The United Nations Universal Declaration of Human Rights*
- *The United Nations International Covenant on Civil and Political Rights*
- *The United Nations International Covenant on Economic, Social, and Cultural Rights*
- *The conventions and recommendations of the International Labour Organization (ILO) for labour and social standards*
- *The International Labour Organization Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)*
- *The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises • The principles of the United Nations Global Compact (UNGC)*
- *The Charter of Fundamental Rights of the European Union."*

Source: Telefónica O₂: Respect and protect human rights. Available at: <https://www.telefonica.de/responsibility/human-rights.html>

Example 4: Relation to sector and company-specific risks

Requirement: By acknowledging their corporate responsibility in the policy statement, companies undertake to uphold and protect human rights. However, some companies have very different risks for human rights violations because they operate in different sectors or producing countries. Therefore, some human rights are more at risk and require special protection and precautionary measures.

Example: The chemical and pharmaceutical company Merck has identified a high risk of child labour in its mica procurement and has taken appropriate measures:

“Mica is an important raw material for our effect pigments, which are used in automotive, industrial coatings and plastics, as well as in the cosmetics and food industries. We procure the majority of our mica from India, specifically the north-eastern states of Jharkhand and Bihar. This region suffers from political instability and poverty, with widespread child labor. We’ve taken special measures to comply with our social and environmental standards.”

Purchase of raw materials

“We source the raw material only from suppliers acting in formal working environments and monitor compliance with our standards, including our prohibition of child labor. Our mica suppliers are informed of our standards and have confirmed that they adhere to the principles of our Human Rights Charter as well as the requirements of our Responsible Sourcing Principles. We do not tolerate child labor and contractually prohibit our suppliers from employing children. Hence, we are driving initiatives and taking measures to improve the conditions of mica sourcing based on our high standards. We constantly review our monitoring processes and work on improving their effectiveness.”

Direct business relationships and reviews

“We have established direct business relationships with those suppliers who handle the mica supply chain in India. Our procurement unit is in direct contact with the suppliers to reiterate the importance we place on ethical, social and environmental standards. In case of non-compliance with our standards, we work with suppliers to ensure the appropriate implementation of corrective measures.

In addition to visits by Merck employees, regular inspections are conducted by third parties, who conduct comprehensive announced audits as well as frequent, unannounced check visits.”

Source: Merck Sustainability Report 2020. Mica Supply Chain. Available at: <https://www.merckgroup.com/en/sustainability-report/2020/business-ethics/suppliers/mica-supply-chain.html>.

Example 5: Description of measures and responsibilities

Requirement: The concrete elaboration of measures to prevent and deal with human rights violations, as well as the transfer of responsibilities within the company, create transparency and uniform guidelines for action. Employees can therefore fall back on specific measures, which facilitates integration into daily company activities. Responsible individuals serve as contact persons in the event of complaints and can incorporate newly emerging risks more strongly into the policy statement and corporate strategy.

Example: As a mining company and salt producer, K+S sets out responsibilities for monitoring and coordinating company policy with regard to human rights in a specialised department in its policy statement:

“Day-to-day leadership and oversight of the human rights policy rests with the Sustainability Department. It coordinates activities, sets priorities, and leads K+S’s company-wide efforts to respect human rights. Implementation responsibility rests with the Operational Units, which ensure integration of this policy in their respective regions.”

Source: K+S global organization manual, chapter human rights. Available at: <https://www.kpluss.com/en-us/.pdf/sustainability/Chapter-Human-Rights-from-the-Global-Organization-Handbook.pdf>

Example: In its policy statement, the DHL Group describes a comprehensive risk analysis as a central measure to identify risks for human rights violations and to minimize them through targeted measures:

“In order to comply with international Human Rights standards, national laws and Deutsche Post DHL Group’s policies we undertake appropriate Human Right due diligence as a means to identify, assess and address potential and actual adverse human rights impacts in our business activities and supply chain.

If it is determined that there is a risk of adverse human rights impact caused or contributed by our business activities, we have a procedure in place to ensure the activity is assessed, changed, discontinued and/or remediated. We encourage our employees to address suspected violations of this Human Rights Policy Statement through the established accessible grievance or dispute resolution channels including local management, responsible Human Resources departments or the Compliance Hotline. Our partners and third parties have the opportunity to access web forms at www.dpdhl.com to report potential violations of this Human Rights Policy Statement.”

Source: Deutsche Post DHL Group. Declaration of principles on human rights. Available at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/responsibility/dpdhl-human-rights-policy-statement.pdf>, p. 9.

Examples 6 and 7: Internal and external communication

Requirement: Internal communication serves in particular to actively integrate principles in dealing with human rights in company processes, which is done by educating and sensitizing employees. The communication of guidelines, measures and responsibilities serves the selected target groups as an orientation aid in the handling of human rights and human rights violations. External communication clarifies the company's principles with regard to human rights to stakeholders and business partners (including suppliers). In addition, external communication can also reach potentially affected stakeholders in order to signal the company's attitude towards human rights.

Examples: Both the DHL Group and the Schaeffler Group, a supplier to the mechanical engineering and automotive industries, rely on the internal communication of their principles. In addition, they train their employees and those responsible with special courses on the subject of human rights.

DHL Group:

"We continue to communicate this policy and raise awareness and knowledge amongst our employees and partners. We offer specific training on human rights related matter."

Source: Deutsche Post DHL Group: Declaration of principles on human rights. Available at:

<https://www.dpdhl.com/content/dam/dpdhl/en/media-center/responsibility/dpdhl-human-rights-policy-statement.pdf>, p. 10.

Schaeffler Group:

"Respect for human rights is part of the group-wide Code of Conduct (CoC) and the Schaeffler Group's Supplier Code of Conduct (SCoC). Employees and managers undergo CoC training. The relevant training was expanded in the reporting year, and additional training courses on human rights are being prepared."

Source: Schaeffler: Sustainability Report 2020. Available at:

https://www.schaeffler.com/remotemedien/media/_shared_media_rwd/01_company_1/sustainability/2020_sustainability_report/2020_schaeffler_sustainability_report_en_8n5mpr.pdf, p. 40.

Example 8: Integration into an existing code of conduct

Requirement: The principles for safeguarding human rights can be laid down in a self-binding code of conduct as concrete actions and behaviour. Such a code of conduct offers orientation in daily business processes, especially in situations that involve a risk or in which there is a clear violation of human rights.

Example: The retail and service company Otto Group integrates codes of conduct for employees and external business partners:

“In order to live up to our standard regarding the recognition and respect for human rights in the Otto Group, we have implemented guidelines throughout the Group which express our attitude towards ourselves and our business partners. These guidelines form the basis of our daily actions, taking into account not only our own employees and suppliers, but also the employees in our supply chains, our service providers and our customers. At Group level, there are four guidelines in particular:

- *With our Group Guideline Sustainability in Procurement (includes sustainability (exclusion) criteria for the procurement of commercial and non-commercial goods and services in the Otto Group), we internally set the basis for the implementation of our ambition.*
- *Our requirements for our business partners in the area of procurement of commercial goods are specified in the Supplier Declaration on Sustainability. A part of these binding requirements is the amfori BSCI Code of Conduct with its corresponding implementation conditions, which includes among others social standards, rules on environmental protection and occupational health and safety.*
- *In addition, we have defined and implemented a Code of Conduct for services and non-commercial goods, which also includes social standards, rules on environmental protection and occupational safety*
- *Finally, the Code of Ethics offers all Otto Group employees orientation for responsible action. The Code of Ethics is a living document which is developed by employees in a participative process.”*

Source: Otto Group: Declaration of principles on human rights. Available at:

https://static.ottogroup.com/media/docs/en/Nachhaltigkeit/OttoGroup_HumanRights_Declaration_final_December2020.pdf

Practical tips for drafting a policy statement

The development and implementation of a declaration of principles on the subject of human rights can be a complex undertaking, especially for smaller companies. Therefore, a step-by-step process is recommended in which the foundations are laid and which continuously improves the guiding principles and implementation. The following practical information is intended to facilitate the development of a policy statement.

- **How comprehensive should a policy statement be?** The policy statement can often sufficiently cover the essential content described above in 2-3 pages. In particular, the policy statement is intended to define the company's basic guidelines and principles. Detailed information can be outsourced and referenced to human rights standards and codes of conduct.
- **How often should a policy statement be updated?** The policy statement is a long-term commitment to upholding and protecting human rights. It is therefore a rather static document and does not necessarily have to be revised each time measures change or a new risk analysis takes place. Here, too, it is advisable to work with references to external documents, such as codes of conduct, which are updated as required.
- **Should the policy statement be a stand-alone document or should it be integrated into an existing document?** A policy statement can stand on their own and be made available as a single document for internal employees and external stakeholders. However, they can also be integrated in the chapter on human rights in the CSR report.

Additional information

- The guide [“How to develop a human rights policy”](#) provides information on how to draw up a human rights policy.
- The information portal [Business and Human Rights Resource Centre](#) lists information from companies that have published a declaration of principles, among other things.