



# A guide to risk assessment in supply chains



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This briefing was written by Ergon Associates. The contents remain the responsibility of the authors.

# 1. Introduction

The document provides an introduction to risk assessment on human rights and environmental issues in supply chains for Sedex members. It is being produced in the context of the new Sedex Risk Assessment Tool, **Radar**, but it is not a users' guide to that Tool specifically. Rather it aims to provide a broader view of the issues and processes associated with identifying and addressing risks in supply chains.

## In particular it aims to help:

- New members, or those that are new to human rights due diligence, to develop effective risk assessment strategies
- Existing members that currently use Radar to strengthen their risk management
- Organisations that are looking to develop relevant risk assessment programmes

The intention is that this guide should be useful for organisations looking at risks in their supply chains and within their own operations. Additionally, it aims to provide guidance on risk management within all sectors and types of suppliers – including suppliers of goods, service providers and suppliers of labour.

The guide is grounded in established guidance produced by leading organisations in recent years such as the UN Guiding Principles on Business and Human Rights (UNGPs) and the ETI Human Rights Due Diligence Framework. It also aims to complement Sedex's own established processes and standards, notably SMETA. In this regard, the guide aims to cover risks associated with the relevant SMETA pillars (labour, health and safety (H&S), environment and business ethics), but with a focus on social and H&S risks.





## 2. Thinking about risk

### 2.1 Defining risk

'Risk' is traditionally defined as the combination of a particular hazard (e.g. financial fraud) and the likelihood that it will occur. In human rights and environmental terms, this translates into identifying adverse human rights or environmental impacts (e.g. forced labour, a pollution incident) and the the probability that these impacts might occur. In these terms, a risk is theoretical – it is something that may potentially occur - rather than a negative impact that has already occurred.

The aim of **risk assessment** is to identify the possible risks and grade them and prioritise them by their relative importance. The aim of **risk management** is to reduce the likelihood that these hypothetical problems, particularly the most serious ones, will actually occur.

### 2.2 Risk for who?

For many areas of risk, for example the risk of financial failure, loss of business or interruption to operations, risk plays out in terms of the potential damage to companies themselves. However, when thinking about human rights and sustainability risks, risk refers to the likelihood of adverse **external** impacts on people, the environment and society, in other words, the risks that are **outward-facing**. For example in relation to forced labour, the reputational impact on the company is secondary to the impact on the people affected. This lens is important as it may affect the steps taken to address the risk. In human rights terms, impacted groups are termed '**rights-holders**'.

This is not to say that the effect on a company of being associated with environmental impacts or human rights abuses should be ignored. Reputational damage or operational interruptions may well be important factors in determining how a company responds. But these factors should not be the primary lens through which risk is viewed.



## 2.3 How does risk assessment relate to due diligence?

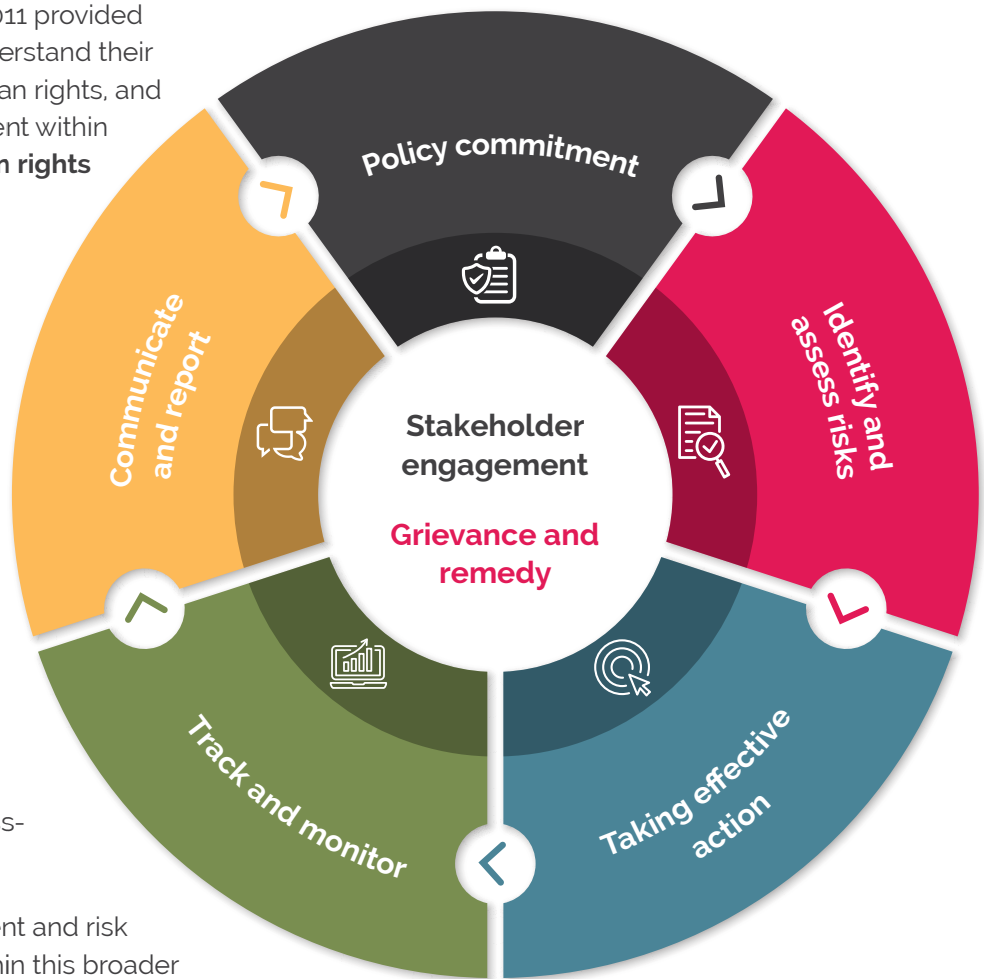
The publication of the UNGPs in 2011 provided a framework for businesses to understand their responsibilities for respecting human rights, and placed human rights risk assessment within the broader conception of a **human rights due diligence process**.

There should be a focus on stakeholder consultation and engagement throughout the process, as stakeholders such as business partners, employees, communities, trade unions and NGOs may have valuable inputs into policy, where risks lie, the sorts of actions to be taken and how impacts can be monitored.

Likewise, the UNGPs emphasise the importance of grievance processes and providing remedy where there is concrete evidence of adverse impacts. These are cross-cutting themes.

It is important to see risk assessment and risk management as only one step within this broader cycle. Thus risk assessment is not an end in itself, but part of a process of understanding potential adverse impacts so that actions can be taken. It is these actions that will have the most beneficial effects for workers, communities or the environment rather than the process of risk assessment.

Full human rights due diligence process



## 2.4 The role of companies

The UNGPs make clear that the primary responsibility for protecting human rights lies with the State. The private sector's role is to take **responsibility for respecting human rights** and for addressing the impacts that they may cause or contribute to. This responsibility extends to a company's own operations and to those of its business partners, including through its supply chain.

Compliance with the law is necessary but not enough to fulfil this responsibility as legal provisions may be inadequate to cover all the rights required in company policies and codes of conduct or they may be inadequately enforced. Many countries have perfectly adequate labour or environmental laws but lack the capacity to enforce them. In either situation, companies have a responsibility to consider the impacts of their own activities and those of their business partners in addition to legal compliance.

## 2.5 What risks are we talking about?

There is a broad range of human rights and sustainability issues that businesses could impact upon. These are contained in international legal instruments such as the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic and Social Rights, and the ILO's Fundamental Conventions.

However, many of these human rights fall squarely within the responsibility of the State. In practice, for many companies there will be a more limited range of rights and impacts to consider. One objective of a risk assessment is to narrow down the possible risks to those that are the most likely and the most serious. In the terminology of the UNGPs, these priority risks are termed the most "salient" (see below).

**In a supply chain context, the most likely risks with which businesses may be associated include:**

Risk category	Relevant SMETA pillar	Key rights-holder	Examples of risks related to business
Fundamental labour rights	Labour standards	Workers	<ul style="list-style-type: none"> <li>Forced labour</li> <li>Child labour</li> <li>Lack of respect for freedom of association</li> <li>Discrimination in employment</li> </ul>
Working conditions	Labour Standards, Health and Safety	Workers	<ul style="list-style-type: none"> <li>Wages below living wage levels</li> <li>Excessive hours</li> <li>Health and safety breaches</li> <li>Abusive treatment</li> <li>Lack of access to grievance mechanism</li> <li>Abuse of temporary contracts</li> </ul>
Social and economic rights	Environment	Workers, communities	<ul style="list-style-type: none"> <li>Noise or air pollution affecting local communities</li> <li>Emissions impacting on local water supplies</li> <li>Road transport creating traffic dangers</li> <li>Land grabs without due legal process</li> </ul>
Civil and political rights	Business Ethics	Workers, communities	<ul style="list-style-type: none"> <li>Workers prevented by their employer from political participation</li> <li>Companies collaborating with security forces to repress community complaints</li> <li>Company staff undertaking bribery of government officials</li> </ul>



## 2.6 Vulnerable groups

It can be useful to think about risk in terms of the most vulnerable groups who might be impacted most by environmental or human rights abuses, in other words, groups that lack power or agency and therefore are most open to abuse or exploitation.

### Types of vulnerable workers often include:

- Women
- Children or younger workers
- Migrants
- Seasonal and temporary workers
- Workers without established or regular contracts
- Groups who are subject to cultural or legal discrimination

### Communities more at risk include:

- Isolated communities
- Marginalised or minority communities
- Indigenous communities

## 2.7 Scale of risks

Risks can be ordered or ranked according to the severity of the impact and the likelihood. Not all impacts are equal. Some may be more serious in terms of their consequences, or may affect more people or a wider area. For example, loss of life is more serious than a temporary injury. Therefore a high risk is something that has high impact and/or high likelihood, whereas a lower risk may have a less significant impact and/or have lower probability. See the discussion on 'saliency' for more explanation.

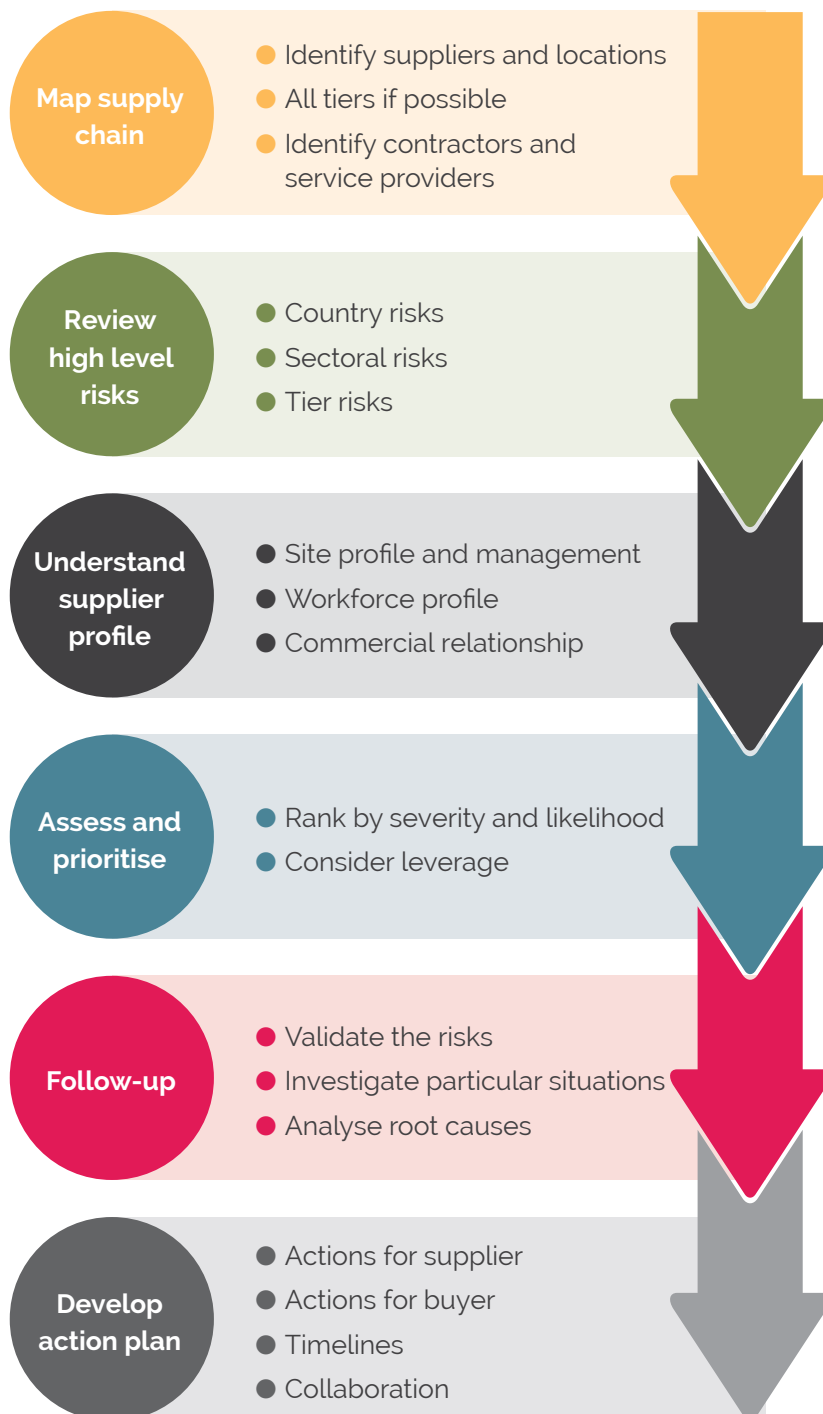
## 2.8 Mitigation

Addressing risks essentially involves preventing the impact from occurring or the likelihood of its occurrence, or reducing the impact or likelihood to acceptable levels. This is termed mitigation. For all areas of risk – whether operational, financial or human rights-related – mitigation generally involves establishing or strengthening management processes, such as internal controls, information flows, and monitoring and reporting processes.

### 3. Risk assessment process

There are several stages to a risk assessment process. Not all steps may be necessary in all cases. A short supply chain, or one involving few suppliers or sites, can be risk assessed more simply. The best approach to adopt will depend on the company, the supply chain and the resources available.

#### Overview of risk assessment process





### 3.1 Mapping supply chains

The first step in any risk assessment process is to get as full a picture as possible of where operations and business partners like suppliers are located and from where they are sourcing products and services. This information can then be used to start to assess risks associated with those locations and activities. Of course, fuller information on suppliers is also useful for other purposes such as understanding supply chain resilience and improving product planning.

There is no single way to map supply chains, and in complex sectors information is likely to be incomplete at lower tiers. It is also the case that few supply chains are static and business relationships at all tiers can change, so regular mapping may be necessary.

In some sectors, such as food, where traceability is paramount, getting information beyond tier one is easier than others. However, legislation such as the UK Modern Slavery Act requires businesses to report on risks all through their supply chains and increasing numbers of business are going beyond their first tier to identify sub-suppliers.

Mapping can involve requesting information from suppliers on their own suppliers and gathering data from procurement or technical colleagues. As well as mapping direct suppliers of goods and merchandise, information should include out-growers and homeworkers, service providers (e.g. outsourced cleaners or logistics), suppliers of goods not for resale, and labour providers (e.g. agencies) being used at all levels of the supply chain.

Efforts should be made to gather as much information as possible, while recognising that this may take time for lower tiers of the supply chain. Dealing with risks within known parts of the supply chain is more important than waiting for a fully comprehensive supply chain picture. However, significant gaps in knowledge can be a risk in themselves.

### 3.2 Reviewing high level risks

Most companies find that the next step is to look at contextual or high level factors that may affect risk levels in certain countries or sectors.

There are various external drivers of risk that can contribute to a range of adverse impacts. These drivers tend to be related to where a supplier is located or what activity they undertake and can be used to identify higher risk locations or sectors.

#### Examples of risk drivers

Risk issue	Risk driver
Country: governance	<ul style="list-style-type: none"><li>● Repressive regime</li><li>● Internal security/civil unrest</li><li>● Inadequate labour or environmental protection laws</li><li>● Inadequate official inspection regimes</li><li>● Lack of access to justice</li><li>● High levels of corruption</li></ul>

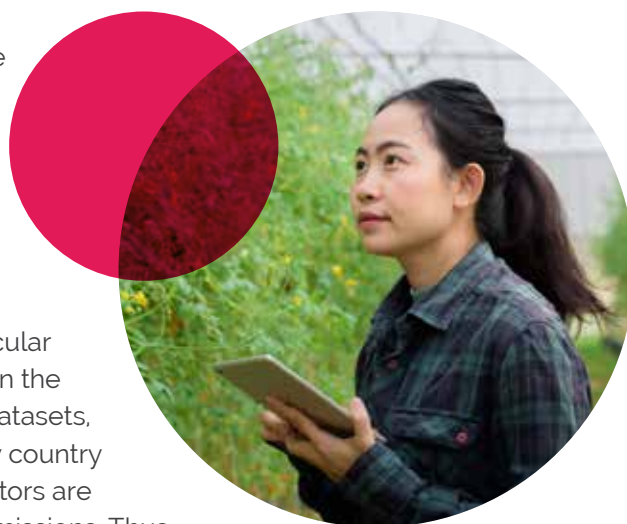
<b>Country: economy</b>	<ul style="list-style-type: none"> <li>● High levels of poverty</li> <li>● Lack of economic opportunities, high unemployment or informality</li> </ul>
<b>Country: social</b>	<ul style="list-style-type: none"> <li>● Discrimination against women or minorities</li> <li>● Weakly defined land tenure</li> <li>● Difficulties for civil society to voice concerns</li> </ul>
<b>Country: demographics</b>	<ul style="list-style-type: none"> <li>● Internal migration</li> <li>● Poorly functioning labour market</li> <li>● Presence of indigenous people</li> </ul>
<b>Sector: labour</b>	<ul style="list-style-type: none"> <li>● Predominance of low skilled labour</li> <li>● Seasonal production</li> <li>● Widespread use of contract and agency workers</li> <li>● Dangerous production processes</li> <li>● Reliance on female workers</li> </ul>
<b>Sector: environment</b>	<ul style="list-style-type: none"> <li>● Energy intensive production processes</li> <li>● Water intensive production processes</li> <li>● Processes producing toxic wastes</li> </ul>

Information on these risk drivers is available from a range of sources. These include UN agencies such as the UNDP and the ILO, the World Bank, the US Department of State, specialist research agencies and commercial risk data providers.

Radar brings together many of these data sources to provide contextual country and sectoral risk scores which can then be applied across a supply chain.

Risk information can be made specific by focusing on the particular human rights or environmental issues that are most at risk within the particular country or sector. For example, using more specific datasets, Radar is able to produce a risk rating for each SMETA clause by country and by sector identifying, for example, which countries and sectors are higher risk for issues like forced labour, low wages or carbon emissions. Thus, it is possible to screen a whole supplier base on these criteria and to identify a hierarchy of the highest risk issues in particular supply chains.

In order to get a more detailed picture still, data sources like Radar can be augmented by information from other sources such as: audits, colleagues who have visited the country or supplier recently, internet searches on specific issues, NGOs and trade unions with knowledge and expertise on the region or sector, or international specialist agencies producing research reports. Alternative methods of gathering data can include worker voice methodologies.



## 4. Understanding supplier profiles

The next step is to drill down to understand more about the supplier's specific risk profile. Although a supplier may appear high risk due to its location or sector, this may not reflect the reality of its specific situation. For example, the contextual risk score may indicate that a certain supplier is high risk for forced labour due to the prevalence of vulnerable migrant workers in the country and sector. However, the supplier in question may in fact not employ any migrant workers at all, or it may have robust processes for recruiting and supporting migrant workers.

Information on the supplier's situation may be available from a number of sources. These could include previous audits, information from the Sedex SAQ, other data collected directly from the supplier, or feedback from colleagues who have visited the supplier.

Type of information	Information to consider
Location and site	<ul style="list-style-type: none"> <li>How many locations and whether any are remote</li> <li>Provision of worker accommodation or other worker welfare facilities</li> <li>Quality of buildings</li> <li>Use of security guards</li> </ul>
Supplier/enterprise	<ul style="list-style-type: none"> <li>How long the enterprise has been in business</li> <li>Financial resources</li> <li>Length and significance of commercial relationship</li> </ul>
Production cycle and methods	<ul style="list-style-type: none"> <li>Seasonality of production</li> <li>Use of out-growers or homeworkers</li> <li>Use of sub-contractors</li> <li>Use of hazardous chemicals or dangerous production processes</li> </ul>
Workforce	<ul style="list-style-type: none"> <li>Workforce profile by gender, position, age, language groups</li> <li>Numbers of permanent and contract workers</li> <li>Numbers of temporary or seasonal workers</li> <li>Methods of payment</li> <li>Unions or other worker representation</li> <li>Record of industrial relations</li> <li>Grievance record</li> </ul>
Recruitment	<ul style="list-style-type: none"> <li>Source of workers</li> <li>Use of labour providers and methods of checking labour providers</li> </ul>
Community relations	<ul style="list-style-type: none"> <li>Community outreach efforts</li> <li>Relations with local communities and record of complaints</li> </ul>

Management	<ul style="list-style-type: none"> <li>● Number of human resource staff</li> <li>● Quality of human resource processes</li> <li>● Number of internal audit/inspection staff</li> <li>● Quality of environmental management processes</li> </ul>
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There is additional, more specific, information that can be gathered in relation to particular types of organisation such as labour providers and service providers.

Type of enterprise	Examples of relevant data
Labour provider	<ul style="list-style-type: none"> <li>● Scale, length of time in business, number and type of clients</li> <li>● Where they recruit workers from</li> <li>● Worker profile by gender, age, nationality, language groups</li> <li>● Skill level of jobs workers are being asked to do</li> <li>● Types of services provided to workers (e.g. accommodation, transport etc)</li> <li>● How they check for indicators of Modern Slavery</li> <li>● Business model – whether they charge fees to workers or employers</li> <li>● Use of sub-agents</li> <li>● Quality of record keeping</li> <li>● Payment methods</li> <li>● Pre-departure orientation or training provided (e.g. health &amp; safety)</li> <li>● Ongoing support provided to workers</li> </ul>
Contractor/service provider (e.g. cleaners, security)	<ul style="list-style-type: none"> <li>● Scale, length of time in business, number and type of clients</li> <li>● How they recruit workers</li> <li>● Worker profile by gender, age, nationality, language groups, skill levels</li> <li>● Types of contract they provide to workers (fixed term, permanent)</li> <li>● Use and number of sub-contractors</li> <li>● Training provided</li> <li>● Human resources staff</li> <li>● Payment methods and frequency</li> <li>● Use of labour providers</li> <li>● Provision of Personal Protective Equipment (PPE)</li> </ul>

Radar incorporates data from site profiles and from the Sedex SAQ to produce a unique site score based on a combination of contextual risks and this sort of supplier data. However, it is important to emphasise that even a modified score based on site data remains a theoretical risk, rather than anything more certain.

The extent, length and proximity of the commercial relationship with the supplier is important, both from a risk assessment perspective as an indicator of the financial resources available to the supplier, but also in terms of understanding leverage and your prospects of engaging with the supplier to reduce any risks identified.



## 5. Prioritising risk

Once a basic risk picture is built across a supply chain, the next step is to assess and prioritise these risks for further action. In extensive supply chains involving a number of sourcing countries, it is all too easy to come up with a long list of risks – by country, by supplier and by issue – but not know where to start. It is vital to employ a process that assesses these risks and determines the ones that should be tackled first. No company has unlimited resources and so this prioritisation exercise is important for both identifying the most serious potential impacts on rights holders, and also for using resources most effectively.

To a certain extent, use of a tool like Radar, which produces a scores by risk type, will have produced a ranking of risks which may be sufficient as the basis for determining priority actions. Use of the tool is a resource-efficient way to arrive at a risk assessment.

However, further work may be needed to focus on the most important risks. For example, several areas of risk (e.g. child labour, forced labour, wages) may score equally highly, or there may be a number of sourcing countries that appear equally risky.

### 5.1 Understanding saliency

The UNGPs suggest prioritisation should be based on an assessment of 'saliency', and there are various factors that should be used to arrive at the most 'salient' risks, that is to say those issues that should be seen as the highest priority. The two main factors to consider are severity of the potential impact and its likelihood.

When thinking about severity, there are three dimensions: the scale, scope and remediability of the impact.



Dimension	Definition	Examples	
		More severe	Less severe
Scale	How grave or serious the impact would be	A 12 year old working on a construction site	A 14 year old helping on the family farm during harvest
		Toxic waste threatens groundwater	Occasional emissions create nuisance
Scope	How widespread would the impact be (or how many people affected)	A whole community/workforce	An individual or a few people
		A wide area	A localised or contained area
Remediability	How hard would it be to put right, or can it be reversed	An incurable industrial disease	A physical injury that will get better
		Human trafficking creates lifelong trauma	Unpaid wages rectified by compensation

Source: adapted from Doing Business with Respect for Human Rights - a Guidance Tool for Companies, 2016, Shift, Oxfam and Global Compact Network Netherlands

These factors can be used to screen the various issues that have emerged from a contextual risk assessment and can be applied as a scoring matrix.

Prioritisation will be different from one company to another. An impact can be severe even if it appears on one of the above dimensions– it does not need to count as severe against all three.

The second consideration for saliency is likelihood, in other words, what is the probability that the issue may occur. Deciding on likelihood can involve considering additional knowledge about the context of the country and the nature of the supplier, or can be derived from data gathered through Radar, SAQs and audits. Such factors may include whether such instances are known to have occurred at that or other suppliers, whether there are credible reports of the issue within the sector, whether the supplier is known to have strong policies and practices, whether the country has weak governance,

By applying these saliency factors to identified risks, it should be possible to determine a short list of the highest priority risks.

The overall risk assessment should be kept under review as new information comes to light, for example, a new NGO or media report, feedback from audits of supplier visits, or a new sourcing country is taken on. A whole new risk assessment should be conducted regularly and its frequency dependent on the stability or complexity of the supply chain.





## 5.2 Considering leverage

Although it is important to consider how to address all salient issues, it is also important to be realistic about those which you are best placed to influence. Influence or leverage will be strongest:

- Where there is a direct contractual relationship with the supplier
- Where there is a significant commercial relationship
- Where this relationship is longer term or potentially longer term

These factors can also help to determine priorities for action. It is reasonable to prioritise those issues over which the company has the greatest leverage. It is also realistic to prioritise risks in business-critical supply chains where there may be few alternative options. The other lower priority issues should not be ignored, rather the timescale over which they can be addressed may be longer.

Many companies are likely to face situations in which they lack a significant direct commercial contractual relationship, and therefore need to think about how they can increase their influence over time. This can be achieved by: offering support or capacity-building, building a broader coalition of organisations and therefore greater commercial influence, seeking to influence other agents such as government, or building or joining a multi-stakeholder initiative on the issue in question.



## 6. Following- up on risk assessments

Prioritisation of risks is not an end in itself, but a way of selecting the areas where action should be taken. So, the next step is to determine appropriate follow-up action in order to verify the risks and, if necessary, to take steps to reduce the impact on people or the environment.

**The key questions to consider at this stage are:**

- how best to validate the issues that have resulted from the risk assessment – how can you be certain that the impact is occurring?
- what are the root causes of the risks that should be addressed – how do you identify the real reasons why the impact is occurring?
- what are the most useful actions to mitigate the risks – what is necessary to start to address the root causes and reduce the impacts



### Validation

#### 6.1.1 Audits

The traditional way to validate and investigate risks has been to undertake social audits. Many audit programmes already focus on high risk suppliers, with risk determined by the results of previous audits. The risk assessment process outlined above can be incorporated into this sort of programme so that audit resources are deployed on the higher risk suppliers rather than in a blanket manner across all suppliers.

#### 6.1.2 Specialist impact assessments

However, many companies recognise that audits have limitations when it comes to assessing the extent of important risk issues such as forced labour, sexual harassment, freedom of association or community grievances. These are harder to identify in the limited timeframe of an audit especially as workers may be unwilling to discuss them and engagement with communities may be out of scope of the audit.

It may be better to undertake a more specialist type of assessment that is able to both to corroborate the initial risk assessment, but also to understand the reasons for the specific risk issues by analysing the local situation and engaging more deeply with stakeholders. This sort of assessment is not compliance-focussed, but seeks to get to the underlying causes of the risk so that actions can be found that address them. A standard social/labour audit is rarely able to address root causes due to their limited time and scope.

Many companies and NGOs are now recommending undertaking detailed human rights impact assessments (HRIAs) on the most serious risk issues. These sort of studies should involve engaging with a wide group of stakeholders including workers and local communities, undertaking on the ground research and understanding the social and economic drivers behind difficult human rights and environmental impacts. These can be conducted in a variety of contexts and using different methodologies.



## Types of detailed specialist assessment

Type of assessment	Example
Investigation into a single issue at a single supplier	Freedom of association has been identified as a risk due to information from a trade union federation. The assessment scope can be limited to understanding the industrial relations situation at the supplier, unless there is reason to believe that this is a wider sectoral problem
Investigation of multiple issues at a single supplier	Various risks have been identified (e.g. discrimination, long hours, health & safety). The assessment scope should cover all relevant issues while attempting to identify any common drivers (e.g. inadequate management practices, use of seasonal migrant workers sourced through agencies).
Assessment of multiple risks associated with a product/ country combination	Various risks have been identified across multiple suppliers in a sector (e.g. tomato production in Italy). The assessment scope should be wide ranging by issue and geographically and should seek to identify common issues affecting the sector.
Assessment of risks within a product supply chain	Various risks have been identified at different stages of a supply chain. The assessment scope may look at each tier and activity to identify and address different risks (e.g., raw materials, processing, distribution, warehousing).

While single supplier assessments will be simpler and less costly, wider sectoral or country-based studies can be resource intensive and take time. They all require professional expertise to conduct interviews with potentially vulnerable stakeholders and on contested issues. Collaboration on assessments with costs shared by a number of organisations interested in the same supplier or product makes them more cost-effective.

## 6.2 Root causes

Understanding the root causes of the issue provides valuable insights into the possible ways of addressing it. For example, while the risk may manifest itself as a possible breach of the law or standards (e.g. low wages, pollution) the cause may lie elsewhere in management practices, labour market dynamics or buying practices.

It follows that there may be some root causes that are relatively easy to deal with or are within the influence of the company to fix (such as recruitment practices at a worksite), while many others may be embedded in social or cultural situations (such as endemic discrimination against certain groups) and which will require a longer-term or broad-based approach.

Applying root cause analysis allows a deeper understanding of the problem, and identification of intervention points. Root cause analysis typically defines the problem and then requires a series of 'why' questions to uncover the underlying issues. This is referred to as the "5 Whys method" or as a "causality tree".



## 7. Taking action

Developing actions to reduce or prevent adverse impacts on rights-holders or the environment is the final but most important stage of a risk assessment process.

### The key considerations are:

- Taking immediate action to remediate actual abuses or impacts that are occurring
- Identifying specific actions that will address the cause
- Working on actions collaboratively with supplier so that they stand a better chance of being implemented
- Ensuring actions do not have unintended consequences or even make the situation worse
- Identifying resources necessary to implement the plan
- Allocating clear responsibility
- Determining timescales
- Identifying KPIs



### 7.1 Remediation actions

Where there are concrete examples of human rights abuses or environmental impacts, steps should be taken to put the situation right through remediation. This might involve apology, compensation, changing practices, or protection from further harm. Engagement with the victims is paramount to avoid further harm and to understand what they see as appropriate remediation.

### 7.2 Mitigation actions

Mitigation actions should aim at preventing or reducing the future impact. Some actions may be possible bilaterally between the buyer and the supplier. In these cases, companies should work with their suppliers / agencies / services providers to understand their key constraints and challenges in implementing any recommended mitigation measures. This process can help identify whether there are buyer-led practices which need to be amended for the supplier to meet the buyer's requirements.

In other cases, the impact may be the result of a more deeply engrained social, economic or cultural context, which requires collaborative and longer term activities to address. Collaboration can be with other organisations sourcing from the supplier or sector, or more widely with NGOs and trade unions through multi-stakeholder platforms (MSIs).

It is also important to engage with workers and/or communities when formulating an action plan as they will have important perspectives on what should be done, and in many cases should be involved in implementing agreed actions such as improved human resource structures, grievance or complaints processes or community outreach.

When determining actions, there should be a consideration of leverage. Situations of high risk and high leverage can be addressed more quickly than those where leverage is limited, or where it will take time to build leverage through organising a coalition of different actors. Where there is lower leverage, risks should not be ignored, but it is realistic to put in place a longer term action plan which may include efforts to try and increase leverage.

### Examples of mitigation actions

Type of impact and root cause	Examples of action	Indicative timescale
Late wage payments, failure to pay overtime resulting from inadequate management processes	<b>Supplier:</b> Conduct training for HR and payroll staff <b>Buyers:</b> Provide advice on improved HR systems	Short Short
Poverty wages resulting from low national minimum wage, sectoral norms, low prices	<b>Supplier:</b> Work on productivity, improved payments <b>Buyers:</b> Joint work with other companies/MSIs to lobby government <b>Buyers:</b> Review commercial relationship and buying practices	Medium Long Medium
Migrant workers paying high recruitment fees to agencies	<b>Supplier:</b> Map recruitment chain and move to employer pays model <b>Supplier:</b> Extend grievance process to migrant workers <b>Buyers:</b> Joint work with other companies, international agencies, governments to support responsible recruitment in sending and receiving countries	Medium Short Long
Excessive overtime resulting from irregular orders	<b>Supplier:</b> Improve production planning <b>Buyer:</b> Review lead times and buying practices <b>Buyers:</b> Support supplier to improve	Short Medium Medium
Community health impacts from waste in rivers	<b>Supplier:</b> Invest in improved production processes <b>Supplier:</b> Engage with communities and official agencies about impacts <b>Buyers:</b> Lobby government to improve inspection and monitoring	Medium Short Long

## 8. Further resources

A Guide for Integrating Human Rights into Business Management, Business Leaders Initiative on Human Rights, <https://www.ohchr.org/Documents/Publications/GuideHRBusinessen.pdf>

Access to remedy: Practical guidance for companies, ETI, January 2019, <https://www.ethicaltrade.org/resources/access-to-remedy-practical-guidance-companies>

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## Ergon

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