
Position Paper

Implementing Human Rights for a sustainable energy sector

1. Purpose

While human rights have historically been the domain of States and governments, the Global Alliance for Sustainable Energy considers social responsibility and the respect for human rights a central pillar of modern business conduct. Our main goal is to leverage a systemic approach to human rights issues in line with the main international reference standards, such as the United Nations Guiding Principles, the International Labor Organization (ILO) Conventions and the OECD Guidelines to Multinational Enterprises. We are committed to putting in place strong due diligence processes across our international membership, operations and supply chain to mitigate impacts and adequately manage any risks identified in the area of human rights, with the objective to ensure that energy products are not associated with human rights violations and to enhance the level of transparency.

The overall objective of the Global Alliance for Sustainable Energy is to drive a holistic approach to ‘sustainable energy’, including the involvement of stakeholders working in or having relations with our sector, such as civil society, trade unions, academic institutions, policy makers, sector’s associations, international agencies and innovators.

In this position paper, the Global Alliance for Sustainable Energy outlines the cornerstones of ethical and responsible business conduct and our members’ commitments for implementing effective answers to human rights concerns across our business and management procedures.

2. Background

Against the backdrop of the dramatic globalization of the private sector, coupled with a rise in transnational economic activity and increasing social awareness of businesses’ impact on human rights, the UN Assembly decided to permanently put the tight correlation of business and human rights on the global policy agenda in the 1990s¹. In 2011, those debates finally led to the adoption of the UN Guiding Principles on Business and Human Rights (UNGPs). Central to the UNGPs is the principle of avoiding adverse human impacts and remediating human rights impacts of stakeholders when they occur.

The three main pillars of the UN Guiding Principles on Business and Human Rights are:

- (a) States’ existing obligations to respect, protect and fulfil Human Rights and fundamental freedoms;
- (b) Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved; and
- (c) The need for rights and obligations to be matched to appropriate and effective remedies when breached.

According to the UNGPs, corporate respect for Human Rights shall be achieved through certain tools, including:

- (a) Adopting of a Human Rights policy by the company’s topmost managerial level;
- (b) Practicing Human Rights due diligence on the company’s governance structure, assets, joint ventures and supply chain; and
- (c) Offering access to remedy to companies’ stakeholders, such as grievance mechanisms.

¹ Report A/HRC/17/31

3. Effectively adopting a Human Rights Policy

The Global Alliance for Sustainable Energy is convinced that respecting and enforcing international human rights standards should be a commitment adopted by all company around the following areas, based on international standards (Annex I):

- No forced labor;
- Safe working conditions;
- Health and safety;
- Fair salary;
- Reasonable working hours;
- The right to collective bargaining;
- Non-discrimination;
- Non-violence;
- Respect of the rights of local and indigenous communities (including free, prior and informed consent as enshrined in ILO Convention 169);
- Respect of the rights of children and other vulnerable groups; and
- Diversity, equity and inclusion (DE&I).

The role of Executives

Whether companies develop and adopt their own corporate management policy on human rights or, alternatively, join forces with industry peers or build on existing concepts, the core of an effective corporate human rights policy is the commitment and engagement of a company's topmost managerial level.

Concretely, the human rights policy and approach shall be the formal responsibility of the CEO and the Executive Board of Directors (EBD) of a company or organization. Governance bodies and management level senior executives shall be involved in sustainability-related facts, decisions and/or concerns that are within their responsibility so that they can effectively perform their duties in that respect. Therefore, they may guide and oversee how results and effectiveness of policies, targets and actions are adopted to address impacts, risks and opportunities.

By placing human rights at the center of the management agenda, companies not only enable their organizations to define the necessary responsibilities and procedures needed to ensure respect for human rights standards but also send a clear sign to employees and external stakeholders alike.

The Global Alliance for Sustainable Energy has identified the following key points as vital for implementing a sound human rights policy:

- To provide an organizational basis, including responsibilities, management systems and reporting measures, for embedding the commitment to respect human rights throughout business operations;
- To identify a company's salient human rights issues: mapping and monitoring of those human rights issues that pose the most severe negative impact of a company's activities or business relationships;
- To implement a continuous improvement process capable of addressing identified gaps between a company's human rights commitment and tracked potential risks;

- To initiate a risk-based process to alert the company of new areas of human rights risk;
- To build increased trust with stakeholders and to develop mechanisms to address their concerns, with the ultimate objective of trying to meet their expectations about corporate responsible business conduct;
- To foster the development of in-house learning, management capacity and leadership on human rights issues.

4. Human Rights Due Diligence Processes

To ensure and measure the effectiveness of their human rights management system, companies shall undertake human rights due diligence (HRDD) processes. According to the UNGPs (Principles 17-21), this term refers to a continuously evolving management system implemented by a company, in accordance with the sector in which it works, its operating contexts and its organizational structure, to ensure it is not involved in human rights violations. The objective of a HRDD is to hold companies accountable and disclose the risks and impacts of their activities by consulting with all actors involved and continuously evaluating the effectiveness of the measures implemented.

To this end, the UNGPs present four steps to be followed:

1. Identifying: Assessment of risks and impacts;
2. Preventing: Integration of actions to prevent and control risks and impacts on rights in business strategy and management;
3. Mitigating: Monitoring of actions taken; Cooperate in remediation when appropriate;
4. Reporting: Disclosure and communication of actions taken.

A HRDD has to be understood as a continuous process, considering that risks to human rights can change over time, depending on the evolution of operations and the operational context of companies.

PRACTICAL EXAMPLE

If a company intends to build a hydroelectric plant, it is necessary to assess all the socio-environmental impacts for a given influence area, even those eventually not considered by local licensing legislation, by consulting independent specialists in different fields and paying special attention to communities living in the influence area, including respecting their ways of life and cultures, in the case of riverain and indigenous people.

5. Stakeholders at the core of an effective Human Rights Due Diligence Processes

Implementing a human rights due diligence process requires the mapping of relevant stakeholders and their segmentation into concrete risk areas that are linked to business decisions and everyday realities. Often, the first level of breakdown contains the following categories:

- Direct/ indirect workers;
- Communities (including indigenous, traditional and vulnerable peoples);
- Suppliers;
- Business partners;
- Customers (including end-users);
- Civil society (NGOs); and
- Trade unions.

Proactive consultation of stakeholders

Stakeholder engagement is a key component in respect for human rights. Therefore, companies should proactively implement and regularly update a consultation plan with stakeholders who are likely to be exposed to human rights

issues related to the company's activities. The consultation plan shall be focused on relevant topics for each stakeholder group, in the light of international treaties and conventions and other human rights standards, and supported by news, intelligence, benchmarks and/or negative events.

Direct and significant consultation of stakeholders, through meetings, interviews and questionnaires, shall be implemented regularly and especially whenever the company invests or disinvests in significant infrastructure or expands into new businesses or regions. When consulting stakeholders impacted by a company's business operation, relevant information shall be shared in a timely manner and in a format that can be easily understood and accessed, and allows stakeholders to express their opinion. Engagement should be ongoing, i.e., engagement activities should continue throughout the lifecycle of an operation or activity and are not a one-off endeavor.

Communities living and working within an infrastructure's area of influence and potentially impacted by corporate activities should be proactively and meaningfully consulted whenever a project may affect their way of life, and business contracts shall formalize the parties' obligation to cooperate in the consultation processes. Special attention shall be given to vulnerable communities and people and, when dealing with indigenous or traditional communities, the right to free, prior and informed consent, which means consulting the people concerned, through appropriate procedures and in particular through their representative institutions, whenever consideration is being given to legislative or administrative measures which may affect them directly.

Cooperation between companies and with non-governmental organizations

Other companies – being within the same sector or outside a company's own ecosystem - and non-governmental organizations represent another important stakeholder group. By elaborating on joint codes of conduct or manuals for specific procedures for a given sector or supply chain, sharing good practice and setting industry benchmarks, corporations can further enhance the effectiveness of their human rights policies. Concretely, companies can especially benefit from sector-specific risk maps and industry benchmarks when implementing and advancing their own human rights corporate processes.

6. Allowing for grievance mechanisms and access to remedy

According to HRDD best practice, companies shall establish site-level grievance mechanisms, such as in-house worker complaint mechanisms or third-party complaint systems, and set up a complaints process, including:

- A roadmap for remediation and resolving complaints;
- Timelines for resolving grievances;
- Consulting with relevant stakeholders on ways to resolve complaints that are culturally appropriate and accessible; and
- Tracking and monitoring the performance of the operational-level grievance mechanism aligning the grievance mechanism with core criteria of legitimacy, accessibility, predictability, equitability, compatibility with the OECD Guidelines for Multinational Enterprises (MNEs), transparency and dialogue-based engagement.

Whistleblowing and complaint channels, whether digital or physical, should guarantee the right to anonymity and protection of the people involved. Channels or contact people should be available in the territories and languages of the communities where the company has direct operations.

Channels shall be widely publicized, including their physical communication in relevant infrastructures, and shall be immediate, user-friendly, and traceable. The claims and complaints obtained in the channels shall be reported.

The channels for claims and complaints can be external or internal and can be specific to human rights violations or integrated with other topics. Ensuring external certification of the whistleblowing and complaint channels is the preferred approach.

Establishing communication channels should not be limited to a company's direct operations. With regard to their suppliers and other business relations, companies should introduce contractual clauses obliging their partners to provide independent and secure complaint channels as well.

7. Business certification in Human Rights

Reporting and audits

To monitor and track the implementation and effectiveness of companies' commitments, activities and measures pertaining to human rights protection and due diligence, companies should carry out periodic internal and/or third-party audits of corporate policies and processes, achievements as well as development needs, and communicate the results both internally as well as with impacted or potentially impacted stakeholders. To avoid conflicts with the confidentiality obligations of the company in specific transactions/commercial projects, certain disclosure procedures (e.g. necessary third-party consent) with respect to the reporting should be considered and followed, however.

Companies may also decide to get third-party certification to complement their corporate responsibility activities. To ensure best practice and a high degree of comparability and transparency, such certification should be based on an industry standard according to the above-mentioned international principles and guidelines, following a widely used screening and assessment approach across industry peers.

According to the UNGPs Reporting Framework, recommended reporting elements:

- Due diligence policies, processes and activities to identify and address actual or potential adverse impacts;
- Management approach, including commitments, responsibilities, procedures, organizational scope and business relationships.
- Findings and outcomes of those activities, including information related to the effectiveness of those actions.

While 3rd party certification or auditing can be implemented by each company individually, an industry-led scheme could offer additional benefits such as increased credibility, better coordination as well as the reduction of administrative burdens stemming from different auditing requests. In case of an industry-led scheme, supply chain actors should work together to establish a shared set of screening areas and assessment criteria, and should develop a joint roadmap for improvement and commitments.

Product origin: Traceability and certification of a value chain

Goods traded on markets often form part of long, multiple, and complex transaction chains. Each company has visibility into its direct and subcontracted business relationships but may be unaware of its indirect relationships in the value chain, which ultimately hampers the progress of human rights, integrity, and climate and environmental protection. Therefore, companies should integrate those various dimensions of sustainability in their traceability and certification

procedures and include them in contractual requirements with third parties. Only on that basis, full traceability of a value chain is possible.

8. Diversity, equity and inclusion

For the Global Alliance for Sustainable Energy, diversity, equity and inclusion play a fundamental role in human rights as all human beings are entitled to a dignified life, equal opportunities and respect for their identity and individuality. Moreover, diversity and inclusion generate value for businesses and bring competitive advantages as a diverse workforce builds more innovative solutions, creates a healthier work environment, which, in turn, helps generate motivation and increased productivity in employees.

However, reports show that the workforce in the global energy sector – being at leadership level, STEM (science, technology, engineering and mathematics) or in operations - is still highly male dominated. According to the World Economic Forum's Global Gender Gap Report 2022, only one in five leadership roles in the energy sector is held by a woman, and wages for women in energy are 19% lower than for men - an even greater gap than in the non-energy sector.

The findings suggest a lack of career mobility and advancement for women in energy jobs compared to those in other sectors, which will affect both the attraction and retention of a diverse workforce in the energy sector. To overcome this trend and promote diversity and inclusion, companies can implement the following:

- Training and development programs: companies shall invest in programs that help build skills and capacities in underrepresented groups in the industry, including women, ethnic minorities and people with disabilities;
- Diversity support: setting goals to increase diversity in corporate teams and offering support for professional development to achieve those goals;
- Facilitating the creation of support networks: encourage the creation of affinity groups and support networks for employees who belong to minority or underrepresented groups in the industry;
- Inclusive hiring policies: look for ways to attract and recruit a more diverse workforce, including reviewing recruitment and selection policies to ensure they are inclusive and non-discriminatory; and
- Awareness-raising campaigns: run campaigns to make employees aware of the importance of diversity and inclusion in the workplace and to provide training on unconscious bias and other issues related to diversity.

9. Roadmap and commitment by the Alliance members

Sustainable energy must be also socially responsible. To ensure that our sector can fully and truly deliver that goal, the members of the Global Alliance for Sustainable Energy are committed to paving the way to sustainable value chains, focusing on human rights respect and decarbonization, and leveraging innovation and the circular economy.

The Global Alliance for Sustainable Energy endorses the UNGPs statement that all business companies are to respect the human rights of the people they engage with, and should effectively address potential adverse human rights impacts they are involved with.

Members of the Alliance have already implemented ESG criteria and procedures to ensure that direct operations and supplier relationships respect human rights. Building on this experience, the Global Alliance for Sustainable Energy

pledges to extend those principles and tools to the broader value chain by formulating industry guidance and defining a roadmap for key performance indicators at corporate and industry level.

The Global Alliance for Sustainable Energy also commits to taking an active role in promoting human rights due diligence processes beyond its members' operations, with the objective of accelerating the uptake of ethical business conduct across the sector.

10. Key Performance Indicators

By the end of 2023, the Alliance members shall individually:

- a. **Implement a human rights due diligence policy and/or procedure, according to applicable international, national and regional laws, covenants and standards including the following topics:**
 - i. Reject illegal employment such as child labour, forced labour, compulsory labour and any form of modern slavery
 - ii. Respect freedom of association and collective bargaining
 - iii. Respect freedom of movement within each country
 - iv. Non-discrimination against religion, gender or ethnic group
 - v. Respect of the rights of local and indigenous people, applying the free, prior and informed consent principles
 - vi. Respect the right to the environment
 - vii. Respect the right to access to energy and fight against energy poverty
- b. **Disclose applicable human rights due diligence results:**
 - i. Evidence of processes and procedures in place
 - ii. Supply chain traceability
 - iii. Evidence of corporate grievance mechanisms
- c. **Report on the following human rights metrics; continuously set targets and measures for improvement:**
 - i. Hours and number of employees trained on Human Rights per year
 - ii. Diversity composition of workforce, by professional levels, including underrepresented groups and vulnerable people
 - iii. Severity rate of occupational incidents
 - iv. Absence of compulsory labor and child labor
 - v. Local stakeholder engagement plan
 - vi. Grievance mechanisms results

By the end of 2024, the Alliance will establish a Human Rights due diligence best practice platform, featuring the following main items:

- a. Reporting guidelines
- b. Procurement and contractual clauses according to the Alliance's human rights risk report/map
- c. Grievance mechanisms and management

Annex I

International covenants and regional laws:

- UNGPs;
- UN Global Compact principles;
- The Guidelines of the Organization for Economic Cooperation and Development (OECD) for Multinational Enterprises;
- International Finance Corporation Performance Standards on Environmental and Social Sustainability.
- The International Bill of Human Rights of the United Nations (UN), composed of:
 - a) The Universal Declaration of Human Rights;
 - b) The International Covenant on Civil and Political Rights; and
 - c) The International Covenant on Economic, Social and Cultural Rights.
- The core conventions of the International Labor Organization (ILO) - n. 29, 87, 98, 100, 105, 111, 138, 182 - and the Declaration on Fundamental Principles and Rights at Work;
- The United Nations Convention on the Rights of the Child;
- ILO Conventions n. 107 and n. 169 on the Rights of Indigenous and Tribal Peoples;
- The European Convention on Human Rights;
- The ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy;
- European directive proposal on corporate sustainability due diligence
- New European sustainability reporting standards
- Specific Modern Slavery and anti-forced labour regulations (UK, Australia, Germany, US)