Questions to Pose to Companies to Assess Integration of Responsible Contracting

INVESTOR TOOLS: ENGAGEMENT QUESTIONS AND ENGAGEMENT LETTERS

Questions to Pose to Companies to Assess Integration of Responsible Contracting

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| 1. **Do you have a human rights and environmental (HREDD) process and associated implementation program in place in your supply chain to identify, assess, prevent, mitigate, bring to an end, and remedy negative impacts in your supply chain?**
	1. To what degree does your HREDD process and implementation program align with the UNGPs, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the OECD Due Diligence Guidance for Responsible Business Conduct, and the OECD’s sector specific guidance?
	2. In carrying out HREDD, do you meaningfully engage stakeholders such as workers, local communities, and other individuals or groups potentially or actually affected by adverse impacts?
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| **2. What role do your contracts play in your HREDD regime?** |  |
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| 1. **If human rights and environmental (HRE) issues are reflected in your contracts, how do you go about doing that?**
	1. Incorporate your policies by reference into the contract and make them binding that way?
	2. Require suppliers to make one-sided representations & warranties about compliance with your policies / codes of conduct? Do such representations extend to other suppliers and sub-suppliers in your supply chain?
	3. Commit to cooperate in carrying out HREDD with your supplier / contractual counterparty?
	4. Commit to engaging in responsible purchasing practices to support your supplier’s HRE performance, e.g.,
		1. imposing fair, reasonable, and non-discriminatory terms on business partners, especially Small and Medium Sized Enterprises (SMEs)?
		2. providing reasonable assistance (financial and technical) to the supplier to implement HREDD?
		3. collaborating with suppliers to agree on a price that accommodates the costs associated with implementing HREDD?
		4. exiting responsibly if you decide that disengagement is called for by considering the potential adverse impacts of your exit and employing proportionate and reasonable efforts to mitigate those impacts, providing reasonable notice of intent to terminate, and paying costs accrued prior to the date of termination?
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| 1. **What do your contracts say about how you will react if an actual adverse HRE impact occurs in relation to your contract?**
	1. Do you immediately terminate the contract?
		1. Do you have a list of ‘zero tolerance’ adverse impacts that are met with immediate termination?
	2. Does your counterparty have a right to cure the breach?
	3. Do you commit to remediating the adverse impacts?
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| **5. What documentation do you request of your supplier(s) to ensure HREDD is working, e.g.,** |  |
| 1. a list of their suppliers and subcontractors / a regularly updated supply chain map;
2. copies of their policies or codes of conduct that they apply to their own business partners;
3. evidence that they are including HREDD commitments in their contracts with their suppliers and subcontractors;
4. records of worker complaints or grievances and reports on the use of their internal level grievance mechanism;
5. evidence of remediation, including involvement of stakeholders in the remediation process; and
6. timely notice of adverse impacts (potential and actual)?
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| **6. Do you commit to requiring disclosures from your suppliers in a way that minimizes their administrative burden and avoids overwhelming them with due diligence obligations, such as filling in questionnaires and carrying out audits, e.g., by repurposing or accepting questionnaires filled in for other buyers if they meet your standards?** |  |
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| **7. Is an individual within the senior management team tasked with overseeing HRE-related risks?** |  |
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| **8. Provide specific examples of how HRE-related incidents have been identified and addressed in the past.** |  |
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