



Organizing the Human Rights Function within a Company

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The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption. In June 2006, the Global Compact Board established a Human Rights Working Group. In light of the growing recognition that labour rights are human rights and in order to ensure a coherent approach, the Chairs and members of the Human Rights Working Group and Labour Working Group merged to create the Human Rights and Labour Working Group in 2013. The goal of the Working Group is to provide strategic input to the Global Compact’s human rights and labour work. The following is one of an ongoing series of notes on good business practices on human rights endorsed by the Working Group. Rather than highlighting specific practices of individual companies, Good Practice Notes seek to identify general approaches that have been recognized by a number of companies and stakeholders as being good for business and good for human rights.

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¹ Shift is an independent, nonprofit center for business and human rights practice, staffed by a team that was centrally involved in writing and shaping the UN Guiding Principles on Business and Human Rights and chaired by their author, Professor John Ruggie. See www.shiftproject.org. Shift is grateful to Sandra Adler for her assistance with interviews and an initial draft, and to members of the UN Global Compact’s Human Rights and Labor Working Group and students in the Stanford Colloquium on International Business Practice, supervised by UN Global Compact Advisor and Good Practice Note Leader Prof. Chip Pitts, for their constructive comments on earlier drafts of this Good Practice Note.

Executive Summary

One of the early questions a company must answer in meeting its corporate responsibility to respect human rights is deciding how it will organize the human rights function internally to effectively drive the process of embedding respect for human (including labor) rights. Company practices reveal a range of different experiences and approaches, however a number of possible ‘models’ can be identified – from cross-functional working groups, to compliance-driven models housed within legal departments, to advisory and coordinating bodies within lead business departments, to models that allocate relevant responsibilities across divisions. Each approach offers certain advantages, as well as potential limitations.

There is no single ‘right’ answer to how to organize the human rights function internally. The most effective approaches will take full account of an individual company’s particular context, including the most immediate challenges it faces in meeting its responsibility to respect human rights, where leadership and influence lie within the company, and how signals get sent internally (and externally) about the seriousness of corporate commitments, in order to determine how shared responsibility can best be generated. This Good Practice Note surveys a number of company experiences in organizing the human rights function internally; based on those experiences, it draws out some ‘emerging good practice guidance’ for companies, highlighting a series of questions that may help inform corporate decision-making on how best to organize the human rights function.

I. Introduction and Methodology

The UN Guiding Principles on Business and Human Rights (“Guiding Principles”) expect companies to embed the responsibility to respect human rights within their corporate structures – at every level of the enterprise and across all business functions and units, as well as within the terms of the enterprise’s business relationships. This responsibility necessarily involves a wide range of activities that need to be undertaken and coordinated, from the high-level policy statement that commits a company to meeting its responsibility to respect (and, where relevant, support) human rights, to alignment of the internal policies and processes that guide corporate behavior and decision-making, to the training and resources needed by business leaders at the operational level to prevent adverse human rights impacts and address them when they do occur.²

The Guiding Principles do not prescribe how companies should organize responsibility for human rights internally. Thus, one of the threshold questions a company will address in meeting its responsibility to respect is how it will organize the human rights function internally – where it will be located, how it will be structured, what roles it will play, and how it will engage with other parts of the business. This is certainly true for companies that are early in the process of

² Companies committing to the UN Global Compact also commit to take positive actions to support human rights – discussed further in the note at the end of Section I.

thinking systematically about how to implement the Guiding Principles and the UN Global Compact's human and labor rights principles, or are establishing human rights functions for the first time. Equally, however, companies with more established human rights programs are interested in knowing whether there are more optimal and effective ways of structuring the human rights function internally.

Company experiences in organizing the human rights function vary widely. The way that embedding is driven is context-dependent, taking into account distinctive elements of corporate culture, where leadership and influence resides within a company, and the nature of business activities most likely to give rise to significant human rights impacts. While there is almost certainly no single 'right answer', there are often important implications that flow from how a company chooses to organize its human rights function internally.

This Good Practice Note explores the broad issue of how companies organize the human rights function internally, offering lessons and insights from a range of company experiences. It draws on discussions among business leaders from several leading companies at a June 2012 Shift workshop, held jointly with the CSR Initiative at Harvard Kennedy School, which looked broadly at issues and challenges related to embedding the responsibility to respect human rights.³ It also draws on a series of in-depth interviews with an additional five companies, including members of the Global Compact Human Rights and Labor Working Group, and on Shift's experiences from other relevant work. The Note reflects company experience in a range of sectors, including extractive, food and beverage, apparel, heavy manufacturing, electronics, consumer products and financial services. It aims to help those with responsibility for embedding respect for human rights within a company in determining how best to organize the human rights function. It may also contain useful learning for company efforts to support human rights.

It is important to note that the research informing this Good Practice Note was based primarily on the experience of large, mainly multinational, companies. In small and medium-sized enterprises, many of the relevant functions will be consolidated in a single manager, so the challenges of cross-functional coordination that this Note attempts to respond to may be less significant.

Section II describes a series of archetypal approaches that large companies have taken in organizing their human rights function internally – based on where it is located, what roles and responsibilities it has, the rationales for organizing the function in that way, and perceived advantages and disadvantages. Section III draws several lessons and insights from this survey of company experiences. Section IV concludes with some key questions that companies may want to consider as they organize or review their internal human rights function.

³ See Shift, *Embedding Respect for Human Rights: Shift Workshop Report No 1*, available at: <http://www.shiftproject.org/publication/embedding-respect-human-rights-shift-workshop-report-no-1>. The workshop was part of Shift's Business Learning Program, aimed at supporting implementation of the Guiding Principles by companies.

A note on the UN Guiding Principles and the UN Global Compact: The UN Human Rights Council’s unanimous endorsement of the Guiding Principles for implementing the UN “Protect, Respect and Remedy” Framework solidly reaffirmed the corporate responsibility to respect as the global standard for all business enterprises. This responsibility implies that business should avoid infringing on the human rights of others, and should address adverse impacts with which they are involved. In order to meet the responsibility, the Guiding Principles stipulate that enterprises need to have in place certain policies and processes to know and show that they are respecting human rights. These include a policy commitment to respect human rights; human rights due diligence processes; and processes to enable the remediation of adverse human rights impacts. These are also the key elements underlying all human rights-related good business practice. The Guiding Principles provide further conceptual and operational clarity for the two UN Global Compact human rights principles.⁴ In addition to the corporate responsibility to *respect* human rights – the focus of this Good Practice Note – the UN Global Compact also encourages business to *support* human rights, that is to take additional voluntary actions that seek to promote and advance human rights, whether through core business, social investment, public policy engagement or collective action.

II. Organizing the Human Rights Function: A Comparison of Models

Companies have organized their internal human rights function in a range of ways, reflecting diversity in the primary roles, responsibilities and activities of the function. Some have been more strategic and deliberate in designing the function; in other instances, company approaches have evolved organically over time.

This Section profiles a series of archetypal ‘models’ for organizing the human rights function internally and describes the structural set-up, the roles and responsibilities, the rationales, and some of the typical advantages and possible disadvantages of each. It looks at four possible models that companies have turned to in practice:

- (a) **Cross-functional working groups**, which bring together relevant business functions in a collective platform to address and manage a company’s human rights risks;
- (b) **Hosting a ‘guide dog’ function within existing business departments**, where the focus is typically on awareness-raising, information-sharing, support and guidance in helping relevant business units meet the enterprise’s overall responsibility to respect human rights;
- (c) **Legal and/or compliance-driven ‘guard dog’ models**, which place greater emphasis on oversight, compliance and accountability for implementation; and,
- (d) **Separate responsibilities allocated across different departments**, through which various

⁴ “Respect” in UN Global Compact Principle 1 is the same as the corporate responsibility to respect in the Guiding Principles and Principle 2 is also part of the corporate responsibility to respect. As such, the Guiding Principles reinforce the UN Global Compact and provide an authoritative framework for its participants in implementing their responsibility to respect human rights. See further:

http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/GPs_GC%20note.pdf

departments, based on their respective areas of expertise, assume responsibility for different aspects of the company's responsibility to respect human rights.

This is not to suggest that companies should seek to fit neatly within one of these categories, or that these models represent any sort of preferred options. Many companies have tailored the design of their function to recognize and account for the perceived disadvantages of a particular model or approach, often combining features (for example, giving the function elements of both the 'guide dog' and 'guard dog' roles). Rather, the models are presented as a foundation for further discussion in Section III on 'emerging good practice guidance'. Assessments of whether a company is meeting its responsibility to respect are not about whether they have adopted one model or another; ultimately, they are about effective implementation of the responsibility to respect in practice, whatever approach is chosen.

A. A Cross-Functional Working Group

Several companies drive their human rights function through a cross-functional working group or committee, which brings together different departments within the company to create shared responsibility for, and leadership on, human rights. In some cases, companies have deliberately structured their functions in this way; in others, it has evolved over time. For one company that has had the latter experience, human rights issues first surfaced in the public affairs department (responsible for corporate communications), in response to queries from external stakeholders about human rights issues. In the absence of a dedicated human rights function, the public affairs department necessarily engaged with other parts of the business to understand the relevant situations in order to be able to communicate with stakeholders, and assumed a role of following up on whether the human rights issues that were raised externally were being addressed internally. Eventually this informal cooperative structure was formalized in a cross-functional working group with official status inside the company, and the group was assigned responsibility for identifying and addressing existing and future company-wide human rights risks.

Cross-functional human rights committees or working groups typically have responsibility for coordinating a company's human rights activities horizontally across corporate-level business departments, and vertically down to country-level operations. They often serve as a primary forum for information-sharing. They may undertake tasks as a group, such as systemic risk (or opportunity) identification or oversight of operational-level human rights impact assessment processes, with separate tasks allocated to individual working group members or company departments between meetings. Such groups can play a leading role in initiatives to promote internal awareness and understanding of the company's commitment to human rights.

Potential Advantages: The cross-functional working group approach typically has the advantage of clearly conveying the message that human rights is the shared responsibility of all business units and departments, and that every part of the company has a role to play. This can be enhanced through appropriate top-level leadership and messaging. The working group can provide a forum for the cross-functional dialogue that is often critical in integrating the findings

from assessments, and taking action on identified human rights challenges – particularly those that are complex or require specific expertise from or participation by several functions – as well as cross-cutting initiatives that will involve many parts of the organization, such as integrating human rights into existing management systems or developing company-wide awareness-raising or training programs. Essentially, the cross-functional approach seeks to break down through its design the ‘silo effect’ that can occur between corporate departments or functions.

Working groups can be particularly effective when accompanied by clear terms of reference, appropriate resources, comprehensive workplans, and accountability for allocated tasks - as opposed to an irregularly convened, loosely-connected group that is for information-sharing purposes only. Some companies have found that the cross-functional working group approach can also act as a catalyst for a ‘virtuous cycle’ of positive peer pressure among departments, by creating a shared forum for mutual accountability and even positive ‘competition’ to identify creative solutions.

Potential Disadvantages: Some companies that organize the human rights function in this way, however, observe that a working group may not have sufficient ‘teeth’ or sanctioning ability if planned activities do not take place or allocated tasks are not performed on time. Leadership can pose a challenge as well if there is no clear lead department, or if leadership rotates between departments who may have varying levels of commitment to human rights issues. Vertical coordination can also pose challenges in the absence of corresponding structures at the operational level, or if implementation responsibilities are not effectively ‘passed down’ by individual business departments. Perhaps the most significant risk in this model is that – in attempting to convey that human rights are a shared responsibility of all corporate departments – meaningful ownership of and accountability for human rights may not be felt sufficiently by any individual unit.

B. The ‘Guide Dog’ Model: Organized Under Existing Business Functions

Some companies have elected to host the human rights function within existing functions – including sustainability/CSR departments, legal, human resources, or procurement. In a number of cases, the choice of host department has happened more by chance than by strategic design, based on the interest and commitment of an individual business leader who proactively chose to take on these issues. In others, companies have chosen to host the function based on the nature of the business activities most likely to give rise to adverse human rights impacts. For instance, some apparel companies have chosen to host the function within the procurement department after determining that adverse impacts in their supply chains are their most significant human rights risk. A company from a different sector chose to host the function within the human resources department, as the decision was made that respecting workplace rights was where their risk was most pronounced. (Note that, in making such assessments, the Guiding Principles make clear that it is the severity of the impact, taking full account of the perspective of potentially affected stakeholders, that should drive the risk identification and prioritization process.)

Because they often lack the power to compel implementation by other departments, these functions can be seen as playing a ‘guide dog’ role: helping to define expectations, developing corporate-level policies, and providing guidance and support to other parts of the business in implementing them. For example, in one company that locates the function within its sustainability department, the function’s roles are: to raise awareness of human rights issues, and of the company’s responsibilities and commitments, within the business; to create opportunities for dialogue around business and human rights; and to support those with responsibility for human rights at the operational level. It organizes internal training workshops on human rights challenges (and opportunities), corporate commitments and relevant business processes, and seeks to strengthen capacity at the operational level to identify and manage human rights risks through the development of tools, check-lists and case studies. When human rights dilemmas arise, the department has become the recognized place to turn to for advice and support in navigating them. This, in turn, creates new openings for further dialogue and capacity-building with other parts of the business.

Potential Advantages: The ‘guide dog’ approach can offer several advantages. First, there is a clear departmental ‘home’ for human rights within the company, especially when compared to the cross-functional working group approach described above. This can strengthen accountability for managing human rights issues, provide clear direction and potentially leadership, and constitute a known resource for advice when human rights challenges arise. By focusing on awareness-raising and capacity-building, rather than oversight, this function can encourage more open dialogue and early identification of potential human rights impacts without fear of sanction. When ‘guide dog’ functions are located within business units based on an assessment of potential human rights risks arising from those activities, they are closer to the locus of operational-level decision-making in the core areas of the business that may be associated with significant human rights impacts. They are also likely to be better equipped to ‘translate’ human rights issues into the language of key business leaders in those functions.

Potential Disadvantages: However, business leaders in departments that host a ‘guide dog’ human rights function report significant challenges in embedding respect for human rights across the business. By locating the human rights function in a single department, particularly one which does not have established structures for engaging with other departments on human rights, those other parts of the business may perceive human rights as the responsibility of that department alone, rather than a shared responsibility. While leadership and accountability may reside with one department, authority to act and the capacity to implement solutions likely reside elsewhere. The choice of host department is also critical. Leaders in sustainability departments that host their company’s human rights function observe that they are not always perceived internally by other departments as central to the core business, and that locating the human rights function within this department can risk reinforcing perceptions in some companies that human rights issues are ‘optional’ or ‘soft’.

C. The ‘Guard Dog’: A Legal and Compliance-Driven Model

A number of companies have chosen to drive the human rights function from their legal or compliance departments. This can be considered a ‘guard dog’ model in that the human rights function plays a primary role in oversight, compliance and accountability related to implementation of human rights policies and processes. The model may be more nuanced in companies where the legal department is also seen as a ‘partner in value creation’, beyond their risk management function.⁵

Companies may choose to host the human rights function within the legal department to send the clear signal that human rights should be treated with the same gravity as matters of legal compliance. In many jurisdictions, human rights standards are reflected in national law (for example, health and safety standards, environmental law, criminal law etc). However, the responsibility to respect human rights applies even if their status under relevant national law or regulatory frameworks is weak – either because formal legal norms undermine or directly contradict some human rights, or because the law formally reflects them but the enforcement of those laws is weak in practice.

One company has chosen a compliance-driven model because of its particularly complex business model, with hundreds of largely autonomous business units operating around the world in industries ranging from infrastructure to finance. Individual businesses within the company face diverse human rights challenges, depending on the nature of the business and the operating context. The company has implemented a series of ‘operating cycles’ (under which each business unit is required to report) which help bind the various businesses together and which are now deeply ingrained in the corporate culture. The compliance cycle was identified as critical to effectively integrating human rights within the business and the compliance department (based within legal) as the most appropriate ‘home’ for the human rights function.

The compliance department oversees internal investigations and supports the drafting of contracts with particular attention to their human rights implications. These more traditional roles are supplemented by a range of information-sharing, coordination and training functions, working with and through the compliance departments of individual businesses and identified ‘human rights champions’ within each division, as well as at the corporate level.

Potential Advantages: Hosting the human rights function in the legal or compliance departments can in many instances send a strong internal message about the importance of a company’s human rights commitments – and that implementing them is mandatory. These departments usually have the necessary sanctioning power to ensure adherence. Moreover,

⁵ For more on this, see Cheryl Joseph and Julia Cherlow, *Good Practice Note: Developing Corporate Human Rights Policies and the Role of Legal Counsel*, 2012, available at http://www.unglobalcompact.org/docs/issues_doc/human_rights/Human_Rights_Working_Group/HRPolicies_LegalCounsel_GPN.pdf.

under this model, one department has clear accountability for, and ownership of, these issues, and often has the human resources in place to ensure that these issues are addressed at all levels of the company's operations. Indeed in some companies, lawyers are playing increasingly creative and proactive roles in addressing human rights issues, beyond the more narrow aspects of the 'guard dog' model.⁶

Potential Disadvantages: At the same time, some companies have found that legal or compliance-driven models can raise a distinct set of challenges – in addition to the general challenges mentioned above under the 'guide dog' model regarding cross-functional ownership and perceptions that human rights are 'someone else's responsibility'. While the relevant department may have the 'teeth' to ensure compliance, without appropriate leadership, this model can risk encouraging a 'tick-box' mentality among other business departments, driven by adherence to the 'letter of the law' rather than its spirit. Fear of sanction can be a powerful driver, but it may also lead to a culture in which discussion of potential adverse impacts is avoided rather than embraced. Functional departments like legal or compliance are often a step removed from operational-level decision-making, and rely upon early identification by others to effectively contribute to managing potential human rights impacts.

D. Separate Responsibilities Allocated among Various Departments

Another approach is to allocate clear and separate responsibilities across different departments. One company has done this with three departments playing a role: corporate sustainability, risk, and human resources. The sustainability department drafts corporate-level policies and provides guidance on them. The risk department is responsible for identifying and managing human rights risks as part of comprehensive risk analysis processes, and for training risk managers in country offices to understand human rights risks. The human resources department manages internal human rights issues related to labor rights and workforce diversity.

This tripartite structure evolved organically: external stakeholder pressure led the risk department to engage in dialogue around human rights risks related to specific transactions. This revealed additional needs within the company in order to manage human rights risks appropriately. The three departments call upon each other as necessary in fulfilling their respective roles – for instance, when responding to external inquiries or when soliciting input on key policies. However, the company emphasizes the importance of clearly separating out their distinctive roles and enabling each department to play the role that it is naturally suited to.

Potential Advantages: One of the primary advantages of a 'clear and separate responsibilities' approach is that the responsibility to respect is embedded in key functions, with each department bringing a human rights lens to bear on its existing activities. This can help convey the message that meeting the responsibility to respect human rights is simply part of core

⁶ See note 5 above.

business – for each function and for the company as a whole – and that it needs to be integrated into all relevant policies, processes and practices.

Potential Disadvantages: However, in the absence of a central coordinating body, effective communication channels across semi-autonomous business departments become critical, particularly when unforeseen situations arise. Sometimes these are the ‘lucky consequence’ of previous engagement between departments, rather than planned. In addition, the absence of a broader strategic driver can be a challenge in identifying gaps, opportunities and priorities in the company’s approach to meeting its human rights responsibilities. Similarly, the model relies upon the commitment of each business function to play its allocated role, whereas in some instances, an individual business function may have competing interests or incentives (for example in the procurement function, where price drivers may take primacy over human rights concerns).

III. Emerging Good Practice Guidance

This brief survey of recent company experience reveals a variety of approaches to organizing the human rights function internally. No model is perfect – each presents potential advantages and disadvantages in the process of driving an enterprise’s efforts to meet its responsibility to respect human rights. However, much can be learned by analyzing the ways in which companies have tailored the design of these basic models to achieve a more well-rounded approach that combines features of more than one model.

The following observations are offered as ‘emerging good practice guidance’ for companies as they consider the design (or re-design) of internal human rights functions:

1. Context Matters – Being Strategic and Purposeful, Rather than Accidental: Many companies with established human rights programs report that the design of their internal functions was more a product of ‘happy accident’ rather than strategic design. While there is no single ‘right answer’ as to how best to design the human rights function internally, there is now a sufficient body of relevant approaches to enable all companies to be thoughtful and deliberate as they go about this process, taking into account their unique operating contexts, corporate cultures and human rights risks.

For example, one approach described above involved organizing the human rights function such that it took full advantage of an existing compliance ‘business cycle’. These business cycles are the engine of the company, tying a diverse and complex set of businesses together through common processes of reporting and accountability. Integrating human rights into these processes was the most effective way of ensuring that human rights would be embedded into the ‘corporate DNA’ for this organization.

2. Asking the Right Questions: Not Only ‘Where?’ but ‘Who, What, Why and How?’: Many conversations about how the human rights function is organized begin with a focus on

where the function is or should be located within the corporate structure. While this is certainly an important decision, it is best answered when informed by the answers to a series of additional questions. Those with responsibility for organizing the human rights function internally within a company might also want to ask questions such as:

- **Who** within the company has the leadership, influence, expertise, and/or motivation to drive the function?
- **What** will be the primary roles and responsibilities of the function?
- **Why** does the company need to create/redesign a human rights function now, at this moment in time? To focus on what human rights priorities?
- **How** can the function ensure shared responsibility across functions as well as clear ownership and accountability?

Deciding ‘where’ the optimal location is for a company’s human rights function depends to a greater extent on the ‘who, what, why and how’ than any answer in the abstract about the best institutional home. This point is closely related to the next: that the answer to the question of ‘where’ is likely to change over time.

- 3. Taking an Evolutionary Approach:** Increasingly, companies are recognizing that the process of embedding respect for human rights is an evolutionary process, with implications for how the human rights function should be organized at different points along the way. Organizational structures may usefully change or be adapted as the company’s operating contexts, risks, levels of internal embedding and experience with business and human rights challenges evolve. For example: Is the immediate challenge primarily one of raising broad awareness of business and human rights issues within the company? Or coordinating a range of pre-existing but disconnected activities? Or addressing a new or emerging human rights issue or high-risk operating context? Or providing tools, capacities and resources to operational-level decision-makers? For companies committed to supporting human rights, there will also be additional considerations involved.

Importantly and understandably, the answers to these questions will evolve over time. The head of one company’s human rights function initially positioned herself in a cross-functional committee to raise general awareness throughout the business, then moved to the legal department to address issues of contracting and compliance, and then shifted to the procurement division, where the head of sourcing is also located, in order to have a ‘seat at the table’ as key business decisions were made. In another company, the function currently exists as a cross-functional committee, which has been effective in building broader understanding and shared responsibility for human rights. However, the emerging challenge is one of compliance, and the company is considering restructuring the human rights function to sit within the legal department.

- 4. Defining the Role: Learning from both ‘Guide Dog’ and ‘Guard Dog’ Models:** One of the key distinguishing factors when comparing company models is whether the human rights function is organized more as a ‘guide dog’ or a ‘guard dog’. The ‘guide dog’ model focuses on raising awareness, setting policies, providing tools and training, sharing resources, and offering advice and support in implementation – capacities which are likely to be useful in all

companies at certain points. The ‘guard dog’ model focuses on oversight and accountability for implementation of corporate policies, treating human rights issues as matters of legal compliance. It therefore makes good sense to host a ‘guard dog’ function in the legal or compliance departments.

While those running ‘guide dog’ functions sometimes complain of a lack of sanctioning power, equipping the human rights function with ‘teeth’ does not necessarily provide a panacea. As noted above, ‘guard dog’ human rights functions implemented with a narrow ‘tick-box’ mentality can face challenges in encouraging adherence to the spirit of the law, rather than just the letter, wherever they are situated. Purely compliance-driven approaches have the potential to create tensions with the context-specific reflection and analysis that managing human rights dilemmas often requires, and the need to talk openly about problems internally, without fear of sanction.

Some of the most innovative approaches have begun as one or the other model, but then gone on to incorporate additional characteristics. For instance, in one company, the compliance department, which hosts the human rights function, is seen as playing a ‘semi-traditional’ role alongside providing oversight and accountability. More so than on any other compliance issue, the function engages in substantial awareness-raising, capacity-building and cross-functional dialogue on human rights as part of its core activities. The department also manages an extensive network, or ‘community of practice’, among human rights champions located within individual business units as a way to share information and approaches to common challenges across the organization.

Likewise, functions that are organized in the ‘guide dog’ model can engage relevant legal or compliance divisions to play their appropriate roles in ensuring corporate-wide adherence to stated commitments, policies and processes – regardless of where the function is housed.

- 5. Considering Individual Leadership and Institutional Influence:** For a number of companies, the location of the human rights function was initially the result of an individual leader being motivated to take on responsibility for human rights issues within the company. This sense of personal commitment can be a critical factor, particularly in the early stages of a company’s efforts to embed its responsibility to respect, while the enterprise as a whole is still developing an understanding of the implications, and in helping to take these issues forward at the senior leadership level where there will always be competing priorities. In other instances, the human rights portfolio may be added to the existing work of a business department or unit – which means the leader in charge of that department needs to take responsibility for driving human rights commitments forward. Where that individual sees this as a burden, or they feel unsupported or under-resourced, this can pose challenges to the effectiveness of the embedding process.

Equally important is where institutional influence lies within the corporate structure – which departments are most respected and which are closest to the business activities that are most likely to give rise to significant human rights impacts? Hosting the human rights

function within departments that are not considered to be particularly influential can send strong messages – intended or not – as to the seriousness of the company’s human rights commitments.

Companies are will want to pay particular attention to the implicit messages that can be sent by how the human rights function is organized, including who the senior level internal champions are and which business departments are positioned in lead roles. It will be important for any company to consider who within the company has already demonstrated commitment to human rights and whether/how they might best play a role in a new or redesigned function. Locating the human rights function in influential corporate departments can enable effective integration into decision-making, whether that department is legal, risk, procurement or another department entirely.

- 6. Promoting Shared Responsibility Outside the Function in Lead Department Models:** For functions that are hosted within an existing business unit, the most significant challenge is likely to be promoting cross-functional responsibility for human rights issues outside the lead department. While the human rights function might need to be driven internally by a lead department, meeting the responsibility to respect will involve engaging the entire business, across all functions and at all levels.

Several companies have designed their human rights functions to try to manage this tension. For instance, one company, which organizes the human rights function under its human resources division, assigns each member of the human rights team the job of liaising with a specific business unit outside human resources, such as procurement, corporate affairs, sustainability, and so on. Team members report that they spend as much as 90% of their time *outside* the human rights function, working inside their assigned business units. Another company continues to host the function within a lead department, but in a hybrid approach, has also created a cross-functional committee to promote greater ownership throughout the business, which includes representatives from different functional and regional units.

Two other companies which organize the function under a lead department (using aspects of both ‘guard dog’ and ‘guide dog’ models) have created cross-functional networks of human rights champions or regional ambassadors in other business units at different levels of the organization. These ‘champions’ participate in regular community of practice calls to share information and work through challenges. They are a resource within their respective business units, providing leadership and support on business and human rights issues, and also perform a liaison role back to the centralized human rights function in relation to the early identification of potential impacts or other human rights-related concerns.

Companies adopting a lead department model will want to consider how, given their own unique cultures and organizations, they can best promote a sense of shared responsibility – whether through assigned liaison roles, a complementary cross-functional committee, broader networks of champions, or other approaches.

- 7. Ensuring Leadership and Accountability Inside the Function in Cross-Functional Working Group Models:** For those companies that organize the human rights function as a cross-functional committee, one of the most frequent challenges is ensuring leadership and accountability. While cross-functional ownership may be enhanced, committee structures are dependent on individual members for the implementation of tasks and activities, often with no real sanctioning power to hold members accountable. Business leaders often express frustration with the slow pace of such committees.

One company with a cross-functional human rights committee attempts to manage these tensions using clear workplans accompanied by an appropriate assignment of responsibility. Nevertheless, it is considering restructuring the function under the legal department, where there is a champion for business and human rights issues. Another company uses a committee structure to provide strategic direction and coordinate the activities of individual departments, with responsibility for implementation of action plans falling squarely on the relevant department. Informal leadership continues to be provided by the department that previously led the function, before the transition to a committee format.

For companies adopting cross-functional committees or working groups, it will be important to consider how responsibility for taking action on agreed plans will be allocated and what incentives could be created to stimulate follow up if the group lacks sanctioning power.

- 8. Aligning with Legal:** Regardless of how an enterprise chooses to organize the human rights function internally, the legal department often plays a critical role in shaping implementation of human rights responsibilities. Legal will be central to the process of assessing national, regional and global legal and regulatory frameworks and their alignment with the company's broader human rights responsibilities, and in drafting contracts and other agreements that establish the terms of the company's key business relationships, and which directly affect the company's leverage in those relationships. The legal department will certainly be involved if or when potential human rights issues escalate to the level where litigation becomes a concern.

Company experience suggests that legal should be involved as early as possible in the establishment of the human rights function, regardless of how the function is ultimately organized. Legal departments that see human rights issues primarily in terms of threats to the company may discourage early identification, fact-finding and internal dialogue about potential human rights impacts. Perceived tensions between disclosure and a commitment to respect human rights should be resolved through early engagement with the legal department.⁷

⁷ This question is discussed in a speech by John Sherman, Shift's General Counsel and Senior Advisor, from October 2012 entitled *Are There Risks in Knowing and Showing?*, available at <http://www.shiftproject.org/publication/are-there-risks-knowing-and-showing>.

The legal department can provide essential support to a function hosted elsewhere – particularly in a department perceived as peripheral to the core business and without much internal influence. Taking a proactive approach, the General Counsel of one company (whose legal department does not host the human rights function) encourages his team of lawyers to see their role ‘not just as risk managers, but as opportunity managers’, raising and resolving potential human rights dilemmas as early as possible through engagement with relevant business units, in part in order to preserve and create value and build more sustainable and long-term business opportunities. A proactive legal department can act as an ‘early warning system’, investigating potential human rights impacts.

- 9. Ensuring Adequate Resourcing:** Many business leaders reinforced the need to resource the function appropriately. Clearly defined roles and accountabilities will help create the right expectations of the human rights function, and enable an accurate assessment of the resources needed for it to perform its role. In a company where the human rights function is newly established, some flexibility is advisable to enable its role to evolve over time. As awareness increases in the company about the relevance of human rights and the role expands to encompass new tasks (for example, providing more support to other functions in carrying out their human rights responsibilities), allocated resources will need to keep pace.

One company described how the human rights function successfully increased awareness of the relevance of human rights in the business, leading more and more people within the company to seek guidance on particular challenges. The pressure on the function has increased as a result of effectively embedding human rights into the business. As one company representative put it: ‘In this way, we are victims of our own success’.

Importantly, adequate resourcing includes more than financial and human resources for the function itself. The commitment and support of senior leadership, access to executive-level leaders and board members, and the time for staff to participate in trainings, meetings and workshops are also critical – and, many companies report, often underestimated.

IV. Conclusion: Summarizing the Key Questions

One of the most common challenges in implementing the responsibility to respect human rights is that there are often no single ‘right’ answers. This reflects the fact that the UN Guiding Principles and the UN Global Compact Principles do not take a ‘one size fits all’ approach. Rather, the focus should be on helping companies to ask the right questions.

Accordingly, as companies wrestle with how best to organize the human rights function internally, there is no single ‘right’ answer. Companies organize the function in a variety of ways, from cross-functional committees, to functions hosted in lead departments, to clearly allocating separate responsibilities across relevant departments. Some act more as ‘guide dogs’ – raising awareness, coordinating activities, building capacity through tools and training, and

advising on implementation when challenges arise. Others act more as ‘guard dogs’ – ensuring compliance with and overseeing implementation of company policies and processes. Some of the more innovative approaches combine aspects of both roles. The ‘right’ way for any one company to structure the human rights function will depend to a great extent on the company’s specific operating contexts, corporate culture, existing policies and processes, the nature of its business activities and corresponding human rights risks, and how far along the company is in meeting its human rights responsibilities.

Many conversations on organizing the human rights function begin with the question of where to locate the function internally. Instead, experience suggests a different set of questions that consider the ‘who, what, why and how’, which may help guide companies as they design – and re-design – the function:

- Where is our company in the process of implementing the UN Guiding Principles, and as a result, what are our **most immediate needs** when it comes to embedding our human rights responsibilities?
- Given the nature of our business activities, where in our company do the **greatest risks** of being involved with adverse human rights impacts reside? (Note that the answer may be in more than one department, business unit or country operation.)
- Although both can be important, at this stage of implementation do we need **more of a ‘guide dog’ or more of a ‘guard dog’** function: what roles and responsibilities is it most important for the function to have? How might the function evolve over time to combine elements of both?
- Where in our corporate structure do we find a combination of motivated **individual leaders and institutional influence** with key decision-makers across the business? How can we empower them in meeting our responsibility to respect human rights?
- How can we structure the function to balance the potentially competing goals of **creating shared responsibility** for human rights by all business departments, while still **creating clear leadership and accountability** for the process of embedding human rights?
- Given our unique corporate culture, what **implicit messages** might be sent by organizing the human rights function in a particular way? Have we taken this into account?
- What role(s) will the **legal department** play with respect to human rights responsibilities, and how can we foster alignment with, and support from, legal?
- What **resources** (human, financial, other) will be required, both for the human rights function itself and, across the company as a whole, to enable the human rights function to be effective?