



PILLARS IN PRACTICE

Moving forward in the implementation of the United Nations Guiding Principles on Business and Human Rights

CASE STUDY

CASUR



Summary

This case study focuses on CASUR's initiative to incorporate the United Nations Guiding Principles on Business and Human Rights (UNGPs) in their business practices. In February 2014 the Compañía Azucarera del Sur (CASUR) promised to "support the ten principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption". These principles are essential for the Company strategy. Therefore, they should become a daily practice in the Company operations.

The Company was invited by the Unión Nicaragüense para la Responsabilidad Social Empresarial (uniRSE) to participate in a training workshop on the Pillars in Practice project, that included all the concepts of the Guiding Principles on Business and Human Rights. Later on, uniRSE invited CASUR to measure the social impact as a process in the framework of the "Pillars in Practice project". In Nicaragua, the social impact was measured in the agricultural sector, with the technical assistance of uniRSE and Social Accountability International (SAI). Self-assessment was carried out, followed by the independent evaluation through a telephone interview, with the participation of representatives of the different key areas of CASUR: Human Resources, Health and Safety, Environmental Management & CSR, Supply, Communication and the union representative. In addition, SAI carried out literature review of the issues considered most important. Once the process was completed, SAI issued the score of 3.8/ 5 in the initial assessment, and a score of 3.9/ 5 in the second assessment of the management system, by using the Social Fingerprint tool.

The main findings were:

1. Management System:
 - > Does not have a human rights enforcement policy.
2. Complaint Management and Resolution:
 - > There is no procedure for complaint management system covering employees, suppliers and community.
3. External Verification and Stakeholder Engagement:
 - > Absence of a map of needs in human rights issues with stakeholders and verification mechanism needs to be developed.
4. Management of Supply Chain:
 - > Map out the supply chain.

There is an action plan for the issues identified as opportunities and the Global Compact principles have been ratified. Figure 1 shows the process of the Pillars in Practice project in Nicaragua.

FIGURE 1

Company Profile

Compañía Azucarera del Sur S.A, CASUR is an agribusiness. Its main products are:

- > Sugar. CASUR supplies 13% of Nicaragua's sugar market.
- > Molasses. Molasses production is destined for alcohol distilleries and for sale as animal feed to livestock producers of the region.
- > Power. The electricity produced is the one required for the production of sugar and crop irrigation.
- > The Benjamín Zeledón sugar mill is one of the oldest in the country. Since it started its operations in 1940, it has continuously operated to date.
- > On 23 September 1993 the Company was purchased by a group of private investors and started to operate as the Compañía Azucarera del Sur (CASUR).

> CASUR Sugar Mill's Industrial Plant and offices are located to the south of Nicaragua, at Kilómetro 103, Carretera Panamericana, Potosi Municipality, Rivas Department. The sugar cane crops are located in the municipalities of Potosi, Buenos Aires and Belén, in the Rivas Department, and in Nandaime, Granada Municipality.

CASUR is a major employer throughout the year, generating around 3,500 direct and 11,000 indirect jobs during the harvest time. Ten percent of these jobs are held by women.

Case History

CASUR Company made the commitment to participate in the Pillars in Practice project, due to its great sensitivity and view of the compliance with the United Nations Guiding Principles. It was also essential for the Company in terms of continuous improvement, with a responsible sustainability approach. This means economic, social and environmental sustainability. In addition, one of the goals that the Company already had was to work on the observance of human rights. Hence, we had visited some organizations with the aim of making alliances to initiate this process, but the results had not been satisfactory.

When the Company was invited by uniRSE and SAI to join the Pillars in Practice project, it immediately agreed to participate actively in it.

The Company believes that working on the human rights issue is extremely urgent, and that all companies and organizations should give high priority and importance to it, in order to contribute to the improvement of people's living conditions. Figure 2 shows a list of the non-labour rights that were tackled in the first multi-stakeholder forum. Labour rights are usually the most understood by businesses, and non-labour rights are the most unknown.

FIGURE 2



Economic, Social and Cultural Rights

The rights to...

- > an adequate standard of living
- > health
- > adequate food (food, water, clothing)
- > decent housing
- > education
- > work
- > just and favourable conditions of work (wages, working hours, healthy and safe work environment)
- > non-discrimination

Therefore, CASUR decided to participate in the PIP project in order to learn how to integrate the UNGPs in their business operations and, to a greater extent, to fulfill its obligation to respect human rights. CASUR attended the multi-stakeholder training session offered by the PIP project, which took place in September 2013, and listened intently while the partners of the PIP project described the six-step approach (see Figure 3 below) developed for the corporate implementation of the UNGPs. After the training session, CASUR agreed to receive free technical assistance from the PIP project partners to assess its human rights management system and establish an improvement plan based on the results.

FIGURE 3

| SIX STEPS TO IMPLEMENTING THE GUIDING PRINCIPLES | |
|--|--|
| 1 | Committing to a human rights policy |
| 2 | Assessing risks of adverse human rights impact |
| 3 | Integrating human rights in policies, procedures and responsibilities |
| 4 | Tracking human rights implementation |
| 5 | Communicating human rights impact |
| 6 | Remediating adverse human rights impact |

Initial Assessment of the Management System

Until now, the implemented strategy has been to listen to the main stakeholders.

We believe that measuring the Social Fingerprint was a very quick process. It provides us with immediate results and, something very important is that it tells us where we should focus our corrective actions and priorities.

After assessing our Social Fingerprint, we found that the opportunities for improvement were in the following categories: management of the supply chain, external verification and stakeholder engagement, training and capacity building, and complaint management and resolution.

CASUR is currently implementing the improvement plan.

This has been a very valuable process for the Company, because it has allowed us to measure our performance regarding the observance of human rights. In addition, the results of the Social Fingerprint helped us significantly to improve the development of our actions towards the observance of human rights.

Our main challenges are to have our Human Rights Policy in the short run and to implement our system for the observance of human rights.

The PIP project provides CASUR with the ability to use SAI's Social Fingerprint® tool to carry out a comprehensive assessment of its human rights management system and identify areas for improvement. Social Fingerprint® is a program of ratings, training, and toolkits to help companies measure and improve their human rights management systems. It measures nine aspects of the management system of a company and provides a score based on a 5 point scale (see Figure 4).

FIGURE 4

| | | | |
|--------------------------|--|--|------------------------------------|
| Rating (5 is highest) | Management Systems – Policies and Procedures | Worker Involvement & Communication | Training & Capacity Building |
| | Internal Social Performance Team | Complaint Management & Resolution | Level and Type of Non-conformances |
| | Management of Suppliers & Contractors | External Verification & Stakeholder Engagement | Progress on Corrective Actions |

Each of the nine categories is rated on a scale of 1 to 5, with 5 being the highest. Below, we have indicated the general guidelines for each level.

| | |
|----------|---|
| 5 | Mature systems with internal and external implementation and continual improvement. |
| 4 | Fully developed systems with improving utilization. |
| 3 | Systems approach adopted, but mixed level of development and implementation. |
| 2 | Limited systems with sporadic implementation. |
| 1 | Little or no awareness or repeatable processes. |

Social Fingerprint® was used to establish baseline and final scores of measurement that, once compared, would demonstrate that the human rights management system of the company ‘had matured, as a result of the effective incorporation of the UNGPs in their business practices.’

Therefore, after receiving technical assistance, CASUR was subject to its first Social Fingerprint® assessment. The second one was carried out in September 2014.

The score obtained in the first Social Fingerprint assessment was 3.8/5, which corresponds to a basic human rights management system, with opportunity for improvement (Figure 5)..

FIGURE 5

| CATEGORY | Score |
|--|-------------------|
| Management System | 4.2 |
| Internal Social Performance Team | 3.9 |
| Worker Involvement and Communications | 3.8 |
| Complaints Management and Resolution | 3.6 |
| Level and Types of Non-conformances | 4.1 |
| Progress on Corrective Actions | 4.0 |
| External Verification and Stakeholder Engagement | 3.5 |
| Training and Capacity Building | 3.6 |
| Management of Supply Chain | 3.4 |
| Total | 34.0 |
| | Average Score 3.8 |

Commitment to Policy

The vision of the Company is: “To be a sugar cane agribusiness that is vertically integrated in the production of sugar, ethanol and energy, and permanently committed to obtain the maximum financial, social and environmental sustainability.”

We believe that, by talking about financial, social and environmental sustainability, the values of the United Nations Guiding Principles are being evidenced.

It is very important for us that all companies and organizations in the country embrace the implementation of the United Nations Guiding Principles, because it allows us to contribute positively to the development of a better nation.

CASUR is currently drafting the policy, with the aim of publishing it at the end of 2014.

Project partners may review the public access policies on human rights from a variety of businesses, available on the Business and Human Rights Resource Center website. In addition, they can pursue a better orientation to develop these policies and to be aware of the importance of assessing all existing policies and procedures dealing with individual human rights issues, with the aim of bringing them all under one comprehensive policy.

Final Assessment of the Management System

The second and final assessment of the management system by using the Social Fingerprint tool was carried out in September 2014. The result was 3.9 of 5 points, which corresponds to a basic system in a human rights management system (see Figure 6). This also shows that there are several aspects that have been identified, but they are still in the development and implementation processes.

FIGURE 6

| CATEGORY | Score |
|--|-------------------|
| Management System | 4.5 |
| Internal Social Performance Team | 3.9 |
| Worker Involvement and Communications | 3.8 |
| Complaints Management and Resolution | 4.2 |
| Level and Types of Non-conformances | 4.1 |
| Progress on Corrective Actions | 4.0 |
| External Verification and Stakeholder Engagement | 3.5 |
| Training and Capacity Building | 3.6 |
| Management of Supply Chain | 3.5 |
| Total | 35.1 |
| | Average Score 3.9 |

The figure shows that the score of the management system performance has slightly increased. This is because CASUR is still developing and implementing the action plan designed for improvement opportunities.

Implementation Challenges

CASUR's social performance team is currently drafting the policy. Once the draft is finished, it will be consulted with key stakeholders from the different areas, to be subsequently reviewed by the Human Resources Manager, and approved and signed by the General Manager. Eventually, it is published to all employees and stakeholders of the Company, especially the supply chain.

The Company is constantly seeking to foster a healthy and productive work environment, encouraging the potential and creativity of its staff and promoting collaboration and teamwork.

Along these same lines, the Company cares about:

- > Complying with labour laws and regulations.
- > Respecting and promoting full respect for differences and opinions of others, banning all forms of harassment and discrimination.
- > Safeguarding personnel and facilities by using safety equipment, devices, procedures and systems.
- > Protecting the environment and the occupational health of its staff.
- > Defining, communicating and enforcing CASUR's internal regulations and policies.

CASUR is also committed to provide its staff with competitive benefits and compensation, as well as professional development, update and acknowledgements; to encourage open communication and appropriate channels for feedback; and to base promotion on merits.

Some of the important actions to be highlighted are:

1. Policy of Zero Recruitment of minors under 18.
2. Medical tests prior to and during the employment and at the end of the harvest time.
3. Direct hiring of temporary staff.
4. Induction and daily talks on safety for 10 minutes before starting the day's work.
5. Training and raising awareness on the importance of using protection equipment, for one's own health and that of our families.
6. People requiring hydrating serums are guaranteed the right formula.
7. Availability of a nurse, drinking water and a first-aid kit.
8. Snacks are provided.

9. Additionally, in the framework of the “Combination HIV/AIDS Prevention” health program, in strategic partnership with COSEP and MINSA, CASUR has sensitized 2,225 collaborators, prioritizing those from the field, in the following six key issues of the Program: family planning, use of condom, sexually transmitted infections, HIV/AIDS, Gender-based violence, stigma and discrimination.

We are convinced that this approach is fundamental to the growth and sustainability projections of the Company, because human capital is the main asset in successful companies, as well as the positive relations with all their stakeholders.

CASUR acknowledges a competitive advantage in his staff and promotes the appropriate environment for their comprehensive development. Figure 7 shows the action plan that is being developed and implemented, which is intended to be completed in 2014.

FIGURE 7

| Management Systems | Complaint Management and Resolution | Management of Supply Chain |
|---|---|--|
| <p>Recommended Actions</p> <ul style="list-style-type: none"> > It is very important to have a human rights policy that refers to the UN Guiding Principles. > Make sure that the new human rights policies, procedures and records are maintained and reviewed regularly. > Make sure to create a wide understanding of the entire company. > Implementation Date: October 2014 | <p>Recommended Actions</p> <ul style="list-style-type: none"> > Train the Internal Social Performance Team. A member and a workers’ representative can help to spread the correct use of the suggestion box and its scope. > Write a procedure to avoid reprisals and protect workers reporting irregularities. > The suggestion box should be shared with the subcontractors’ employees. > The suggestion box should be shared with external groups of stakeholders. > Implementation Date: November 2014 | <p>Recommended Actions</p> <ul style="list-style-type: none"> > CASUR must communicate the new policy to its entire supply chain. > To develop and implement the use of a risk assessment form for the simple supply chain, on the basis of the new human rights policy. > CASUR should make an identification list of the supply chain and classify them according to their level of risk in terms of labour and human rights. > The purchasing department could implement a self-assessment to the supply chain. > Implementation Date: November 2014 |

Conclusion

We can say that the Social Fingerprint measurement tool is a quick process, appropriate for companies, because time management is extremely valuable.

The guide should be answered by an interdisciplinary team, and by staff from the different levels specializing in the issue, in order to ensure that answers are correct.

It is essential to form the social performance team.

An important issue is that the assessment report indicates the actions we must develop in order to improve and move to the next level.

The results report displays the priorities of the activities to be developed.

CASUR is committed to follow up its action plan (see Figure 7) and incorporate the United Nations Guiding Principles on Business and Human Rights (UNGPs) in their business practices.