

Human Rights: Due-Diligence & Impact Assessment



CORPORATE OFFICE:

Vakrangee Corporate House
Plot No. 93, Road No. 16, M.I.D.C., Marol, Andheri (East), Mumbai – 400093, Maharashtra

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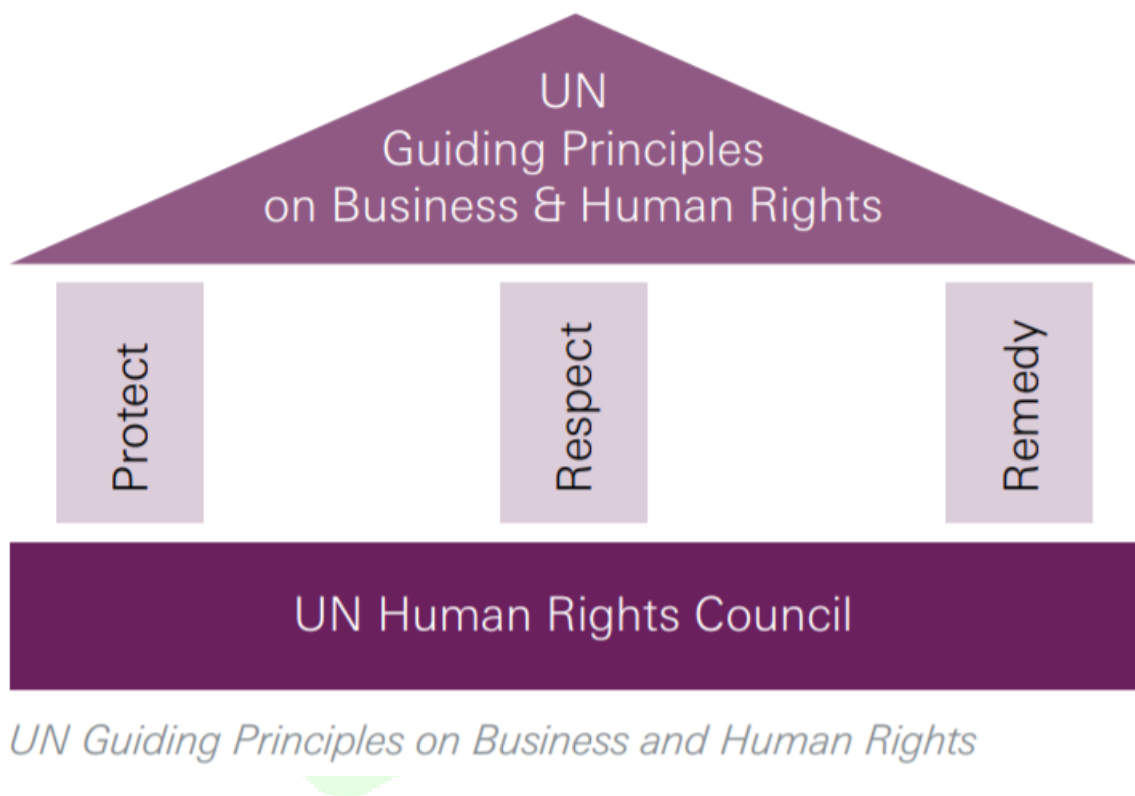
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1. Introduction

This document presents the findings and lessons learnt from Human Rights Impact Assessments (HRIAs) of Vakrangee's operations. It looks at the steps taken by the company towards its commitment to respecting human rights in line with the United Nations Guiding Principles on Human Rights and Business (UNGPs). The document focuses in particular on the assessment of actual and potential human rights impacts resulting from Vakrangee's business activities, both in its own operations and along its supply chains.

We have adopted of the UN Guiding Principles on Business and Human Rights, a framework developed by Harvard Professor John Ruggie.



The corporate responsibility to respect means that businesses should have a human rights due diligence process in place to identify, prevent, mitigate and account for how they address their impacts on human rights. Ruggie has defined the implementation of due diligence to identify, address and mitigate human rights impacts as:

- Assessing actual and potential human rights impacts
- Integrating and acting upon the findings
- Tracking responses and communicating how impacts are addressed.

2. Vakrangee's Corporate Commitment towards Human Rights

Vakrangee Limited recognizes the valuable role that business can play in the longer-term protection of human rights of all the employees. The Company is committed to respecting the human rights of our workforce, communities and those affected by our operations wherever we do business (including our franchisees, vendors and business partners in line with internationally recognised frameworks including the Social Accountability 8000 International Standard and its associated international instruments). This policy applies to Vakrangee Limited, the entities that we own, the entities in which we hold a majority interest and the facilities that we manage. Vakrangee Limited is guided by fundamental principles of human rights, such as those enumerated in the United Nations Universal Declaration of Human Rights, United Nations Global Compact and International Labour Organization's Conventions.

2.1 Our Foundation Principles in alignment to United Nations Human Rights -

- Business enterprises should respect human rights. This means that we should avoid infringing on the human rights of others and should address adverse human rights impacts with which we are involved.
- The responsibility of business enterprises to respect human rights refers to internationally recognized human rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
- The responsibility to respect human rights requires that business enterprises:
 - Avoid causing or contributing to adverse human rights impacts through own own activities, and address such impacts when they occur;
 - Seek to prevent or mitigate adverse human rights impacts that are directly linked to our operations, products or services, even if they have not contributed to those impacts
- In order to meet our responsibility to respect human rights, Company should have in place policies and processes appropriate to their size and circumstances, including:
 - A policy commitment to meet responsibility to respect human rights;
 - A human rights due diligence process to identify, prevent, mitigate and account for how we address their impacts on human rights;
 - Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.

3. Vakrangee's Due Diligence Process

In order to identify, prevent, mitigate and account for how Vakrangee address their adverse human rights impacts, we carry out detailed human rights due diligence process. The process includes assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.

We recognise that we must take steps to identify and address any actual or potential adverse impacts with which we may be involved whether directly or indirectly through our own activities or our business relationships. We manage these risks by integrating the responses to our due diligence into our policies and internal systems, acting on the findings, tracking our actions, and communicating with our stakeholders about how we address impacts.

We understand that human rights due diligence is an on-going process that requires particular attention at certain stages in our business activities, such as when we form new partnerships or our operating conditions change, as these changes may create new potential or actual impacts on human rights. We recognise the importance of dialogue with our employees, franchisees and external stakeholders who are or could potentially be affected by our actions. We pay particular attention to individuals or groups who may be at greater risk of negative human rights impacts due to their vulnerability or marginalisation and recognise that women and men may face different risks.

The Due Diligence Programme covers the following issues:

- Integrating human rights into new and existing policies and processes
 - The statement of Human Rights commitment is made publicly available.
 - We communicate the same actively to entities and stakeholders with whom we have contractual relationships; others directly linked to its operations, which may have significant human rights risks, to the potentially affected stakeholders.
 - Internal communication of the statement and of all related policies and procedures should make clear what the lines and systems of accountability will be, and should be supported by any necessary training for personnel in relevant business functions.
- Training Employees and Franchisees on human rights and developing their capacity on human rights
- Engaging with stakeholders on a wide range of human rights issues and Evaluating risk assessments across its activities
 - The purpose of stakeholder engagement is to understand the specific impacts on specific people, given a specific context of operations. Typically this includes assessing the human rights context prior to a proposed business

activity, where possible; identifying who may be affected; cataloguing the relevant human rights standards and issues; and projecting how the proposed activity and associated business relationships could have adverse human rights impacts on those identified.

- In order to verify whether adverse human rights impacts are being addressed, we track the effectiveness of their response.
- Assessing human rights impacts in high risk operations
- Monitoring and reporting on its performance
 - Tracking is based on appropriate qualitative and quantitative indicators; as well as feedback from both internal and external sources, including affected stakeholders.
- Independent Audits and ISO certifications

Remedy Process:

Even with the best policies and practices, we understand that we may cause or contribute to an adverse human rights impact that the company has not foreseen or been able to prevent. Wherever we identify such a situation, whether through our human rights due diligence process or other means, our responsibility to respect human rights requires active engagement in remediation, by itself or in cooperation with other stakeholders.

Operational-level grievance mechanisms for those potentially impacted by the Company's activities can be one effective means of enabling remediation. We place importance on the provision of effective remedy wherever human rights impacts occur through company-based grievance mechanisms.

We continue to build the awareness and knowledge of our employees and workers on human rights, including labour rights, encouraging them to speak up, without retribution, about any concerns they may have, including through our grievance channels. We are committed to continue increasing the capacity of our management to effectively identify and respond to concerns. We also promote the provision of effective grievance mechanisms by our suppliers.

4. Human Rights Impact Assessment (HRIA): Methodology & Process

According to the UNGPs, companies are required to assess their human rights impacts, as an integral part of human rights due diligence. It is important to acknowledge that the UNGPs do not specify what type of assessment companies are required to undertake, therefore it can be a range of assessments, e.g. integrate human rights in other assessment process such as social impact assessment, early due diligence risk assessments or undertake standalone human rights impact assessments (HRIAs). Whatever form is adopted, according to the UNGPs assessment of human rights impacts should include a number of aspects: companies should

assess actual and potential impacts, impacts the company has caused or contributed to or is linked to, engagement with rights-holders and other relevant stakeholders, including vulnerable groups, in an appropriate and meaningful manner and include all relevant international human rights as a reference point phase.

The Vakrangee HR team and Human Rights Council team plays an important and active role in the preparation phase. A HRIA focal point is identified in every department and state operation that serves as the primary Vakrangee has chosen to undertake stand-alone HRIAs for internal stakeholders and as part of Social assessment for external stakeholders. Vakrangee Corporate HQ conducts an introductory call with each department team and state team to inform them about the HRIA in general, what the difference is between an HRIA and an audit, the process and the rationale behind the HRIA which will be conducted in the state operation. Following the introduction, we inform the department and state team of the entire process on an ongoing basis with detailed briefings and information throughout the preparation contact person for the assessment team and acts as the lead of the process from the state operation side. The HRIA focal point is in charge of ensuring that the HRIA process goes smoothly in the preparation phase, during the in-state and in-department assessment and during the follow-up phase. The focal point is charged with sharing relevant information with the assessment team, completing the scoping questionnaire, identifying the interviewees at the department level, state office and most importantly ensuring that the HRIA self-assessment questionnaires are completed. The questionnaires are completed by the various department heads and employees as well as state teams at the state operation level. The assessment team aims to interview the same people who have completed the self-assessment questionnaires during the state field visits.

HRIAs are not Audits. The baseline against which HRIAs are performed (international human rights standards) is much more comprehensive than audits' (usually focusing on compliance with company's policies and national laws). This has helped the company uncover more areas for improvement compared to audits. This can also be explained by the fact that audits are usually presented and seen as a way of verifying that there is no non-compliance, while HRIAs are a process that aims to uncover areas for improvement as a way to improve overall human rights performance at the corporate and state operations levels.

After every HRIAs, a presentation is held by Human Rights Council team to present the findings of the HRIAs and the agreed remedy action plans. This allows for more adequate follow up of actions at the HQ and state level. Regularly team follows up with the departments and state team on actions undertaken, to discuss challenges the team faces in addressing the impacts and issues in the action plan and to provide support to the respective

department or state team where needed and once all actions have been implemented the process is completed.

Every HRIA typically goes through a 4-step process. Each step involves specific tools and resources, as mentioned below:

1. Step 1 - Scoping
 - a. Scoping Questionnaire
 - b. Mapping Stakeholders
2. Step 2 – Assessing
 - a. Self-Assessment Questionnaire with Internal stakeholders
 - b. Interviews
 - c. Social Assessment surveys with External Stakeholders
3. Step 3 – Acting & Integrating
 - a. HRIA Report
 - b. Assessment Report & Feedback
 - c. Corrective Action Plan
4. Step 4 – Tracking & Communicating
 - a. Tracking and Communicating Action Plan
 - b. Communicating Outcomes

5. Assessing actual and potential human rights impacts

The second step in conducting human rights due diligence for a company is to identify and assess the nature of the actual and potential adverse impacts with which the company may be involved. Once these human rights impacts have been assessed, this step informs subsequent steps in the human rights due diligence process.

8 Functional areas are covered in the HRIA: Human Resources, Health and Safety, Security Arrangements, Business Integrity, Community Impacts, Procurement, Sourcing of Raw Materials and Product Quality and Marketing Practices. The assessment is centered around these 8 areas as outlined in the table below:

Functional Areas Identified	Human rights areas Identified	Business Activities Involved	Participants Involved
Human Resources	Working conditions Working hours	Head Office	Vakrangee's Human Resources Manager

	Wages Living wage Benefits Leave Breaks Non-discrimination Freedom of association and collective bargaining Privacy Grievance mechanisms		Vakrangee's Human Resources assistant(s) All HO Employees
		State Office Franchisee Kendra Locations	State Teams Field Teams Vakrangee Kendra Franchisees
Health and Safety	Workplace health and safety Health & safety training Personal Protective Equipment (PPE) Access to medical services, First Aid Kit SHE training Occupational illnesses	Head office State Office	All HO Employees All State Employees including field teams Vakrangee Kendra Franchisees
Security Arrangements	Security situation and management procedures at Vakrangee Offices and Vakrangee Kendras Security guards Security training Recruitment process	Head office State Office Vakrangee Kendra Outlets	Security Manager and Officers Security contractors Security guards
Business Integrity	Processes on bribery and corruption Bribery Corruption Lobbying Complicity	Head office State Office Vakrangee Kendra Franchisee Locations	All Employees & Vakrangee Kendra Franchisee (Including franchisee Staff) across organization
Community Impacts	Community engagement Access to water Environmental impacts Land rights	Head office State Office Vakrangee Kendras Outlets	Vakrangee's Field Staff Vakrangee's Kendra Franchisees
Procurement (goods and services)	Procurement of goods and services by Vakrangee, Working conditions, Health and safety, Security and Community impacts)	Head office	Vakrangee's Chief Procurement officer and Manager (s), Purchase Committee
		Suppliers' facilities	Suppliers' facilities Suppliers' workers
Sourcing of Raw Materials	Working conditions at Vakrangee Kendra Outlets Working hours	Head Office	Procurement Officer(s)

	Living wage Non-discrimination Freedom of association and collective bargaining Grievance mechanisms Child labour Forced labour Health & safety		
Service Marketing Initiatives	Service marketing and Advertising Use of social media for marketing purposes	Head office State Office Vakrangee Kendra Franchisees	Vakrangee's Chief Marketing Officer & Marketing Manager (s) State team Field team Vakrangee Kendra Franchisees

At the end of the HRIA exercise, the assessment team presents its preliminary findings based on an aggregate assessment and analysis of all the assessment interviews that have been held. The analysis is carried out for each functional area and then the findings are aggregated per topic. The findings are complemented by relevant external stakeholder input. For each functional area the strengths, improvement areas and best practice opportunities are presented. The debriefing session where these findings are presented provide the team with the opportunity to give feedback and to clarify any issues arising. Based on the findings of the HRIA, the assessment team prepares a HRIA report.

The HRIA report forms the basis for the HRIA action plan. Once all parties have agreed on the content and recommendations of the action plan, a timeline for implementing the recommendations is determined by the team. For every action a designated person is appointed who is in charge of ensuring that the action is taken in a timely manner. Vakrangee Human Rights council team along with Human resources team fulfills the role of monitoring the follow-up of the actions at the country operation level. On a regular basis Vakrangee Human Rights council team follows up with the state heads and Department heads on progress on actions undertaken, to discuss challenges these team faces in addressing the impacts and issues in the action plan and to provide support where needed and once all actions have been implemented the process is completed. Beyond the HRIA Action Plans themselves, the results of the HRIAs have also proven useful to identify trends that had to be addressed at the corporate level.

6. Summary of Actions & Improvement Identified through HRIA

The table below summarizes the actions that have been taken based on the areas for improvement identified through the HRIAs

Areas of Improvement Identified	Remedial Action Implemented – State / Field / Franchisee Level	Remedial Action Implemented – Corporate Office level
Human Resources: • Living wage • Working hours • Grievance mechanism - There was no grievance mechanism for Franchisee's Employees	Wages and Working Hour Surveys Conducted at Franchisee outlets to ensure wages and working hours are in-line with minimum threshold state level laws and regulations Working Conditions Action Plans are being implemented and include a timeline to work towards the reduction of working hours to 60 hours/week Grievance mechanism also introduced for Franchisee's employees	Internal grievance mechanism is coordinated by our Compliance Department. It has been introduced and training has been provided to all the employees.
Security arrangements: • No reference made to human rights in regard to security providers • Lack of human rights training to security personnel		Training conducted for the Human rights for security personnel
Business Integrity: • Weak internal awareness within field and franchisee operations on corruption, bribery and facilitation payments	An Anti-Corruption training module has been rolled out in state operations by our HR and Compliance Departments For franchisees, we launched a dedicated Code of conduct along with a detailed training module to cover all these Aspects.	
Community Impacts: • Lack of grievance		A set of Community Engagement Guidelines is currently being

<p>mechanisms for potentially affected communities</p> <ul style="list-style-type: none"> • Creating Shared Value programmes are not based on community needs 		<p>developed by our Sustainability Department and Corporate Social Responsibility Committee</p>
<p>Procurement:</p> <ul style="list-style-type: none"> • Lack of periodic systematic monitoring of human rights and labor standards of high risk suppliers 		<p>We initiated an Supplier ESG assessment survey exercise by the Purchase committee to ensure periodic reviews.</p> <p>We also introduced Annual review of Supplier code of conduct and stakeholder discussions.</p>
<p>Marketing practices at field level :</p> <ul style="list-style-type: none"> • Risk that underage workers are engaged by franchisees in informal distribution of marketing material like leaflets, posters etc 	<p>Franchisees, State and Field operations teams have been made aware and trained on best practices. Also field team is made aware about the reporting mechanism if any such case is known, also potential cases where there is a risk that underage workers could be engaged in the (informal) distribution of Vakrangee Kendra marketing material, field team to investigate</p>	



Thank You

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