THE DANISH INSTITUTE FOR HUMAN RIGHTS

THE HUMAN RIGHTS COMPLIANCE ASSESSMENT TOOL
MANAGEMENT

CONSULTATION DRAFT JUNE 2015
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This consultation draft was developed by the Human Rights Development Department of the Danish Institute for Human Rights.

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Welcome to the Management section of the Human Rights Compliance Assessment (HRCA) tool. This section contains indicators on how human rights are reflected in company policies, due diligence mechanisms and grievance mechanisms.

The sub-categories for this section are:

- Policy Commitment
- Identify and Assess potential and actual human rights impacts
- Integrate and Act on assessment findings
- Track & communicate on impact prevention and mitigation
- Grievance Mechanisms

This section is new to the HRCA and has not been through an external consultation process. DIHR would like to engage with stakeholders on the content and implementation of the HRCA. This includes providing case studies, sending submission on specific components and engaging with us on projects to improve and advance the content of the tool.

To submit your feedback, go to the platform here: http://business-humanrights.org/en/platform-for-human-rights-indicators-for-business-hrib

You can also contact us directly: hrib@humanrights.dk
**1.1 POLICY COMMITMENT**

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<th>Section Policy Commitment</th>
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**Question**

Does the company have a policy commitment to respect human rights throughout its business operations?

**Description**

Companies can affect virtually the entire spectrum of internationally recognized human rights, which means that their responsibility to respect applies to all such rights. The UN Guiding Principles on Business and Human Rights make specific reference to the human rights as reflected in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights and the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) coupled with the principles concerning fundamental rights in the eight ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work. Depending on circumstances, the company should also consider additional standards. For instance rights of particular societal groups, including but not limited to: indigenous peoples; women; national or ethnic, religious and linguistic minorities; children; persons with disabilities; and migrant workers and their families.

A policy commitment refers to a statement in which the company sets out its commitment to meet its responsibility to respect human rights. According to the UN Guiding Principles on Business and Human Rights, the commitment should be:

- Approved at the most senior level of the business enterprise;
- Informed by relevant internal and/or external expertise;
- Stipulate the enterprise’s human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services;
- Publicly available and communicated internally and externally to all personnel, business partners and other relevant parties;
- Reflected in operational policies and procedures necessary to embed it throughout the business enterprise.
### Suggested Indicators

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<tr>
<th></th>
<th>Description</th>
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<th>F/A</th>
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<tbody>
<tr>
<td>1</td>
<td>The company has a policy commitment on human rights, either a stand-alone policy or one which is integrated into other policies.</td>
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<td>The policy includes a commitment to respect all internationally recognised human rights understood, at a minimum, as the International Bill of Human Rights &amp; the ILO core conventions.</td>
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<td>3</td>
<td>The company has included in the policy additional standards such as the human rights of individuals belonging to specific groups (women, ethnic minorities, children, persons with disabilities, indigenous peoples, migrant workers etc.).</td>
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<td>4</td>
<td>The policy commitment demonstrates that the company understands respect for human rights to be a minimum standard for conducting business with legitimacy both inside and outside the company.</td>
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</table>
5. Those responsible for developing the human rights commitment have assessed which human rights the company is most likely to have an impact on.

6. The policy commitment includes references to commitments that the company has made to relevant voluntary initiatives.

7. The policy commitment is approved at the most senior level of the company.

8. The policy commitment clearly communicates the company's human rights expectations of its personnel.
9 The policy commitment clearly communicates the company’s human rights expectations of business partners, including business entities in the value chain.

10 The policy commitment clearly communicates the company’s human rights expectations of other parties directly linked to its operations, products and services.

11 The policy commitment is informed by insight and/or advice from internal sources of expertise, such as key functional staff.

12 The policy commitment is adequately informed by insight and/or advice from external sources of expertise, such as government, human rights practitioners, civil society circles and academia, etc.
13 The policy commitment is reflected in the company's operational policies and procedures necessary to embed it throughout the business enterprise.

14 The policy commitment is reflected in policies and procedures that set financial and other performance incentives for personnel.

15 The policy commitment is reflected in policies and procedures that govern lobbying activities where human rights are at stake.

Comments:

Basis for assessment:


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<tr>
<td>1.1.2</td>
<td>Management</td>
<td>Policy Commitment</td>
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</table>

Question
Does the company communicate the policy commitment internally and externally?

Description
The company should ensure internal communication on the policy commitment and of related policies and procedures with the aim of making clear what the lines and systems of accountability...
will be. This should be supported by any necessary training for personnel in relevant business functions.

The other sections of the HRCA further elaborate on how human rights can be anchored throughout the organisation on specific human rights areas of concern.

**Suggested Indicators**

<table>
<thead>
<tr>
<th></th>
<th>The policy commitment is publicly available.</th>
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<td>1</td>
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<table>
<thead>
<tr>
<th></th>
<th>The statement of policy is communicated internally to all personnel.</th>
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<tr>
<td>2</td>
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<table>
<thead>
<tr>
<th></th>
<th>Internal communication of the statement and of related policies and procedures make clear what the lines and systems of accountability will be, including the consequences for breaches.</th>
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<tr>
<td>3</td>
<td><img src="true_false_f_a_n_a.png" alt="Truth Table" /></td>
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</table>
4 The internal communication is supported by any necessary training for personnel in relevant business functions.

5 The statement of policy is actively communicated to entities with which the company has contractual relationships.

6 The statement of policy is actively communicated to others directly linked to its operations, which may include security forces and investors.

7 In case of operations with significant human rights risks, the statement of policy is communicated to potentially affected stakeholders.

Comments:

Basis for assessment:
Question references: UN Guiding Principles on Business and Human Rights (2011): Principle 16
## 1.2 IDENTIFY AND ASSESS

<table>
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<th>Section Identify and Assess</th>
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<td>1.2.1</td>
<td>Management</td>
<td>Identify and Assess</td>
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**Question**
Does the company identify and assess the actual and potential adverse human rights impacts with which it is involved?

**Description**
The company should identify and assess the nature of their actual and potential adverse human rights impacts. The process of assessment should include all internationally recognised human rights as a reference point. The focus of the assessment is on risks to people not to the business.
Depending on the size of the business enterprise and the nature and context of its operations, assessments should involve meaningful engagement with potentially affected individuals and groups. Consultation should be done in a manner that takes into account potential barriers to engagement, such as language. In situations where direct consultation is not possible, legally or logistically, business enterprises should consider reasonable alternatives such as consulting credible independent experts.
If business enterprises have large number of entities in their value chain, it may be unreasonably difficult to conduct due diligence across all of them. If so, the company should identify general areas where the risks are most significant and prioritize among these.
Assessments of impacts should be done at regular intervals and before any major decisions or changes in the operation. Business enterprises should pay special attention to any particular individuals from groups or populations that may be at heightened risk of vulnerability or marginalization.
Finally, the company should ensure that all information on the potential impacts of its business operations are shared and accessible to potentially impacted individuals or communities.
Suggested Indicators

1. The company has processes in place to identify and assess any negative impact on human rights with which they may be involved. Including; actual impacts (past and current) and potential impacts (those likely to occur in the future); impacts from the company’s own activities whether directly or through contribution; as well as impacts which may be directly linked to company operations, products or services by its business relationships.

2. The company pays special attention to any particular human rights impacts on individuals from groups or populations that may be at heightened risk of vulnerability or marginalization (this could include women, children and migrant workers).

3. The company seeks to understand the concerns of potentially affected stakeholder by consulting them directly.
4 Consultations with potentially affected stakeholders are done in manner that takes into account language and other potential barriers to effective engagement.  

5 In situations where such consultation is not possible, the company consults reasonable alternatives such as credible, independent expert resources, including human rights defenders and others from civil society.  

6 The company assesses and addresses impacts at regular intervals; prior to a new activity or relationship; to major decisions or changes in the operation (e.g. market entry, product launch, policy change, or wider changes to the business); in response to or anticipation of changes in the operating environment (e.g. rising social tensions); and periodically throughout the life of an activity or relationship.  

Comments:  

Basis for assessment:  

Question references: Question references  
UN Guiding Principles on Business and Human Rights (2011): , Principle 12, 17, 18
### 1.3 INTEGRATE AND ACT

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<th>Area Management</th>
<th>Section Integrate and Act</th>
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**Question**
Are Company findings from impact assessments integrated across relevant internal functions and processes?

**Description**
The company should work systematically to integrate findings from its impact assessments. Integration of the findings can only be effective if its human rights policy commitment has been embedded into all relevant business functions. This is required to ensure that the assessment findings are properly understood, given due weight, and acted upon.

**Suggested Indicators**

1. The company assigns specific responsibilities to address the individual findings on impacts.

   - True
   - False
   - F/A
   - N/A

2. Responsibilities are assigned to the appropriate level and function within the company (and within corporate reporting lines).

   - True
   - False
   - F/A
   - N/A
Effective responses are enabled by internal decision making, adequate internal budget allocations, incentive systems, and oversight processes.

Comments:

Basis for assessment:


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<th>Section Integrate and Act</th>
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<tbody>
<tr>
<td>Question</td>
<td>Does the company understand the nature of its involvement (cause, contribute, linked to) and take appropriate action?</td>
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<tr>
<td>Description</td>
<td>In assessing human rights impacts, the company should look for both actual and potential adverse impacts, as well as their relationship to the impact (cause, contribute to or linked to the impact). Potential impacts should be prevented or mitigated through the horizontal integration of findings across the business enterprise, while actual impacts—those that have already occurred – should be a subject to remediation. When addressing human rights impact the company should consider consulting external experts. The more complex the situation and its implications for human rights, the stronger is the case for the enterprise to draw on independent expert advice in deciding how to respond.</td>
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### Suggested Indicators

**1.** Where the company causes or may cause an adverse human rights impact, it takes the necessary steps to cease or prevent the impact from occurring or recurring.

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**2.** Where the company contributes or may contribute to an adverse human rights impact, it takes the necessary steps to cease or prevent its contribution and uses its leverage to mitigate any remaining impact to the greatest extent possible.

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**3.** Where the company has leverage to prevent or mitigate an adverse human rights impact that it is linked to through a crucial business relationship, it exercises leverage.

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**4.** Where the company lacks leverage to prevent or mitigate an adverse human rights impact that it is linked to through a crucial business relationship, the company seeks ways to increase its leverage, e.g. through offering incentives, collaborating with peer companies, or engaging with Government or Civil Society actors in order to affect change.

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Where the company is unsuccessful in exercising its leverage to prevent or mitigate a human rights impact that it is linked to through a crucial business relationship, it considers ending the relationship.

Where the company is considering ending a crucial business relationship that links the company to an adverse human right impact, the company takes into consideration the severity of the impact as well as credible assessments of potential adverse human rights impacts of terminating the relationship.

Where the company remains in a crucial business relationship that links it to a recurring adverse human rights impacts, the company is able to demonstrate its own ongoing efforts to mitigate the impact. The company is prepared to accept the reputational, financial or legal consequences of a continued connection to a crucial partner, which links the company to an adverse human rights impact.

The company draws on independent expert advice in deciding how to respond where the situation and its implications for human rights are complex.

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Question
When necessary to prioritise actions to address actual and potential adverse human rights impacts, does the company begin with the most severe impacts?

Description
All human rights are created equal, there is no list of priority human rights. However, when determining which impacts to focus on first the company should focus on the severity of the impact. Severity is not an absolute concept, it involves; professional judgment; dialogue with rights-holders; consideration of the interrelatedness of impacts; as well as consideration of long-term consequences.

Suggested Indicators

1. The company has a procedure through which it assesses the severity of its adverse human rights impacts by their scale, i.e. how grave the impacts are, scope, i.e. the number of individuals affected, and by their irremediable character, e.g. if it affects the life and health of individuals, or the welfare of entire groups or communities.
2 In determining severity, the company takes into account the risk that a delayed response can disproportionately affect persons belonging to vulnerable or marginalised groups such as women, children, indigenous peoples and minority groups.

3 Where possible, the company engages with those whose rights are at risk in order to ensure that the company understands the impact it may have on them.

Comments:

Basis for assessment:

1.4 TRACK AND COMMUNICATE

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<th>Section Track and communicate</th>
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**Question**
Does the company track the effectiveness of its responses to adverse human rights impacts?

**Description**
The company should track its performance in order know if its human rights policies are being implemented optimally, whether it has responded effectively to the identified human rights impacts, and to drive continuous improvement. In this process the company should make particular efforts to track the effectiveness of their responses to impacts on individuals from groups or populations that may be at heightened risk of vulnerability or marginalization.

Company tracking should be integrated into relevant internal reporting processes. Often, the company will employ tools they already use in relation to other issues, e.g. performance contracts and reviews as well as surveys and audits, using gender-disaggregated data where relevant.

Operational-level grievance mechanisms can also provide important feedback on the effectiveness of the business enterprise’s human rights due diligence from those directly affected.

**Suggested Indicators**

1. The company is tracking whether its human rights policies and procedures are being implemented optimally.

2. The company tracks the effectiveness of its responses to adverse human rights impacts and makes particular efforts to track the effectiveness of their responses to impacts on individuals from groups or populations that may be of heightened risk of vulnerability or marginalization such as children.
3. The tracking drives continuous improvement

4. The tracking is based on both quantitative and qualitative indicators and is integrated into relevant internal reporting processes.

5. The tracking draws on feedback from both internal and external sources. Affected stakeholders are involved in verifying that adverse human rights are being addressed.

6. The company reports on how they address severe adverse human rights impacts where such risks exist, regardless of whether this is due to the nature of business operations or the operating context.

7. Formal reporting on severe human rights risks covers topics and indicators concerning how the company identifies and addresses adverse impacts.
8 The company uses independent verification of its human rights reporting to strengthen its content and credibility.

Comments:

Basis for assessment:


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<td>Management</td>
<td>Track and communicate</td>
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**Question**
Does the company communicate externally in order to account for how they address adverse human rights impacts, particularly when concerns are raised by or on behalf of affected stakeholders?

**Description**
The company should communicate externally in order to account for how human rights impacts are addressed. This is a key component of the company knowing and showing that it respects human rights. This involves communication, providing a measure of transparency and accountability to individuals or groups who may be impacted and to other relevant stakeholders, including investors. The communication can take a variety of form, this includes e.g. in-person meetings, online dialogues, consultation with affected stakeholders, and formal public reports.

**Suggested Indicators**

1 The company is prepared to communicate externally how it addresses adverse human rights impacts and in particular in situations where concerns are raised by or on behalf of affected stakeholders.
2. The communication are of a form and frequency that reflect the company’s human rights impacts.

3. The communication is accessible to its intended audiences.

4. The company provides sufficient information to make it possible to evaluate the adequacy of their response to adverse impacts, (particularly when concerns are raised by or on behalf of affected stakeholders).

5. The communication does not pose any risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality.

Comments:

Basis for assessment:

1.5 GRIEVANCE MECHANISMS

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<td>Management</td>
<td>Grievance mechanisms</td>
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**Question**
Does the company have a trusted procedure for hearing, processing and settling internal and external concerns/complaints?

**Description**
Internal and external stakeholders such as workers, customers and local communities should be able to submit their concerns and complaints about company activities and impact without threat of adverse actions. The company should work with relevant workers’ organizations and local community organizations and/or representatives to establish and maintain effective and fair grievance procedures. The procedures should be transparent and fair and the process for receiving, processing and settling grievances should be clearly described and communicated. The UN Guiding Principles provide a number of effectiveness criteria that should be consulted when developing and reviewing grievance mechanisms.

**Suggested Indicators**

1. The company has a written procedure for how concerns and complaints are received, processed and settled.

2. Information about how to use the procedure; what concerns/complaints can be reported; and how concerns/complaints are processed and resolved, is clear and easily accessible.
3. Workers, including temporary and contract workers, can submit concerns/complaints regarding the company's activities and impact without threat of retaliation by management or other workers.

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4. Customers and external stakeholders can submit concerns/complaints regarding the company's activities and impact without threat of retaliation by company management.

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5. Individuals or representatives of the local community can submit concerns/complaints regarding the company's activities and impact without threat of retaliation by the company.

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6. There is a committee responsible for hearing, processing, and settling concerns/complaints, and includes representatives of the concerned/complaining party in the committee. This could be workers, community or consumer representatives.

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7. A person lodging a concern or complaint is allowed to participate in hearings held with respect to that concern/complaint and is informed of the outcome of the resolution process.

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Comments:

Basis for assessment:

**Question references:** UN Guiding Principles on Business and Human Rights (2011): Principle 20