

A black and white photograph of an industrial facility, featuring large, vertical pipes and a metal ladder structure against a dark sky. The image is used as a background for the document's title page.

**THE DANISH
INSTITUTE FOR
HUMAN RIGHTS**

**THE HUMAN RIGHTS
COMPLIANCE ASSESSMENT
TOOL**

INTRODUCTION

CONSULTATION DRAFT JUNE 2015

CONSULTATION DRAFT OF THE HUMAN RIGHTS COMPLIANCE ASSESSMENT TOOL INTRODUCTION

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The Danish Institute for Human Rights (DIHR) is an independent A-Status national human rights institution modelled in accordance with the UN Paris Principles. The Institute, which was established by statute in 2002, carries on the mandate vested in the Danish Centre for Human Rights in 1987. This encompasses research, analysis, communication, information, education, documentation and the implementation of national and international programmes.

The chief objective of DIHR is to promote and develop knowledge about human rights on a national, regional and international basis predicated on the belief that human rights are universal, mutually interdependent and interrelated. The Institute believes that societies must be based on the rule of law, where the State protects and confers obligations on the individual while safeguarding the most disadvantaged and marginalised groups in society. The Institute cooperates with private entities, organisations and public authorities, with academic institutions and humanitarian organisations in Denmark and in other countries, as well as with the Council of Europe, the EU, the OSCE, the UN, the World Bank and a range of international donors.

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

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FOREWORD

In 1999, the Danish Institute for Human Rights (DIHR) began addressing the human rights impacts of the private sector. The world was watching the rise of globalization with a bit of trepidation, and cases like Shell in Nigeria, BP in Colombia and Nike in Indonesia were demonstrating how the size and impacts of companies could rival those of governments.

Every major social change, from the rise of democracy to the civil rights movement, has come about through actors working within existing systems as well as outside of them. We saw, in those early days, the crucial importance of advocacy campaigns and consumer boycotts. But we also saw what they were missing. We decided to work from within companies, to find champions who shared our values and were willing to promote them upward to their bosses and outward to their far-flung operations.

One of my first meetings, once we started down this path, was with Sven Riskær, then the director of the Danish Industrialization Fund. He said ‘I don’t need you to tell me that human rights are important and that businesses should take them into account. I already know that. What I need is for you to tell me how I should run my business differently when I get to work on Monday morning.’

This simple request became a roadmap for the development of the Human Rights Compliance Assessment. After that meeting, we began the process of translating international human rights principles into concrete, ‘Monday morning’ steps for companies, and building a tool that would help companies carry out those steps. The development, consultation and testing of the tool spanned five years and involved more than 70 companies and human rights organizations and 35 researchers. We launched the tool in 2005.

Since then, it has been applied by companies including Coca-Cola, ENI, GoldCorp, Group SEB, HP, Nestlé, Novartis, Shell and Total, among others. A team of 18 development finance institutions helped us develop the [HRCA Quick Check](#), a condensed version of the tool that has been translated into six languages and formed the basis for the [UN Global Compact Self-Assessment Tool](#). Institutions from the International Financial Corporation to the Global Reporting Initiative

and Social Accountability International have used the HRCA to inspire their own indicators. A group of five pharmaceutical companies made their own sector-specific version of the HRCA, and groups in South Africa, Sierra Leone and China have used the tool as the basis for their own country adaptations.

Thanks to the UN Guiding Principles on Business and Human Rights—and, we like to think, the application of the HRCA around the world—we no longer debate whether companies have the responsibility to respect human rights. We debate whether they are carrying it out effectively enough.

For the first time, DIHR is publishing the complete set of questions and indicators of the HRCA in a consultation draft.

In doing so, we hope the HRCA remains a resource for businesses, governments, civil society organisations and National Human Rights Institutions around the world. And, more importantly, we hope it still provides a guide for what we all can do differently come Monday morning.

Margaret Jungk

UN-appointed independent expert member of the
UN Working Group on Business and Human Rights

Margaret Jungk is former founding Director of the Human Rights and Business Department at the Danish Institute for Human Rights and led the development of the Human Rights Compliance Assessment tool.

INTRODUCTION

The Human Rights Compliance Assessment (HRCA) provides indicators designed to assess and improve the human rights performance of companies.

The indicators went online in 2005 and have been continuously updated to reflect experiences from its practical application as well as changes in the underlying human rights standards on which it is based.

These human rights indicators for business are unique in a number of ways:

- *Tried and tested:* In use since 2005, the indicators have been applied by companies, in real-world practice, for more than a decade.
- *Human rights made simple:* More than 80 international human rights instruments have been translated into systematic checklists covering company policies, procedures and practices.
- *Rigorous consultation:* More than 70 companies and human rights organizations and 35 researchers participated in the five-year consultation before the launch of the indicators.
- *Continuously updated:* The indicators have been refined through years of practical application, and has been updated to reflect changes in international frameworks.

For the first time, DIHR is publishing the complete set of questions and indicators of the HRCA. We do this with the intention to:

- Inspire even more companies to use the indicators and report publicly on their experiences and findings;
- Provide an open-source platform for all actors to draw on as they continue to develop standards, benchmarks and reporting frameworks on corporate human rights performance;
- Provide a benchmark against which governments and other stakeholders can review national regulation of business behaviour;
- Provide space for dialogue on issues where the corporate responsibility to respect human rights is contested or unclear.

OVERVIEW

The HRCA consists of a database of questions and indicators that translate international human rights standards into company policies, processes and performance. The HRCA consists of approximately 200 questions and 1,000 indicators divided into eight sections, with each corresponding to a particular business area.

For each section, questions and indicators are derived from international human rights law and labour instruments, such as the Universal Declaration of Human Rights and the International Labour Organization Core Conventions.



HOW CAN THE HRCA BE USED?

The HRCA can be used by all actors who seek to improve the human rights practices of businesses.

- It allows **companies** to assess and improve their human rights performance across their operations and engage with their stakeholders on a factual basis.
- It allows others actors, including **government agencies, business associations, civil society organisations, labour groups, and National Human Rights Institutions** to monitor corporate human rights performance and engage businesses.

For examples of how the HRCA has been used in different contexts, see the case studies on the [website for Human Rights Indicators for Business](#).

HOW TO USE THE HRCA

Each section contains a set of questions and indicators that address key human rights issues and applicable standards. The indicators under each question provide a detailed checklist of company performance under each topic area. Each question includes a rationale explaining its relevance to business and its link to international human rights standards. Each question has several indicators.

The table below illustrates the structure of the questions:

Question <i>[This section includes the compliance question]</i>		Yes	No	F/A	N/A
Description <i>[This section includes a description that elaborates on the content and background of the question]</i>					
Suggested Indicators					
1	<i>[This section includes the indicators that need to be answered in order to answer the compliance question]</i>	True	False	F/A	N/A
Comments: <i>[In this section the assessor can include comments on the answers given to the indicators and compliance question]</i>					
Basis for assessment: <i>[In this section, the assessor can include details on the basis for the assessment. This would include reference to company policies and procedures and local legislation and guidance]</i>					
Question reference(s): <i>[This section includes references to relevant international standards, conventions and declarations]</i>					

STEP-BY-STEP GUIDANCE

The assessment should be completed using data from a variety of sources to allow an impartial analysis of the question and indicators. Such sources might include: company policies and procedures; interviews with company staff or management representatives; local communities, NGOs or vulnerable groups; government representatives; or national or international human rights experts.

Ideally, any assessment should be undertaken with full cooperation of the business concerned, and on the basis of written company materials as well as in-person interviews, if necessary on an anonymised basis. A business' interest in protecting commercially sensitive confidential information should also be given due consideration.

Step 1: Answer each indicator belonging to the question.

The answering options are:

- **Yes:** The assessor is confident that the company is in compliance
- **No:** The assessor is confident that the company is not in compliance
- **Further attention (F/A):** The assessor finds that there may be a lack of data or information and that the indicator needs further attention
- **Not applicable (N/A)** - The indicator is not relevant to the company's operations

Step 2: Answer the main question.

After each indicator have been answered, answer the main question. The answering options are identical to those stated above.

Further comments/documentation for each question

The HRCA provides space to note the “**comments**” and elaborate on the “**Basis for assessment**”.

In the comments section the assessor can include comments on the answers given to the indicators and compliance question.

In the basis for assessment section, the assessor can include details on the basis for the assessment. This would include e.g. reference to company policies and procedures and local legislation and guidance.

HOW THE HRCA WAS DEVELOPED

The HRCA was designed and developed by DIHR, with funding from Danida, the Confederation of Danish Industries, the Danish Industrialization Fund for Developing Countries, the International Finance Corporation and the EU Directorate-General for Employment and Social Affairs.

The development, consultation and testing of the tool spanned five years and involved more than 70 companies and human rights organizations and 35 researchers. Companies involved in the consultations included large corporations and small enterprises. Representatives from the extractive, pharmaceutical, chemical, food and beverage, telecommunications, manufacturing and apparel sectors all participated.

This broad and wide-ranging participation resulted in a multifaceted and comprehensive review of the HRCA, and ensured that the tool reflected a wider consensus within the business and human rights communities. The consultation process consisted of expert reviews, 40 dialogue reviews, a development bank conference and a specialist committee meeting.

- **Expert Reviews:** Human rights experts were recruited to review and evaluate HRCA indicators. They were selected for their specialised human rights expertise, and contributed extensive knowledge on labour standards; economic, social and cultural rights; and vulnerable groups.
- **Dialogue Reviews:** 40 teams of paired company and NGO representatives reviewed the content of the HRCA. The purpose of pairing company and NGO representatives was to create a balance between the interests of companies and NGOs. Following the dialogue review, each team met with a representative from DIHR to discuss suggestions for modifications. Subsequently, the agreed changes were incorporated into the HRCA.
- **HRCA Specialist Committee Meeting:** After the dialogue reviews, outstanding issues were reviewed by the HRCA Specialist Committee, consisting of five representatives from human rights groups and five from the business community.

The HRCA went online in 2005 and has been continuously updated to reflect experiences from its application, as well as changes in the underlying human rights standards.

In 2011 the HRCA was updated and an online HRCA Portal was created. Access the HRCA Portal [here](#). When subscribing to the HRCA Portal, companies and other users can generate customised checklists that suit their size, operations and geographic location.

In 2014 DIHR began updating the content of the HRCA to reflect ongoing developments in the area of business and human rights. DIHR has made this consultation draft of the HRCA available on the Human Rights indicators for Business platform.

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.

DIHR will re-launch the tool with all feedback incorporated at the Annual Forum on Business and Human Rights in November.

To submit your feedback, go to the platform [here](#).
You can also contact us directly: hrib@humanrights.dk

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