

Respecting Human Rights – Organisational Capacity Assessment Instrument (OCAI)

This Organisational Capacity Assessment Instrument (OCAI) is intended to help you assess and improve your company's management capacity to manage its human rights¹ impacts².

Benefits of using the tool:

- serves as a basis for starting conversations about human rights within your business,
- gives you a benchmark for your company's current capacity to manage its human rights impacts and guidance on how to take it to the next level – to design or improve policies and systems, engage relevant stakeholders, build staff awareness and knowledge, improve your communication and more,
- enables you to establish priorities, targets and aspirations for human rights management practice and performance appropriate to your industry, size, geographical spread and other risk factors, and
- provides for an assessment of how well you are prepared to fulfil the corporate responsibility to respect human rights³ as described by the United Nations (UN) Guiding Principles on Business and Human Rights⁴.

The OCAI consists of a **self-assessment questionnaire with 22 questions** centred on the major elements of the corporate responsibility to respect human rights as outlined in the UN Guiding Principles. The corporate responsibility to respect is a global standard of expected conduct for all businesses regardless of size or where they operate. It gives further clarity and provides a framework for companies to implement the first two UN Global Compact Principles⁵.

The questions in the OCAI are divided into five sections: four questions on policy, four questions on assessing human rights impacts, eleven questions on the integration of respect for human rights, two questions on tracking and communicating performance, and one question on grievance mechanisms.

When filling in the OCAI you evaluate where your company currently stands within a spectrum from “Non-responsive” to “Human Rights Promoter”.



1 Human Rights are basic rights and freedoms that are inherent to all human beings without discrimination. The basic rationale behind human rights is that all people shall be treated with dignity.

2 A human rights impact occurs when an action affects the ability of an individual to enjoy his or her human rights. Actual human rights impacts already have occurred or are occurring. Potential human rights impacts may occur but have not yet done so.

3 For more information on the corporate responsibility to respect human rights please refer to the section “Background – Human Rights and Business” in this document.

4 Guiding Principles on Business and Human Rights, UN Human Rights Council, 2011,

<http://www.globalcompact.de/publikationen/guiding-principles-business-and-human-rights>

5 http://unglobalcompact.org/Issues/human_rights/

Short descriptions of the different levels under each question assist in making the judgement. Moreover, you can decide on the level you aspire to. The difference between where your company is now, and where it aims at, is the journey there is to go on. The completion of the questionnaire gives you a clear overview of your current capacity and aspirations that can be used for awareness-raising and strategy development.

The OCAI is designed to:

- clearly articulate specific management activities required to achieve ‘on-going’ human rights due diligence e.g. in relation to supply chains, employees, customers, grievances, joint venture partners,
- enable you to compare your company’s management capacity in relation to different human rights issues, between business units or subsidiaries, or with other companies,
- apply to companies from different sectors and of different sizes, and
- allow for progression and continuous improvement over time.

For more information on how to use the OCAI, how the instrument has been developed and background on business and human rights please refer to the following section. If you want to start the questionnaire immediately please refer to section 2 starting on page 14.

You can find an online version of the OCAI at: www.globalcompact.de/tools/ocai.

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1. Background to the OCAI

FAQs - How to use the tool

The OCAI is a self-assessment tool. Below you will find some questions and answers which will help you understand the rationale behind the tool and how you can best apply it to your business.

What is the rationale behind the different colours/levels and how do I choose between them?

When completing the questions in the OCAI, you are asked to evaluate where your company stands within a spectrum of possible answers. The descriptions are intended to serve as guidance for assessing your company’s capacity. The answers correspond to six maturity levels from “Non-responsive” to “Human Rights Promoter”. As a general rule, higher levels on the spectrum include the elements of lower levels. This means that under each question the higher response levels include the core elements mentioned in lower response levels and add an additional feature or characteristic that is specific to the higher level. However, progression from level to level is not strictly linear!

As the OCAI is intended for use by companies of different sizes and sectors the answers are kept broad. The descriptions of the levels under each question serve as an orientation for making choices. You don’t necessarily need to have all elements of one level in place in order to opt for this level. In some cases you will feel that you are between two levels. If so please attempt to choose the category that you think corresponds better to the current performance of your company. For some questions descriptions are only provided for five out of the six response levels. The sixth level then reads “no additional requirements”. Please choose this level when you feel your company entirely and constantly fulfils the requirements for level five.

For a general overview of the levels behind the colour spectrum see the graph below.

Corporate Human Rights Management – a Journey towards a more Sustainable Society

Non-responsive	Reactive	Efficient Management	Proactive Experimentation	Strategic Integration	Human Rights Promoter
No formal commitment to or action on human rights. Ad-hoc, superficial engagement when issues are made	Dominant logic is avoidance of reputation risk to the company. Engagement is dominated by issues manage-	Commitment to meeting national and international standards and (legal) requirements. Formal policy commit-	Strong leadership interest amongst management team. Logic has shifted from considering material risks to	Respect for human rights is demonstrably integrated into corporate values and decision making, and top	Human Rights are deeply embedded in the business culture and processes. The focus is on significantly

<p>public. No communication on human rights. No specific resources allocated.</p>	<p>ment and crisis response in reaction to pressure from significant stakeholders. Little embedded understanding of human rights issues. No formal public communication.</p>	<p>ment on human rights is in place. Risk-based segmented approach to assessing and managing human rights impacts⁶. Identified leadership on human rights within the organisation. Stakeholder engagement is taking place. Public communication on human rights.</p>	<p>the company to risks for potentially affected stakeholders⁷. There are examples of innovative initiatives or projects in the business to resolve identified human rights impacts or dilemmas. There is meaningful engagement with potentially affected stakeholders in relation to these specifics.</p>	<p>management gives strong leadership. Ongoing, holistic due diligence process⁸ in place also on the local level. Emphasis is on building capacities across the organisation and on continuous improvement. Meaningful dialogue with potentially affected stakeholders. Learning culture.</p>	<p>changing the political, social and legal context in which the company operates. Attention is on strengthening a human rights respecting culture in and outside the company. Company “walks the talk” and engages in knowledge sharing with external stakeholders.</p>
<p>reactive approach to human rights</p>		<p>active approach to human rights</p>	<p>proactive approach to human rights</p>		

Does my company have to get to the “Strategic Integration” or “Human Rights Promoter” category?

While there is a progression from “Non-responsive” to “Human Rights Promoter” set out in the assessment instrument, it is not the intention to suggest that it is appropriate for all companies to reach “Strategic Integration” or “Human Rights Promoter”. Rather, the intention of the tool is to raise **awareness about where the company is now**, whether there is consistency or discrepancy across the company, how it compares to its peers **and what is appropriate for it to aspire to**.

How companies meet their responsibility to respect human rights will vary according to their operational context, size, sector and their specific human rights risk⁹ profile. Each company therefore needs to decide what internal capacity they need to allocate in order to manage their human rights risks effectively. Therefore, the detailed processes employed by a bank differ to an energy provider, differ to an agriculture-based company. They will also be different between a large multinational and a small company with a limited number of suppliers and sites. Companies should keep this in mind as they rank their performance and aspirations.

6 A human rights impact occurs when an action affects the ability of an individual to enjoy his or her human rights. Actual human rights impacts already have occurred or are occurring. Potential human rights impacts may occur but have not yet done so.

7 A potentially affected stakeholder is an individual whose human rights may be affected by a company’s operations, products or services.

8 Human rights due diligence processes refer to the ongoing management processes a company has in place to meet its responsibility to respect human rights. They depend on the size, sector, operating context and the specific human rights risk profile of the company. These processes allow the company to track its risks of having an adverse impact on human rights and to identify the actions needed to prevent and mitigate them.

9 A company’s human rights risk encompasses any risks that its own operations or business relationships lead to adverse impacts on the human rights of people.

Part of this assessment's utility is to enable you to define what you deem appropriate given the profile of your company. For example, an extractive company working in extreme environments may aspire to a different level of capacity compared to a logistics company working only in one developed country. A project-oriented company might aim at the level of "Proactive Experimentation" while for a company that faces some cross-cutting human rights issues the level of "Strategic Integration" might be more appropriate. However, the difference between where the company is now, and where it wants to be, is the journey there is to go on.

Who should be involved when using this tool?

As responsibility for human rights is often shared among different corporate functions several people within your company might find aspects of the OCAI relevant for their work. If you are responsible for sustainability within your company you may use the OCAI yourself to get a general overview of your company's capacities to manage human rights related issues. However, the companies that have road-tested the OCAI reported that the greatest value comes from this capacity assessment **when it is used within a dialogue process, not as a box ticking exercise.**

The OCAI is best applied as part of an interactive workshop that includes representatives from different business functions (such as Human Resources, Procurement, Compliance, Health and Safety, Projects/Operations etc.). Such an inclusive approach allows you to get different perspectives on your company's current performance. Moreover, such an interactive dialogue could serve as a starting point for designing or adapting a concrete road map of actions to undertake in the future. Ideally such a workshop should be facilitated by someone with knowledge of business and human rights issues. The OCAI could also be used to gather other stakeholders', e.g. suppliers' and business partners' perceptions to further refine your understanding of the company's current performance.

At the beginning of the dialogue, ensure that the objective of the self-assessment is clearly communicated to the participants and that there is sufficient human rights awareness and commitment. Establishing ownership of the results early on in the process will help you get support and buy-in for the implementation of action plans developed as a result of the assessment.

What do I include in the assessment?

You can apply the assessment to your company as a whole or use it to assess the capacity of certain subsidiaries, sites, business units or business partners. For instance, the tool can be used to compare the capacities of different business functions and help identify gaps and risks in that regard. You can also fill it in with a certain rights category in mind. It can also be used over several years to compare and track progress of a corporate human rights programme over time.

To focus on the whole company might be the preferred option for smaller companies or if you are just getting started with the management of human rights issues. If you conduct the assessment with a team of people make sure that all participants are clear about what the unit of analysis is.

I work for a small and medium enterprise (SME). How can I make the best use of this tool?

The corporate responsibility to respect human rights applies to all businesses independently of their size and other distinguishing factors. This means that as an SME you have the same responsibility not to negatively impact on the human rights of persons affected by your business activities and relationships as any other company. Also, human rights issues may be as significant for your business as for a large multinational.

Nonetheless, the processes by which you ensure that you respect human rights will differ from that of larger companies. In many cases the management processes your company employs will be more informal and less sophisticated than described in the OCAI. It is helpful to keep that in mind as you go through the tool. As you read the answers, try to identify whether the rationale behind the processes and systems described here mirrors what you have in place in your company.

Don't feel discouraged if you find your company to be on the reactive side of the spectrum. Rather try to identify whether this position is appropriate considering the potential and actual impacts your company/sector has on people's lives. If you feel that some questions are not relevant for your business at all, you can skip them and proceed to the next question.

Does this assessment give me an insight into my company's human rights impacts and performance?

The OCAI is designed to help you self-assess your company's **management capacity** to implement respect for human rights. Although it includes questions on how your company assesses its impacts on human rights it is **not a human rights impact assessment. Nor is it intended to function as an expert compliance check.**

The assessment should rather be seen as an opportunity to engage in an internal dialogue process around what a company does and how it wants to perform with regards to human rights. The discussion initiated around the capacity assessment is where its strength lies. The background sections of the tool guide you to resources you can consult if you wish to conduct human rights impact or compliance assessments.

Do I have to fill in the whole tool in the order given here?

The assessment does not necessarily need to be done in the order listed here – although this is recommended in order to focus on all elements of what respecting human rights entails. If you deem it appropriate for your business you might also choose to focus only on one subsection or question and apply it to several subsidiaries or sites, business units, partners or products. You can leave out questions if you think they do not apply to your business. If you do so, it might be helpful to reflect why this particular issue is not relevant for your company. We recommend you to familiarise yourself with the tool before you decide.

A note on terminology

We have sought to use specific terminology only where it is necessary, to be consistent in its application and on the following basis:

- The term “risk” is used in relation to the business, and potential losses to the business in financial, reputational or other terms
- The term “human rights risk” or “risk to human rights” is used to describe any risks that a company’s own operations or business relationships lead to adverse impacts on the human rights of people.
- “Impacts” are used in relation to people, those people whose human rights are actually or potentially impacted by business actions.
- These people who are or may be impacted are known as “(potentially) affected stakeholders”.
- Whereas other stakeholders who might influence a business in various ways but whose human rights are not necessarily impacted are described simply as “stakeholders”.

Background - Human Rights and Business

Human rights

Human rights are basic rights and freedoms that are inherent to all human beings without discrimination. The basic rationale behind human rights is that all people shall be treated with dignity.

The United Nations Universal Declaration of Human Rights (UDHR)¹⁰ dates back to 1948. It is the most widely accepted statement of what human rights are. Together with the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESR) it forms the International Bill of Human Rights. Together with the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work these four documents are the reference point for what is often termed "internationally recognised human rights".

The 30+ human rights are wide-ranging. Examples of human rights are:

- the right to freedom from discrimination
- the right to freedom from torture
- the right to freedom of association
- the right to privacy
- the right to enjoy just and favourable conditions of work
- the right to an adequate standard of living
- the right to health

Over time new rights emerge, such as the right to water, as social norms evolve into widely accepted human rights.

How human rights relate to business

International human rights law applies to governments and does not pose direct legal obligations on companies. Still, many human rights provisions are codified in national laws which apply directly to businesses. Human rights extend into many fields where companies have influence, for example employment practices, security, health and safety, environmental protection, product stewardship, community engagement, respect for vulnerable groups and poverty reduction. Just as every other organ of society business action can have a significant impact on the enjoyment of human rights by others – either positively or negatively. On the positive side companies provide jobs, promote economic development, make products and provide services that allow people to live a dignified life. On the other hand business can negatively impact the human rights of their employees and workers in their supply chain, their customers, or surrounding communities.

Companies can potentially impact on all human rights. Examples of companies' impacts on human rights include:

- exposing workers to hazardous chemicals without adequate protective equipment,

¹⁰ <http://www.un.org/en/documents/udhr/>

- working with a supplier that retains workers' passports or forces female workers to take a pregnancy test as a precondition for employment,
- providing loans to an enterprise for a business activity that results in the illegal logging of forests which affects the habitat of an indigenous population,
- sourcing from a company that employs private security personnel that use excessive force against striking workers,
- providing a product to a government that uses it to commit torture, or
- using subcontracted labour in order to impede workers from forming unions.

As awareness about companies' human rights impacts grows, so do political and public expectations of business behaviour. In 2008 the United National Human Rights Council unanimously declared that every company has a responsibility to respect human rights as they relate to its operations and relationships. More and more companies now see respect for human rights as a key component in maintaining their license to operate and managing reputational, operational, financial and legal risks to the business. Moreover, good management of risks to human rights as well as positive contributions to the realisation of human rights help create more stable operating environments, generate business opportunities in certain markets, and can result in improved staff morale, productivity and retention. Increasingly, human rights have become the preferred framework for understanding the social part of sustainability.

The UN Guiding Principles on Business and Human Rights

In June 2011 the UN Guiding Principles for Business and Human Rights¹¹ were unanimously endorsed by the UN Human Rights Council. The endorsement established the Guiding Principles as the global benchmark on business and human rights. They include an overview of the due diligence activities expected of businesses to fulfil the corporate responsibility to respect human rights. In that, they offer a blueprint for companies to manage their risk to adversely impact on human rights.

The Guiding Principles build on the research and extensive consultations undertaken by the UN Secretary-General's Special Representative (SRSG) for Business and Human Rights, Professor John Ruggie, during his six year mandate. Core concepts of the Guiding Principles have already been taken up in policy initiatives by the EU and governments, the review of the OECD Guidelines for Multinational Enterprises, the development of the ISO 26000, the update of the Global Reporting Initiative's (GRI) Guidelines, as well as research and campaign work of civil society.

The Principles were developed to operationalise the UN 'Protect, Respect and Remedy' Framework ("the UN Framework") which was endorsed by the UN Human Rights Council in 2008. The Framework has provided an authoritative focus for the business and human rights dialogue and has encouraged the convergence of stakeholder expectations and action.

It rests on three pillars:

- the state duty to protect against human rights abuses by third parties, including business enterprises,

¹¹ Guiding Principles on Business and Human Rights, UN Human Rights Council, 2011, <http://www.globalcompact.de/publikationen/guiding-principles-business-and-human-rights>

- the corporate responsibility to respect human rights, which means to act with due diligence to avoid infringing on the rights of others and to address harms that may occur,
- the need for access to effective judicial and non-judicial remedies for victims of human rights abuses.

The corporate responsibility to respect – a baseline expectation

Respecting human rights is the baseline expectation for business of all sizes, from all sectors and under any circumstances with regard to human rights. This responsibility goes beyond compliance with national laws. Respecting human rights means responsibility for a company's impacts on human rights. The corporate responsibility to respect human rights means that business should avoid infringing on the rights of others. Moreover they should address any adverse impacts on human rights with which they are involved. This requires a mindset change for many companies as they need to start considering risk to the human rights of people instead of solely looking at risk to the business.

Respecting human rights is not a passive responsibility. It requires having policies and processes in place that help to identify, prevent, mitigate and remediate adverse human rights impacts. This responsibility applies not only to human rights impacts arising from the company's own activities but also to impacts linked to its operations, products or services by its business relationships with States, customers, other companies in its supply chain etc. Moreover the responsibility applies to all human rights because every company can potentially impact on the whole spectrum of human rights.

Adverse human rights impacts occur when an action takes away or reduces the ability of a person to enjoy their human rights. For instance a company that pollutes the water source of a community impacts on the rights to health, water and potentially life of people in that community. Respecting human rights therefore means not to cause harm to the human rights of individuals when an enterprise does business and adequately deal with situations in which harm has been done.

How can businesses fulfil their responsibility to respect?

Companies can fulfil their responsibility to respect human rights by having appropriate policies and management processes in place to exercise human rights due diligence. Human rights due diligence allows companies to actively demonstrate that they "know and show" that they respect human rights.

This includes:

- having in place a policy statement outlining the company's commitment to human rights,
- establishing processes for and carrying out on-going human rights due diligence which means to:
 - assess the company's actual (already occurred or occurring) and potential (risks of doing harm) human rights impacts with which the company may be involved through its own activities and business relationships
 - integrate the human rights policy commitment and assessment results within the company and act upon the findings of assessments
 - track the company's performance and communicate how human rights issues are addressed

- having in place or participating in processes that allow for the remediation¹² of harm a company caused or contributed to.

The OCAI helps you assess your capacities with regard to all of these aspects.

Where do I find more information to start with?

To learn more about human rights and what they mean for business, how to get started on human rights as well as the UN Guiding Principles please refer to the following resources:

- Business & Human Rights Resource Centre, Getting Started Web Portal, <http://www.business-humanrights.org/GettingStartedPortal/Home>
- Business & Human Rights Resource Centre, Info Portal about the UN Guiding Principles, <http://www.business-humanrights.org/Documents/UNGuidingPrinciples>
- UN Human Rights Council, 2011, Guiding Principles on Business and Human Rights, <http://www.globalcompact.de/publikationen/guiding-principles-business-and-human-rights>
- Office of the UN High Commissioner for Human Rights, 2011, The Corporate Responsibility to Respect Human Rights - An Interpretive Guide, <http://www.globalcompact.de/publikationen/corporate-responsibility-respect-human-rights-interpretive-guide>
- Business Leaders Initiative on Human Rights / Global Business Initiative on Human Rights / International Business Leaders Forum / Office of the UN High Commissioner for Human Rights / UN Global Compact Office, 2010, A Human Rights Management Framework, <http://www.globalcompact.de/publikationen/human-rights-management-framework>
- Castan Centre for Human Rights Law / International Business Leaders Forum / Office of the UN High Commissioner for Human Rights / UN Global Compact Office, 2008, Human Rights Translated – A Business Reference Guide, <http://www.globalcompact.de/publikationen/human-rights-translated-business-reference-guide>
- Office of the UN High Commissioner for Human Rights / UN Global Compact Office, 2011, Human Rights & Business Learning Tool, <http://www.globalcompact.de/publikationen/human-rights-business-learning-tool>

¹² Remediation refers to the act or process of correcting a fault or deficiency. In this context it refers to the actions undertaken to make good or compensate for an adverse human rights impact. It may take different forms like apologies, restitution, rehabilitation, financial or non-financial compensation, sanctions, injunctions or guarantees of non-repetition.

How the OCAI has been developed

The Organisational Capacity Assessment Instrument has been developed by TwentyFifty Limited¹³ in cooperation with the companies in the Human Rights Peer Learning Network of the Global Compact Network Germany¹⁴. Its development has been supported financially by the Foundation of the Global Compact Network Germany¹⁵.

The instrument was inspired by leading research into organisational capacities to respond to climate change undertaken by David Ballard¹⁶. It incorporates consultancy TwentyFifty Limited's decade of experience helping multinational businesses to implement their commitments to respect human rights. Moreover, it was informed by the experience of company participants of the Human Rights Peer Learning Network of the Global Compact Network Germany. This Peer Learning Network formed as a result of the human rights coaching program for companies organised once a year by the Global Compact Network Germany. Since 2008, alumni of the coaching that joined the Peer Learning Network have worked to develop a better understanding of their human rights due diligence requirements in regular meetings and through the implementation of their own human rights projects.

The OCAI is based on the UN Framework and the UN Guiding Principles on Business and Human Rights. The background sections have been drafted in a way to reflect the content of the Guiding Principles and interpretations given by the Office of the High Commissioner for Human Rights¹⁷.

The development of the OCAI also included a review of existing tools in the field of business and human rights to avoid reproducing work already done, and cross-references to these are included where appropriate. This review and conversations with companies during the development of the OCAI revealed that many of the existing assessment tools are not being used by companies for a variety of reasons. The OCAI was therefore developed, based on real experience with companies, as a simple and practical tool to support companies to systematically look at the management practices needed to respect human rights. Companies which have used the tool, report it to be of practical benefit.

In June 2011 the Global Compact Network Germany published this tool as "work in progress" and made it available for companies to road-test, review and comment upon. More than 100 stakeholders, the majority of them companies, downloaded the draft version of the tool between July and December 2011. The instrument has been revised at the beginning of 2012 based on the feedback provided by companies that have applied the tool during this road-testing phase.

We thank all stakeholders that participated in the road-testing process for their valuable input and comments!

¹³ www.twentyfifty.co.uk

¹⁴ <http://www.globalcompact.de/themen/menschenrechte>

¹⁵ <http://www.globalcompact.de/themen/stiftung-deutsches-global-compact-netzwerk>

¹⁶ David Ballard, Developing Strategic Capacity to Respond to Climate Change, 2007,

<http://www.alexanderballard.co.uk/dcs/Ballard%20-%20final%20accepted%20to%20publisher%20121007.pdf>

¹⁷ Office of the UN High Commissioner for Human Rights, 2011, The Corporate Responsibility to Respect Human Rights - An Interpretive Guide, <http://www.globalcompact.de/publikationen/corporate-responsibility-respect-human-rights-interpretive-guide>

2. OCAI Questionnaire

Statement of Policy

Background Information

Principle 16 of the UN Guiding Principles states: “As the basis for embedding their responsibility to respect human rights, companies should express their commitment to meet this responsibility through a statement of policy.” The principle then goes on to highlight some basic criteria that human rights policy statements should fulfil. These are taken up in the four questions below.

Within the meaning of the Guiding Principles the policy commitment refers to a high-level, public statement that sets out the commitment of a company to meet its responsibility to respect. It can be a stand-alone statement or it can be integrated into other policies. The detail, content and scope of the statement, and what additional guidance is needed to implement it, will largely depend on the specific human rights risk¹⁸ profile of the company – whereby risk is defined as risk of having an adverse impact on human rights¹⁹. Engagement with internal and external stakeholders – including potentially affected stakeholders²⁰ or their legitimate representatives – is a good way for a company to understand its human rights risk profile as well as stakeholder expectations and define the scope and focus of its policy commitment.

Developing a stand-alone human rights policy can be recommended for a number of reasons. It will help get senior buy-in for human rights as a broad social framework, provides a starting point for internal and external awareness-raising, helps familiarise internal and external stakeholders with human rights language and creates a clear agenda for action.

A. Availability	Is your statement of policy publicly available and communicated internally and / or externally?
	No published policy commitment to human rights.
	General company-wide business principles and / or code of ethics incorporating human rights are available in the public domain.
	Formal statement of policy on human rights is available in the public domain and communicated internally and externally to business partners and other relevant stakeholders.
	Comprehensive statement of policy and relevant related documents are available in major languages of specific (high risk) countries ²¹ where company operates or where it has significant business relationships and are actively communicated to targeted groups of employees, business partners and potentially affected stakeholders.

18 A company’s human rights risk encompasses any risks that its own operations or business relationships lead to adverse impacts on the human rights of people.

19 A human rights impact occurs when an action affects the ability of an individual to enjoy his or her human rights. Actual human rights impacts already have occurred or are occurring. Potential human rights impacts may occur but have not yet done so.

20 A potentially affected stakeholder is an individual whose human rights may be affected by a company’s operations, products or services.

21 This refers to countries where the particular company faces a high risk of having adverse impacts on human rights. Country profiles by well-known NGOs, state authorities as well as dialogue with the local management and business partners will help companies in identifying these countries.

	Statement of policy and relevant related documents are available in all major languages of countries where company operates or has significant business relationships and are actively communicated to all employees, business partners and other relevant parties in a customised manner.
	No additional requirements.

B. Development	How has your statement of policy on human rights been developed? How is it reviewed and updated?
	No statement of policy on human rights.
	Statement of policy has been developed without input from stakeholders. It is updated in light of new issues being raised against the company or new regulation arising.
	Statement of policy has been developed with input from relevant stakeholders and is updated in light of new national and international developments and changing priorities in the company. It is approved at a senior level in the company.
	Statement of policy has been developed in a consultative process involving stakeholders and external expertise. It is approved at the most senior level in the company and is reviewed on a regular basis incorporating findings from impact assessments. Links are made to other relevant business policies and those policies have been reviewed for alignment with the human rights commitment.
	Statement of policy has been developed in a cooperative engagement process with participation of external stakeholders (e.g. NGOs) including potentially affected stakeholders or their legitimate representatives. The policy commitment and other related internal documents are regularly updated in light of changes in the human rights risk profile of the company and performance results, including feedback through grievance mechanisms.
	No additional requirements.

C. Intent	What is the dominant intent of your policy commitment?
	No explicit policy commitment to human rights.
	Policies include a general statement of intent to respect international human rights and national law.
	The policy intent is to meet the international expectations and standards, including specific voluntary initiatives appropriate to the business.
	The policy addresses specific human rights situations of particular relevance to the company, and recognises the existence of dilemmas between international and national expectations and standards. It establishes a basis on which such dilemmas will be dealt with (e.g. seeking ways to honour the principles of internationally recognised human rights ²² when faced with conflicting requirements).
	The policy incorporates a commitment to building capacity throughout the organisation to engage with potentially affected stakeholders to identify and manage the specific human rights impacts associated with the business.
	The policy incorporates a commitment to work with other actors, e.g. governments and communities to address broader human rights concerns, resolve dilemmas and facilitate a rights respecting culture in society.

22 The International Bill of Human Rights together with the ILO Core Labour Standards forms the reference point for what constitute “internationally recognised human rights”.

D. Scope	What is covered by your statement of policy? Which areas and stakeholder groups are addressed?
[Red]	No human rights matters addressed by a statement of policy.
[Orange]	Company-wide business principles and / or code of ethics include a general statement on the human rights responsibilities of the company and refer to some human rights-related issues such as labour rights of employees.
[Yellow]	Statement of policy recognises that company can have an impact on all internationally recognised human rights and gives guidance on those human rights issues the company will most likely have an impact on ²³ . Refers at a minimum to International Bill of Human Rights ²⁴ and ILO Core Labour Standards ²⁵ . Clearly stipulates the human rights expectations of personnel, business partners and other parties directly linked to the company's operations, products or services.
[Green]	Statement of policy clearly identifies specific areas of its operation or locations that require particular attention and gives further guidance. Includes info on how company assesses and manages its potential and actual human rights impacts and clearly defines responsibilities and monitoring actions.
[Blue]	Statement of policy outlines human rights due diligence processes ²⁶ and incorporates information on how the company intends to work with business partners and communities to understand and manage its human rights impacts and build capacity to realise corporate sustainability goals. Operational policies, procedures and guidelines throughout the company (have been revised to) reflect the human rights policy statement.
[Purple]	Policy scope includes working with a wider range of stakeholders to create a human rights respecting society.

Resources:

For more information on how to develop a human rights policy:

- UN Global Compact Office / Office of the UN High Commissioner for Human Rights, 2011, A Guide for Business – How to Develop a Human Rights Policy, <http://www.globalcompact.de/publikationen/guide-business-how-develop-human-rights-policy>

For an overview of company policy statements on human rights:

- Business & Human Rights Resource Centre, Policy Database, <http://www.business-humanrights.org/Documents/Policies>

23 For example, one of the most typical risks for a pharmaceutical company will be involvement with the right to health. For an information technology company it will be the right to privacy and freedom of expression. A food company might want to highlight labour rights in its supply chain as well as impacts related to water and land use the health of its consumers. Companies operating in areas of conflict or inhabited by indigenous peoples might want to highlight these issues in their policy.

24 The UN Universal Declaration of Human Rights (UDHR) dates back to 1948 and is the most widely accepted statement of what human rights are. It has been codified through the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESR). Together they form the International Bill of Human Rights.

25 The International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work commits ILO member states to the principles and rights included in the 8 ILO Core Conventions. They focus on four categories: freedom of association and right to collective bargaining, elimination of forced or compulsory labour, abolition of child labour and elimination of discrimination in respect of employment and occupation.

26 Human rights due diligence processes refer to the ongoing management processes a company has in place to meet its responsibility to respect human rights. They depend on the size, sector, operating context and the specific human rights risk profile of the company. These processes allow the company to track its risks of having an adverse impact on human rights and identify the actions needed to prevent and mitigate them.

Assessing Actual and Potential Human Rights Impacts

Background Information

UN Guiding Principle 18 states that “In order to gauge human rights risks, business enterprises should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships.”

Human rights impacts can be assessed using different tools and methodologies, e.g. drawing up an overall human rights risk profile for the company, prioritizing countries and / or business activities where impacts are highest and digging deep on certain issues, integrating human rights aspects into existing environmental / social impact assessments, or conducting stand-alone Human Rights Impact Assessments (HRIA) for certain projects in areas where there is a heightened risk of doing harm to human rights. Whichever method is chosen the process should be systematic, on-going, and allow for a coherent picture of the actual and potential human rights impacts associated with the company’s activities and relationships. Formal assessments, NGO campaigns, news reports, expert inputs and grievance mechanisms can all provide inputs into the assessment process.

Because human rights is inherently about people it is recommendable to involve the individuals and groups whose human rights are potentially affected or their legitimate representatives in order to understand their perspective and needs. This may involve employees, workers in the supply chain, communities around the sites or product users. Specific attention should be given to vulnerable or marginalised groups²⁷. Especially for large companies with many business relationships or companies with limited capacity, prioritisation of areas for assessment will be essential. This should be done on the basis of where the risk of doing harm to human rights is greatest.

A. Context analysis	Do you understand the human rights context of your company’s activities and operations?
[Red]	No established processes for understanding human rights context of activities and operations.
[Orange]	Basic assessments of human rights related business risks undertaken where perceived human rights or conflict context is high risk or in reaction to issues raised by (external) stakeholders. Not based on clear standards. No formal process in place to trigger more detailed analysis.
[Yellow]	Regular assessment of the human rights and conflict dynamics of the context of company’s activities and operations is undertaken. Risks related to human rights are assessed periodically through the life-cycle of an activity or relationship. Assessments draw on internal and / or independent external human rights expertise.
[Green]	In high risk locations, the company undertakes a thorough baseline analysis of the human rights and conflict context. Specific attention is paid to identifying the most vulnerable and marginalised people and the human rights issues they face. Human rights assessment is incorporated into business investment decisions and used to identify which operations require heightened awareness.

²⁷ Activities of companies might pose risk to the human rights of specific groups or populations that require special attention. Examples for vulnerable groups are: persons with disabilities, migrant workers, indigenous peoples, persons belonging to certain minority groups, children, women etc. The UN has developed specific human rights instruments in recognition of the fact that these groups might need particular protection.

	Company has a defined process for dynamic analysis of human rights and conflict context across its operations and activities. Potentially affected stakeholders are involved in reviewing the results. Stakeholder analysis and engagement including grievance redress is undertaken with sensitivity to known conflict dynamics and consultation processes are adapted accordingly.
	Dynamic analysis of human rights context is undertaken as part of wider social programme involving government, other business actors and civil society.

B. Impact assessment	How are actual or potential human rights impacts assessed?
	No established processes for assessing actual and potential human rights impacts.
	Basic assessments of social impacts undertaken for perceived high risk company operations / projects / relationships / locations or in reaction to certain issues or external critique. Not based on clear standards. No formal process in place to trigger more detailed assessment processes.
	Social impact assessment of company activities and business relationships is undertaken for new projects or increased investments. Risks to the business are identified. Risks are assessed periodically through the life-cycle of an activity or relationship.
	In locations or for activities that pose an increased risk for harm to human rights a human rights impact assessment is undertaken as part of, or in addition to environmental and social impact assessments. Assessments include all internationally recognised human rights, are undertaken according to relevant best practices and draw on internal and / or independent external human rights expertise. Specific attention is paid to the most vulnerable and marginalized people that can be impacted by corporate activities or relationships.
	Company has a defined process of identifying and managing potential and actual human rights impacts across its operations and relationships. Methods for assessing human rights impacts are integrated into all regular assessment activities of the company for new activities / projects / relationships. Specific actions to avoid or mitigate ²⁸ impacts are incorporated into project plans.
	Integral part of the process of assessing human rights impacts is to participate in government and other initiatives to promote sustainable development. Assessments are understood as a dialogical process.

C. Engagement	Are potentially affected stakeholders involved in the process of assessing human rights impacts?
	No assessments undertaken, hence no planned involvement of potentially affected stakeholders.
	Risks to human rights are assessed without meaningful input from and consultation with potentially affected stakeholders or their representatives.
	Risks to human rights are assessed with input from stakeholders and experts. Infrequent contact with affected groups largely at their request.

²⁸ Mitigation refers to actions taken to reduce the extent of an impact that has already occurred. The residual impact then requires remediation. With regards to potential impacts it refers to actions taken to reduce the likelihood that a certain negative impact occurs.

	In specific cases, potentially affected stakeholders or their legitimate representatives are directly consulted in the process. Summaries of findings are shared with these groups in a form and language accessible to them. Concerns raised by the groups are responded to accordingly. Where such consultation is not possible alternatives are sought (e.g. consulting independent experts).
	Methodologies and procedures for assessing human rights impacts are communicated to stakeholders potentially affected by business activity. They / their legitimate representatives are actively involved since early on in the assessment process and in the process of developing prevention and mitigation activities as well as in the implementation of assessment results. Summaries of results are publicly available. Company engages in sharing best practices.
	Assessment methodologies are developed together with potentially affected stakeholders / their legitimate representatives to ensure that they accurately reflect the situation. Close cooperation with affected groups in the assessment and mitigation / remediation ²⁹ phase. Results of impact assessments are publicly available.

D. Findings	How are findings of impact assessments dealt with?
	No assessments undertaken, hence there are no findings.
	Findings are used to mitigate most obvious human rights related risks but no systematic integration into existing management systems and processes.
	Findings are integrated into relevant project plans and corporate policies or practice revised accordingly. Actions are defined to prevent or mitigate the identified risks and remediate actual negative impacts that have occurred. This includes considering to terminate a business relationship if there are no opportunities for preventing or mitigating risks.
	Specific initiatives or projects are undertaken to find ways of preventing, removing or mitigating negative human rights impacts and maximising positive impacts. These actions involve stakeholders including those potentially affected or their legitimate representatives. Learning from these activities is informing overall company thinking.
	Findings are used to inform continuous internal learning and management and policy improvement processes so that impacts can be prevented or mitigated early on. Information from assessments feeds into the development of Key Performance Indicators (KPIs) for the project / activity / business unit and other performance measures. Capacity-building in mitigation and remediation is offered to the related entity when impacts are linked to the business through its relationships with third parties.
	Findings are used to design specific projects in collaboration with other actors that help address the root causes of adverse human rights impacts and support the move towards a more sustainable society.

²⁹ Remediation refers to the act or process of correcting a fault or deficiency. In this context it refers to the actions undertaken to make good or compensate for an adverse human rights impact. It may take different forms like apologies, restitution, rehabilitation, financial or non-financial compensation, sanctions, injunctions or guarantees of non-repetition.

Resources:

For tools that help companies identify human rights concerns and assess their performance with regard to different business areas and rights categories:

- UN Global Compact Office, UN Global Compact Self Assessment, Section on Human Rights, <http://www.globalcompactselfassessment.org/humanrights>
- Business Leaders Initiative on Human Rights / Global Business Initiative on Human Rights / Credit360, The Human Rights Matrix, <http://www.globalcompact.de/publikationen/human-rights-matrix>
- Danish Institute for Human Rights, 2006, Human Rights Compliance Assessment (HRCA) Quick Check, <http://www.humanrightsbusiness.org/compliance+assessment/hrca+quick+check>
- Danish Institute for Human Rights, Human Rights Compliance Assessment (for a fee), http://www.humanrightsbusiness.org/?f=compliance_assessment

For guidance on when and how to conduct human rights impact assessments:

- UN Global Compact Office / International Business Leaders Forum / International Finance Corporation, Guide to Human Rights Impact Assessment and Management, <http://www.globalcompact.de/publikationen/guide-human-rights-impact-assessment-and-management>
- Human Rights Impact Resource Centre, <http://www.globalcompact.de/publikationen/human-rights-impact-resource-centre>

For help with prioritizing which human rights are most relevant for your business:

- UN Global Compact Office / Danish Institute for Human Rights, 2009, The Arc of Human Rights Priorities – A new Model for Managing Business Risk, <http://www.globalcompact.de/publikationen/arc-human-rights-priorities-new-model-managing-business-risk>

Integration of Respect for Human Rights

Background Information

Principle 16 of the UN Guiding Principles states that the corporate human rights commitment should be “reflected in operational policies and procedures necessary to embed it throughout the business enterprise”. Principle 17 goes on to explain what a corporate human rights due diligence process should encompass. Principle 19 starts by outlining that “in order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action.”

Integration of the respect for human rights aims at ensuring that all relevant actors are aware of the company’s commitments, its implications for their work as well as actual and potential impacts and how to address them. Integration is key to ensure that negative impacts on human rights are detected and receive a timely and adequate response. Integration needs to encompass among others the attribution of responsibility for human rights issues, budget allocation, the establishment of internal oversight processes, awareness-raising and training as well as the establishment of incentives and sanction mechanisms. Often existing company systems provide good models for integration of human rights aspects, e.g. systems related to health and safety, security etc.

A. Governance	How is responsibility for managing human rights impacts organised?
Red	Responsibility for addressing human rights impacts is not formally assigned in the business.
Orange	Responsibility for human right is part of a broader issue management responsibility in e.g. the corporate affairs or compliance department.
Yellow	Responsibility and accountability for the enactment of the company’s human rights commitments are clearly stated. Overall responsibility is assigned to a senior executive. Appropriate actions are included in the performance targets of staff that lead on human rights. Review is part of regular performance management process.
Green	Accountability and responsibility for managing human rights impacts are clearly defined for those employees operating in locations or specific functions with higher risk of adverse human rights impacts. Compliance with operational guidelines at these locations is audited regularly
Blue	Strategic responsibility for human rights rests with one or more board members or senior managers who report directly to the CEO. Responsibility for identifying and managing human rights impact is clearly identified throughout the business and performance targets set for staff of all relevant functions Key functions participate in steering and reviewing human rights performance, ensuring continuous improvement.
Purple	Human rights issues are being discussed at board level on a regular basis and raised with host and home government where appropriate.

B. Awareness	What is the level of awareness of human rights and the corporate human rights commitment?
Red	Little or no internal awareness of the importance of human rights among staff.
Orange	There is awareness of some human rights issues amongst staff engaged with those issues.
Yellow	Corporate human rights commitments are clearly communicated to staff. Staff are aware of the risks that breaches of human rights pose for the company / unit / management team.

	In specific areas of the business, the understanding of human rights has been deepened and staff understand and are engaged in activities to identify and resolve human rights impacts.
	Corporate commitment to human rights is clearly understood by all staff. Staff are integrating respect for human rights into their day to day operations and decision-making. Key staff are confident to take a lead with business partners on human rights and sustainable development.
	Corporate commitment to human rights is clearly understood throughout the company and supported by third parties (e.g. NGOs, governments, trade unions). Staff are confident to take a lead with government, suppliers and civil society to create a rights respecting and sustainable business environment.

C. Training	What training and capacity building activities around human rights do you have in place?
	No training on human rights related issues.
	Employees are trained on and provided with information on some basic human rights issues (e.g. labor rights) with a focus on achieving compliance with existing legislation. Record is kept of who has been trained.
	Some form of training on the company's commitments, the company's major human rights risks and the corporate responsibility to respect human rights is available (e.g. e-learning, guide, leaflet). Analysis of more specific training needs is undertaken and tailored trainings provided to key management staff.
	Specific training modules are catered to the need of staff in different circumstances (e.g. specific countries, working with particular business partners or products, conflict zones, security personnel). Training provides guidance on how to deal with concrete dilemma situations.
	Training on human rights due diligence and the related corporate management practices is provided to all employees globally in a language and form understandable to them. Information on specific human rights issues and dilemmas is available to employees. Training material is constantly reviewed and further developed to incorporate new developments and learnings.
	Training also reaches out to include stakeholders external to the company like potentially affected stakeholders, business partners and government representatives.

D. Performance Management	How is individual performance which is aligned with the human rights commitment encouraged, and non-desirable behaviour discouraged?
	No specific incentives or disincentives structure to encourage ethical and discourage unethical behaviour.
	Disincentives are clear for non-compliance with business principles / code of conduct. Used in exceptional circumstances.
	Basic human rights related performance measures (e.g. on health and safety) are used in performance review for staff that lead on human rights. Severe non-compliance with the company's human rights commitment is sanctioned.
	Specific human rights elements are embedded in performance reviews for relevant staff. Strong disincentives are set for conduct that is not in line with the human rights commitment and these have been used as required. Those engaging in or tolerating unethical conduct are investigated and disciplined.

	There are incentive or award systems in place which acknowledge exceptional performance in relation to the company’s human rights commitment. Human rights performance or ethical intelligence is incorporated in hiring, promotion, compensation and incentive systems. Company reviews the functioning of corporate policies and procedures to ensure they encourage ethical and discourage unethical decision making.
	No additional requirements

E. Budget	Is sufficient budget available?
	Little or no budget for matters related to human rights.
	Some pockets of budget available for crisis response or issues management that are mobilised on an ad-hoc basis.
	Sufficient budget available to communicate the human rights commitments internally, and to external stakeholders.
	Budget is allocated to specific projects to undertake human rights impact assessments and target human rights impact mitigation in particular locations or in relation to specific issues.
	Adequate budget is available to support the integration of human rights due diligence throughout the business, including monitoring activities and development of business partners.
	There is evidence of budget being provided to work in collaboration with other actors to resolve persistent human rights problems.

F. Business Partners	How are business partners (e.g. joint venture partners) engaged on human rights?
	Company provides no information to business partners on company expectations regarding their human rights practices.
	Business partners receive limited or ad-hoc information on company expectations regarding their human rights practices. Strategic partners are requested to adhere to the company’s business principles.
	Corporate commitment to human rights and expectation that business partners respect human rights is actively communicated to all business partners. There is engagement with strategic partners to gauge performance and resolve human rights issues raised e.g. by external stakeholders.
	There is a process in place to screen specific business partners on their human rights performance. Human rights principles are included in process of establishing joint ventures and making acquisitions. There is active engagement with some business partners in the identification and management of human rights impacts.
	Company screens whether business partners have appropriate processes in place to manage human rights impacts. Business partners participate in the human rights impact management of projects or activities. Where necessary and possible the company engages in strengthening a business partner’s capacity to ensure respect for human rights (e.g. provide tools and online training to business partners).
	The company seeks to work with business partners and wider range of stakeholders (e.g. NGOs, governments and trade unions) to create a rights respecting sustainable society.

G. Suppliers	What mechanisms do you have in place with regard to your suppliers' human rights performance?
[Red]	No overview of / engagement with suppliers on their human rights performance.
[Orange]	Strategic suppliers are sent and asked to acknowledge corporate business principles. Ad-hoc engagement when concrete issues are publicised. "Check-the-box" compliance approach.
[Yellow]	Clear communication of corporate human rights commitment to all suppliers (e.g. included in contract clauses). The company has a procedure in place to evaluate and select suppliers which includes human rights performance aspects. Training on human rights for relevant management and procurement staff. "Time to comply" approach when negative impacts are detected.
[Green]	Supply base has been analysed to identify supply chains where greatest risk of adverse human rights impacts lies. Action has been catalysed with actors in these high-risk supply chains to address the human rights impacts.
[Blue]	Corporate procurement practices are designed in a way that they encourage good human rights performance at suppliers and discourage rights-violating behaviour. Assist to comply approach – company engages in capacity building activities around human rights with suppliers. Focus is on improving management systems and performance at strategic suppliers.
[Purple]	The company actively cooperates with others to address systemic issues such as industry structure and legislation, build capacity and promote improved human rights performance of suppliers.

H. Product Stewardship	Do you have appropriate practices in place to assess and manage human rights impacts associated with the use of your products and services?
[Red]	Dominant logic is adherence with national laws on product design, manufacturing, safety and marketing. No perceived responsibility into the use chain.
[Orange]	Ad-hoc involvement with clients / user groups around potential human rights impacts (positive and negative) of products and services in response to external pressure.
[Yellow]	Dominant logic is compliance with national good practice, sector initiatives and international expectations relating to use of its products and services. Company has procedures to assess and monitor that it is meeting these expectations. Company makes sure it does not provide material / services to actors that are likely to use it in an abusive way.
[Green]	Company has conducted thorough assessment of the use of specific products or services incorporating human rights impacts. The outcomes of those assessments are reviewed and integrated into corporate practices accordingly to provide remedies for actual adverse impacts and prevent or mitigate potential adverse impacts. Where products and services have dual use application ³⁰ , the company monitors their end use.
[Blue]	Products and services are routinely assessed for human rights impacts. Training of client relationship managers to ensure they are aware of potential human rights impacts of who the company does business with. Clients engaged on human rights performance on a risk assessed basis.
[Purple]	Company is participating in broader engagement initiatives with government and civil society seeking to transform adverse impacts or bring about the realisation of rights, to which its products or services make a contribution.

30 Dual-use application refers to products or services that can be applied as intended by the manufacturer but also used for serious human rights violations. For example, a drug can be used to heal people but also for torture e.g. in certain state prisons. An excavating machine can be used to build houses but also to demolish a settlement to make way for a rail line.

I. Govern-ments	How are you engaging with governments in home and host countries?
[Red]	No engagement with governments with regard to human rights issues connected to business activities.
[Orange]	Severe human rights concerns with direct connection to the business are raised with the respective government mainly upon request from corporate stakeholders.
[Yellow]	Corporate human rights commitment is clearly communicated to home and host governments. Company takes steps to ensure transparency in its relations with governments.
[Green]	Dialogue with specific host governments around human rights issues and specific incidents with an aim to encourage governments to uphold their human rights obligations and the company to meet theirs – especially in conflict-affected and high-risk areas ³¹ and areas where domestic laws, regulations and customs conflict with internationally recognised human rights.
[Blue]	Company establishes on-going dialogue with home and host governments. Dialogue focuses on the human rights situation in specific countries of operation and the contributions that each party can make, in line with general corporate commitment to respect and support human rights.
[Purple]	Company supports capacity building efforts to enhance a government’s capabilities to meet its human rights obligations with the aim to secure more transparent governance systems and a lower-risk, improved operating environment. Company seeks to engage the government jointly with other companies and/or stakeholders.

J. Crisis Re-sponse	How do you respond to human rights incidents being raised?
[Red]	No formal crisis response mechanism in place. Reaction is characterised by denial of responsibility and limited / no action to address issues raised.
[Orange]	Response is public relations led and focused on preserving the company reputation. No formal operational mechanism acknowledging human rights risks exist.
[Yellow]	Formal crisis response mechanism in place acknowledging human rights risks. Alleged human rights abuses are reviewed as soon as they are reported. Open, transparent and understanding response to the issues raised. If allegations prove to be true, swift and appropriate response to stop the negative human rights impact from occurring and provide for or cooperate in its remediation.
[Green]	Areas of improvement are identified and an action plan established. Where required, support is provided to business partners to address the areas of improvement identified. Regular feedback to affected stakeholders on the actions taken to resolve the issue.
[Blue]	Learning from incidents is systematically fed into management processes. Activities to build capacity to respond to dilemmas and unforeseen circumstances.
[Purple]	Company has established meaningful, long-term dialogue with business partners, affected groups and institutions, that provides the capacity to respond to and help prevent further adverse impacts from occurring.

31 There is no single definition of these terms. The UN Global Compact uses them to refer to a number of contexts including countries, areas and regions: where political and social instability prevails that makes a future outbreak of violence more likely; in which there are serious concerns about human rights abuses although violent conflict is not currently present; that are currently experiencing violent conflict, including civil wars, armed insurrections, inter-state wars and other types of organised violence; that are in transition from violent conflict to peace. Based on: UN Global Compact Office / UN Principles for Responsible Investment, 2010, Guidance on Responsible Business in Conflict-Affected and High-Risk Areas.

K. Conflict-Affected Areas	Do you understand and address the specific challenges of respecting human rights in conflict-affected and high-risk areas?
Red	No formalised process for adopting conflict sensitive business practices when investing in new environments, particularly those deemed to be high risk.
Orange	Emergency response procedures in place for reacting to the emergence of localised / national conflict e.g. through contracts with private security companies / through the development and institution of staff evacuation plans.
Yellow	An assessment of conflict dynamics is made during project planning / operational preparation. Operational guidance provided on avoidance of complicity in conflict-affected and high-risk areas. Compliance with this guidance is monitored.
Green	In specific conflict-affected and high-risk areas, a thorough review of operations has been undertaken to identify actual or potential risks of complicity. External expert input has been provided into the review. Operational practice and guidance has been revised to take into account the review outputs. Compliance with operational guidance is audited.
Blue	In all operational locations affected or potentially affected by conflict, conflict-sensitive business practices have been introduced to manage or remove the potential to contribute to conflict.
Purple	In addition to the company-wide integration of conflict sensitivity into impact assessments and mitigation the company recognises its potential strategic contribution to peace building e.g. through enhancing food security, infrastructure development and job creation and is engaged with others in such regards.

Resources:

For case studies, examples and suggestions on how to integrate human rights into business:

- Business Leaders Initiative on Human Rights / Office of the UN High Commissioner for Human Rights / UN Global Compact Office, A Guide for Integrating Human Rights into Business Management, <http://www.globalcompact.de/publikationen/guide-integrating-human-rights-business-management>
- UN Global Compact Office, Embedding Human Rights in Business Practice Case Study Series, http://www.unglobalcompact.org/Issues/human_rights/Tools_and_Guidance_Materials.html
- Business & Human Rights Initiative Global Compact Network Netherlands, 2010, How to Do Business with Respect for Human Rights – A Guidance Tool for Companies (especially chapter 3), <http://www.globalcompact.de/publikationen/how-do-business-respect-human-rights-guidance-tool-companies>
- School for a Culture of Peace, 2009, A Practical Handbook on Business and Human Rights, <http://www.globalcompact.de/publikationen/practical-handbook-business-and-human-rights>

For indications on how to create a human rights respecting business culture:

- John F. Sherman / Chip Pitts, 2008, Human Rights Corporate Accountability Guide: From Law to Norms to Values, <http://www.globalcompact.de/publikationen/human-rights-corporate-accountability-guide-law-norms-values>

For specific human rights dilemmas that companies may encounter:

- UN Global Compact Office / Maplecroft / GE Foundation, Human Rights and Business Dilemmas Forum,
<http://www.globalcompact.de/publikationen/human-rights-and-business-dilemmas-forum>

For experiences of companies that have decided to engage or not to engage governments on human rights:

- UN Global Compact Office, 2010, How Business Can Encourage Governments to Fulfil their Human Rights Obligations,
http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/Governments&HumanRights_Good_Practice_Note.pdf

For guidance on how to operate responsibly in conflict-affected and high-risk areas:

- UN Global Compact Office / UN Principles for Responsible Investment, 2010, Guidance on Responsible Business in Conflict-Affected and High-Risk Areas: A Resource for Companies & Investors, <http://www.globalcompact.de/publikationen/oecd-due-diligence-guidance-responsible-supply-chains-minerals-conflict-affected-and>
- International Alert, 2005, Conflict-Sensitive Business Practice – Guidance for Extractive Industries, http://www.iisd.org/pdf/2005/security_conflict_sensitive_business.pdf
- International Alert / FAFO, 2008, Red Flags – Liability Risks for Companies Operating in High-Risk Zones, <http://www.globalcompact.de/publikationen/red-flags-liability-risks-companies-operating-high-risk-zones>

Tracking and Communicating Performance

Background Information

Guiding Principles 20 and 21 refer to tracking and communicating performance. “In order to verify whether adverse human rights impacts are being addressed, companies should track the effectiveness of their response.” And “in order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders. Business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them.”

Tracking and communicating performance is essential to demonstrate that companies take their commitment to human rights seriously and adequately address their human rights impacts. Companies should use or develop appropriate qualitative and quantitative indicators for their performance tracking. The tracking process must be adequate for the company’s culture. It can build on existing tracking systems as long as these ensure that qualitative feedback, e.g. from (potentially) affected stakeholders can be incorporated as well.

Communicating performance enables a company to show that it is meeting its responsibility to respect human rights. In many cases this means having the relevant information prepared to be in a position to communicate when appropriate and requested. Communication should fit the purpose and be in a form adequate for the intended audience. It does not have to be limited to an annual report but can take various forms. Corporate communications may focus on the approach the company has adopted to address its human rights risk, cover the most pressing human rights issues a company faces or refer to specific incidents and how they have been investigated and addressed. Companies that take a proactive and transparent approach to communicating the human rights-related challenges they face will be perceived as more credible in their claims of respecting human rights.

A. Tracking Performance	How do you track the effectiveness of your approach to human rights?
	There is no monitoring of human rights performance.
	A limited range of performance metrics are used. Focus is on internal human resources measures such as diversity measures or accident rates, or what is easiest or most popular to measure.
	Tracking focuses predominantly on assessing progress of implementation of the company’s human rights approach, including policy / code, impact assessments and integration, and grievance mechanisms. Data from internal monitoring mechanisms (e.g. complaints mechanisms, workers hotlines, employee surveys) used to track performance.
	Regular and systematic collection of quantitative and qualitative data to keep track of human rights performance of specific business activities or operating locations. Key performance indicators (KPI) for measuring human rights performance identified (from impact assessments), monitored and communicated. Occasional feedback is thought from (potentially) affected stakeholders or their legitimate representatives.

	Human rights KPI included in balanced business scorecards and other performance management systems. Regular assessment and monitoring programme for business activities and relationships that informs strategy and action plans and feeds into staff and business partner capacity building. Where feasible cooperation with other stakeholders / sector peers to support performance tracking. Systematic process for seeking feedback from external experts and from (potentially) affected stakeholders or their legitimate representatives.
	Tracking performance includes progress addressing systemic issues in conjunction with other stakeholders. Monitoring involves all relevant stakeholders and is based on sustained dialogue (e.g. shared incident reviews with NGOs). Collated results from assessment programme are used to inform public dialogue on sustainable development.

B. Communication	What is the nature of your communication of human rights performance to external audiences?
	No public communication on human rights issues or indicators.
	Crisis communication in response to specific issues raised. Some basic information and indicators included in public communication.
	Regular communication e.g. through Global Compact Communication of Progress (COP) includes a range of recognised indicators (e.g. Global Reporting Initiative). Basic information on the corporate commitments, targets, due diligence process, concrete impacts identified through assessments, and actions taken in response is included. Communication includes information on both positive and negative human rights impacts as well as on company activities and on relationships.
	Communication is of a form and frequency adequate to reflect the company’s potential and actual human rights impacts. Incorporates case studies or specific illustrations of human rights impacts and performance in particular operations or locations. Communication is published in a language and form that is accessible to the stakeholders (potentially) affected by corporate actions.
	Human rights elements are systematically integrated into internal and external communication activities. Groups potentially affected by corporate impacts are invited to contribute to communication activities of the company (e.g. selection of issues and drafting of reports) in order to ensure a balanced communication. Information is included on how human rights priorities affected decision-making by the company.
	Communication includes how company grappled with systemic human rights issues and their role and cooperation activities in addressing these.

Resources:

For examples and suggestions on how to track and communicate human rights performance:

- Global Reporting Initiative / Realizing Rights / UN Global Compact Office, 2009, A Resource Guide to Corporate Human Rights Reporting, <http://www.globalcompact.de/publikationen/resource-guide-corporate-human-rights-reporting>
- Global Reporting Initiative / Realizing Rights / UN Global Compact Office, 2009, Corporate Human Rights Reporting – An Analysis of Current Trends, <http://www.globalcompact.de/publikationen/corporate-human-rights-reporting-analysis-current-trends>

Grievance Mechanisms

Background Information:

UN Guiding Principles 22, 29 and 31 give an insight into what is expected of companies with regard to remediation of adverse human rights impacts and the establishment of, or participation in, grievance mechanisms. Principle 29 reads “to make it possible for grievances to be addressed early and remediated directly, business enterprises should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted.” Principle 31 highlights eight criteria that company grievance mechanisms should fulfil in order to ensure their effectiveness.

A grievance mechanism is more than an internal procedure for handling complaints. It is active since its intention is to identify and address grievances as early as possible. Therefore, efforts need to be made to ensure it is known to and trusted by stakeholders that should make use of it when they have a particular concern or grievance. A grievance mechanism allows a company to address concerns before they escalate and cause harm that could have been prevented. Companies often have separate grievance mechanisms for employees and external stakeholders though there are also ways to combine both. A grievance mechanism if well designed can also be a powerful tool for a company to track its human rights performance and generate data that can be used for communication. Small and medium enterprises with limited human rights risks can develop simple grievance mechanisms or choose to participate in a grievance mechanisms provided by a trusted third party (e.g. government, business, NGO, or multi-stakeholder initiative).

Grievance Mechanisms	Do you have a grievance mechanism(s) in place that (potentially) affected stakeholders can turn to?
[Red]	No formal grievance mechanisms relating to human rights in place.
[Orange]	Mechanisms such as confidential compliance hotlines are in place for receiving and handling employee complaints. The focus is on violations of business codes of conduct. No formal mechanism is in place to receive grievances from external stakeholders.
[Yellow]	There are confidential mechanisms available to employees and external stakeholders (e.g. customers, communities, suppliers) to raise a broad range of concerns which include human rights. Focus is on remedying a situation that is detrimental to the business.
[Green]	Grievance mechanisms have been reviewed or designed in line with the effectiveness criteria for non-judicial grievance mechanisms ³² . Potentially affected stakeholders are clearly informed, in a language understandable to them, on how to use the procedure and how grievances are processed and resolved.
[Blue]	Grievance mechanisms are used strategically to collect data, analyse patterns in complaints, identify gaps in the management systems and adapt corporate practices accordingly. Suppliers and other business partners are encouraged to establish their own grievance mechanisms.
[Purple]	Company has projects in place to train and empower potentially affected stakeholders to use grievance mechanisms and become better negotiators / advocates of their own rights.

³² The eight criteria for how grievance mechanisms should be designed in order to ensure their effectiveness are: legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue. Details on the criteria are provided in UN Guiding Principle 31.

Resources:

For an overview and further guidance on grievance mechanisms:

- BASES wiki – Business and Society Exploring Solutions – A dispute resolution community, <http://baseswiki.org/>
- Caroline Rees, 2011, Piloting Principles for Effective Company-Stakeholder Grievance Mechanisms: A Report of Lessons Learned, <http://www.globalcompact.de/publikationen/piloting-principles-effective-company-stakeholder-grievance-mechanisms-report-lessons>
- John F. Sherman, 2009, Embedding Rights Compatible Grievance Processes for External Stakeholders Within Business Culture, <http://www.globalcompact.de/publikationen/embedding-rights-compatible-grievance-process-external-stakeholders-within-business>
- Corporate Social Responsibility Initiative Harvard University, 2008, Rights-Compatible Grievance Mechanisms – A Guidance Tool for Companies and their Stakeholders, <http://www.globalcompact.de/publikationen/rights-compatible-grievance-mechanisms-guidance-tool-companies-and-their-stakeholders>

3. Feedback and Next Steps

Thank you for using the Organisational Capacity Assessment Instrument! Please help us improve this tool by sending your comments, suggestions and questions to:

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Suggestions: What you can do next

Prioritise where to start

If you have found there is a gap between where you are at the moment and where you think your company should be at on a number of questions, you can't do everything at once. Try to start with the areas that you feel are most important for your company or where you see the biggest opportunities for change at the moment.

Define concrete improvement actions

Once your priorities are clear you can start to define concrete next steps you want to take and who should lead on this process. The resources included in the introductory part and the different sections of the OCAI can help you define your improvement actions. If you face challenges in defining your strategy seek advice from experts, other businesses, your local Global Compact Network or civil society representatives.

Reach out to others

The results of the OCAI tool allow you to start discussions within your business on how human rights are currently managed and where there is room for improvement. Reach out to colleagues and stakeholders to discuss your results, refine your results and define a strategy for moving forward.

Spread the word

If you found this tool helpful spread the word and encourage other companies to use the OCAI. Sharing and discussing results with your peers can help you define your strategy and identify opportunities for cooperation.