The Human Rights Compliance Assessment

GLOBAL VALUE Showcase

Introduction | The GLOBAL VALUE tool showcase series

GLOBAL VALUE tool showcases: your guides to using tools

Understanding a company's impact on sustainable development, and finding ways to manage it best, is not an easy task. With so many tools available, choosing one to invest time in is even more difficult. GLOBAL VALUE tool showcases will make this task easier.

We selected and tested 15 leading tools in different categories to help understand how each of them can help you achieve your assessment goals. Our tool showcases are meant to support you in deciding which tool best fits your company's needs. The tools were tested in collaboration with multinational companies from different sectors to give you practical tips on how to get the most from using each of the showcased tools.

Tools for managing impact on the Sustainable Development Goals

The Sustainable Development Goals (SDGs) are the north star for global development for the next 15 years. Adopted by the United Nations in September 2015, these Goals have been developed in extensive consultation with the business community. For companies across the globe, the SDGs are both a challenge and an opportunity to serve global populations in a manner that is sustainable in the long-term. Each tested tool has also been screened for how many and which SDGs it may help companies tackle.

Find more tool showcases on the GLOBAL VALUE Toolkit.

Tool selection

The tool showcases feature 15 tools that were selected from over 200 tools collected during three years of research in the context of the GLOBAL VALUE project. These tools were shortlisted through an iterative consultation with GLOBAL VALUE consortium experts, who evaluated the strengths and weaknesses, feasibility and usability, methodology and added value of different tools in order to narrow down the list of tools to 15 for testing in an actual company setting.

The Human Rights Compliance Assessment has been selected for testing as one of the most comprehensive human rights tools for business. The insights presented are based on testing the free access quick-check.

Tool testing process

The tool showcases are based on the experiences of three GLOBAL VALUE tool testers, who have implemented these tools in collaboration with three multinational companies. The tools were tested with a specific focus on their operations in developing countries, in order to understand how each of them can help companies measure and manage their impacts on global sustainable development. The tool testing assessed each tool's feasibility and usability, user friendliness, content and context, methodology, data required and results provided.

This showcase will guide you through the main benefits and limitations, ease of use, tool adaptability to different geographical and company contexts, scope of value chain and SDG coverage, methodology for assessing impact, and the usefulness of output or results that the tool provides.

An introduction to the

Human Rights Compliance Assessment (Quick Check)

The Quick Human Rights Compliance Assessment is a questionnaire based self-assessment tool that focuses on assessing the company **management system** for **compliance with human rights principles**. Expect questions about company policies, practices and performance in the areas of community impacts, environmental impacts and supply chain management.

Based on the key human rights conventions and international guidance documents, the tool operationalised human rights principles for a company setting. It covers the most imperative human rights issues (28 main questions disaggregated into indicators) that companies can face. The tool investigates the human rights compliance of company operations policies and practices. Human rights issues are covered very comprehensively including community impacts (e.g. land rights, and even impacts resulting from company products' use), employment practices (e.g. non-discrimination, child and forced labour, corruption, working conditions) and supply chain compliance. The tool covers the potential human rights non-compliance issues and impacts **across the whole value chain** of the business unit being assessed.

The self-assessment is facilitated through an anonymous online web platform. The questionnaire can also be also downloaded as an excel file. Access to the full HRQA can be gained at a fee. The full access allows the user to involve more team members by creating user accounts and assigning questions to others. The full tool also allows for more customization of the assessment based on countries and industries of operation.

At a glance
Web: https://hrca2.humanrightsbusiness.org/Default.aspx

Developer: Danish Institute for Human Rights
The Danish Institute for Human Rights is a state-founded independent institution. Its work focuses on promotion and protection of human rights and equal treatment in Denmark and abroad. Locally, the institute advises the government, the parliament, ministries and public authorities about human rights. Internationally, the institute collaborates with National Human Rights and state institutions, supporting them to strengthen human rights.

Use the HRCA assessment when you want to:
o check company's management system for **human rights compliance across the whole value chain**
o **identify gaps in your management system** related to human rights and labour standards as they are defined by international conventions

GLOBAL VALUE

Features	What you need to know about the Quick HRCA

This section gives you an overview of the key features of the HRCA Assessment. All the important information that can help you decide on whether this is the tool for your needs is presented in a condensed format in the table below. For more elaborate information on the icons, and to explore other tools, please visit the GLOBAL VALUE tool navigator.

Purpose	Scope	Output	Requirements	Access
Main purpose of the tool is to support **management control. The tool assesses** policies, procedures and performance.	**Whole value chain** is assessed including supply chain management and product impacts. However, assessment is limited to one business unit or production site. Different business units in different locations should be assessed separately for a group-wide overview.	Assessment results in aggregated **traffic-light based scorecard,** indicating human rights issues, where company demonstrates full, partial or non-compliance.	User can implement the tool **on their own in a few weeks** with colleagues' involvement. Stakeholder engagement is required - the user is asked if stakeholders would agree to some of the user's statements about company performance.	The tool is **free** to use and is available online after registration. Assessment is **anonymous**.

What did tool testers say - Overall experience

The HRCA is a very comprehensive human rights compliance diagnostic tool. It helps organisations operationalise human rights issues in their business operations and makes sure they manage all potential risks for human rights non-compliance.

Furthermore, the HRCA not only covers the company itself, but also its potential influence on human rights performance across the value chain, downstream and upstream, which makes it a complete assessment of all potential issues within the company's sphere of influence. The tool is most useful when assessing individual business units. The tool is especially beneficial for assessing human rights compliance in business units located in less developed countries with weaker regulatory environments.

Want to explore other tools?

GLOBAL VALUE tool navigator features over 220 tools that are all screened for the same features as the HRCA above**.**

Key benefits you can expect

o **Full human rights coverage**
The tool is very comprehensive and offers an in-depth assessment of human rights, supported by an extensive amount of well-selected, well defined and measurable human rights indicators specific to a business context. Indicators are developed based on the most influential human rights conventions and thus the tool covers all human rights issues relevant to companies operating globally, ranging from environmental impacts, social issues, and impacts from product use.

o **Risk area identification**
Tool allows in depth examination of company operations and can highlight even the smallest possible non-compliance risks.

o **Whole value chain assessment**
HRCA not only assess the company itself, but also covers actions the company might undertake to influence human rights performance across the value chain, including collaboration with suppliers and managing product impacts.

o **Anonymity**
The tool developers are very transparent and extensive about the privacy of data and the privacy of the final assessment results. Full anonymity is ensured with privacy and security of data explicitly guaranteed by the tool developers.

Learn more about the SDGs and what they mean for your business on the GLOBAL VALUE Toolkit.

Sustainable Development Goal coverage

The graph below shows the extent to which HRCA addresses the different issues covered by the Sustainable Development Goals (SDGs). Under each SDG, there are a number of different targets that are related to the individual goal. Some SDGs have more targets, while others have fewer. During our testing, we screened the tool to determine how many of the targets the tool covers under each SDG. The graph below is normalised and can tell you not only which SDGs the tool addresses, but also to what extent. The higher the SDG's coloured column, the more targets the tool addresses (read more about the testing process here).
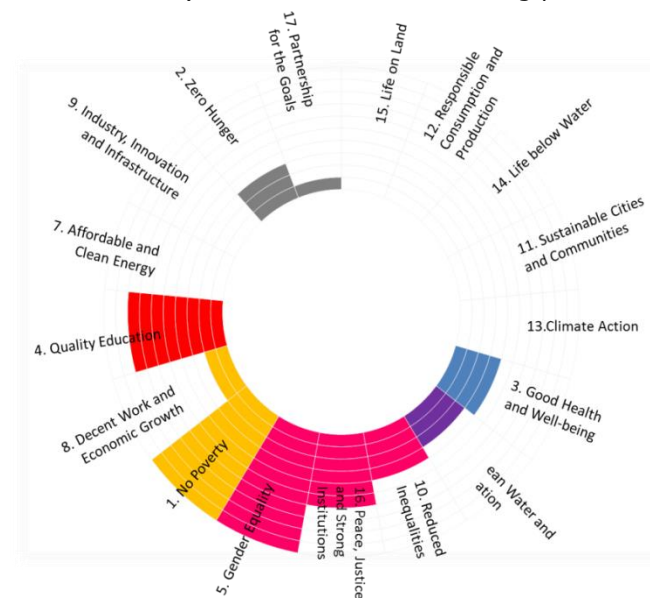
Source: Farsang et.al. (2016)

STEP 1: Decide on the business unit to be assessed

Both Quick and full Human Rights Compliance assessments are more meaningful when implemented at a single business unit level. Even though a portion of the questions can be answered based on globally applicable group polices, however the more detailed information about a specific unit can be obtained and assessed, the more meaningful the assessment will be. Focusing on ne business unit will allow identifying potential HR risks that would otherwise fall through the radar.

The questionnaire is structured around community impacts (covering company security, anti-corruption, environmental health and safety policies, practices and performance, and impact resulting from company products). The HRCA takes a fully rounded approach and thus covers any and all possible human rights risks posed by company activities and products.

STEP 2: Run the first round of the assessment from your own knowledge and data at hand

The quick HRCA will consists of a questionnaire that is the same for all users. The Quick HRCA will ask 28 questions, each broken down into a number of indicator true/false questions, resulting in a total of over 200 individual indicator questions. Given the relatively large number of detailed questions, answering all of them accurately at once may be rather difficult. We recommend first answering as many as possible from easily accessible data to identifying additional data needs and delving deeper into the details. The questions that you consider not applicable can be opted out of with an explanation of why.

STEP 3: Identify areas of larger data gaps and liaise with relevant persons to obtain data

During the first round you should be able to complete a large partof the assessment depending on how much data you have at hand and how well you know company policies. This will already be sufficient to identify larger areas of data gaps for further investigation. Reviewing the interim results and making notes of larger data gap areas while answering assessment questions will allow you to identify further data needs.

STEP 4: Run a second round refining your answers and identify areas of potential human rights non-compliance

A second round of assessment should allow you to get an indication of where the company unit you are assessing is in full human rights compliance and areas where there maybe human rights non-compliance risks in your operations. Analyse the areas marked as "partial" or "non-compliance" and review the questions and indicators within these. Keep in mind that if at any individual indicator you answered "False", that whole area will appear as "partly compliant".

STEP 5: Define and prioritise action

The questions where you are in full compliance will highlight your company strengths. Reviewing the questions where you are in non-compliance or partial compliance will give you a list of practices to review and changes to implement in your company, in order to eliminate potential human rights risks.

Illustration for Step 2: answer as many questions as you are able to at the first round. The Quick HRCA is structured around 28 questions that will each have a number of indicator questions. Sometimes the number of indicator questions can exceed 20. Each question will have 4 answer options: "true", "False", "Further Attention" and "Not Applicable". Should you decide that the question is not applicable, a pop-up window will appear asking you to explain why. You can also assign a priority to each overarching question, which will then help you prioritise issues to be addressed in later steps. The questionnaire can be also be sorted by a particular human right which will rearrange the questions. Each overarching question will also have options to investigate the issue further by clicking on "About this question" or "Question references", which will give you references to the exact human rights conventions regulating the issue at hand.
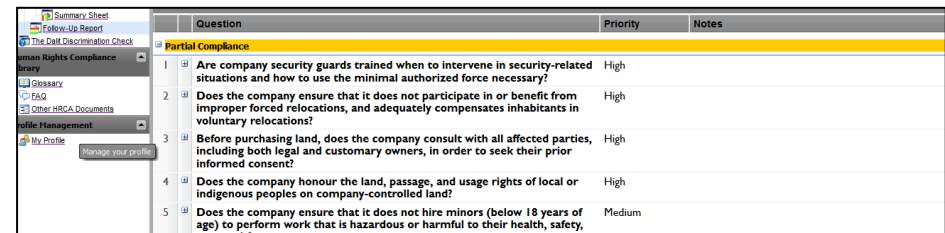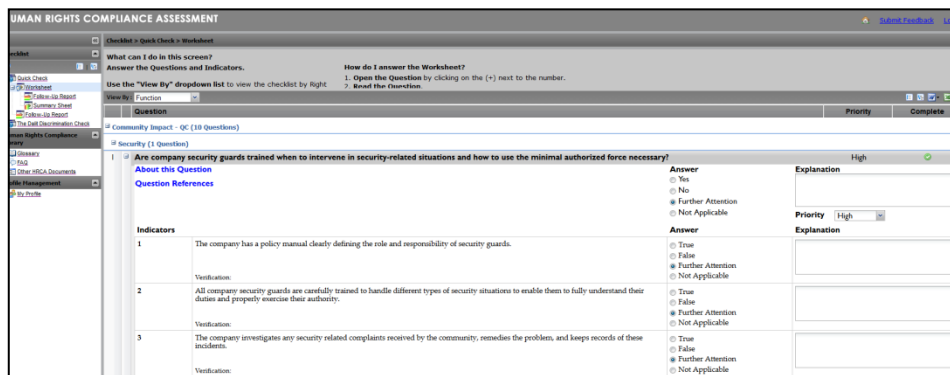

Illustration for Steps 3-4: after the first round of answering questions, you can prioritise areas of deeper assessments by reviewing the "Follow-up report". This will list all questions where your answers to individual indicator questions suggest that your operations are partly, fully or non-compliant with human rights. The questions for each of the aforementioned sections will be sorted by the priority you assigned to them. Focus on areas where your operations are non compliant and issues you marked high priority, followed by partly complainant high priority questions to obtain necessary data and finalise the assessment. Even after the second round of the assessment, you still may not be able to fill it out completely, however it will already indicate the areas where you need to define actions to avoid violating human rights.

Illustration for Step 5: Even after the second round of the assessment you still may not be able to fill it out completely, however it will already indicate the areas where you need to define actions to avoid violating human rights. At this stage you can review areas or non-compliance and partial compliance and define actions you need to implement.

Suitability

Tool testing insights: HRCA for MNCs

HRCA for MNCs

HRCA is one of the most comprehensive, detailed and business appropriate human rights compliance assessments on the market. It is especially useful for companies with production sites in countries with lower legislative requirements, where the rule of law and regulations governing most of human rights issues are weaker. The tool has not been developed with a specific company size in mind. Therefore, the assessment of an organization's compliance with human rights and labour standards can be used by large, medium and small sized companies.

The level of detail required is quite high. The operations are investigated thoroughly for potential human rights non-compliance risks. Additionally, each human right question is also required to be validated by relevant stakeholders. As a result, each production site or business unit should run their own assessment for meaningful human rights risk identification.

Even the quick HRCA, which is about 10% of the Full HRCA, is a time consuming activity, if to be done fully. However, in practice, GLOBAL VALUE tool testers found that even if not 100% implemented, the quick HRCA can already provide useful information and guidance for company actions.

The tool's major added benefit is that it looks at human rights as a comprehensive issue that not only pertains to social aspects, or labour rights, but also looks at product safety control and potential environmental impacts on surrounding communities.

Ease of use

The HRCA is a straightforward questionnaire with well defined indicators and does not require advanced expert knowledge on human rights. Each human right standard is broken down into a comprehensive list of simple 'yes' 'no' indicators for easy understanding.

The tool relies exclusively on qualitative data. Users may need to conduct internal interviews with staff members and external interviews with stakeholders to get complete information. Usually, an organization's assessment takes a few weeks if done without extensive stakeholder engagement. Most of the information required by the assessment can be found in the organisation's policies or user's implicit knowledge about company operations management. If stakeholder opinions are collected, it can take between 6 to 12 months. It is also to be considered that the full assessment has almost 1,000 indicators and 195 questions, which might be too cumbersome for a company to fill out.

One of the most helpful features provided by the tool is its thorough guidance system, which includes extensive information on international human rights standards, a full guide to the tool's technical features, the questions themselves, and an option to submit feedback, and receive for support from developers at any point. The user can investigate the results online, or download the full assessment in an excel format or word document, which makes it more operational in more remote production sites with potentially less advanced technical infrastructures. The HRCA links to many more guidance documents, including issue specific check lists (Dalit HRCA check list etc.), supply chain human rights compliance guidance and advice.

Managing for global value

All the tools GLOBAL VALUE tested exhibit a different approach to managing a company's impact on sustainable development. Tested approaches include tools that assess a company's management system, monetize sustainability impacts or map impacts and build strategies for mitigating negative impacts and enhancing positive impacts.

In order to capture these differences, and what each of these approaches brings to a company wanting to measure and manage its impacts, each of the tools tested were evaluated against a set of criteria developed by the GLOBAL VALUE consortium. Find out more about the criteria we used here. An online Expert Crowd of more than 260 experts from a variety of organisations and stakeholder groups globally has also been involved in developing the criteria to ensure that the most important concerns of science, businesses, civil society and policymakers are reflected.

This section will provide insights into the underlying assumptions of how HRCA evaluates the impact of a company using the tool, and the usefulness of the results that HRCA provides for managing business impacts on sustainable development.

> Learn more about how to use tools for managing your impact on the SDGs on the GLOBAL VALUE toolkit !

HRCA Assessment approach

HRCA takes a compliance approach to assessing company's potential impacts on human rights. All indicators are true or false ones, requiring a company to comply or explain the non-applicability of a specific issue. If a company does not comply with at least one question indicator, the overall question will be marked as "partly-complaint", which gives each indicator a very big weight in the overall result.

HRCA takes a process and performance oriented approach to assessing company compliance and looks explicitly at company operations and their management. Given that it is a self-assessment with no external verification, the tool addresses the need for external validation by asking whether issue specific stakeholders would confirm company compliance to each human rights issue investigated under each question. Since most human rights issues are social issues, company performance is much more difficult to monitor compared to environmental issues with more clear cut metrics available, this approach makes sure to investigate both processes and performance.

The tool is vey advanced in terms of defining how far company's responsibility reach along the value chain. The tool manages to address potential human rights issues that are further removed from the actual production sites, such as supply chain responsibilities and product impacts.

HRCA Assessment output

The traffic light report provided by the tool can help prioritise which areas of potential non-compliance to tackle first. However, the biggest benefit from the tool lies in the details of individual questions and indicators. Users have to identify areas of improvements themselves by analysing the details more than the aggregated result.

Resources | Further resources

- Danish Institute for Human Rights: https://www.humanrights.dk/

- Quick HRCA: https://hrca2.humanrightsbusiness.org/Page-HumanRightsComplianceAssessment-35.aspx

- HRCA Security and Privacy: https://hrca2.humanrightsbusiness.org/Page-SecurityAndPrivacy-18.aspx

- Full HRCA costs: https://hrca2.humanrightsbusiness.org/Page-FrequentlyAskedQuestions-100.aspx#05

- Sustaibable Development Goals (SDGs): https://sustainabledevelopment.un.org

- GLOBAL VALUE Project: www.global-value.eu

- GLOBAL VALUE Toolkit: www.global-value.eu/toolkit

- GLOBAL VALUE Tool navigator: www.global-value.eu/navigator

- GLOBAL VALUE Expert Crowd: www.global-value.eu/expert_crowd

- Farsang, A.; Reisch, L. A.; Temmes, A.; Wiman, A.; Munrat, S. H. A.; Jenkins, A.; Schönherr, N.; Martinuzzi, A. (2016) GLOBAL VALUE Deliverable 4.03. Final Comparative Assessment Report.

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