

requests and reviews a root cause analysis of any incident resulting in severe human rights impacts, in order to ensure that systems, processes and practices are adapted to avoid their recurrence.

When major incidents occur that harm people's human rights, it is important for any company involved to understand whether and to what extent its internal decisions or actions, or those of its suppliers or others in its value chain, have contributed to the harm. It is also important to understand whether any such contribution can be considered unusual and an outlier, or whether it is a reflection of standard processes or of more common attitudes, behaviors or practices. This type of investigation and analysis is needed for the company to avoid such incidents recurring in the future, exposing both people and the company to further risk.

Where the governing body requests and reviews a root cause analysis and follows through on how the company acts on the findings, it is more likely that investigations will be robust enough to withstand external scrutiny and surface the appropriate lessons. It may help ensure that these span not just measures to avoid such incidents recurring, but also measures to provide or enable remedy to those harmed, which can in turn be important in managing risks to the business that result from the incident.

Evidence of the Governing Body setting expectations of such root cause analyses and follow-up action signals an intent to understand how such impacts arise and to ensure that the company is equipped to avoid their recurrence and continuously improve in its management of human rights risks

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Does the Governing Body request a root cause analysis of any incident that results in severe human rights impacts?
- Does the Governing Body review any such root cause analyses?
- Does the Governing Body receive any updates regarding the implementation of lessons from any such root causes analyses?

CONNECTION TO CULTURE



LEARNING



ACCOUNTABILITY

THE MOST SENIOR GOVERNING BODY AND/OR ITS RELEVANT SUB-COMMITTEES...

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GOVERNANCE
NO.

7

OVERVIEW

TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Investor engagement

APPLICATIONS

SOURCES OF EVIDENCE



DOCUMENTATION

- Governing Body briefing documents and Minutes, including actions points
- Evidence of root causes analysis and follow up



CONVERSATIONS

- with Chair of Governing Body; Company Secretary
- with other Members of Governing Body
- with internal or external staff who conduct any such root cause analysis

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ADDRESSING LIMITATIONS

The limits of this indicator lie in the need for the Governing Body to be aware that an incident has, or may have, resulted in severe human rights impacts such that it would warrant a root cause analysis.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G2

The most senior governing body and/or its relevant subcommittees... regularly discusses progress and challenges in addressing the company's salient human rights risks, informed by related complaints or grievances from the workforce or external stakeholders, root cause analyses of major human rights-related incidents and knowledge of current leading practice.

Where the governing body does this, it is more likely to be attuned to the types of impacts on people that can result from major incidents and to see the value of establishing their causes.

L3

Senior leaders at corporate, regional, country and business unit levels... pro-actively and regularly seek the insights and critique of credible experts to inform the company's understanding of and responses to human rights issues.

Where senior leaders do this, it is more likely that the human impacts of any incidents will be brought to their attention and may trigger a root cause analysis and/or be brought to the governing body for discussion.

L6

Senior leaders at corporate, regional, country and business unit levels... engage constructively with affected stakeholders or their representatives with regard to any allegations that the company is involved in major human rights-related incidents in its operations or value chain.

Where senior leaders do this, it is more likely that they will see a need to investigate the causes and/or bring the issue to the governing body for discussion.

L9

Senior leaders at corporate, regional, country and business unit levels... encourage the workforce to raise questions or concerns about the company's impacts on co-workers or external stakeholders.

Where senior leaders do this, it is more likely that impacts warranting a root cause analysis will be brought to their attention and raised for discussion by the governing body.

L12

Senior leaders at corporate, regional, country and business unit levels... encourage the sharing of problems and setbacks, as well as progress and successes, to support improved management of human rights risks and impacts.

Where senior leaders do this, it is more likely that the lessons of major incidents will be acted upon to avoid their recurrence.

OVERVIEW

APPLICATIONS

SUPPORTING INDICATOR

RATIONALE

SUPPORTING INDICATORS