

Expectations to companies on  
Human Rights



## Objective

This document is part of a series of expectation documents from DNB Asset Management (DNB AM), intended to explicitly outline to companies within our investment universe how we expect them to manage specific environmental, social and governance (ESG) topics. Our expectations are based on internationally recognised principles such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights (UN Guiding Principles), the G20/OECD Principles of Corporate Governance, the OECD Guidelines for Multinational Enterprises (OECD Guidelines) and other topic-specific standards.

Ensuring respect for human rights is fundamentally important for the DNB Group. The DNB Group Instruction for Responsible Investments (the Group Instruction) is the starting point when considering sustainable investment practices related to human rights.<sup>1</sup> The Group Instruction shall ensure that DNB does not contribute to human or labour rights violations, corruption, serious environmental harm, and other actions which may be perceived to be unethical and/or unsustainable. It shall also ensure that assessments of risks and opportunities arising ESG factors are integrated into the investment decision-making process.

The purpose of this document is to define our expectations and criteria towards companies in terms of their obligation to respect human rights, including in supply chains and other business relationships. This document forms the basis for dialogues with companies on human rights. Our expectations on human rights are closely linked to other expectation documents, specifically Human Capital Management. Human Rights are also closely interlinked with several of the Sustainable Development Goals (SDGs) outlined by the United Nations<sup>2</sup>, including SDG 1, No Poverty and SDG 8, Decent Work and Economic Growth.

## Definition and scope

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, and freedom of opinion and expression. Additionally, human rights extend to include labour rights, ensuring the right to work and the right to education. Everyone is all equally entitled to these rights without discrimination.<sup>3</sup>

The responsibility to respect human rights applies to all companies. However, our expectations are especially relevant for companies with direct operations, supply chains or other business relationships in high-risk operational environments such as conflict-affected areas. In these settings, the risk of companies causing or contributing to human rights violations is heightened.

## Introduction to Human Rights

The idea of human rights emerged stronger after the World War II. In the decades after the Second World War, a number of global and regional treaties and declarations concerning human rights were established, and the appearance of non-governmental organizations supported their enforcement. The Universal Declaration of Human Rights (UDHR) was adopted by the United National General Assembly in 1948 and is generally understood to be the foundation of international human rights law and is mandatory for a state's membership in the UN.<sup>4</sup> Since the UDHR was adopted in 1948, nine core international human rights instruments, together

<sup>1</sup> [https://s3.eu-north-1.amazonaws.com/dnb-asset-management/231208\\_Responsible-investment-Group-Instruction.pdf](https://s3.eu-north-1.amazonaws.com/dnb-asset-management/231208_Responsible-investment-Group-Instruction.pdf)

<sup>2</sup> United Nations, 2015. The UN Sustainable Development Goals. Available at: <https://sdgs.un.org/goals>. See also appendix for an overview of likely material topics and their corresponding SDGs.

<sup>3</sup> United Nations (1948), *Universal Declaration of Human Rights*, *United Nations General Assembly resolution 217 A (III), article 23.* ) <https://www.un.org/en/universal-declaration-human-rights/>

[www.un.org](http://www.un.org), United Nations, *Human rights*, <https://www.un.org/en/sections/issues-depth/human-rights/>

<sup>4</sup> United Nations, "Universal Declaration of Human Rights", <http://www.un.org/en/universal-declaration-human-rights/>

with the labour rights conventions and several other instruments have entered into force together with an establishment of an international human right regime.<sup>5</sup>

### **Norms and standards on human rights**

The legal obligation to protect the human rights of individuals or groups rests with governments under international law. However, companies have a responsibility to respect human rights, including in their supply chain and other business relationships. International human rights treaties do not impose direct legal obligations on business enterprises, but they establish important standards for companies. The UN Guiding Principles establish a normative starting point for companies' policies and strategies with respect to human rights. The Guiding Principles refer to the responsibility of companies to respect the human rights protected by the International Bill of Human Rights<sup>6</sup> and the ILO core conventions<sup>7</sup> as a minimum. Together with the UN Global Compact and the OECD Guidelines, the UN Guiding Principles provide a basis for what is expected of business enterprises as part of good business practice and risk management. It is the duty of companies to decide how relevant principles and guidelines apply to their operations. For a comprehensive list of international norms and standards on human rights, please refer to the Appendix.

### **International humanitarian law**

International humanitarian law is a set of rules which seek, for humanitarian reasons, to limit the effects of armed conflict with aim to mitigate human suffering.<sup>8</sup> It lays out the responsibilities of states and non-state armed groups during armed conflicts and occupation.<sup>9</sup> International humanitarian law applies to armed conflicts and does not cover internal tensions or disturbance such as isolated acts of violence. Therefore, international humanitarian law is also known as "the law of armed conflict" or "the laws of war". A major part of international humanitarian law is contained in the four Geneva conventions of 1949.<sup>10</sup> Companies operating in unstable environments or areas affected by armed conflict should identify and assess their risks in direct operations and supply chain. Companies should comply with international humanitarian law and thus not supply arms and weapon systems, military transport systems, and other military goods to repressive regimes, fragile states, and non- state actors.

### **Specific criteria**

#### *Children's rights*

Children are entitled to the same human rights and fundamental freedoms as all individuals but have been given special status and protection within the United Nations framework which recognizes their special needs and vulnerabilities. The UN Convention on the Rights of the Child (1990), in addition to human rights and labour rights treaties, describes children's rights and is ratified by 194 countries. The UN Convention on the Rights of the Child with protocols and the relevant ILO conventions (ILO No.182 and ILO No. 138) are international legally binding instruments that incorporate the full range of children's rights.<sup>11</sup> Companies should understand their risks and responsibilities regarding children's rights in the context of their business

<sup>5</sup> International conventions are treaties or agreements between states entered into force by international law. A treaty is a formally concluded and ratified agreement between States. The term treaty refers to instruments binding under international law, concluded by international entities, sovereign states or international organizations. Covenant is used synonymously with convention and treaty.

The term declaration is used for various international instruments. Declarations are not always legally binding. Declarations are weaker than conventions, as conventions are legally binding for governments that have signed them, but declarations may reflect customary international law and may gain binding character as customary law at a later stage. Such was the case with the Universal Declaration of Human Rights, 1948

<sup>6</sup> The Universal Declaration of Human Rights of 1948 and the two Covenants on Economic, Social and Cultural Rights and Civil and Political Rights of 1966

<sup>7</sup> The ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work. They pertain to forced labour, child labour, freedom of association and collective bargaining, discrimination, and a safe and healthy working environment

<sup>8</sup> [www.icrc.org](https://www.icrc.org), What is International Humanitarian Law?, [https://www.icrc.org/en/doc/assets/files/other/what\\_is\\_ihl.pdf](https://www.icrc.org/en/doc/assets/files/other/what_is_ihl.pdf)

<sup>9</sup> International Justice Resource Center, *International law*, <https://ijrcenter.org/international-humanitarian-law/> (2019)

<sup>10</sup> [www.ICRC.org](http://www.ICRC.org), *Geneva Conventions of 1949 and Additional Protocols, and their Commentaries*, <https://ihl-databases.icrc.org/applic/ihl/ihl.nsf/vwTreaties1949.xsp>

<sup>11</sup> ILO, "ILO Conventions and Recommendations on child labour", <https://www.ilo.org/ipec/facts/ILOconventionsonchildlabour/lang--en/index.htm>

operations, including their supply chain and subcontractor contracts. This involves conducting thorough due diligence and ensuring compliance with established norms and standards. Companies should demonstrate their responsibilities in their strategies, policies, procurement, risk management and reporting.

### *Labour rights*

International labour standards are legal instruments drawn up by the ILO's constituents and provide a global recognized set of basic principles and rights at work.<sup>12</sup> The ILO declaration on fundamental principles and rights at work, adopted in 1998, commits Member States to respect, promote and realise the principles concerning the fundamental rights covered in the eight ILO core conventions. Companies should understand their risks and responsibilities regarding basic labour rights in the context of their business operations, including their supply chain and subcontractor contracts. This involves conducting thorough due diligence and ensuring compliance with established norms and standards. By basic labour rights, we mean in accordance with the ILO conventions.

### *Indigenous people's rights*

The United Nations Declaration on the Rights of Indigenous Peoples was adopted by the United Nations General Assembly in 2007.<sup>13</sup> The Declaration is the most comprehensive instrument detailing the rights of indigenous peoples in international law and policy, including minimum standards for the recognition, protection and promotion of these rights. Indigenous peoples' rights under international law have developed from international law, including human rights treaties, to address the specific circumstances facing indigenous peoples.<sup>14</sup> Companies should understand their risks and responsibilities regarding indigenous peoples' rights in the context of their business operations, including their supply chain and subcontractor contracts. This involves conducting thorough due diligence and ensuring compliance with established norms and standards. Companies should demonstrate this in their strategies, policies, procurement, risk management and reporting.

### **Free, Prior and Informed Consent**

The principle of Free, Prior and Informed Consent (FPIC) is a principle protected by international human rights standards stating that all people have the right to self-determination to freely pursue their economic, social and cultural development.<sup>15</sup> FPIC is supported by the United Nations Declaration on the Rights of Indigenous Peoples, the Convention on Biological Diversity, and the International Labour Organization Convention no. 169. FPIC has emerged as a key principle in international law and jurisprudence related to indigenous peoples and aims to ensure a level playing field between communities and the government or companies. The right to FPIC allows indigenous people to reach consensus and make decisions according to their customary systems of decision making. Companies should comply with the principles of FPIC in their development of projects to ensure the rights of indigenous peoples as well as the rights of other individuals and communities. FPIC is highly relevant for extractive industries such as mining, quarrying, dredging, energy and forestry. The principles also apply to other sectors, such as large-scale infrastructure development and agricultural commodities.

### **Just Transition**

As the world is transitioning to a low carbon economy, companies need to balance the environmental outcomes of their transition plans with the consequences for the social dimension, with special emphasis on human and labour rights. Companies should transition in a fair and inclusive way, promoting a just transition.

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<sup>12</sup> ILO, "Conventions and Recommendations", <http://ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>

<sup>13</sup> United Nations, "United Nations Declaration on the Rights of Indigenous Peoples", <https://www.un.org/development/desa/indigenouspeoples/declaration-on-the-rights-of-indigenous-peoples.html>

<sup>14</sup> United Nations Human Rights, "Indigenous Peoples and the United Nations Human Rights System", <http://www.ohchr.org/Documents/Publications/fs9Rev.2.pdf> p.4

<sup>15</sup> www.UN.org, Division for social policy and development indigenous peoples, Free Prior and Informed Consent – An Indigenous Peoples' right and a good practice for local communities – FAO



impact through the business operations, value chain, and the use of a company's products and services.

- d) Include the supply chain and subcontractor contracts in the due diligence process.
- e) Conduct relevant impact and risk assessments prior to making significant investments in new activities, agreeing mergers and acquisitions, entering new countries, regions, or locations, and establishing new business relationships.
- f) Establish adequate supply chain management systems, including policies for detecting and preventing supply chain human rights abuses, monitoring systems, contractual clauses, incentives, and corrective instruments. Strive for traceability down to raw material level, where appropriate.
- g) Engage in meaningful consultation with potentially affected groups and other relevant stakeholders to understand and address human rights impacts. Stakeholders identified in the human rights due diligence process as vulnerable or exposed to salient risks should be included in the engagement process. Engagements should continue as long as the identified human rights risk persist.
- h) Prevent conflicts over land rights and acquire natural resources only with free, prior and informed consent (FPIC) from indigenous peoples and peoples with customary tenure rights.
- i) Respect the standards of international humanitarian law when operating in conflict-affected areas.
- j) Establish and maintain effective and accessible grievance mechanisms to address concerns from individuals and communities impacted by operations, ensuring robust access to remedy procedures. The mechanism's progress and performance should be transparent.

#### 4. Disclosure, Metrics, and Targets:

- a) Publicly disclose human rights strategies, policies, and processes. Report on the implementation of the UN Guiding Principles on Business and Human Rights and other relevant international standards.
- b) Disclose human rights action plans, governance structures, operational procedures and risk and impact assessments, along with information about stakeholder relationships and remediation processes.
- c) Ensure that information is communicated in a relevant and accessible manner.
- d) Identify, monitor, and report on the status of relevant topics, using metrics that enable year-on-year comparison based on internationally accepted reporting standards or initiatives, such as IFRS and GRI.
- e) Define qualitative and quantitative indicators for monitoring and tracking of human rights abuses, along with preventive and corrective efforts. Disclose any identified adverse impacts in accordance with relevant regulations, including but not limited to NTA, CSDDD and ESRs.
- f) Disclose information at the appropriate level of detail on activities in high-risk sectors and areas, being open about the human rights due diligence process.
- g) Report the above information for supply chains and other business relationships, taking a full value-chain perspective.

#### Specific expectations towards companies on labour rights are as follows:

- Promote freedom of association and collective bargaining.<sup>18</sup>
- Prohibit all forms of forced or compulsory labour.<sup>19</sup>
- Prohibit the use of child labour in any form.<sup>20</sup>
- Avoid discrimination in respect of employment and occupation.
- Pay a living wage to employees.
- Apply a maximum of working hours.<sup>21</sup>
- Establish a health and safety policy.<sup>22</sup>
- Ensure fair recruitment practices.<sup>23</sup>

<sup>18</sup> ILO Conventions no. 87 and 98

<sup>19</sup> ILO Conventions no. 29 and 105

<sup>20</sup> ILO Conventions no.138 and 182

<sup>21</sup> ILO Conventions no. 1, 30 and 47 on Hours of work. ILO Convention no. 1 and no. 30 set the general standard at 48 hours of work per week, with a maximum of eight hours per day, <https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/working-time/lang--en/index.htm>

<sup>22</sup> ILO Conventions no. 155

<sup>23</sup> [ILO, General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs](https://www.ilo.org/global/topics/labour-migration/publications/WCMS_536755/lang--en/index.htm)  
[https://www.ilo.org/global/topics/labour-migration/publications/WCMS\\_536755/lang--en/index.htm](https://www.ilo.org/global/topics/labour-migration/publications/WCMS_536755/lang--en/index.htm)

- Ensure equal treatment and working conditions for persons with disabilities and other marginalized groups including migrant workers.
- Establish management systems to monitor and ensure compliance with labour laws.
- Establish procedures on how to manage employee complaints and grievances and how to solve violations and conflicts, preferably in consultation with the relevant trade union. Employees should be able to reserve the right to make complaints and grievances anonymously and without fear of retaliation.
- Integrate labour rights in procurement and operational policies.
- Incorporate respect for labour rights in strategies, policies, procurement, risk management and reporting.

**Appendix:**

**Laws, norms, and standards relevant for human rights that DNB AM expects companies to be compliant with**

International Standards and Initiatives	Description of Principles
<b>International Human Rights Frameworks and Initiatives</b>	
The UN Guiding Principles on Business and Human Rights (UN GPs), 2011	A set of guidelines that apply to all states and companies to prevent, address and remedy human rights abuses committed in business operations. Moreover, the Guiding Principles provide a reference point for companies in understanding what human rights are, how their own activities and business relationships may affect or otherwise be linked to them, and how to ensure that they prevent or mitigate the risk of contributing to adverse impacts on human rights. <sup>5</sup>
The OECD Guidelines for Multinational Enterprises	Recommendations addressed by governments to multinational enterprises, aimed at encouraging responsible business behavior around the world. They provide voluntary principles and standards for responsible business conduct in a global context. OECD and the signatory governments are required to ensure that the guidelines are implemented and observed.
The UN Global Compact (UN GC)	A voluntary United Nations initiative with an aim to encourage businesses to adopt sustainable and socially responsible strategies and operations. It is the world’s largest corporate sustainability initiative. The UN GC is framework based on ten principles that are derived from the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

<b>The Core International Human Rights Instruments (including optional protocols)</b>	
Universal Declaration of Human Rights (UDHR), 1948	Articulates a comprehensive set of fundamental human rights and freedoms, affirming the inherent dignity and equality of all individuals. It serves as a foundational guide for the development of international human rights standards and principles.
The International Covenant on Civil and Political Rights	Protects the rights to life, freedom, expression, and safeguards against torture, slavery, and arbitrary arrest.
The International Covenant on Economic, Social and Cultural Rights	Establishes and protects the rights to work, education, health, and cultural participation as essential components of human dignity and well-being.
Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, 1984	Prohibits torture and protects against inhuman or degrading treatment, preventing return to torture-threatened areas.
Convention on the Rights of the Child, 1989	Safeguards children's rights to life, protection, education, health, and participation in family and society.
International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, 1990	Protects migrant workers' rights and includes provisions for family reunification.
Convention on the Elimination of all Forms of Discrimination against Women, 1979	Promotes gender equality and protects against violence, discrimination, and ensures political participation.
Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment	Prohibits torture and protects against inhuman or degrading treatment, preventing return to torture-threatened areas.
Convention on the Rights of Persons with Disabilities	Promotes non-discrimination and rights of persons with disabilities, including self-determination and accessibility.
<b>ILO Core Conventions</b>	
No.87 Freedom of Association and Protection of the Right to Organize	Sets forth the right of workers and employers to establish and join organizations of their own choosing without authorization.
No.98 Right to organize and Collective Bargaining	Complements C87 by emphasizing the right to organize and the right of workers and employers to engage in collective bargaining.
No.29 Forced Labour	Prohibits all forms of forced or compulsory labour. Requires that the illegal extraction of forced or compulsory labour be punishable as a penal offence
No.105 Abolition of Forced Labour	Complements C29 and calls for the abolition of forced or compulsory labour as a means of political coercion or education.



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No.138 Minimum Age	Sets the minimum age for admission to employment or work at 15 years (13 for light work) and the minimum age for hazardous work at 18 (16 under certain strict conditions). It aims to prevent child labour.
No. 182 Worst Forms of Child labour (and recommendation No. 146)	Requires ratifying states to eliminate the worst forms of child labour, including slavery, prostitution, and work which is likely to harm the health, safety, or morals of children.
No.100 Equal Remuneration	Emphasizes the principle of equal pay for men and women engaged in work of equal value. It aims to ensure that there is no gender-based wage discrimination, promoting equitable remuneration across genders for comparable work.
No.111 Discrimination (Employment and occupation)	Aims to eliminate discrimination in employment and occupation based on various criteria, such as race, colour, sex, religion, political opinion, national extraction, and social origin.
No. 155 Occupational Safety and Health Convention	Provides for the adoption of a coherent national occupational safety and health policy, as well as action to be taken by governments and within enterprises to promote occupational safety and health and to improve working conditions.
No. 187 Promotional Framework for Occupational Safety and Health Convention	Provides for coherent and systematic treatment of occupational safety and health issues and promote recognition of existing Conventions on occupational safety and health.

**Other Central ILO Conventions**

No. 1, 30, 47 Hours of Work	Collectively address standards related to working hours, including standards for the maximum duration of the working week, minimum rest periods, and the recommendation of the establishment of a 40-hour workweek as a standard.
No 95 Protection of Wages	Establishes principles to ensure the protection of wages, covering areas such as regular payment, lawful deductions, and the timing of wage payments. It aims to safeguard the rights of workers regarding their remuneration, promoting fair and timely compensation for their work.
No. 131 Minimum Wage Fixing	Requires ratifying states to establish a minimum wage fixing machinery capable of determining and periodically reviewing and adjusting minimum wage rates having the force of law.
No.169 Indigenous and Tribal Peoples Convention, 1989	Provides for consultation and participation of indigenous and tribal peoples with regard to policies and programmes that may affect them. It provides for enjoyment of fundamental rights and establishes general policies regarding the rights of indigenous and tribal peoples.

RESPONSIBLE INVESTMENTS

No. 183 Maternity Protection Convention (Revised) (C183): This convention	Establishes standards for maternity leave, protection of maternity, and related social security benefits to safeguard the health of expectant and nursing mothers and protecting them against job discrimination.
No. 97 and 43 Migration for Employment	Addresses the regulation of migration for employment, emphasizing protection for migrant workers.
No 159. Vocational Rehabilitation and Employment (Disabled Persons)	Aims to promote vocational rehabilitation and employment opportunities for persons with disabilities.
No. 181 Private Employment Agencies Convention	Establishes standards for the operation and regulation of private employment agencies to ensure fair and ethical practices
No. 190 Violence and Harassment Convention	Recognises the right of everyone to work free from violence and harassment, including gender-based violence and harassment.
R130 Examination of Grievances Recommendation	Recommends procedures for examining and resolving grievances in the workplace.
R115 Workers' Housing Recommendation	Provides guidance on the improvement of workers' housing conditions.
<b>Other Relevant Conventions, Declarations and Principles</b>	
Basic Principles on the Use of Force and Firearms by Law Enforcement Officials, 1990	Outlines principles for the appropriate use of force by law enforcement officials.
Code of Conduct for Law Enforcement Officials, 1979	Establishes ethical standards for the conduct of law enforcement officials.
General Assembly Resolution 1803 (XVII) of 14 December 1962, "Permanent Sovereignty over Natural Resources"	Asserts the principle of permanent sovereignty of nations over their natural resources.
Convention on the Elimination of all Forms of Racial Discrimination, 1965	The principal international human rights instrument defining and prohibiting racial discrimination in all sectors of private and public life, adopted by the UN General Assembly in 1965.
UN Convention relating to the Status of Refugees, 1951	Defines the status and rights of refugees and the obligations of the states that host them.
UN Declaration on the Rights of Indigenous Peoples, 2007	Affirms the rights of indigenous peoples, including their right to self-determination.
The Declaration of the United Nations Conference on the Human Environment	Outlines principles for environmental protection and sustainable development.
Hague Regulations concerning the laws and customs of war on land, 1907	Establishes regulations related to the conduct of armed conflict on land.

## RESPONSIBLE INVESTMENTS

ILO Declaration on Fundamental Principles and Rights at Work	Affirms fundamental labour rights, including freedom of association and the right to collective bargaining.
ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all	Aim to ensure a fair and inclusive transformation that addresses the social and economic impacts of environmental initiatives, promoting equity and well-being for all stakeholders involved.
Geneva Convention (I) on wounded and sick in Armed Forces in the field, 1949	International treaties that contain the most important rules limiting the barbarity of war. They protect people who do not take part in the fighting (civilians, medics, aid workers) and those who can no longer fight (wounded, sick and shipwrecked troops, prisoners of war).
Geneva Convention (II) on wounded, sick and shipwrecked of Armed Forces at Sea, 1949	
Geneva Convention (III) on Prisoners of War, 1949	
Geneva Convention (IV) on civilians, 1949	

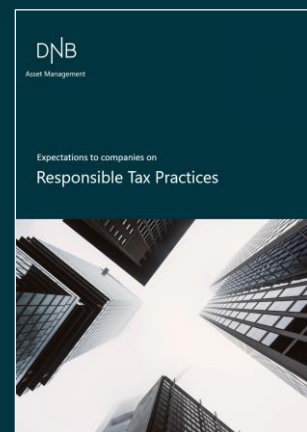
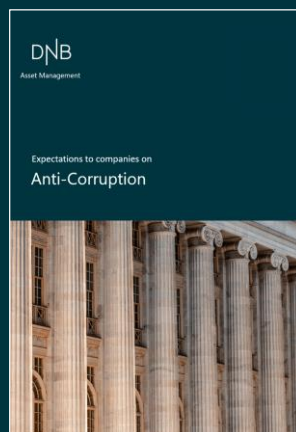
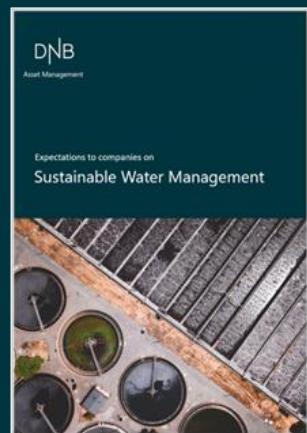
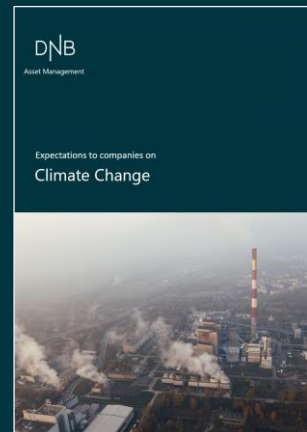
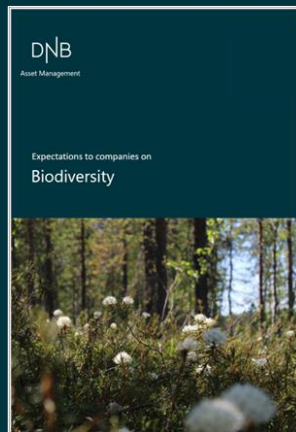
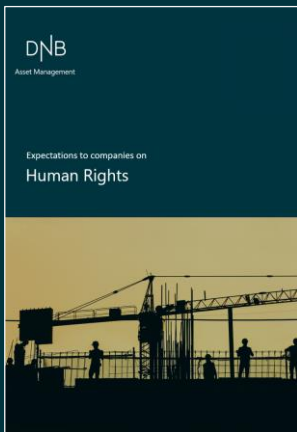
### Document updated: December 2023

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# DNB Asset Management

Below are our additional expectation documents.

See our website <https://dnbam.com/en/responsible-investments/guidelines-and-exclusions> for a full and updated list of our expectations on sustainability topics.



DNB