

Boardroom questions

Addressing human rights in business

What are human rights issues for business?

Negative impacts on people caused by a corporation, its suppliers or associated parties. Common issues include:

- use of forced labor or child labor
- underpayment of workers
- unsafe or unhealthy working conditions
- displacement of communities
- use of excessive force when protecting assets
- damage to people’s health, e.g. through pollution
- discrimination against employees, e.g. on the basis of race, gender or sexuality
- depletion or contamination of water sources
- infringing rights to data privacy

“ Observing the highest standards of human rights is integral...to the credibility, effectiveness and sustainability of business – now and in the future. ”

Mark Wilson, CEO, Aviva¹

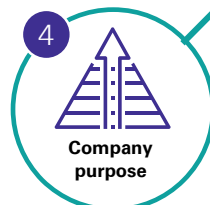
“ Business can only flourish in societies in which human rights are respected, upheld and advanced. ”

Paul Polman, CEO, Unilever²

Key risks: why take action on human rights now?

Non-compliance with regulations and standards

- Increasing human rights legislation (e.g. UK Modern Slavery Act, 2015)
- Increasing **litigation** over corporate human rights infringements
- Growing pressure from international guidelines and standards such as the UN Guiding Principles on Business and Human Rights (UNGPs)



Damage to reputation and relationships

- Scrutiny from **media & NGOs** leading to brand damage and loss of market share
- Stricter **customer** demands on human rights performance
- Poor performance can lead to loss of or difficulty in attracting **employees**

Loss of investors and increasing lender scrutiny

- Loss of investors due to a human rights scandal (pension funds increasingly active on the issue)
- Banks implementing stricter human rights lending conditions
- Stock market indices demanding greater transparency

Company purpose

- Failure to address human rights issues undermines company purpose, culture and values

“ Tata’s mission statement and values include the concept of ‘zero harm’ to all stakeholders and this has led us to look at human rights in a holistic manner. ”

**Ramakrishnan Mukundan,
Managing Director and CEO, Tata Chemicals³**

¹ <http://www.ohchr.org/Documents/Issues/Business/ForumSession5/Statements/MarkWilson.pdf> Retrieved 21 February 2017
² Unilever (2015), Enhancing livelihoods, Advancing Human Rights: Human Rights Report 2015
³ KPMG International (2016), Addressing Human Rights in Business: Executive Perspectives

Boardroom Questions

- 1 Do we fully understand the human rights impacts of our company now, and in the future?
- 2 Is our brand at risk of being targeted in a future media or NGO human rights campaign?
- 3 Who in our company is accountable for human rights issues?
- 4 Are we compliant with all national and international human rights regulations and guidelines?
- 5 Do we have adequate human rights policies, due diligence processes and systems (including grievance and whistleblowing mechanisms) in place?
- 6 Are we confident that there are no unfair or unsafe working practices at our own operations, or at our contractors, suppliers or franchisees?
- 7 How does our business growth strategy take account of potential human rights risks? Are our merger & acquisition (M&A) or joint venture activities exposing us to new human rights risks?
- 8 Do we have the appropriate internal capability and expertise to identify and address human rights issues?
- 9 What opportunities are there for our business to contribute to improving human rights and support the UN Sustainable Development Goals (SDGs)?

What actions should the Board consider?

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Set the tone at the top by appointing a Board member with responsibility for human rights
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Ensure the Board, CEO and/or Chairperson are clear in their commitment to respect human rights
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Set up a cross-functional working group including the sales, procurement, operations, legal, ethics, safety and human resources functions to implement the human rights policy
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Build human rights actions into annual business unit plans and ensure accountability sits with heads of business units
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Integrate human rights risks into the corporation's risk management process
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Ensure there is a clear line of reporting to the Board on the most severe human rights risks and impacts so issues can be escalated rapidly

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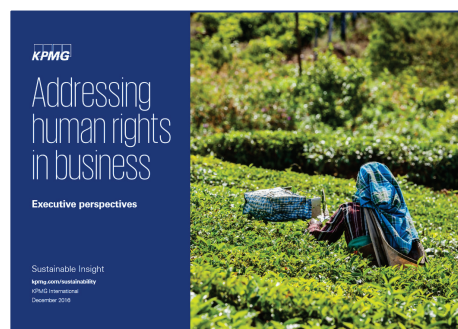


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For more information download KPMG's report:

[Addressing human rights in business: executive perspectives](#)



kpmg.com/humanrights

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