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

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)

Company purpose

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

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

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 Chemicals

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?

- Set the tone at the top by appointing a Board member with responsibility for human rights
- Ensure the Board, CEO and/or Chairperson are clear in their commitment to respect human rights
- 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
- Build human rights actions into annual business unit plans and ensure accountability sits with heads of business units
- Integrate human rights risks into the corporation’s risk management process
- 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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For more information download KPMG’s report:
Addressing human rights in business: executive perspectives

kpmg.com/humanrights

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