

Boardroom Questions

Addressing human rights in business



What are human rights issues for business?



Potentially, negative impacts on people caused by a corporation, its suppliers or associated parties which might 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

What should companies look out for?



Non-compliance with regulations and standards

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

Company purpose

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



Damage to reputation and relationships

- Scrutiny from **media and NGOs** leading to brand damage and possible 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

- **Possible loss of investors** due to a human rights scandal (pension funds increasingly active on the issue)
- **Banks** might implement stricter human rights lending conditions
- Some **stock market** indices demanding greater transparency

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

CEO, Global Insurance company

www.ohchr.org/Documents/Issues/Business/ForumSession5/Statements/MarkWilson.pdf Retrieved 21 February 2017

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

CEO, Global Consumer Markets company

Enhancing livelihoods, Advancing Human Rights: Human Rights Report 2015

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 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 could 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

Contact us:



Richard Boele
Head of KPMG Global Business and Human Rights Network
KPMG International
T: +61 2 9346 5858
E: rboele@kpmg.com.au



Jerwin Tholen
Director, Human Rights Advisory
KPMG International
T: +31 206 564584
E: tholen.jerwin@kpmg.nl



Click here
for more information
www.kpmg.com/humanrights

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2019 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.