

MANAGERS AND HUMAN RIGHTS

Contributed by Mr Manish Kumar Srivastava, Senior Management Programme, 2018. The author works with Nobel Peace Laureate, Mr. Kailash Satyarthi in his organization, BachpanBachaoAndolan(BBA). The existing ignorance of human rights among corporate leaders and lack of approach towards the same was the inspiration behind the article.

In recent years, non-financial factors have become a required element of corporate reporting. There are talks of triple bottom line in the financial circles. Stakeholders and government are concerned about the sustainability and impact of business on the environment. Not to mention continuous scrutiny by civil society and government agencies.

Management professionals have a key role in identifying, measuring and analysing information that helps explain how their business creates value, both for itself and for wider society.

Using this lens, they are well placed to review human rights impacts and determine how prepared their organisations are in terms of applying the Guiding Principles.

Managers have the skills to develop risk reviews and corporate processes, often working with multiple and complex scenarios. With their professional objectivity, they are well placed to contribute to auditing and monitoring policies and actions. They can also help in the execution of strategic initiatives. When it comes to safeguarding reputation, such scrutiny is crucial.

Managers can map out risk and opportunities, enabling them to engage with the Guiding Principles and identify both how their business might impact human rights and how human rights abuses might impact their business.

To do so, they must manage and draw insight from corporate information and metrics. Companies already engaging in responsible business practices and applying human rights frameworks will gain significant advantage over those failing to recognise their importance. Companies also need to be confident in explaining new priorities to a wide range of stakeholders, supported by metrics that clearly justify their decisions.

Having a clearer understanding of the implications of human rights to the business will also help financial decision making by highlighting areas where investment is required and enabling the evaluation of procurement options and performance.

More importantly, finance professionals play a crucial role in supporting and enabling long-term sustainable business success. They have an equally important obligation to ensure that their employers recognise the relevance of human rights in business, and that the success of their business operations should not come at the expense of the human rights of other people.

The following guidance highlights actions that managerial professionals should consider in relation to their organisation's activity. It covers areas where they can inform and influence practice and learn from others in upholding human rights.

ENQUIRE:

- Has the organisation made a public commitment to respecting human rights? This may take the form of a human rights policy, or the inclusion of a human rights statement within its policies on sustainability, corporate responsibility or other matters. It may also take the form of a public endorsement of the Guiding Principles.
- Has the organisation signed up to a responsible business standard or initiative that includes a commitment to observing human rights (such as the UN Global Compact)?
- Has the organisation signed up to a sectoral initiative that has its own responsible business standard including a commitment to observing human rights?
- Has the organisation's HR function developed systems to monitor issues such as gender equality in the workplace or beyond?
- Is the procurement function aware of any requirements for companies to respect human rights? Or does it undertake human rights due diligence?
- How does the internal communications function share messages and help embed practices on the companies' position, policies and processes relating to respect for human rights?

KEEP APPRISED OF:

- Changes in the regulatory and legal landscape concerning business and human rights-related issues, such as new legislation (for example, the Modern Slavery Act 2015 in UK)
- New and relevant developments in the business and human rights field regarding business reporting and performance, such as the Corporate Human Rights Benchmark, the UN Guiding Principles Reporting Framework and the Business and Human Rights Assurance Framework

REVIEW:

Any existing business strategy or plan. Look for strategic priorities that may adversely impact the human rights of stakeholders. If these are not apparent, make the case for considering how the company will address and manage its impact on the human rights of its stakeholders as one of the business's ongoing strategic objectives.

- Research gathered from different teams - look for any potential or actual human rights risks to the company, or impacts on stakeholders. Either of these may signal a 'red flag' (a legal risk that will require urgent action)
- Reports addressing the human rights risks or impacts relating to relevant aspects of the organisation's business (such as a project, operation or relationship)
- Upon reviewing, determine how any impacts to stakeholders and risks to the business that you identify may affect the organisation's financial position
- *Contracts* - look for opportunities to insert the organisation's human rights responsibilities into contracts with third-party suppliers, contractors and other players.

The wording should unequivocally state the organisation's commitment to upholding respect for internationally-recognised human rights, elaborate on how it conducts its business and convey to third parties the need for them to adhere to the contract

- *Insurance policies* - seek any clauses that have a crossover with human rights impacts. If the wording is vague, consider asking the insurer to include specific clauses that safeguard the organisation's activities, actions or relationships with respect to human rights. Alternatively, ask for the wording to be strengthened to ensure that your organisation is covered regarding any violation of human rights

BE ALERT OF:

- Existing or legacy human rights issues in any merger, acquisition or divestiture prospect or related partnership. If these are not apparent, ensure that the due diligence process includes consideration of existing or legacy human rights issues

ENSURE:

- That new business/business development teams thoroughly assess the human rights situations in countries where the company may be embarking on a merger, acquisition or other investment
- That, when placing orders, the buying function considers the organisation's responsibility to respect the human rights of its suppliers and associated contractors

CONSIDER:

- Adding human rights risks into existing risk-management processes
- Adding human rights impacts by stakeholder into existing risk registers
- Developing KPIs that will help the company measure and track how it respects human rights and does not adversely impact on the rights of stakeholders

WORK WITH:

- Corporate reporting/responsibility/sustainability/HR or other related business functions to: Develop relevant KPIs that will help the organisation determine how it respects human rights in all of its activities
- Establish and agree on the company's management-reporting systems addressing non-financial issues such as human rights
- Develop and use appropriate non-financial KPIs that relate to the relevant business function's interaction with human rights issues
- Encourage training and development to improve understanding and awareness of relevant processes and policies, particularly for the functions that are most affected

ALLOCATE FUNDING FOR:

- *Human rights country-risk analysis:* This may be carried out internally if there is appropriate in-house human rights expertise, or externally via an expert independent consultant or consultancy.
- Stakeholder engagement, which may be needed to ascertain that a project or operation is not adversely impacting stakeholders' rights.
- *Human rights impact assessment:* Assessing an organisation's adverse impacts on the human rights of its stakeholders requires specialist expertise and skills. Similar to stakeholder engagement, the impact assessment process would be more trusted if carried out by a reputable, independent third party, potentially working alongside the organisation.
- *Remediation and reparation:* It is advisable to ring-fence funds for any corrective actions that may need to be addressed and for situations that could potentially trigger a reparation or compensation claim.
- *Learning and development:* Your business may benefit from engaging with organisations that consider and address business and human rights issues and offer peer-to-peer learning opportunities (such as the Global Business Initiative on Human Rights). Some organisations offer sector-specific support on human rights (e.g. ICMM), while others, such as the 80+ Local Networks of the UN Global Compact, convene based on geography
- *Training:* Ensuring that relevant employees understand that concern for human rights is an important commitment of the company. Training on business and human rights is becoming more sophisticated, ranging from online courses to bespoke sessions tailored to an organisation's needs. Your organisation will need to decide what type of training is needed (awareness-raising or capacity-building) and who should be trained (all employees or specific teams).
- *Specialist advice:* It is important to consult an individual or group of people that are experienced and knowledgeable about business and human rights, enabling you to confidently identify any human rights risks to the business and assess any adverse impacts on the rights of your organisation's stakeholders.

CHALLENGE:

- Information and data compiled by business functions such as the corporate responsibility/sustainability teams. Ensure that this effectively identifies the organisation's human rights risks and impacts associated with its business.
- Action plans drafted by the corporate responsibility/sustainability and other relevant teams. Discuss solutions with them to ensure that the agreed approaches are cost-effective and meet the needs of the affected stakeholders.

REVISIT:

- All human rights-related policies, processes and systems that have been developed and implemented; ascertain their effectiveness and make all appropriate adjustments.

REFERENCES:

1. UN Global Compact guidelines
2. Chartered Secretary-The Journal of ICSI
3. Due Diligence for Human Rights: A Risk based Approach(Working Paper No.53)-John F. Kennedy School of Government, Harvard University
4. CGMA Whitepapers on Business and Human Rights
5. UK Modern Slavery Act



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