

WANT TO SHOW YOUR COMMITMENT TO CORPORATE VALUES? HERE'S HOW TO ADOPT A HUMAN RIGHTS STATEMENT

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Review the website of any company with a global presence and, under the corporate governance section, you'll likely see a Human Rights Statement among the various governance documents. Companies that wish to serve global markets or have supply chains stretching across the border have consistently recognized the value of adopting such a statement. As a Human Resources Manager or General Counsel, you may be unfamiliar with the concept – or interested in developing one but don't know where to start. This Insight will explain what a Human Rights Statement is, offer reasons why you might want to consider adopting one, and provide pointers on how your company can implement one of your own.

What Are Human Rights Statements?

A Human Rights Statement is a public affirmation that the company is committed to respecting internationally recognized human rights standards throughout its operations and supply chain. Numerous international organizations have promulgated human rights standards which address various concepts related to human and civil rights including, but not limited to, the right to self-determination, the right not to be subject to torture or cruelty, the right to the freedom of movement and freedom of expression. The standards are typically not legally enforceable standing alone but form the basis for laws and regulations adopted by countries around the globe.

While all the enumerated rights can be critically important, the rights most likely to impact businesses operations

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include the right to free of forced labor, freedom from child labor, and freedom from unlawful discrimination. A Human Rights Statement acknowledges that the company has developed policies and practices to attempt to identify, prevent, mitigate, and remediate human rights violations throughout its operations and value chain.

Why Adopt a Human Rights Statement?

- First, the human rights outlined in these standards tend to be universally accepted and non-controversial. Such statements are tangible manifestations of most companies' stated goal of being responsible corporate citizens.
- Second, customers and other external stakeholders are increasingly stating that they prefer to do business with companies that share their values including respect for human rights on a global basis. Publicizing a Human Rights Statement alerts these stakeholders that the company has similar priorities.
- Third, studies have shown that many employees – especially Gen Z workers – say that having their employer comply with human rights concepts is extremely important to them. Employees who say their company's values align with their own are more likely to recommend their employer as a great place to work, more likely to have a greater sense of pride in the company, and are less likely to seek other employment.
- Finally, implementing a Human Rights Statements can play a significant role in helping a company avoid possibly damaging operational and reputational risks associated with potential human rights violations occurring in a distant portion of its supply chain.

How Do You Implement a Statement?

While there is no "one-size-fits-all" human rights statement and implementation plan, there are several steps a company should consider when adopting a statement.

- Start with a **project team** that consists of key functional leaders throughout the organization. This should include HR, Legal, Purchasing, Logistics and any other group with global production or supply chain responsibilities. This

team should have the primary responsibility for drafting the statement and overseeing its implementation.

- The project team should oversee **drafting the Statement**, ensuring that it is consistent with the company's values and operational realities. This would include selecting which international standards to reference. Moreover, the project team should establish protocols for addressing potential concerns discovered during the due diligence process.
- After developing the Statement, the functional leaders should **evaluate their areas of responsibility** for potential human rights risks either in the company's operations or on the part of suppliers. The process should focus on the potential for the risks and existing controls in place to reduce or eliminate the potential human rights concerns.
- The risk assessment process should be followed by the establishment of **due diligence processes** that provide assurance that there are no ongoing violations. The due diligence process should be commensurate with the with the potential risks identified through the risk assessment process. It should entail some form of ongoing monitoring and certifications to ensure continued compliance with the standards.
- If, at any point, concerns are discovered, the company should **take affirmative steps** to address the concerns. This includes acting to prevent, mitigate, and possibly remediate the issue.
- The project team should also oversee the **publication of the statement** on the company's website and approved social media outlets.
- In addition, the project team should develop action plans for **creating awareness** about the policy among employees, shareholders, and other key stakeholders. It is important to keep the public relations team informed regarding the program so they can respond appropriately to media enquiries.
- The project team should **report annually** to the Board or corporate leadership regarding the implementation of the statement and the response to any concerns (if any) discovered through the due diligence process.

Conclusion

An effective Human Rights Statement builds positive corporate reputation among employees, customers, shareholders, stakeholders, and the public in general. It can also help reduce operational and reputational risks associated with doing business on an increasingly global basis.

We will continue to monitor developments that impact the utilization of Human Rights Statements in the workplace. Make sure you are subscribed to [Fisher Phillips' Insight System](#) to get the most up-to-date information. For further information, contact your Fisher Phillips attorney, the author of this Insight, or any attorney in our [Corporate Compliance and Governance Practice Group](#).