

# Respecting human rights goes beyond corporate ethics

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**Human rights policies are essential for good corporate governance. Businesses pay closer attention to human rights not only due to the reputational and ethic dimension of their breaches. Human rights due diligence brings about numerous challenges but companies in Slovakia now have a partner to turn to for advice.**

It is in the nature of businesses to operate with the goal of generating profit and not to intentionally violate human rights. Businesses around the globe now put efforts into addressing human rights impacts within risk management. Broader ethical dimensions of acknowledging and understanding human rights responsibilities should be encompassed in company values and corporate culture.

Companies often struggle to realize or admit that they too have their share of responsibility for respecting human rights. Lack of knowledge or ignorance of negative impacts of business activities on human rights can cause companies significant reputational loss. Negative human rights impacts and a failure to acknowledge responsibility and adopt measures to mitigate or eliminate them can cost the company its relations with key stakeholders and investors. Businesses should hence not underestimate the financial risks involved. A poor human rights profile can cause significant loss in the financial performance of the company. These problems can easily be predicted or prevented if companies conduct human rights due diligence.

## How should companies approach human rights due diligence

This process consists of four steps. The first step is a policy commitment of a company to respect human rights. This commitment is a statement on how the company plans to prevent specific human rights violations that can occur in relation to its business activities. The second step is an assessment of impacts of business

activities on human rights and relations with stakeholders (e.g. employees, investors etc.). The third step consists of tracking and monitoring of findings and their integration into corporate policies. This is the trickiest part since it can be associated with increased production costs or employment costs. The final step aims to ensure accessibility of these findings and their communication towards relevant stakeholders and wider public. The last step is crucial for ensuring a transparent approach to human rights protection and relations with stakeholders.

Communicating the findings requires courage but it is a key pillar to general corporate transparency and accountability. Businesses should publish information about human rights due diligence and human rights impacts; keeping in mind that access to information is a human right in itself and a core element of the right to participation. The findings resulting from human rights due diligence process need to be transparently communicated to employees, investors, shareholders and communities. This must be done appropriately in an understandable and accessible manner. Rights-holders must have access to information and be able to participate in decision-making processes that may have an impact on their human rights (e.g. picking location for a new plant or expropriation of lands). Transparent communication puts businesses into a difficult balancing situation. On the one hand, they have the obligation to publish sensitive data and an interest to maintain good relations with investors while on the other hand they need to

prevent causing any harm to shareholders (e.g. as a publicly traded company). Good name and reputation of the company are also in danger. However, in rule of law, reputational risks should not outweigh transparency and human rights protection.

## Human rights in the corporate world

Even with deep understanding of corporate social responsibility, broader mechanisms for human rights protection might represent distant concepts in the business world. Generally speaking, there has been a lack of debate and information about business responsibilities for protection of human rights in Slovakia. Despite the fact that the United Nations Guiding Principles on Business and Human Rights have been unanimously endorsed by the UN Human Rights Council in 2008, Slovakia is one of the countries where policymakers have yet not adopted a national action plan for business and human rights.

In order to foster national debate, help individuals impacted on their human rights by businesses and assist businesses to understand their responsibility for human rights protection, the Slovak National Centre for Human Rights opened a specialized National Focal Point for Business and Human Rights (NFP) in September 2018. The Slovak National Centre for Human Rights is an independent institution for the protection and promotion of human rights and a national authority for overseeing observance of the principle of equal treatment (national equality body) established by law. It has a broad human rights expertise and can share it with

businesses understanding their possible struggles to encompass all applicable human rights standards to their governance and operation.

## Businesses can approach NFP to seek:

- Evaluation of their structures and functioning in light of human rights obligations,
- Assistance in formulating human rights policy commitment,
- Support and assistance when undertaking relevant steps towards integration of human rights in their day-to-day activities,
- Help in conducting human rights impact assessment of the company's business activities and human rights due diligence,
- Legal advice in designing internal regulations and rules to ensure compliance with the existing human rights obligations (e.g. introducing non-discriminatory benefits for employees or incorporating human rights aspects to rules on corporate social responsibility),
- Guidance how to effectively and appropriately communicate results of human rights due diligence in order to prevent negative impacts for the business itself, or
- Training for staff and management on issues related to business and human rights (i.e. to understand their role in human rights protection and responsibilities imposed on them in this area or more specific issues of equal treatment and diversity in the workplace).

Human rights due diligence is a complex process. Companies in Slovakia have gained a new ally ready to assist them, underline possible challenges or play a direct active role in the process. Participation of an independent human rights stakeholder in this process raises the credibility and transparency of human rights policies of the company.