

engage constructively with affected stakeholders or their representatives with regard to any allegations that the company is involved in major human rights-related incidents in its operations or value chain.

LEADERSHIP
NO.

6

OVERVIEW

When companies face allegations of involvement with severe human rights impacts, the initial internal assessment is often that the company has done nothing blameworthy or that it is in the company's interest to respond with denial or criticism. Yet most allegations carry at least some basis in truth from which the company can learn and improve.

Where leaders assume an allegation may have some validity, and seek to engage in dialogue with those raising the allegations in order to understand fully the issues and context, it is more likely that mutually agreed solutions will be found, and that related risks to the company's reputation, business continuity or other interests will also be reduced.

Evidence of such practices signals a readiness to hear other perspectives even when a situation is contentious. It signals – including to the wider workforce – that there is perceived value in constructive and respectful engagement with external stakeholders.

APPLICATIONS

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED

- Are there instances where senior leaders have engaged with affected stakeholders or their representatives with regard to alleged incidents? If so, what has been the result of those engagements?
- Are there instances where senior leaders have not engaged with affected stakeholders or their representatives with regard to alleged incidents? If so, why, and what occurred as a result of the allegation/incident?
- Are there any policies or procedures that determine whether senior leaders engage with affected stakeholders when allegations arise? If so, what is the rationale for how that is decided?

CONNECTION TO CULTURE



EMPATHY



LEARNING



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TYPE OF APPLICATION

The types of use, whether inside a company or by those outside a company, to which this indicator particularly lends itself:

Internal

- Self-assessment / internal audit
- Third party assessment / culture audit

External

- Required disclosure
- Investor engagement

SOURCES OF EVIDENCE

DOCUMENTATION



- Policies or procedures related to handling alleged major human rights-related incidents
- Records of meetings / engagements with stakeholders raising allegations about / affected by major incidents

CONVERSATIONS



- with senior leaders
- with stakeholders / representatives who have raised allegations regarding major incidents

WORKFORCE PERSPECTIVES

Survey / interviews / other feedback from a cross-section of the workforce regarding:



- The rationale for engaging with stakeholders raising allegations
- The value of engaging with stakeholders raising allegations
- Awareness of senior leaders' engagement with stakeholders raising allegations
- Perceptions of how senior management views the role and value of engaging with stakeholders in the context of major allegations / incidents
- Awareness of the results of any engagement or non-engagement by senior management with stakeholders in the context of major allegations/incidents

SENIOR LEADERS AT CORPORATE, REGIONAL, COUNTRY AND BUSINESS UNIT LEVELS...

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ADDRESSING LIMITATIONS

The limits of this indicator lie in the tensions that may arise between an intent and desire among leaders to address concerns raised by the affected stakeholders, and business pressures or incentives that may prevent or dissuade them from doing so in practice.

This indicator will therefore be strengthened where there is complementary evidence in relation to one or more of the following indicators:

G2

The most senior governing body and/or its relevant subcommittees... regularly discusses progress and challenges in addressing the company's salient human rights risks, informed by related complaints or grievances from the workforce or external stakeholders, root cause analyses of major human rights-related incidents and knowledge of current leading practice.

Where the governing body does this, it is more likely to see the value of engaging constructively to seek solutions when allegations are raised, and to support leaders in their efforts to do so.

G5

The most senior governing body and/or its relevant subcommittees... has systems in place to regularly hear the experiences and views of people across the workforce about how they are affected by the business, and informs the workforce about how these inputs have influenced company decision-making.

Where the governing body does this, it is more likely to see the value of leaders engaging constructively with stakeholders who raise allegations, and to support their efforts to do so.

G8

The most senior governing body and/or its relevant subcommittees... ensures that performance incentives for top management are in place that reflect the company's salient human rights issues; are supported by relevant KPIs; and are given reasonable weight in compensation schemes.

Where the governing body ensures the performance incentives of top management reflect the company's salient human rights issues, it is more likely that leaders will feel supported and motivated to engage constructively with stakeholders when allegations are raised.

G9

The most senior governing body and/or its relevant subcommittees... challenges any top management performance incentives that may promote behaviors that undermine respect for human rights.

Where the governing body does this, it is less likely that other business pressures and incentives will preclude the possibility of constructive engagement with stakeholders regarding allegations.

OVERVIEW

APPLICATIONS

SUPPORTING INDICATOR

RATIONALE

SUPPORTING
INDICATORS