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Social impact consulting emergence and its impact on society:

Exploring its effectiveness in social change and in the relationship
between the business area and the respect for human rights

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Abstract

This thesis explores the business and human rights field particularly in the emergence of social impact consulting and its impact on society. A business and human rights approach was used to examine the CSR practices among the European countries in order to demonstrate the real need to include the social impact area in the consultancy “world”, a need that arises both from client companies and, consequently, from providers of these services that increasingly respond to this gap in the market.

This thesis uses the example of a company dedicated to consultancy services, KPMG, and explores the work that its firms develop in three different countries, Spain, Portugal and the United Kingdom. Through the interviews, it addresses a practical perspective on the work developed in this area, and also compares the three geographical contexts and the influence of each one own legislation.

This dissertation aims to demonstrate that social impact consulting is a service that contributes to organizations’ transparency, ensures a better management of companies’ social impacts in general and most important it has the capacity to increase the level of commitment of the country to the debate on companies and human rights

In fact, through this investigation it is possible to conclude that social impact consultancy is a path to social change, and that through this service companies can have a more positive effect on society.

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Introduction

This thesis intends to reflect on the emergence of social impact consulting and its impact on society. Along in this project a business and human rights approach is being used on the exploration of the consequences of firm's activities, the consultant work around this subject, its origin and development; and the current legislation in the studied countries. The following dissertation intends to understand in what way these new services are significant in helping companies improving life quality of all its workers and the community around them, that companies create more and more value to society. Companies dedicated to social impact consultancy are increasingly emerging in some European countries. Rather than finding ways to only increase business profit, social impact consulting enterprises advise companies in order to maximize the good they do for society.

Taking into account some soft law instruments such as the UN Guidelines for Business and Human Rights, the national action plans of Portugal, Spain and United Kingdom it aims to reflect on their influence in providing social impact consultancy. The idea with this work is to study the concept in depth, understanding what is already done in this area in a European context, specifically in the three mentioned countries where the levels of commitment within the field of Business and Human Rights are relatively different. Therefore, enumerate its main limitations and distinguish its main benefits for society and the defence of human rights and in a conclusive phase bring some appraisals and recommendations.

Chapter 1 will present the context of business and human rights and consequently together with the origin of social impact consulting. It will analyse the consultancy work, starting by designing a definition for the concept, tapering the consultancy concept to the area of this thesis study, social impact consulting and exploring its development in this highly globalized world. A theoretical perspective on the steps of this work and its main needs and requirements that will later be confirmed and completed with what constitutes this service in practice.

This chapter attempts to address the relationship established between this branch of consultancy and the respect for human rights in the business world in a comprehensive geographical context, across Europe.

Chapter 2 will be dedicated to the exploration of the company called KPMG, considered one of the world leaders in consulting and auditing work. Since this company has a worldwide presence and each national KPMG firm is an independent legal entity, the focus will be on three countries where there is a big presence: Portugal, Spain and United Kingdom. In an era in which works of this nature are growing more and more, especially in Europe, this chapter will explore the elaborated interviews to the personnel that works in this department of the company. A practical perspective on the work developed in this area by this particular company that demystifies the theoretical concept and redefines it in the conditions in which it is currently being carried out. It will take into account the National Action Plans in business and human rights, and their influence in this consultancy work, which have distinct levels of implementation in the countries mentioned above. Since, in Portugal it does not exist and its process is still very primitive, in Spain that was adopted in 2017 and in the United Kingdom, being a pioneer, where there is already an adapted version and launched in 2016.

Chapter 3 will conclude the thesis by formulating a complex comparison between the work carried out in the three countries in the context of the relationship between human rights and company's behaviour. This chapter will try to come up with some lessons learned specially about the influence of legislation in the work done around business and human rights in each country. Also, it aims to present some suggestions to develop the social impact advisory services focusing particular in the three countries investigated.

Methodology

First, I carried out a theoretical review of the current debate on business and human rights, going through the main achievements in the European context. A literature review was also carried out on the evolution of corporate social responsibility. In order to develop an in-depth project on social impact consultancy it was crucial to define that concept. The idea was to have a theoretical perspective through authors and companies and in practical view allowed through interviews.

As this study relies on qualitative data, the main objective was to get to know in depth the work of the company KPMG, in all its dimensions and with a special focus on the social area, through interviews with employees from the three countries that are part of the project, Portugal, Spain and United Kingdom. The interviews were held by phone and video call due to Covid-19 event and distance between the interviewer and the company's employees in the three different subsidiaries of KPMG.

Occurred during the month of June, each interview lasted approximately 45 to 60 minutes. The interviews were composed of previously defined and open-ended questions in order to give maximum freedom of expression and that there was flexibility during the conversation and thus adapt to the different situations and particular characteristics of each company and employee. The interviewed employees were chosen by the company.

At the Spanish KPMG, I conducted an interview with Dr. Pedro León y Francia, responsible partner of the KPMG Spanish foundation and Dr. Ramón Pueyo, responsible partner of Sustainability Services of KPMG. At KPMG in United Kingdom, I had the opportunity to interview Anya Todd member of the Corporate Responsibility team and also with Dr. John Kjorstad member of the global KPMG impact team situated in the UK. At Portugal KPMG, the interview was held with Dr. Inês Pina Pereira, director of People, Performance & Culture in the human resources team.

Responses were recorded using notes and voice recording to ensure the accuracy of the information shared in this research. In fact, due to the adverse moment the world is experiencing, it has become really difficult to contact the company and its employees.

Thus, the number of interviews as well as their date had to undergo some changes. A copy of the questions used are in the appendix.

All the information included in chapter 2, where each firm is approached individually, was obtained as a result of the questions asked and consequent discussion of ideas in the distinct interviews.

1. Business and human rights field and the origin of social impact consulting

1.1 The evolution of the business and human rights debate

The universal business and Human Rights debate have become a United Nations' consideration for fifty years now. Until that period, the subject of human rights and its defence was only thought from a state perspective, that is, the State was the only and total responsible for its promotion and protection. However, throughout history there have been several events that have awakened the world to the relationship established between human rights and the corporations' world and consequently, the need to take action.

The economic globalization phenomenon, known as the widespread international movement of the global economy, brought with its new challenges, namely in the human rights' area. Macroeconomics reached a new scale, companies have started global organizing production and allocating resources in order to maximize profit. Thus, multinational corporations adopted the primary role of economic globalization.¹ Consequently, the dimensions of commercial activity that may collide with the exercise of human rights have been diversifying, which could go far beyond labour rights or environmental issue and could also include every company relationship, with business partners, employees, consumers and community.²

Over time, regulation has not kept pace with the growth of globalization and therefore some of the risks are not yet possible to avoid or to resolve. In fact, as it will be analysed throughout this chapter globalization brought new challenges to international law, namely in the protection of individuals from potential abuse by multinational companies.

¹ Shangquan, G., 2000. *Economic Globalization: Trends, Risks and Risk Prevention*. [online] New York: Department of Economic and Social Affairs, United Nations. Available at: https://www.un.org/en/development/desa/policy/cdp/cdp_background_papers/bp2000_1.pdf.

² Martín-Ortega O, *Empresas Multinacionales Y Derechos Humanos En Derecho Internacional* (Bosch 2008).

The impact of technological revolution throughout business activity that has been perceived over the years as a risk to the full realization of the fundamental rights. The new technologies stimulated the phenomenon of global economic development and also, they boosted the global scale trade. With them, it appeared new communication methods, new jobs, new data storage systems, new problem-solving systems. It is possible to list some of the main themes where there is an interaction between new technologies and human rights, the right to equality and non-discrimination stated in the Article 2 of the International Covenant on Civil and Political Rights (ICCPR)³; freedom of expression required in the Article 19 of the same document ICCPR; the right to privacy, according to the Article 17 ICCPR; freedom from violence Article 19 of the Convention on the Rights of the Child (CRC)⁴; the right to education provided by the Article 13 of the International Covenant on Economic, Social, and Cultural Rights (ICESCR)⁵.

Concrete episodes of human rights violations by companies worldwide recognized represent another element that encourages the business and human rights debate and its effectiveness. As an example, the well-known case of Shell⁶. *Kiobel v. Royal Dutch Petroleum Co.*, No. 10-1491 (USA 2012), happens to protect a group of protestants against environmental degradation in the Ogoni region, in Nigeria where the company operated. The complaint alleged that the entity Royal Dutch Shell armed, financed and conspired with Nigerian military forces to suppress the protests. Throughout 1993 and 1994, there were several terrorist attacks, rapes, destruction of property and the Ogoni Nine, a group of environmentalists, was violently executed. The relatives of the victims allege that Royal Dutch Shell participated in the conviction and death of the activists. The case passed through the US District Court in the Southern District of New York, and also reached the Supreme Court. In the end, as the extraterritorial application of US law was not possible, the panel of judges did not address the issue of corporations' impunity from liability for unlawful acts for violations in the law of united nations. Transparency is an

³ The United Nations General Assembly. (1966). International Covenant on Civil and Political Rights. Treaty Series, 999, 171.

⁴ UN Commission on Human Rights, Convention on the Rights of the Child., 7 March 1990, E/CN.4/RES/1990/74.

⁵ The United Nations General Assembly. International Covenant on Economic, Social, and Cultural Rights. Treaty Series, 999, 171.

⁶ *Kiobel v. Royal Dutch Petroleum Co.*, No. 10-1491 (U.S. 2012).

increasingly requirement that is closely linked with the theme of this paper, social impact consulting.

All of these circumstances expressed above were giving life to the business and human rights debate. In 1999 in the annual meeting of the world economic forum, the United Nations secretary-general of that time Kofi Annan, challenged business leaders to join a “global compact of shared values and principles” in order to give a human dimension to the global market. The first intention of the global compact was creating a support and respect to the protection and promotion of internationally human rights. And the second aim was to make sure that big companies were not complicit in human right violations. The global compact includes ten principles, derived from some universal documents, divided by the topics of human rights, labour, environment and anti-corruption, which is expressed on the table 1 of the annexes. This initiative was intended to go along with the subscribing organizations, who were around 10.000 in the year 2000 and increased to 14.500 today (UN Global Compact Website), with their developments in social responsibility and in its relationships with employees, society and value chain.⁷

A few years later, the United Nations (UN) guiding principles on Business and Human Rights were developed by the Special Representative of the Secretary-General, professor John G. Ruggie, on the issue of human rights and transnational corporations and other business enterprises.⁸ This document was endorsed by the UN human rights council in June 2011, it compacts 31 principles, under the framework of “respect, protect and remedy”, organized in three main pillars.⁹ The first one, the State duty to protect human rights, states have the responsibility to behave against human rights abuse within their territory and jurisdiction by third parties, including business enterprises. The second one, the corporate duty to respect human rights, in other words business corporations must respect human rights by avoiding infringing on the human rights of others and should address adverse human rights impacts with which they are involved. And the third one, access to remedies; the establishment of effective remedies when the duties and

⁷ See at <https://www.unglobalcompact.org>.

⁸ The United Nations. (2011) Guiding Principles on Business and Human Rights. Available at: https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

⁹ Special Representative of the Secretary-General, Business and Human Rights: Further Steps Toward the Operationalization of the “Protect, Respect and Remedy” Framework. (2010)

obligations previously set up are not respected or violated. This instrument is considered the first global standard for averting the risks caused by commercial activities in human rights. In spite of that, it is necessary to continuously provide responses to the needs identified by professor Ruggie through an international framework with legislation and institutions capable to intervene.¹⁰

Important to refer the fact that this set of principles, written in the context of the United Nations, are not a standardized legal instrument due to their voluntary nature. Thus, States are not obliged to comply, there is only an invitation for them to put the principles in practice in their territories, adapted to the reality experienced in each State. For this reason, National Action Plans (NAP), documents elaborated in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs) have different designs, different measures, and different levels of implementation from each other. The UN working group have worked on a roadmap to guide countries on the adoption of action plans. It suggests the following steps: a formal government commitment; the identification of state's gaps and the organization of consultation with stakeholders; the implementation of the planned actions and the monitoring mechanisms; and the update of the implemented NAP.¹¹

In the European case, more developed in the field when compared to the rest of the world, the European Commission has invited all Member States to initiate and develop measures at national level regarding the 2011 guiding principles.¹² These guidelines are focused on the most common subject where companies are confronted with fundamental rights, they are organized in seven topics: employment and work relationships; competence; taxation; corruption; environmental issues; technology and consumers interests. They are designed and supported on the role of the state in protecting individuals from violations of human rights and also on corporate responsibilities. In this way we can say that the main actors

¹⁰ Revista de estudios jurídicos, ISSN 1576-124X, N° 12, 2012, págs. 243-266: The united nations mandate on business human rights: future lines of action
María del Carmen Márquez Carrasco.

¹¹ See at <https://globalnaps.org>

¹² European Group of National human rights institutions, 'Implementing the UN Guiding Principles on Business and Human Rights: Discussion Paper on National Implementation Plans for EU Member States' (2012) <<https://www.business-humanrights.org/sites/default/files/media/eu-nhris-paper-on-national-implementation-plans-for-ungps-210612-short.pdf>>

in the business and human rights field are not only States but also Multinational and transnational corporations; NGOs and CSOs; individuals/victims and other external and internal stakeholders as trade unions, business associations, customers, suppliers among others.¹³

The significance of this debate has been authenticated throughout the time by the initiatives and documents of the United Nations (UN), the International Labour Organization (ILO) and the Organization for Economic Cooperation and Development (OECD). The study about social consultancy of this project aims to understand the degree of influence of these international law documents in the work of companies that provide auditing services such as KPMG in the three countries with different levels of commitment with corporate social responsibility. Several studies on Corporate Social Responsibility (CSR) conclude that European countries have different perspectives about CSR and there is a high diversity of combinations of models. It explains lightly the different approaches used in Portugal, Spain and UK which we are going to explore here. The United Kingdom is considered as the leader in CSR, it was the pioneer on adapting a plan on business and human Rights, has strong awareness and NGOs enterprises and it has a big number of global enterprises' headquarters.¹⁴

It is in this context of analysis and verification of the objectives achieved and the posteriorly reporting them that the role of consultancy, social impact consultancy in this case grows in importance. In the year 2000, following the context of the debate on business and human rights and its constant evolution, some companies began to conduct broad social performance audits, a phenomenon that has been growing on a large scale. Still, we know that while more and more is being discussed about the role that companies should play, there is a lack of analysis of what they do in practice. For this reason, and recognizing more and more the urgency of adapting business activity to the construction of well-being in society and to the protection and promotion of human rights, this thesis

¹³ Martin Ortega O, *Empresas Multinacionales Y Derechos Humanos En Derecho Internacional* (1st edn, JM Bosch Editor, SA 2008).

¹⁴ May, Steve, 1961; Cheney, George.; Roper, Juliet.; Oxford University Press; 2007. The debate over corporate social responsibility.

intends to deepen this analysis, which is called social impact consulting and to understand how it can be designed to be more productive and effective.

1.2 CSR evolution in European Union and its influence among member States

The concept of Corporate Social Responsibility (CSR) is subject to all of this debate on business and human rights.¹⁵ Although there are a lot of studies and different viewpoints in the topic, the origin of this concept comes from the fact that businesses have responsibilities to society that extend beyond their obligations to the stockholders or investors in the firm.

The World Business Council on Sustainable Development defines corporate social responsibility as “*the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large*”.¹⁶ In contradiction to this definition there is Friedman’s position, which states that “*the social responsibility of business is to increase its profit*”.¹⁷ The author denies any kind of responsibility from the company beyond the economy. In fact, there is a wide diversity of theories in relation to CSR subject and the definitions presented by the scholars depend directly on the theory each one supports respectively.

The main goal of CSR is to create value to the stakeholders, parties that are directly affected by the business, which encompasses areas such as the local environment, consumers, employees, local communities, and other relevant members of the public sphere. In the past, many of the CSR discussions were debated as business ethics issues. Still, the concept is vague and has a different meaning to distinctive persons and contexts.

¹⁵ “Human rights have played a rather marginal role in and for the conceptualization of CSR”
Wettstein F. 2012. “CSR and the Debate on Business and Human Rights: Bridging the Great Divide”
pp.739. Nowadays, it is considered that CSR practices can be a way to protect human rights if these strategies are oriented towards this ambition.

¹⁶ Watts, P., n.d. [online] Geneva, Switzerland: World Business Council for Sustainable Development.

¹⁷ Friedman, M., (1970). The Social Responsibility of Business is to Increase its Profits. The New York Times Magazine, September 13, 1970.

The CSR approach applies to all size organizations. However, discussions tend to focus on large organizations since they tend to be more visible and have more impact due to their dimension.¹⁸

First, in the 2002 European Commission CSR was interpreted as “a concept whereby companies integrate social and environmental concerns in their business operations and in this interaction with their stakeholders on a voluntary basis as they are increasingly aware that responsible behaviour leads to sustainable success”.¹⁹

Later, a modern definition was presented by the European Commission in 2011 and defines corporate social responsibility as “the corporate’s responsibility for the impact they have on society”.²⁰

In the European context, the majority of CSR practices do not originate from the explicit policies of corporations. As opposed to what happens in the United States, where corporate activities are commonly carried out on a voluntary basis, they are usually integrated into norms, standards and legal structures in the respective European country. Over the last twenty years, Europe in special the United Kingdom (UK), have been substantially developing CSR systems through a relatively high level of legislation on business activity.

The three countries covered in this dissertation develop different models of CRS in their territories, as it is mentioned in a study on CSR European practices.²¹ Common to all three is the role of the State which, according to the European Commission, is fundamental to the development of CSR, since the work developed by these institutions is complementary. Every State plays a fundamental role in promoting social responsibility by complementing the self-regulation of voluntary company policies on global issues.

¹⁸ Crowther, D. and Rayman-Bacchus, L., 2004. *Perspectives on Corporate Social Responsibility*. 1st ed.

¹⁹ Commission of the European Communities (2002). Communications from the Commission concerning corporate social responsibility: a business contribution to sustainable development, Brussels: EU Commission.

²⁰ European Commission (2011). A renewed EU strategy 2011-14 for Corporate Social Responsibility. European Commission, Brussels, Belgium.

²¹ Iamandi, I. (2011) The application of corporate social responsibility models in Romania in the context of the post-accession to the European Union. *Economy transdisciplinary cognition*, 14 (1).

Portugal and Spain, both put into practice an integrated model that perceives the importance of stakeholders and aims to satisfy their long-term needs. Thus, social responsibility is articulated in national public policies. UK, an example take into consideration on the topic of CSR, assumes CSR in a different sub-model, on a voluntary basis. That is, companies take on the strategy in their own way which is later supported by public authorities. The Europe 2020 agenda is intensely dedicated to the continent's CSR strategy, focusing in particular on sustainability and inclusive growth which includes pollution, health, human rights, work environment and other social issues.²²

According to the renowned Spanish observatory of Corporate Social Responsibility there are five principles that should conduct every CSR practice.²³ First, CSR includes compliance not only with national legislation but also with international standards. There are several official documents with the aim to guide companies in their social responsibility strategies, guidelines for OECD multinational companies²⁴, the ten principles of the United Nations Global Compact mentioned above and recently updated, the ISO 26000 guideline on social responsibility²⁵, the ILO tripartite declaration of principles on multinational companies and social policy²⁶, the Universal Declaration of Human Rights and the more comprehensive UN guiding principles on business and human rights. These same documents will be explored in the present study in order to verify their degree of influence on company policies and on the consultancy work on their social impact. Second, CSR is global in all senses. It includes every business areas of the firm, all geographic areas in which these same business areas are present, and every stakeholder. At the bottom, it affects the entire chain that is involved in the execution or enjoyment of the company's activity, a production of a good or services provision. Third,

²² J, Denkers and N, Jägers (2008). The world trade organisation and Human Rights: The role of principles of Good Governance. Potchefstroom Electronic Law Journal.

²³ Sintek (n.d.). *Observatorio de Responsabilidad Social corporativa*. Available at: <http://www.observatoriorsc.org/>

²⁴ OECD (2011), OECD Guidelines for Multinational Enterprises, OECD Publishing. <http://dx.doi.org/10.1787/9789264115415-en>

²⁵ International Organization for Standardization, 'ISO 26000 Guideline On Social Responsibility' (2018) <https://www.iso.org/files/live/sites/isoorg/files/store/en/PUB100258.pdf>.

²⁶ International Labour Organization, 'Tripartite Declaration of Principles Concerning Multinational Companies and Social Policy' (2017) <https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/--multi/documents/publication/wcms_094386.pdf>.

CSR involves ethical objectives and commitments which become an obligation for companies who contract them. Fourth, CSR is essentially divided into the impact generated by business activity in the social, environmental and economic fields. In the social field, encompasses everything that is related with employees, consumers, community around, codes of conduct and development cooperation. At the environmental level, the most concerned topic nowadays, is related to what it is required to adopt policies and programs aligned with sustainability and with the reduction of the environmental footprint. The most recent and recognized document in this matter is the 2030 Agenda for sustainable development²⁷ that has an important role in the environmental dimension of the majority of CSR strategies in organizations nowadays. The 2030 agenda for sustainable development, realized in 2015, was the result of joint efforts by governments and universal citizens to create a new global model capable of eradicating poverty, promoting prosperity and well-being for everyone, combating climate change while protecting the environment. This United Nations' initiative invites companies to align their corporate strategy with development objectives to add value to their countries and improve the SDGs. For this reason, it is an essential document and is frequently used in the implementation of social and environmental companies' projects.²⁸

The economic dimension, that goes from the legal and tax obligation the efficient resources management. Finally, CSR aims to satisfy the needs and expectation of interested and involved parties and consequently inform and report them.

When we ask why companies should invest on social responsibility strategies we can go beyond the interest of the community and highlight the importance it can have for the company. The truth is that implementing socially responsible practices brings benefits both internally and externally. The ability to satisfy simultaneously the different stakeholders is a pre-requisite for any business model to start being profitable. It is necessary to emphasize that Corporate Social Responsibility is integrated into business strategies when companies start recognizing their benefits. It is already common knowledge that CSR strategies, when well implemented, lead to the increase of

²⁷ The United Nations. (2015) Transforming our world: the 2030 Agenda for sustainable development. Available at: <https://www.ohchr.org/Documents/Issues/MDGs/Post2015/TransformingOurWorld.pdf>.

²⁸ Elgar, E. (2018) Sustainable development goals: law, theory and implementation.

competitiveness. And, more competitive companies translate into affordable prices and quality products.

Firstly, it improves the relationship with consumers, since it helps to increase brand value, to enhance public image and thus brings customer loyalty. Secondly, it cultivates the work environment once the workforce becomes healthier and safer and it motivates employees when they notice that the company, they work for is concerned about its impacts on society, as multiple studies demonstrate. Thirdly, it builds up confidence and trust of stakeholders, which allows a greater access to finance and a stronger risk management and corporate governance.

The future of this concept is seen in different perspectives by scholars. On the one hand, with a positive view, Steven D. Lydenberg in his book perceives CSR as “a major secular development, driven by a long-term revaluation of the role of corporations in society”.²⁹ The author predicts a level of scepticism more pronounced in America rather than in Europe, where everything is more prepared for the CSR evolution. On the other hand, the author David Vogel do not believe in the potential of the CSR concept. Throughout his book *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*, the writer explains and develops the idea that CSR is only successful when it adds to the bottom line and can be specifically delineated as having made such an impact. In the intense global competition, we are facing nowadays, it is an option that CSR can last only as long as it continues to add value to companies' results. However, there is a fact that nowadays society in general, consumers and workers also have a role in the business and not only executives, which erases scepticism in relation to the future of CSR. The intensification of the pressures in global competition, will tend to help the growth of investment in CSR by companies.³⁰

In our days, the performance of companies in both the social and environmental spheres is a strong element of differentiation between them and the others who compete in the

²⁹ Lydenberg, S. 2005. *Corporations and The Public Interest*. San Francisco (Calif.): Berrett-Koehler Publishers.

³⁰ Dupire M, and Mzali B, 'CSR Strategies In Response To Competitive Pressures' [2018] Journal of Business Ethics.

same sector, being certainly a characteristic that influences the choice of consumers. CSR reports are increasingly playing an important role in the business area, especially to distinguish the marketing initiatives that companies adopt in order to gain a good image in the market from the practices that really bring benefits to society. Over the years, in more countries these documents will be mandatory in companies. As a consequence, it will be increasingly common to learn to cope with companies that do not report or share information on their social impacts and thus find and standardize measures.

There are some obstacles that we still face in this subject.

As it is a recent practice, there is a lack of a standard, there are no mandatory rules around reporting CSR, which would facilitate the comparison work between companies' strategies and failures. Confidence in the veracity of the information, when the data released is not reliable, no one will be willing to operate with it. The dimension, there is a need to extend the practice of CSR reporting to more companies. And finally, communication, information systems play an important role of dissemination to interested parties.

Given the CSR strategies growth and the value that will increasingly be given to reporting on the social, environmental and economic impacts of companies, it is clear the importance and the need for specialists to work together with companies for a greater good. Thus, there is a need to integrate social impact consulting and auditing services in business in order to collaborate with them in measuring their impacts, in the transparency with which they are disclosed and in the search for viable solutions.

Today, it is more certain that it is in the interest of many companies, to invest in a certain way in social responsibility strategies and to know where they can improve in their relationship with the various stakeholders. This leads them to resort to services such as social impact consultancy, which aims to give advice to companies on this subject. "Compliance auditing by for-profit and nonprofit organizations (which is already available) will continue to play a major role in policing the content and quality of CSR reports."³¹

³¹ Maguire, M., 2011. The Future of Corporate Social Responsibility Reporting. *San Jose State University*.

1.3 Consulting work and the need to include Social impact field

In order to deepen the research subject that this present work proposes, we can start by defining consultancy work. According to the International Labour Organization, a consultant is a “professional service, which provides concrete proposals and suggestions to entrepreneurs to solve the practical problems they have in their organizations.”³²

In a practical sense, it is possible to consider the consultancy work in its core as an advisory process. Since there is no legal protection granted to the position of ‘consultant’, it is simple for any professional to adopt this title. We can characterize consultancy as an independent, impartial and transparent work that places theory into practice. Paying attention to the details, elaborating a concrete analysis of the activity in question and designing solutions and recommendations. As stated by the economist Brian P. Bloomfield in 1992 consultancy is “a planned intervention of a company with the objective of identifying the problems existing in its organization and subsequently implementing measures for its resolution”.³³

Consulting has always been present, since any process that involves helping people to solve problems that prevent them from reaching their goals is in its essence a consulting work. However, it was only later, through the development of scientific administration, that it became standardized in a more universal concept, providing professionals in these areas with more structured processes in innovation, problem solving and decision making.

There are two different varieties of consultancy, internal and external, throughout this project we will focus on the external one since it is the category of the service provided by the chosen company (KPMG).

³² Kubr, M. Management consulting: a guide to the profession (fourth edition) Geneva, International Labor office, 2002

³³ Bloomfield, B. P. and Best, A. (1992). 'Management Consultants: Systems Development, Power and the Translation of Problems'. Sociological Review.

The Portuguese association of planners and consultants (APPC) highlights in its code of conduct³⁴ consultants responsibilities and duties towards the profession, as an example consultants should only undertake work when they have competence and capacity for it; responsibilities and duties towards its clients, in particular consultants must be loyal to their clients' interests and work under professional secrecy; responsibilities and duties towards society as an illustration, consultants must recognize and fulfill their duties towards society, the environment and the requirements of sustainable development.

According to the Spanish association of consultancy firms, consulting “is a cutting-edge sector in the knowledge society, which helps companies and the administration to advance with greater efficiency and intelligence in a world facing strong changes, in which the demand for digital transformation is urgent and necessary in all the areas of activity. Consulting is, therefore, a strategic ally of organizations and companies that are determined to advance and improve in this time of rapid evolution, which involves risks, it is true, but also treasures enormous possibilities and opportunities for those who prepare to properly address it. And the consultancy is there, ready to move forward with its clients, to whom it transfers its knowledge and experience.”³⁵

In the United Kingdom the Institute of Management Consultants defines consultancy as: “a service provided by an independent and qualified person in the construction and investigation of problems related to policies, organization, procedures and methods: recommending appropriate measures and providing assistance in implementing these recommendations”³⁶

An exceptional consultant is an intermediary for a change, and that is the most common reason why organizations use this service such as the need to achieve a goal, become or change something. There are examples of organizations that know exactly what goal they

³⁴ Appconsultores.org.pt. 2020. *Cód. Conduta Prof. - APPC - Associação Portuguesa De Projetistas E Consultores*. [online] Available at: <<http://www.appconsultores.org.pt/pt/appc/cod-conducta-prof/>>

³⁵ Pimentel, M. (2019) La consultoría española, vanguardia para nuestra economía. Asociación Española de Empresas de consultoría.

³⁶ Ribeiro, D. (1998). *Asesoramiento en dirección de empresas: La consultoría*. Madrid: Editorial Díaz de Santos, S.A.

want to reach but need help along the way; or others who don't even know the problems they face, and the consultant's intervention is necessary to identify and solve them.

The relevant company for this project KPMG, states as their slogan that “*ideally, create a better future for our clients and our people*”. “Management Consulting professionals can help its clients identify and solve the challenges that stand in the way of their growth and progress. Consultants will work with its customers as colleagues, shoulder-to-shoulder, until they have delivered the results that matter to them. Ideally, we create a better future for our clients and our people. In the consultancy world that covers several branches such as finance, marketing, risk management, strategy, sales, IT, operations there was also a need to include consulting services with a social, environmental, ethical and human rights impact.”³⁷

This service appears from the need of companies and the respective and progressive response of service providers, and professionals with knowledge for the job. Besides the consultancy work there is also the auditing work. They are different methods but with a common goal, became a mechanism that participates in impact measurement, in the identification of the problem and in the search for a solution.

As it has been already mentioned in this dissertation, over the year's corporate social responsibility importance and the benefits it has both internally and externally is gaining strength in the business world. Thereby, given the that the needs of companies are adapting to the reality and environment where they operate, the demand for consultancy services began to cover areas beyond the common ones. Thus, giving strength to investment in the area of companies' social impact, consequently, the provision of social impact consulting services by specialized professionals.

³⁷ KPMG International website, 2020. *Management Consulting*. [online] Available at: <<https://home.kpmg/xx/en/home/services/advisory/management-consulting.html>>

1.4 Social impact consulting and auditing environment nowadays

A social impact consultancy work is a systematic and documented process of collecting and evaluating evidence in relation to company's behaviour within society. It is a consultancy service of organizations for social welfare, social cohesion, social inclusion, social justice, social rights.³⁸

Social impact consultants and auditors are required to provide assurance that socially responsible goals of the company are accomplished, and the use of the resources is being well performed.

A traditional consultancy service includes tasks such as:

The achievements of companies' objectives, in this case, social responsibility objectives, which can be of a social, environmental and/or ethical nature. That is, measuring and minimizing adverse impacts on its communities and stakeholders.

Compliance with rules, regulation and legislation which in this specific case is not consistent, since the majority of accessible documents are voluntary and not mandatory.

Accuracy of documents and information, one of the most important tasks that verifies and defends transparency. "The term audit is also used in relation to the verification by independent experts of the information published by an organization on its CSR performance, usually in the form of a printed or web-based non-financial report. It is designed to test the reliability (accuracy and completeness) of management assertions in the report."³⁹

In the context of CSR, consultancy and audit work include several areas. Independent experts are hired to measure and report on an organization's sustainability impacts, policies, and performance. Lack of reporting and auditing standards explains why the CSR consulting and auditing was not a common practice worldwide. Since the concept of CSR is so wide and has different meanings for different people as it was explained above in this chapter, measuring these impacts, which is the first stage of work like this, can become complex.

³⁸ Fantova, F. (2012). *Manual para la gestión de la intervención social*. Madrid: Editorial CCS

³⁹ Tolhurst, N., 2010. *The A-Z Of Corporate Social Responsibility*. Hoboken, N.J.: Wiley.

Nowadays there are internal and external consultants on the market. Both with their advantages and disadvantages, however the superiority of external services being clear from the start. On the one hand, an internal consultant has, at the outset, a broader knowledge about the organization of the company and its internal processes. Also, the cost of internal consultancy is lower because it is a professional from the organization itself. On the other hand, an internal consultant has less experience and visibility because the professional only works with one company. In addition, as it has superiors and is paid by the company, this can translate into a lack of transparency and some difficulty in presenting solutions and implementing projects.⁴⁰

In the external services, although in the first moments the consultant does not know the company's organization in depth, he has a lot of experience in practice. There is usually a greater facility in achieving the expected results because the professional is only focused on a specific objective. Being external, it acts impartially. Also, at the time of presenting the work and solutions there are no constraints with superiors, since he is an external element hired exactly for this service, the consultant and his respective performance is more respected by the company's employees. Therefore, external consultants can represent a better solution in the social sphere, and this thesis focus on this style.

In fact, in this market sector there are essentially two types of companies operating as external consultants. Large consultants that have been gaining a name and visibility in the market, especially in the financial area, but that are adapting to the needs that arise such as the advisory on social impact where KPMG integrates; and also more recent companies that have taken advantage of the gap in the market and the growth in the debate about the relationship of business with society and the defence of human rights and this ones are totally dedicated to the provision of services. Both have in common the aim to stimulate change and accelerate transformation, through actions focused on results and impacts through cooperation between companies and society, as well as strengthening trust between stakeholders and creating mobilizing skills.

⁴⁰ Dyck D, 'Internal And External Consulting' (2002) 50 AAOHN Journal <<https://journals.sagepub.com/doi/pdf/10.1177/216507990205000305>> .

The main customers of this service are public administrations, the third sector and private companies. Today's companies are beginning to have ethical and environmental concerns and know that they are not optional, they are at the heart of good business. For that, they need the social advisory board.

KPMG advisory services are divided in management consulting, deal advisory, strategy advisory and risk advisory. Inside of this last one, risk advisory there is a branch nominated as Internal Audit Risk and Compliance services where sustainability and climate change services are inserted which is the work performed by the global company as social impact consultancy and advisory.

According to the KPMG website their social impact consulting service includes:

- *identifying, evaluating and improving social impacts*
- *managing ethical sourcing and labour practice risks in the supply chain*
- *managing social and human rights risks in the operating context*
- *addressing the corporate responsibility to respect human rights*
- *planning and evaluating community investment and development programs*
- *advising on stakeholder engagement in complex contexts* ⁴¹

In fact, if this is confirmed and if KPMG's social impact consultancy work develops projects in all these described areas, which are all of extreme and crucial importance it is already an indicator that social impact consultancy can lead to social change and a stronger defence of human rights. The provision of this service and the characteristics that comprise it will be studied and verified in detail within three different geographical contexts, Spain, Portugal and the United Kingdom throughout the next chapter of this dissertation.

⁴¹ KPMG. 2020. *KPMG International*. [online] Available at: <<https://home.kpmg/pt/pt/home.html>>

2. KPMG work

2.1 Overview

KPMG International Cooperative, known as KPMG, is a multinational professional service considered one of the Big Four accounting organizations, the world leaders in consulting and auditing work.⁴² KPMG has a worldwide presence, in around one hundred and fifty countries, and has its head office in the Netherlands. Relevant for this project is referring that each national KPMG firm is an independent legal entity, nominated as a subsidiary.

All firms are different, and their organization and structure depend on the country and the market conditions in which they operate. The responsibility to coordinate the network of independent firms is assigned to a Swiss cooperative, the KPMG International. Within the European context, in addition to those studied throughout this project, it is pertinent to mention that the Dutch firm has a very strong sustainability team. Outside the European geography, the Australian firm is the great pioneer in projects of social impact and human rights, turning out to be a reference for European countries that are beginning to dedicate themselves more and more to the theme.

KPMG concerns on issues of a social nature both internally and in the work the company operates with its customers has been growing on a large scale. Over the years, KPMG has been interested in adapting its specialized services to the needs of the market and its main customers. Thus, services in the area of social impact have emerged since the year 2000 and continue to grow today.

In the business line, the sustainability area is a line implemented in many countries. In the year 2020, has already sustainability professionals at around sixty (60) KPMG firms worldwide. Since 2002, KPMG International is signatory of the United Nations Global Compact, which implies the issuance of an annual report to communicate its progress on the field of responsible business. Moreover, every KPMG country has a team nominated by *Corporate Citizenship* responsible for leading the firm's social commitment. Even if

⁴² Belissent, PhD J, 'The Forrester Wave™: Enterprise Insights Service Providers, Q2 2020' (2020) <https://reprints.forrester.com/#!/assets/2/667/RES157275/reports>.

there are not so developed sustainability services in a certain country, everything that is pro-bono, social actions are managed from that department.⁴³

The company employees' network in this area is endowed with a deep knowledge of the business in the country where they operate. All KPMG firms around the world are connected through the Global Center of Excellence for Sustainability Services that KPMG owns and are equipped to advise client companies on any social and corporate matters responsible reporting.

The set of services provided by KPMG includes advice on environmental and social performance, financial risks related to the climate, ecological footprint. They are social impact consultancy services that range from renewable energy to human rights, sustainable financing, impact measurement and sustainable supply chains.

Through a report published by the KPMG's Global Center of Excellence for Climate Change and Sustainability it is possible to verify that KPMG in its global has the ability to provide services in the field of social impact consulting and experts in different areas of the service. In order to advise companies on their social impact KPMG Global has in their team specialists in carbon and climate risk reporting, specialists in business and human rights and specialists in corporate responsibility reporting and assurance.⁴⁴

In the environmental area related with climate change, professionals are trained to help companies with legislation to reduce emissions of polluting elements, be aware of existing carbon reports and learn from these documents, report information and data related to their emissions, identify and reduce climate related risks in their production chain. Regarding business and human rights, experts are enabled to help companies developing an internal commitment to human rights and develop policies in this regard, assess the risks in fundamental rights inherent to its operations and production chain, prevent impacts on human rights through entire strategies, and prepare performance reports in the area of human rights.

⁴³ Information collected through the interview process.

⁴⁴ *The Road Ahead. The KPMG Survey Of Corporate Responsibility Reporting*. 2017 [online] Swiss: KPMG International Cooperative. Available at: <https://home.kpmg/xx/en/home/insights/2017/10/the-kpmg-survey-of-corporate-responsibility-reporting-2017.html>

With respect to the area of corporate responsibility reporting and assurance, consultants are instructed to assist companies on becoming familiar with the environmental and social issues surrounding the company and its stakeholders, align its strategy with the Sustainable Development Goals and subsequently evaluate results, learn how to report impact and sustainability indexes, ensure independence for its internal reporting systems and external and for your corporate responsibility and verify the sustainability performance of your suppliers.

The idea was to know in depth each of the three firms, their internal structures, organization and their role in the country in which they operate to draw conclusions about the effects of the work developed by KPMG in the three countries, compare the consultancy work in theory and practice, which depends directly on the geographical context.

2.2 KPMG SPAIN

In order to have a detailed internal perspective, I had the opportunity to interview Dr. Ramón Pueyo, the head of Sustainability Services at KPMG and Dr. Pedro León y Francia, who is the responsible Partner of the KPMG Foundation in Spain. The data revealed throughout this section it is the result of the exchange of ideas that occurred during the interview.

KPMG Spain is involved with the term social impact consulting in two different dimensions. There is a business area, a department within the company and an area more related to the pro bono work managed and developed by the KPMG Foundation. Both with offices in the country's capital, Madrid. There are also two more departments focused on sustainability one in Barcelona and another one in Vigo, the work involves clients from all over Spain, but it is monitored from Madrid's office.

In the case of this country, there is a specific department directed to consultancy works in the social and sustainability areas of companies, denominated by *Sustainability and Corporate Governance Services*. In Spain this department was born in 2003, the work did not always have the same characteristics and did the same, over time the services have changed. The approach throughout this project will be based on what represents the work of social impact consultancy principally in the present moment.

Sustainability services integrate everything that is related with social impacts. An area for providing consultancy services, just like there are another type of strategy, risk and consulting services, the work consists in "*helping companies to do things better*" by the words of Dr. Ramón Pueyo. That is, in few words, supporting companies on having the policies they need and then measure the results achieved with those policies. Currently one of the greatest needs of KPMG customers is their social and environmental impact and it is in this area that this company operates and provides more services.

It is of extreme importance for a company that some external professional intervenes, helps and then verifies their activity impact. In fact, one of the main assets common to all companies is trust, it is a delicate asset. A company's social impacts have a supreme

influence on trust. Therefore, it makes perfect sense to have a team working together with the company on these impacts and measuring them.

In addition to its characteristics, it is a service that helps to improve the perception that customers and society have of a certain company and thus improve confidence in it. Thus, this is presented as one of the main reasons for the emergence and growth of social impact consultancy at a global level.

The pressure exerted on companies in the social area is increasing and is expected to continue in a growth process. Pressure that comes from all fronts such as consumers, governments, ambassadors. That is the first reason why some companies are obliged, and in other companies they have the desire to respond to these needs in the market growing day by day, on the one hand or the other the investment on social impact consultancy is made by a matter of conviction or convenience. Also, companies use this service in order to be able to have evidence to show others that they are doing things in the best way possible. It is a question of competitiveness, we have reached a point where any company that is not able to show that it is complying with climate change, with human rights, that has a healthy relationship with its workers cannot attract consumers, ambassadors and funders because it no longer stands out.

Now, more than in the old times, in an era of social development costumers only consume products or look for products that meets their values and ideals. Consumer habits are changing as the impacts of commercial activity on a theme become more evident, such as the environmental debate that comes with climate change. Increasingly, there is a widespread concern that decreases the use and consumption of plastic by individuals what is also transported to the business world. That is, for example, consumers started to pay attention to the use of plastic when consuming any product. Through the work developed by KPMG, and is also a subject of common sense, they verified the fact that 25-year-old persons are more sensitive to these topics in comparison with 65-year-old persons since the older ones lived their whole life with certain values that are now in evolution. This does not imply that there are exceptions to the rule exceptions and many people are changing their mentality, but in fact younger consumers are more concerned with the topic.

The consultancy work in the social area performed by KPMG Spain adapts to the needs of each client.

Usually, in the first instance, measures are implemented. Companies together with the consultants define objectives in the social sphere and afterwards the consultants define the way to implement the steps to achieve these objectives. Second, the results obtained with these measures are evaluated and quantified. Although, this task may be sometimes more obvious to perform, it is also the one that companies' value most. As many companies use the service of social impact consulting for convenience and want to communicate their impacts to gain the trust of their consumers, ambassadors and others. These two tasks explained above can be performed together or separately, that is, the company can implement the measures and use consultancy services for the next phase or leave all the steps to the external consultants. These are two distinct phases, first the company has to define what it wants to do and then the social impact assessment achieved with such measures comes next.

A recurring problem in this work, whose incidence is reduced when the consultant is external and not internal, has to do with the independence of the work. Often when the proposal is made by the consultant, who suggests a certain measure to achieve the defined objectives, it is also the person who measures its result and impact. Thus, it can become a problem because there is a risk that the results will be biased. The defence of human rights is a subject that belongs to the companies' sustainability agenda, with different levels of involvement depending on the type of company.

Regarding KPMG Spain point of view, it is certain that human rights are part of what is meant by sustainability. From different points of view, on the side of ambassadors, who increasingly expect companies to vigorously defend human rights, which extend not only to their operations when they operate in countries outside the Organisation for Economic Co-operation and Development (OECD) but also, throughout their production chain.

Companies as clients and consequently KPMG work with human rights of different natures, to ensure that the company is being diligent in preventing, detecting and eradicating possible risks regarding fundamental rights. As an illustration, in various sectors such as energy, the oil sector and in the exploration activities, the most discussed human rights issues have to do with the company's relationship with the communities living around its field of operations. Another important theme is the type of company

employees and the practices that must be developed in order to invest in industrial relations in the different countries.

Social impact consultancy work that involves human rights is more operative than legal work and, therefore, they are usually not even lawyers who provide this service. It involves helping companies to establish policies, establish processes, define indicators, set goals. Of course, it has its legal component and for that aspect there are lawyers working in the team to ensure the legal part of the projects and ideas in order to motivate and help companies to align their line of operations with human rights.

Pro-bono services are a distinct work, that is consultancy services in all areas provided to social entities. A work that is part of the social action of KPMG Spain, doing the best they know together with organizations in need, helping to transform the reality of its customers and transforming the social reality. The foundation is involved in projects that help non-profit organizations to improve their strategy, to identify possible risks, to foster the relationships they establish with the government, with their sponsors and financiers, for example.

In the context of the pandemic that the world is facing in 2019/2020, Covid-19, different needs were born that became part of the services performed by the KPMG foundation at a solidarity level. When I had the opportunity to interview Dr. Pedro León and Francia, his team was participating in a project that aimed to help entities who depend heavily on individual donations to obtain donations on digital platforms, thus adapting to the new reality. In fact, there are a lot of traditional organizations such as UNICEF or CARITAS in which a large part of their income is composed of individual donations. The work carried out by the foundation, in this case, is to assist these entities to use new technologies in order to replace traditional methods.

At the workers level, whether in the department or through the foundation, KPMG Spain guarantees a wide diversity of profiles. The sustainability department is made up of employees with really different academic backgrounds. The team includes professionals that have studied law, engineering, economics, psychology, mathematics and physics. Although this is a job similar to consultancy in the financial, strategic and risk sectors, it is a job that requires vocation and interest in social issues. These issues, which a few years ago were little discussed and did not have the dimension and the public relevance of

today. Therefore, when the work started, the teams were growing mainly due to the vocational component of the professionals who understood the needs of the contemporary world. Now, since this theme is increasingly present in the companies' agenda, the interest of workers who invest in their career is increasing.

In the pro bono area, any worker can and must cooperate. That is, the various teams within the company are collaborating on projects for which they have know-how and skills to intervene. Pro-bono work has to be done by a team that is specialized in this type of work. As KPMG's network of employees is large, often the foundation, after identifying a job or service to be performed, looks for someone who has the capacity to do it as a volunteer. And in fact, throughout the interview it was easy to recognize that the vast majority of the company's workers are eager to participate in pro-bono and social projects. The secret here is to balance and reconcile the voluntary hours with the working hours dedicated to the client, which at the end of the day is the one who “feeds the machine”, therefore, only making pro-bono possible. The better the company's business works, the more hours dedicated to voluntary projects they can have.

There are several difficulties that this work faces. In the work carried out by the sustainability department, once the measures, policies and controls are defined, the demanding task is to ensure that they are implemented correctly in the company. It is not that much a difficulty of work, but rather a difficulty with the type of company KPMG Spain works with, its clients are often large companies that involve many processes, and everything requires a high level of complexity. Therefore, the great difficulty today is in terms of procedure and operations.

Dr. Ramon Pueyo describes that about ten years ago, the difficulty was another, convincing company executives to make or integrate projects and measures in the social sphere in their companies. But that time has passed, when executives questioned why a company had to have a human right, or environmental policy, is no longer part of history. When working with social entities the greatest difficulty has to do with measuring impact. The biggest challenge is to move from measuring the contribution made to assessing what has been achieved. It starts to help NGOs to really measure the impact of their work in the transformation, because these entities usually control their work well and measure the hours dedicated to a certain project, the costs know how many beneficiaries there are, but

not the impact achieved with all this. Dr. Pedro Leon y Francia gives us a real example that fully illustrates the problem. There is an organization that works on development projects and helps make water drinkable. Recently, its indicators were the number of wells, the distance in kilometers of plumbing, the number of children and beneficiary families. All of this is part of it, but in the end the indicator for transforming this water potable drink is how much disease has been reduced in this village, and that was not part of the focus of analysis. It is necessary for the NGO to go to the health center of this population and request data on how much has been reduced in diseases due to the fact that drinking water is available. It is in what financially supporting entities, individuals and companies are interested in, they want to know what impact and transformation of reality organizations are achieving before financing them. It is in this context of impact measurement that the voluntary work of the KPMG foundation is essential.

2.3 KPMG PORTUGAL

With the intention of having an internal point of view about KPMG Portugal, I had the possibility to interview Dr. Ines Pina Pereira, who is at this moment the *People, Performance & Culture* director.

In the Portuguese firm, there is a department responsible for internal social responsibility policies, belonging to the large human resources department. This work includes both national initiatives with governmental organizations and pro bono work performed to numerous partnerships with social entities where financial audit services are provided voluntarily. These are projects that aim to be current and adapt to the needs of the surrounding community. In the context of the COVID-19 pandemic, activities that impacted donations and fundraising were developed to support entities that played an active role in combating and preventing the disease.

At the company KPMG, there are global guidelines with guiding pillars for the strategy of impact on the community where each firm operates. The pillars are shared by the global KPMG and are especially focused on education. Internationally, the association with causes linked to the theme of education and training is encouraged. In this sense, the firm KPMG Portugal is involved in projects such as “*Junior achievement*”, the initiative “*Programa Atitude*” that aims to reduce school dropout through voluntary action developed by KPMG Portugal employees. It is a path that the Portuguese firm has been working on and which now, more than ever, not only because of the new reality that the world is facing but also for the importance of the social impact theme has gained in the last decades, deserves attention.

At the present moment there is not an area dedicated to the social impact consultancy work for clients at KPMG Portugal, as it already exists in other countries, similar to the case of Spain and the United Kingdom. A possible reason for this is that the Portuguese firm is considered to be small in size, with around a thousand workers, which is not comparable with most of the firms in the group that are larger with a completely different structure and organization. In this country, the existence of such a service is not expected in the short term and the work developed in this area is almost null.

2.4 KPMG UNITED KINGDOM

For the purpose of getting an internal angle of KPMG United Kingdom, I had chance to interview Dr. Anya Todd, who provided a perspective of the firm's social responsibility.

Given the structure and organization of KPMG UK, there was a team used to be called CSR team, but then few years ago the company decided to get rid of the social aspect of the title because the work is wider and includes other topics such as environmental, governmental, among others. CR team in UK is split into three different areas, the first one is dedicated to education responsible of programs KPMG does with primary and secondary schools; the second one related with environment, and the third one committed with the national charity partnership with National Society Prevention of Cruelty to Children (NSPCC) helping in fundraising, with volunteering, and pro bono work. Moreover, this department focus on the community engagement in the region's programs with other organizations and the reporting on CSR practices, how many volunteers they have, what was the contribution, the value of the work.

The pro-bono work can be performed by any area of the business depending on the request. Corporate responsibility team organizes the work and finds the volunteers within the employees of the company to do it. The department organizes and helps in the execution of the work. The pro-bono work is executed and performed exactly the same way as client work, it has to be performed by a team specialized in the area of work, the only difference is that KPMG UK do not charge money for it. Across all of the business areas they can do almost every service for free to social entities, the only thing they can't do as pro-bono work is pro-bono audit; as there would be a conflict of interest producing an audit for an organization while they are not paying for it.

Corporate Responsibility agenda is being well adopted, promoted and encouraged within KPMG UK leadership. Every employee in the UK gets six days of KPMG days without the need to take leave a year to volunteer. But in reality, because how busy people are, and the demand of client work it gets difficult to take time to be part in volunteering projects. The CR team recognizes that working for the increase of these days is a current challenge.

There are some human rights issues that are taken into account internally specially related with the *Modern slavery act* that KPMG UK works to comply with it, sustainable program compounds a set of rules to consider about the relationships established with suppliers and contractors.

As well as it happens in Spain, there is a KPMG foundation in UK, it is an individual entity register in charity and it functions independently. While operating as a charity independent of KPMG, the Foundation benefits from the skills of the firm and its employees, as well as its financial support.

It is a separate work from the job developed by the CR team, the foundation focuses on education in early years, while giving grants and working together with children organizations. The KPMG Foundation is on the lookout for to improvement of the educational and social outcomes for children with disadvantaged backgrounds and communities.

Moreover, there is a team in KPMG that is client facing sustainability team and it works with business to develop sustainable solutions for client's operations such as the reduction of polluting gases emission; make the production chain for a given good more sustainable for example. And there is new a team called KPMG impact that is linked with the KPMG corporate citizenship. The global citizenship team that is based in the UK, which role is across KPMG international combining and sharing best practices between all the citizenship or corporate responsibility practitioners.

Situated also in the UK there is the global impact team that is responsible for the coordination of all work carried out at the of social impact level by the set of the various KPMG firms spread around the world.

2.4.1 Global KPMG work from the United Kingdom

The interview with Dr. John Kjorstad was essential to get familiar with the global KPMG work and all the impact initiatives that KPMG has around the world.

Global KPMG impact is a relatively new, the firm have had lots of services that do these advise on social impact in the past, but what is new about it is that they are bringing it all together in one sort of brand. KPMG impact focuses on Economic, Social and corporate Governance (ESGs) and sustainability. The work developed towards economic and social development that traditionally was done with developed minded organizations such as multi banks or with a government department development assistance. There is an area of sustainable finance which is focused on the financial mechanisms which pays for numerous elements in the social space, for example Social Impact Bonds (SIBs). SIBs, also known as social benefit bonds, are contracts with the government or public authority aimed to improve social outcomes of a specific business. These are bonds that, contrasting with normal bonds, do not depend on interest taxes or market risks, but in this case depend on the social impact. This is a recent practice since the first title was issued in 2010, none the less it is in exponential trend. It ends up being a mechanism of involvement with communities and society, which strengthens companies' social responsibility strategies. KPMG Global Impact Investing Institute is the one who supports the impact investing market, whose mission is the work of independent and reliable consultancy for the market and to contribute to initiatives that create real value for investors and for society. Also, there is another area of work that is Climate change and decarbonization, that gives attention to all the environmental issues. And finally, there is the impact measurement and reporting that goes across to all those areas described above, everything that KPMG do on this basis needs to be measurable and independently verifiable.

KPMG UK refers that companies want to understand and know to what extent they are having an impact either positively or negatively in society. KPMG UK have a tool called *True Value* that is a different way of trying to come up with financial accounting around a business decision, so if a company is trying to push forward a policy or in a process of deciding whether to invest or not in some business, normally it is done a visibility study and a cost benefit analysis and this tool changes the formula of that traditional mechanisms to think more realistic the impact that those decisions have. *“A tool that goes beyond financial traditional metrics and uses also non-financial metrics that might have a financial consequence. A three-step methodology that enables companies to i) assess their ‘true’ earnings including externalities, ii) understand future earnings at risk and iii)*

*develop business cases that create both corporate and societal value.”*⁴⁵ (KPMG International, 2014. p.36)

KPMG experts apply a financial value to the defined company's material impact on the economic side such as the payment of taxes or the creation of jobs, on the social section like health, education, wages, and community development and environmental area such as the use of renewable energies, pollution, rational use of resources.

The KPMG True Value tool can make comparison between companies' impacts while using a common financial metric, which is a method used to enhance their corporate reporting. This analysis was designed to be applied to a single product or service, to a company's global operations or to the entire value chain including suppliers. This KPMG service aims to provide a wide view on company's contribution to society rather than the conventional financial or sustainability reporting perspective.

As an example, if a company is comparing electric buses versus petrol buses it considers the health impact of pollution and the cost on the health care system as a result of that.

All the services that are growing and starting to be provided in KPMG are driven by its clients and their respective issues and needs. Services depend on the type of clients and their own concerns. Services of social impact consultancy are provided to all economic sectors, but it varies depending on the companies, working with the financial sector is very different from working with manufacturing sector for example. Impact is a normal client service as all the other services provided by KPMG and charges for it. The work regarding company's impact is not typically pro bono, pro bono is another subject. Pro bono work is done with social entities, NGOs and can encompass any area of work.

KPMG is a federation of member firms; each country member firm is a very independent entity. KPMG global works on behalf of all member firms and support. They are trying to create collective programs that member firms' efforts combine create synergies and ensure quality consistency for example. Some countries have small KPMG firms in which there might not be experts in every area, and if one of that firm has a client that needs a social impact report the Global Impact team can bring a subject matter expert

⁴⁵ KPMG International, 2014. *A New Vision of Value: Connecting Corporate and Societal Value Creation*. [online] Available at: <<https://assets.kpmg/content/dam/kpmg/pdf/2014/10/a-new-vision-of-value-v1.pdf>>

from Australia, is an example but in fact outside the European context is the pioneer KPMG firm is such themes, to help out.

KPMG impact global team itself is very small at the moment, it is composed by five professionals. This department is magnified by the network that it supports and coordinates, in the present they have about tree hundred people to manage across the world focused on the five pillars explained above. The predictions see an exponential grow on this area. KPMG global impact team collaborate with all related subject departments in member firms, that are all self-managed and autonomists, but the global impact team is responsible to empower them, enable them and connect them with other member firms.

KPMG is a people organization, consulting is a people business it means that they have a wide variety of individuals, they consider the majority of the people are network subject matter experts, employees have a deep vertical expertise in a specific area. There is not the need of having an audit, finance background for employees who work in the impact area and provide social impact consultancy.

The majority of KPMG experts came from traditional KPMG backgrounds such as tax, audit, finance, economics, industry. It is very diverse, there is a lot of experts who start on working in the traditional KPMG services and then understand they have a real passion for sustainability and start to cooperate and join those teams. There is a discipline that employees with audit backgrounds can bring to social impact reporting because it is a very scientific evidence-based work. It is very similar process, to provide assurance, to write a report and prove that it is true whether it is the finances of a company or the social impact of their businesses. The point of having a global team is also to identify the right expert inside the all company who is able and have the knowledge to help in a specific project.

The social impact consultancy services use different sources of data, first and the most important is the data that the client has available, client's own data. The data depends on the areas of work, there is data which companies do not have, on the climate sphere for example, in those cases the consultants request specialist data providers.

There are few sources of data in social impact, and when there is data it tends to be specific and relative to a particular place. The majority of human rights activity focuses on specific challenges such as migration, displacement of people, events that have their own peculiar data and circumstances. KPMG UK recognizes that is very difficult to get good data, and by “good data” it means data that can be useful to use as benchmark to compare across wide areas. KPMG tend to work with large companies, that do not want to know their particular impact on a specific area but rather companies want to know the totality of their global business.

When working in the field of business and human rights, some of KPMG professionals and consultants developed their own methodologies. In the global network the aim is to identify those methodologies and understand on the one hand which ones are only useful for a particular situation and on the other hand which methodologies could be widely adopted and developed as broad tools and so KPMG can offer to all clients. This represents the challenge that Global KPMG impact team is going through at the present moment recognize what is the standard methodology that is accurate to use in order to approach a specific type of problem and if there are services that KPMG can provide to its clients using that procedure.

KPMG often partner with external organizations, technical consultants for example in order to give technical advice on alongside with their financial advice or strategy advice. At the moment KPMG global is in the process of identifying whose partners are and how the work with them should be performed. KPMG global perceives the lack of clear standards and uniforms sort of methodologies on this type of work and on reporting social impact as the biggest challenge they face on the process of providing social impact consultancy. That is not only in terms of the methodology KPMG deploys but also the data sources, where data is provided in different ways and the same question can have multiple different results, which can confuse consultants, clients and the public in general. It leads to the trust issue, confidence on the information received by governments, companies and other organizations. If there were available more clear and uniform standards around reporting on these subjects, then our trust would grow exponentially. An insightful metaphor compares it with food labels where there is a clear list of the contents of the product, which enables the comparison between products and brands, this would be useful also in the case of social impact issues.

In this type of work there are not legal barriers, but more correctly jurisdictional barriers and cultural barriers. Jurisdictional barriers mean that every government function on its own way, inside European Union there is some consistency within the member States, but it does not exist worldwide and even inside Europe regulations can be distinct from one country to another. This represents a big challenge to the work performed on the social impact area. Cultural barriers have to do with the fact that a human right violation represents different levels around the world. Culture influence on a large scale the way in which human rights are perceived by different people, in the West or in the middle East. The lack of definition on human rights violations and on what is being measured can be really challenging.

KPMG is involved with organizations such as the World Business Council for Sustainable Development (WBCSD) and through their platform KPMG can work with other partners who might even be their competitors to address somebody problems particularly around reporting standards. Moreover, KPMG work to the World Economic Forum (WEF) and is very active and present in some United Nations initiatives and dialogues, the most recent one, the UN high level political form. KPMG is actively engaging with the stakeholders with the aim to develop some consensus and find a way on how every company should interact in these subject matters since every entity recognizes its importance.

Generally speaking, by all the member firms, KPMG social impact teams have largely been focused on healthy human services or international development government policies. Nowadays, what is changing is the level of interest from financial clients who are now looking for social impact advice.

To perform the social impact work KPMG has a lifecycle way to do it, strategy, financing, implementation, measurement, reporting and finally assurance. It starts with strategy; it is needed to figure what is necessary to do, deduce the problem determine the solution. Very close to the first, comes the second one, financing identify the costs and the way to support them, find the resources to implement the solution. Implementation is the third step, followed by the measurement of the work to ensure impact is achieved with all the previous process.

It is simple to define a strategy and implement it, the difficult step in this process is to demonstrate the work is making difference after some time. Measuring as the first step, then reporting as the second one, after it comes an independent expert and provides assurance on the report. Side by side with the impact measurement there is always the assurance to prove the veracity of the measured information.

2.5 KPMG social initiative works worldwide

There is a uniform brand inside KPMG, however there is not a uniform team on the issues of social impact it is spread in different departments.

There are some businesses where KPMG is working with social impact. *KPMG banarra* which is KPMG new human rights and social impact service area, a social justice initiative that is being developed and implemented in Australia. It is focused on human rights risks, the impact of corporate activity in every possible area from employees, community, workers to supply chain. In other words, it is any impact a corporate might have on people. Australia firm is composed with talented human rights experts, and in that sense, there are several branches of activities being performed. This Australian partnership is a service that helps companies to interrogate its supply chains and their processes and looks for the data signs with subjects that obviously companies do not want to be involved in such as child labour, modern slavery act among others. KPMG client's value most from this service is the approach that includes challenging questions that allow companies to realize that they have got social and human rights risks. Succinctly, the work is composed of two main phases, *KPMG banarra* rise a specific impact question and posteriorly help to answer that same question. Aside from reputational and brand damage KPMG perceives the increase of legal action and regulation on social issues. Managing human rights and social risks is not only about doing the "right thing" it goes beyond that; it is about protecting and defending human life, for that reason KPMG has team constituted by subject matter expertise across social, environmental and ethical governance.

KPMG origins is a tool that uses a blockchain platform to manage the supply chain track and thus trace a solution. With all the globalization phenomenon that we continually benefit today, supply chains are increasingly accelerated, interconnected and complex.⁴⁶ This development rises the likelihood of operational risks, reconciliation challenges and concerns about fraud and security. A practice using technology in favour of human rights.

⁴⁶ 'KPMG Origins' (KPMG International, 2020) <https://home.kpmg/au/en/home/services/blockchain-services/blockchain-platform.html>.

For this reason, the blockchain service *KPMG origins* was born under the form of supply chain management, understanding in what way a company is developing and selling its products, tracking and measuring. As an illustration, if a supermarket is selling fish for example and claims that it is sustainable sourced how can they prove that. It is not just about trusting the supplier but being able to trace back who did what when, and thus deal with consequences of liability for those actions. This service works in the sense of putting in practice all the standards around ethical sourcing and sustainable practices. Using a blockchain technology allows companies to have all data in one system, available to their clients, which creates honesty in firm's environment where anything is hidden. KPMG origins is associated with KPMG food assurance service, an offer to the market that is strengthened and supported by technology, adding value to traditional audit work.

On the social side, there is a team nominated as International Development Assistance Services (IDAS). A department build of experts who come from multinationals, world bank, the United Nations, they are committed to magnify the capacity of all actors in the development scope, government, civil society and the private sector, in order to maximize their repercussions in emerging economies. IDAS services are aimed to assist development actors achieve their goals in four major areas: enhancing impact, ensuring value-for-money, driving accountability, and advancing service delivery.

Lord Michael Hastings, KPMG International's Global Head of Citizenship & Diversity states that "*Delivering long-term, sustainable change to the developing world will take the participation of all sectors government, civil society and the private sector.*"⁴⁷ (KPMG International, 2012. Development Assistance Service, p2) This belief is the reason why the company KPMG focuses on working together with organizations to jointly help social change.

⁴⁷ KPMG International, 2012. *KPMG International Development Assistance Services*. [online] Available at: <<https://home.kpmg/content/dam/kpmg/pdf/2012/09/kpmg-international-development-assistance-servicesv2.pdf>>

3. Lessons learned

It is important to start by mentioning that through a lot of research and interviewing, there is a great difference in the performance of KPMG in the three countries. As subsidiaries, the various companies are organized according to the geographical context in which they are inserted, which will not allow a linear comparison between the three case studies, but a comparison that takes into account the country in which they are inserted, the context with which they are faced and respectively needs. When comparing CSR strategies and a type of work such as the social impact consultancy it is mandatory to take into consideration various aspects, such as local cultures, regulatory environments, NGOs and global standards.

As it is already presented throughout this project, especially in the presentation of the information obtained in the interviews, the various KPMG firms are completely independent and work autonomously. In this way, it is possible to justify the difference in the work developed in Spain, Portugal and the United Kingdom by the same company. KPMG member firms can be very different from country to country. In addition to other reasons that influence the services provided, there are some which could be concluded through this project such as the size of the company, the diversity and skill of the work teams and the professionals who compose them, the size of the country where they work, among others.

A general idea about the dimension of the studied firms in this project can be pertinent when drawing some conclusions. The Spanish firm has sixteen offices spread from the north to the south of the country, located in Alicante, Bilbao, Girona, Barcelona, Coruña, Las Palmas de Gran Canarias, Madrid, Malaga, Oviedo, Palma Mallorca, Pamplona, San Sebastian, Sevilla, Valencia, Vigo, and Zaragoza. While in Portugal, KPMG firm has an office in the north of the country, situated in Porto and another one in Lisbon, the capital. The broadest of the tree is the KPMG United Kingdom, spread over more than twenty localities. It has offices in Aberdeen, Birmingham, Bristol Cambridge, Cardiff, Gatwick, South Coast, Edinburgh, Glasgow, Leeds, Liverpool, two in London, Manchester, Milton Keynes, Newcastle, Norwich, Nottingham, Plymouth, Reading, Sheffield and Watford. In the Spanish case, all services at the level of social impact are operated from their department in Madrid. Differently, In the United Kingdom there is more than one office

providing this service and this country is also the home for KPMG Global with regard to the impact department.

KPMG foundations exist in some countries but not in all the one hundred in fifty where KPMG exercises its activity. Their existence depends mainly on the size of the country and the success of the KPMG firm in that same territory. The foundations operate independently of the firms that exist in the same country and are mainly linked to the education area, an enthusiasm present in the company's mission at a global level. Following this line, and regarding the three countries studied in this paper Portugal is the only one where does not exist a foundation. These entities are completely monetarily independent from the company.

Furthermore, although there is a work developed by KPMG global due to the fact that there is a high number of firms, it is difficult to share among countries all the work they develop in each specific area, especially with regard to recent themes such as the social impact. The reports published by KPMG experts have a fundamental communication role and in the assimilation of the benefits that come with some of the initiatives and works developed in the social area by trained professionals in some KPMG firms. Moreover, the jurisdictional barriers and cultural barriers addressed in the KPMG UK interview are also barriers for the transposition of the social impact consultancy work that is done in a given country to another firm of the group. In general, there is a great commitment between sustainability services within KPMG international through the Global Centre of Excellence for Sustainability Services and the national departments of corporate citizenship, which, being a competitive company and that is considered one of the Big four, demonstrates at the outset that this need exists in the business market.

In a country where there is a commitment to the topic of business and human rights and social equality, it is almost always possible to guarantee that there are companies who are dedicated to providing social impact consultancy services, which, as we have already defined through interviews, are services that provide advisory to companies in various areas, from sustainability, to their respect for human rights, to stakeholder engagement or similar spheres. Which means that there is a relationship of cause effect here, from the moment that social responsibility becomes part of the companies' agendas, services dedicated to this matter begin to emerge.

Let's see case by case the countries covered in the interviews. Spain, United Kingdom and Portugal present different levels of commitment to the topic of Business and human Rights and CSR practices, as well as the work that each KPMG firm performs depending on the country where it operates. When arranging the three countries in order of performance and commitment on the topic of companies and social responsibility, we would start with the UK, followed by Spain and Portugal as the last one.

There are several prisms to be studied around social impact. First, it is relevant to mention that the three countries are members of the OECD, an organization that aims to achieve economic growth and sustainable employment by improving the quality of life of its member countries, maintaining financial stability and thus contributing to the development of the world economy. The OECD's guiding principles define much of what is the responsibility of companies in their member countries, which consequently influences the needs of companies and the work developed at the level of social impact consultancy. In this sense, seeing that all of them belong to this organization the existence of common lines is guaranteed.⁴⁸

As it is already mentioned throughout this paper, in the field of business and human rights, UK is considered as a pioneer and a good example of this commitment, who had its first NAP version in 2013 and already presents a second updated version of it in 2017, while Spain launched its first plan in the same year and in contrast Portugal is considered in the process of developing a National Action Plan for some years ago but still does not present any draft paper. Having a NAP that regulates and directs companies' actions in relation to human rights proves to be an important tool. On the one hand, by the fact that they have a significant role in triggering preventive and procedure work on fundamental rights violations by companies. On the other hand, these plans can mitigate the problem of the lack of standards by expressly presenting the limits of companies' action.

On the subject of sustainability, Spain is working on the commitment of the 2030 Agenda in order to implement the sustainable development goals in the country, through the

⁴⁸ OECD Guidelines on Multinational Enterprises adopted in 1976, revised in 2000 and 2011. See OECD, 'OECD Guidelines on Multinational Enterprises: Recommendations for Responsible Business Conduct in a Global Environment' (OECD, 25 May 2011).

dialogue between the government and interested stakeholders. Despite the fact that the NAP is also a tool for the engagement with this sustainability objectives, there is still a long path ahead.

In Portugal, it is possible to recognize a concern with the issue as the government has appointed a responsible group to work in accordance with the 2030 agenda who have started by carrying out a national review in 2017. Even so, there is not a specific formal national plan on the SDGs.

The United Kingdom within the scope of sustainable objectives is falling short of what it could be, since they do not present an implementation plan for it. In this country, the priority turned out to be in other areas of the relationship between companies and the surrounding community, although in the overall this country is one of the most concerned with these issues.

A differentiator element of UK is the *Modern Slavery act* present in the country's legislation since 2015 and addressed in the UK interview, since KPMG complies with it. Modern slavery can be understood as a new adapted version of slavery which can be carried out in the form of forced and compulsory labour, child labour, servitude, criminal exploitation, human and sex trafficking. This decree aims to enforce companies, organizations and other entities to develop relationships and businesses in an ethical and integrated style, through the implementation of modern slavery preventive policies. In March 2018, KPMG UK introduced its Antislavery & Human Trafficking policy which does not give space to modern slavery within the company, penalizes violations and imposes the reporting of any suspicious acts. Being closely committed to this issue internally, the company is at a higher level with a greater capacity to support companies in the same area.

The great conclusion of this project is then obtained through this study, the size of the country and its degree of commitment in the relationship of companies with society is directly related to the provision of services with a social impact. In other words, the more the country is aligned with social responsibility policies and the reduction of negative externalities on the part of companies, the more demand and consequently the offer of social impact consultancy services, culminating in a more decisive role in the definition of policies and impact measurement. By the example of KPMG this is visible.

KPMG UK proves to be the most advanced of the three, presenting social impact services at the national level and being the home for future projects in the field in other KPMG firms. The same service is slowly gaining force in KPMG Spain, where in Madrid there is a department focused on social impact. While in Portugal there are no professionals to performing such functions.

Thus generating a circular process, since it is necessary to have a first interest about organization's social impacts in the country so that, in a second phase, the consultancy work on this impact gains value in the market and consequently increases the level of commitment in the relationship between organizations and companies with the society in that country where it operates and thus contribute to an effective social change.

KPMG is traditionally known as an audit business and financial advisor. While assurance and finance are critical parts of Impact, we also must consider the non-financial elements of being a positive company which are core to what Impact wants to also measure. Not every KPMG firm has the skill sets required to confidently embark on this work, nor the potential market to convince them to invest in those skills, such as the example of Portugal mentioned in this paper. However, KPMG company itself forecasts a large growth in global impact services where they operate.

There are some firms with projects to implement social impact measurement and advisory services, but there are also others where such development is not yet in the plans. After interviewing some of the firms it is possible to perceive that KPMG will get there eventually, a new business for them to be promoted globally. In fact, since there are already firms with qualified services in the social area formed with experts in the field, this will facilitate the implementation of the same work in other countries, not only due to the work developed by KPMG global, but also by virtue of the recognition in the market, that is, more and more companies they stand out from their competitors when they resort to this type of services. Thus, when there is a place and a need in the market, there is a greater incentive to provide services that satisfy such needs.

Social impact consultancy aims to balance the creation of company value with the creation of value in society, which is exactly what the business market is asking for in the

present moment. In Spain, this service, which covers all areas of social impact, has developed over time and seeks to constantly adapt to the reality in which it operates. International Global KPMG progress is essential to leverage these changes.

In this country, the importance of the work performed by an external consultant is recognized, as well as its numerous advantages which coincide with those listed in the first previous chapter.

KPMG employees, in conjunction with any business professional, recognizes the importance of trust from consumers and other stakeholders for the success of the business. In fact, this confidence is accomplished above all with transparency. This transparency, achieved mainly through the report of business activity especially when it carries social impact, contributes on a large scale to social change, generating common welfare. In the case of Spain, there is a pressure on companies about their responsibilities towards society, encouraging them to work in this area and therefore seek social impact consultancy services, coming for the surrounding community.

Taking this information in consideration, KPMG's view reflects that "*Transparency around social and environmental impacts can help to strengthen corporate relationships with stakeholders like investors, governments, customers and NGOs. It may also help to improve performance in corporate sustainability ratings.*"⁴⁹ (KPMG International, 2018. Valuing Your Impacts on Society, p4)

Therefore, this evidence reinforces the position of this paper in relation to the fact that the more the country is involved in matters of businesses' social impact the more matured is the work in this area and consequently the implications and interest of civil society, government and other organizations. Still within this theme, social impact consultancy allows verifying the veracity of companies' social projects and their true impacts on the surrounding community, which contributes to transparency in the business world and, above all, to the end of the myth that the companies' social responsibility do not exist and what passes to consumers is false.

⁴⁹ KPMG International, 2018. *Valuing Your Impacts on Society. How True Value Can Help Manage and Measure Your Impacts.* [online] p.4. Available at: <<https://assets.kpmg/content/dam/kpmg/xx/pdf/2018/10/kpmg-true-value-services.pdf>>

KPMG Spain's largest area of activity with its customers is related to the environment, as this market requires it. From the study done, it is possible to assume that this service changes depending on the market in which it operates due to different needs.

Although, regardless of the area, the work is always performed in two different stages as stated in the second chapter of this project. When it comes to human rights it is relevant to highlight that it is not a service provided by lawyers but by experts on the subject who can be able to do this operational work, with legal support at any necessary time. For this reason, social impact consultancy work must be executed by specialized consultants in different areas that can complement each other.

It is interesting to realize that the difficulties of the work are presented by the collaborators of the different firms in a unique way although the basis is common to all of them. In the first country, the size of companies operating within Spanish geography and namely those who are customers of KPMG Spain are large enterprises. This condition results, in addition to the challenges of implementing measures mentioned in the interview, that there are more areas where the company can have an impact, both because the supply chain involves a higher number of stakeholders and stages, and also because the company may be specialized in more than one product or service which raises the areas in which you may have some influence. Furthermore, in the pro bono work developed by the company through the foundation reveals the importance of the right impact measurement, a demanding task that proves to be fundamental for reporting and communicating the achieved improvements with the help of consultant's intervention. This is also very useful when talking about providing social impact consulting services. Another conclusion is made from this insight, many of the activities developed internally and in social partnerships are a crucial element of learning for enterprises, highlighting the value of companies such as KPMG that have several areas of social support where they provide qualified pro bono services to social entities in the first instance and consequently they develop their own skills and competences that enrich the services they provide to their customers.

In the second country, due to the fact that the Portuguese firm is not providing this service in the present moment it is not possible to present a difficult of this work besides the challenge of implementing it in this country. It is only feasible to speculate that the problems existing in other firms could also occur in the Portuguese firm as we know that

the majority of their clients are large companies and also that due to the lack of legislation in the country there are no standards.

In the last country considered in the interviews, the major challenge they have to deal with in the UK is the lack of clear standards and uniform methodologies. What represents the greatest difficulty in the work of social impact consultancy when dealing with companies' impact anywhere in the world at the present time.

Extremely important to compare theory with practice and, even more relevant, when some issues coincide between the theoretical framework and the work of social impact consultancy in practice developed by KPMG, as it is the case of the substantial limitation of this work pointed out in the two spheres. This social impact measurement and advisory work is challenged by the lack of standard and transparency when reporting data, strategies, measures and solutions. This is the main reason that justifies the low recurrence of the use of social impact consulting services and, consequently, the knowledge of its existence around the world, its benefits and the way it can be performed. Although there is a perception of the need for such a service in the market, the response is also weak because of this lack of standards, both in the composition of social impact reports and in the right methodology to put in practice, hinder their emergence.

In Portugal, KPMG firm is not offering a social impact consultancy service, as it is already the case in other countries. During the interview, the main reason addressed was the size of the Portuguese firm, which does not allow new areas of work to be developed in a short period of time since the existing workers are already dedicated to the company's traditional services such as audit and financial advisory.

In this study, other reasons are nominable that in one way or another may also be related to the non-existence of the service in this region on the company presented. Firstly, due to the country's lack of commitment to this issue, there are fewer companies concerned with their social impacts, which can be translated into a slight demand for the service in question. Second, economically speaking with the insignificant demand mentioned in the previous argument, the offer of the service is not justified. Mainly because of all the steps that this process involves, being access to information, market studies, training of professionals, service communication, attracting customers, among others.

In relation to KPMG UK work, there are also some aspects to highlight.

The fact that it was internally renamed to corporate responsibility only, the department that deals with the impact of the company KPMG UK itself means a lot about the company's performance in the social sphere, both internally and in the services, which they provide to their customers. Thus, confirming that social impact consultancy services cover all areas of companies' impact, not only socially related but also environmental, governmental, human rights and those that are emerging with the evolution of the times.

From the UK, and with the main objective of standardizing services related to social impact of its customers, the KPMG Global is now focused on developing this new brand that encompasses social, environmental, government and sustainability impacts in a single job.

Once again, now in another country, there is a growing concern of companies in their social impacts. Those who were just financial customers are increasingly looking for measuring and managing the impact of their activities on the community around them. In this sense, KPMG UK thought about the *True value* initiative that proves to be the heart of social impact consultancy services. As its name suggests, *True value*, is a study that gives the company the real value of its choices globally, not only evaluating the costs and possible direct gains but everything that can be related with the business directly or indirectly, thus giving a more complete view to the company and to its administrators and professionals on the real impact of its decisions, exploring positive as well as negative societal value creation.

It is a service that allows KPMG customers to create, in addition to value for the company, value for society. It is extremely necessary for this service to be expanded and generalized, with more companies qualified to provide it and more companies interested in using them in their business activity. This is certainly a step towards social change, visible by the case studies presented by KPMG. This studies where all developed outside Europe, but still they are useful to demonstrate results.

Taking the example of a beer producer in India, it is possible to validate the advantages of KPMG *True value*.⁵⁰ As it is already mentioned in the second chapter of this dissertation, this methodology consists in three steps.

The first one, identifies positive externalities in the economic, social and environmental field, which includes taxes, dividends, wages, avoided taxes, corruption, infrastructures, healthcare, education, safety, pollution, waste, ecosystems, water and raw materials detailed information expressed in the annexes figure 1, a table from the KPMG report.⁵¹ Positive externalities detected in this specific case in an Indian city were the instruction of farmers which makes the work more productive and consequently increases their salaries and life quality. Also, some good impact on environment through their use of waste recycling to electric application. Negative externalities were substantially health effects, and poor management of natural resources.

The second step, studies how the externalities identified in the previous task are affected by regulations, stakeholders' relationships and market dynamics and consequently became a risk or a security to the business. Here, it is worth it to highlighting the amplitude of this methodology that covers all the fundamental actors when studying impact. In practice, this second phase takes into account the level of risk of these externalities' internalization in the company. That is, for example in this case study the low risk in education of a minimum government requirement on employee education or low risk in health of the internal adoption of more effective health and safety rules or even he high risk on pollution of a carbon tax imposed.

The third and last one, derives in an investment Net Present Value (NPV) quantified and taking account the costs and benefits of externalities, helping the decision making through a potential societal and corporate value creation view. This step makes companies aware of their investment's opportunities and their respective consequences in every area, in the costs of companies in positive or negative externalities and in the value, it adds to society.

⁵⁰ KPMG International, 2014. *A New Vision of Value: Connecting Corporate and Societal Value Creation*. [online] Available at: <<https://assets.kpmg/content/dam/kpmg/pdf/2014/10/a-new-vision-of-value-v1.pdf>>

⁵¹ KPMG International, 2018. *Valuing Your Impacts on Society. How True Value Can Help Manage and Measure Your Impacts*. [online] p.43. Available at: <<https://assets.kpmg/content/dam/kpmg/xx/pdf/2018/10/kpmg-true-value-services.pdf>>

Two examples of possible investments in the case study of the beer producer are the following ones.

“Shared initiatives with local farmers to replenish water resources and to grow drought-resistant barley that requires less water with reduction in water costs by using less water as direct financial returns and returns from internalization of externalities by the reduction potential costs of increased water and barley prices due to drought which increases availability of water for communities and therefore improve livelihoods contributing to societal wellbeing by the improvement of positive environmental externalities”. And the “installation of a heat exchanger with the reduction in energy costs as direct financial returns and with returns from internalization of externalities by the reduction in exposure to carbon tax, energy tax and price rises which has good impact on society while it reduce negative environmental externalities through the decrease of GHG emissions and associated social and environmental impacts”⁵² (KPMG International, 2018. Valuing Your Impacts on Society, p74)

In fact, there is the assertiveness of this methodology in consultancy services, contributing in an obvious way to social change since it is given directly to the company all the information necessary to choose businesses that increase their positive impact on society.

The circular process adopted by the impact department of KPMG UK and described in chapter 2 serves as an engine and example for any professional or company that wants to provide this service. As well as the True value methodology, the steps followed are fundamental for a complete analysis of social impact, identification of problems in the area and subsequent resolution, including externalities in decision making and implementation of strategies that aim to align the creation of value for the company with the creation of value for society.

Furthermore, there is another important fact that has to do with the economic sectors in which KPMG's social impact advisory clients operate. According to the data obtained through the interviews, both in Spain and the UK, customers are diversified and belong to the various sectors, with no evident pattern. When analysing a KPMG international

⁵² Ibidem

report⁵³ it is possible to find a scale on corporate responsibility reporting, illustrated in the annexes in figure 2 organized by the various sectors, where “oil and gas” occupy the first place, followed by “chemicals” and “mining”. The three sectors referred at the top of the list are prone to have more negative effects on the environment and that may be the reason for appearing in the first place. Since, for this reason, they have a greater incentive, externally stimulated by law or by qualified bodies, or internally by the awareness of the company.

This order that KPMG presents can be an influence for the search for a social impact consulting service, especially in the sectors that are in the first places, since if the companies are already directed to the presentation of reports, they will in turn be more inclined looking for experts in these services.

The last comment reflects on the KPMG social initiatives in a global context. In fact and looking forward to the future of this service around the world, there is a whole development in this area at KPMG Australia, a sample of this are the three mentioned projects, KPMG *banarra*, KPMG *origins* and *IDAS*. This group firm presents very ambitious projects and initiatives in this area and KPMG Global itself tries to evaluate them and transport them to other firms, namely the European ones. The geographic context of this paper is Europe and for that reason the Australian country has not been explored in depth, although there are conclusions to be borne in mind when we reflect on the information presented in the interviews.

The Australian firm is the most dedicated to the defense of human rights and with experts in the field, where projects of this nature are conceivable. The global KPMG work proves to be essential for the success of this service in Europe as it is dedicated to the evaluation of the existent projects worldwide, which allows them to distinguish what may be applicable in other contexts or not. Thus, social impact consultancy can only bring social change if its benefits are recognized at a global level. That is the reason why the KPMG

⁵³ *The Road Ahead. The KPMG Survey Of Corporate Responsibility Reporting*. 2017 [online] Swiss: KPMG International Cooperative. Available at: <https://home.kpmg/xx/en/home/insights/2017/10/the-kpmg-survey-of-corporate-responsibility-reporting-2017.html>

company's work is so significant in this area since it contributes to the emergence of this work, to its valorisation and consequently to its dispersion.

Conclusions

This thesis intended to demonstrate that the social impact consultancy work, namely work carried out by some firms of the KPMG group in this area, shows itself to be an effective way and methodology for social change, improving the relationship of client companies with society and for in turn with the defence of human rights.

It was interesting to realize that we are still at the beginning of the process. The methodology used in this investigation, the interviews with professionals from three different KPMG firms was essential for an in-depth knowledge of the topic in practice. Throughout this process, it was easy to go on realizing that there are several initiatives, methodologies and projects linked to the companies' advisory on their social impacts within KPMG services. These initiatives depend directly on the level of the country's commitment and dedication on corporate social responsibility, since in these countries there is room on the market for the emergence of this service because there is a search and consequently offer as it is explained in detail in chapter 3 of this paper.

With the elaboration of the present project, it is possible to conclude that social impact consulting has numerous benefits. Firstly, this service contributes on a large scale to increasing the transparency of companies and organizations in the business world, a challenge that has been present since the beginning of the debate on companies' social impact. This is achieved in the first place by the assertiveness of a service of this kind in which there are independent experts measuring impact, implementing and verifying measures and always with assurance as the last step and, secondly because this service helps to clarify the term impact and consequently standardize the report standards to make impact reporting more accessible to companies, which increases the transparency of these entities.

Secondly, being a service solely and exclusively dedicated to the social impact of companies, it ensures a better management of the subject. As it is discussed throughout this paper and through the example of the company KPMG, the social consultancy service that already exists and remains in constant development and improvement covers all areas that may suffer from benefiting from commercial activity, only in this way is it possible guarantee social change for the better.

At last and the most important one, social impact consultancy is a service with the capacity to increase the level of commitment of the country to the debate on companies and human rights, the fulfillment of the 2030 Agenda for sustainable and on the theme of the social impact of companies where it is provided.

This turns out to be a gain that results from all the other benefits presented about of social impact consulting. As a matter of fact, the more it is expanded and developed in the social impact consultancy work, the superior will be the concern and respect on society by companies, generating well-being in the surrounding community.

Since it compacts so many advantages and benefits, why is social impact consulting not a well-known term? Why it is not put into practice globally? This is one of the recommendations for future studies on the subject. In fact, there is a long path that still needs to be covered. In reality, the concept and its benefits are not yet known to everyone and hence it is not in practice in many corners of the world, this paper also aims to make them known so that social impact consulting can continue to develop and expanding. The step forward starts by joining all the operations, stated along in this paper when studying the three firms in question, in a single one creating a service that touches on all the necessary areas of companies' impact and thus contribute to the common welfare. Although global KPMG is already focused on this operation, it is necessary to adopt similar methodologies in order to increase social change.

In addition, other suggestions for future investigations on the topic besides the future of social impact consultancy are the emergence of companies dedicated exclusively to this service, the wider geographical context and their influence on the provision of this service, the elaboration of standards on social impact reporting, the search for sources on reliable data to perform social impact consultancy are among the most relevant.

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Annexes

Annex 1: The Ten Principles of the UN Global Compact

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour

Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Source: Unglobalcompact.org. 2020.

The Ten Principles | UN Global Compact. [online] Available at:
<<https://www.unglobalcompact.org/what-is-gc/mission/principles>>

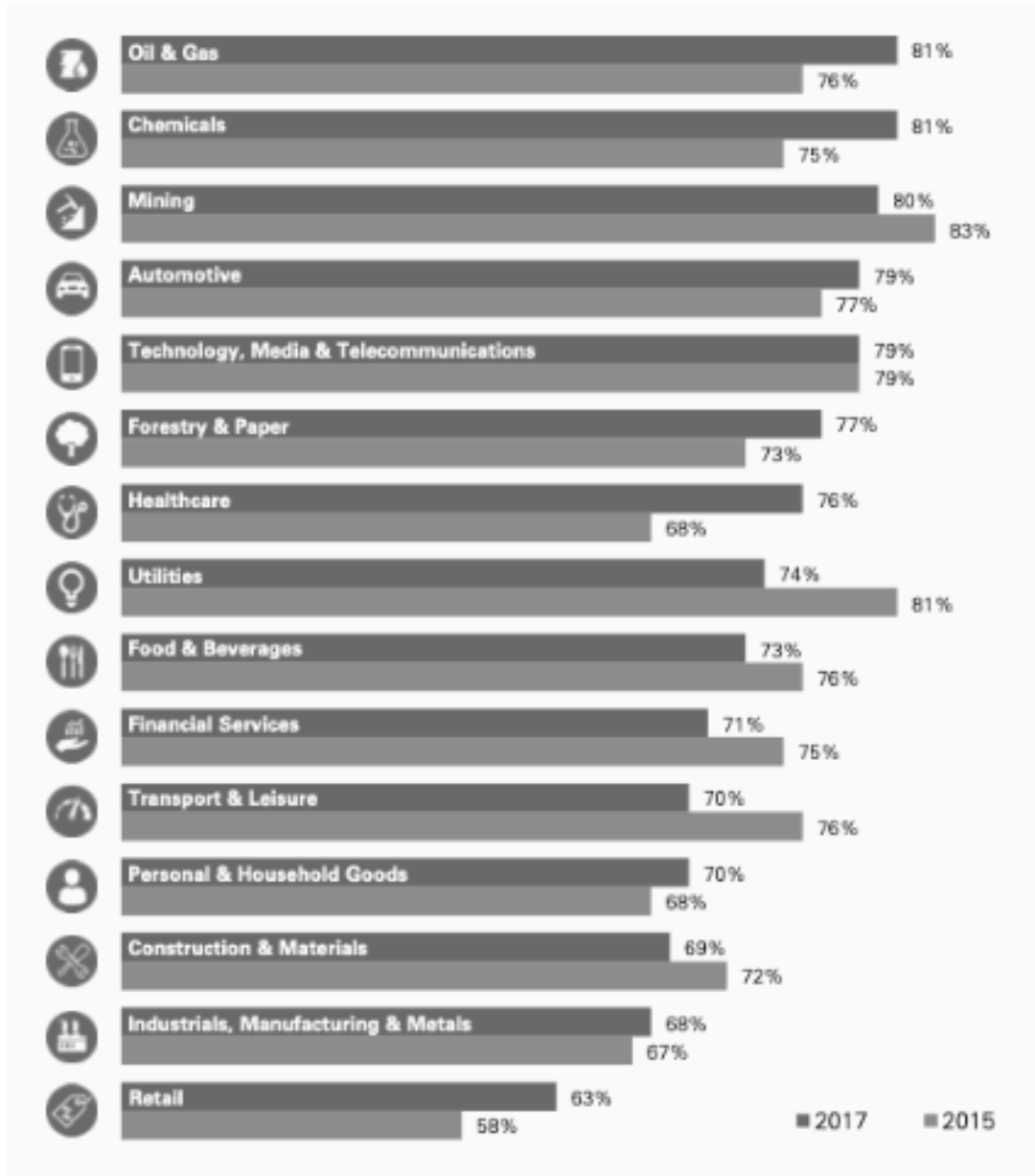
Annex 2

Figure 1: KPMG True value. Assesses the company’s ‘true’ earnings.

EXTERNALITY TYPE	EXTERNALITY	FURTHER DESCRIPTION
EC+: Positive Economic	Taxes	Contribution to the economy via taxes of all kinds
	Shareholder dividends	Contribution to societal wealth via returns to shareholders
	Interest on loans	Contribution to health of the financial services sector via loan interest
	Wages	Provision of sustainable incomes and quality of life for workers
EC-: Negative Economic	Avoided taxes	Loss to the economy by not paying fair share of taxes
	Corruption	Contribution to inefficiency in economies
S+: Positive Social	Infrastructure	Provision of infrastructure (such as roads, energy generation) that deliver improved quality of life and economic opportunity
	Healthcare	Provision of healthcare, for example to workers or communities, or via health and fitness products and services. Creates value for society through improved health and life quality
	Education	Provision of education, for example to workers or communities, or via educational products and services. Creates value for society through improved earning capacity and life quality
S-: Negative Social	Low wages	Failure to provide workers with a sustainable livelihood and good quality of life through underinvestment in living wages or through poor working conditions. Use of child labor
	Health & safety	Damage to health, injury or death caused by underinvestment in health and safety safeguards
	Pollution	Damage to the health of workers and communities through air, water or noise pollution
E+: Positive Environmental	Renewable energy	Displacement of carbon intensive energy and greenhouse gas (GHG) savings through generating renewable energy (for company operations and/or supplying to the grid)
	Land stewardship	Reforestation and other regenerative practices that improve ecosystems and habitats
	Recycling	Avoidance of waste to landfill or incineration by reusing waste materials (whether produced by the company or sourced from elsewhere)
E-: Negative Environmental	Waste	Environmental damage caused by gaseous, liquid or solid waste. Includes GHG emissions resulting from landfill and incineration of waste
	Ecosystems	Degradation of ecosystem services
	GHGs and energy	Contribution to climate change and the resulting costs for society and the environment through energy use and GHG emissions.
	Water	Damage to ecosystems and communities by withdrawing water in areas of water shortage
	Raw materials	Usage of raw materials for production process resulting in environmental damage and resource scarcity

Source: KPMG International, 2018. *Valuing Your Impacts on Society. How True Value Can Help Manage and Measure Your Impacts.* [online] p.43. Available at: <<https://assets.kpmg/content/dam/kpmg/xx/pdf/2018/10/kpmg-true-value-services.pdf>>

Figure 2: CR reporting rates by sector



Base: 4900 N100 companies
 Source: KPMG Survey of Corporate Responsibility Reporting 2017

Annex 4: KPMG interviews

1. What does it mean you advise companies on social impact?
2. Regarding social consulting how you define the work your company does?
3. Is it considered as all the pro bono work or is it undertaken by a specific department of your company?
4. How is this work structured? How are teams composed?
5. What kind of professionals with which backgrounds? The social consultancy is performed by the same employees that work also on financial consultancy and auditing? (If yes, why is that?)
6. What are your main sources to perform social consultancy?
7. When you work in the field of Business and human Rights what instruments do you rely on?
8. What are the most common problems you face?
9. Are there legal barriers? Or other difficulties when performing this advisory work?
10. In case you have been advising companies on social impact and you have a specific department for this work, is there any other information through the experience you think it would be useful for my research if you share with me?
11. Are there partners in social consulting that you work with? (Other companies, NGOs, etc?)
12. In what sectors are your social consulting clients situated?
13. What does the work entail? (Devising human rights impact assessment policies, doing the impact assessment, indicators, measurement, etc?)