



# Business & Human Rights: From Principles to Action

Issue Brief | November 2016



wbcSD social impact

# Introduction

2016 marks five years since the UN Human Rights Council endorsed the Guiding Principles on Business and Human Rights (UNGPs), establishing an authoritative global standard on the respective roles of businesses and governments in helping ensure that companies respect human rights in their own operations and through their business relationships.

This issue brief sets out to succinctly highlight some of the key developments that have characterized the business and human rights landscape in the relatively short period since the UNGPs were launched, exploring areas in which business has made progress in the implementation of this agenda, and identifying a number of the enduring challenges.

In doing so the brief draws upon analysis of human rights reporting trends among the membership of the World Business Council for Sustainable Development (WBCSD). It also frames the evolving business and human rights discussion in the context of the Sustainable Development Goals which have introduced a new sustainable business paradigm since their launch in September 2015.

Ultimately this brief aims to stimulate and add to discussion around the dynamic and essential issue of business and human rights.

## About the UN Guiding Principles on Business and Human Rights

In 2005, after decades of divisive debate around the distribution of responsibility between states and businesses in the domain of human rights, Professor John Ruggie was appointed as the UN Special Representative for Business and Human Rights.

He led several years of multi-stakeholder consultations which culminated in the UN Guiding Principles on Business and Human Rights; a successful set of principles that a broad range of international stakeholders were on board with, and that the Human Rights Council unanimously adopted in 2011.

At the core of the UNGPs is the three-pillared “Protect, Respect and Remedy” framework for preventing and addressing negative impacts from business activities on the human rights of people:

- The state has a Duty to Protect people against human rights harms from third parties, including business;
- Business has a Responsibility to Respect the human rights of others; and,
- Both the state and business have roles to play in ensuring Access to Remedy when negative impacts occur.

For business, the fundamental expectation of the Responsibility to Respect is captured in Guiding Principle 11: “Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.”

## WBCSD & Human Rights

WBCSD's [Vision 2050](#) plots a pathway to a world in which 9 billion people live well and within the boundaries of the planet. To deliver tangible outcomes along this pathway, the Council launched [Action2020](#) – a science-based action plan that seeks to engage companies to implement innovative and scalable business solutions and improve the business case for sustainability.

“Meeting basic needs and respecting human rights” has been identified as one of nine key priority areas within the platform, and WBCSD members have highlighted the operationalization of the UNGPs as an essential business solution which provides a foundation for achieving this priority.

To put this into action, the Council kicked off a work program in early 2014 with the aim of considerably increasing the number of companies knowing and showing that they are respecting human rights.

The business solution focused on human rights is part of WBCSD's [Social Impact Cluster](#), which aims to catalyze and scale up business solutions that contribute to meeting basic needs, respecting human rights, and enabling access to goods, services, and livelihood opportunities.

# 1. State of the Human Rights Landscape - Key Developments over the Last 5 Years

## Action: UNGPs Driving Behavior Change

Five years can seem like an eternity in the corporate sector but is merely the blink of an eye on the international stage. From whichever perspective, it is clear that in the period since the adoption of the UNGPs in November 2011, the case for “sustainable business” has evolved to incorporate a solid understanding of the need and interest for companies to manage human rights impacts. An increasing amount of private sector resources are now being mobilized to tackle the prevention, mitigation, and remediation of adverse human rights impacts, shifting engagement in this field from being the reserve of a handful of front runner companies to an ever more mainstream business discussion.

The adoption of the UNGPs established a landmark in the broader sustainability debate, positioning corporate respect for human rights as a critical and dynamic issue that companies must face front and center, or run the risk of being left behind in terms of social, investor, regulator, or customer expectation.

When presenting the Guiding Principles for adoption at the end of his mandate as Special Representative for business and human rights in 2011, John Ruggie rightly described the corporate responsibility landscape as one in motion:

“[a UN] endorsement of the Guiding Principles, by itself, will not bring business and human rights challenges to an end. But it will mark the end of the beginning: by establishing a common global platform for action, on which cumulative progress can be built, step-by-step, without foreclosing any other promising longer-term developments.”

Indeed, by providing an authoritative clarification on the scope of corporate responsibility, the UNGPs have fostered a widening of the corporate responsibility field, moving new companies, and sometimes entire new sectors, to take action.

At the same time, by focusing on policies and process, the Guiding Principles have also created a deepening of the understanding of the mechanics of a responsible and sustainable company. These clearer and more specific requirements have translated into upgrades to established reporting schemes, such as the [GRI's Sustainability Reporting Standards](#), or new ones, like the [UNGPs Reporting Framework](#).

Like in other fields, the natural next step following reporting is the establishment of benchmarks and ratings. We are also seeing the emergence of different indexes taking human rights into account more robustly.

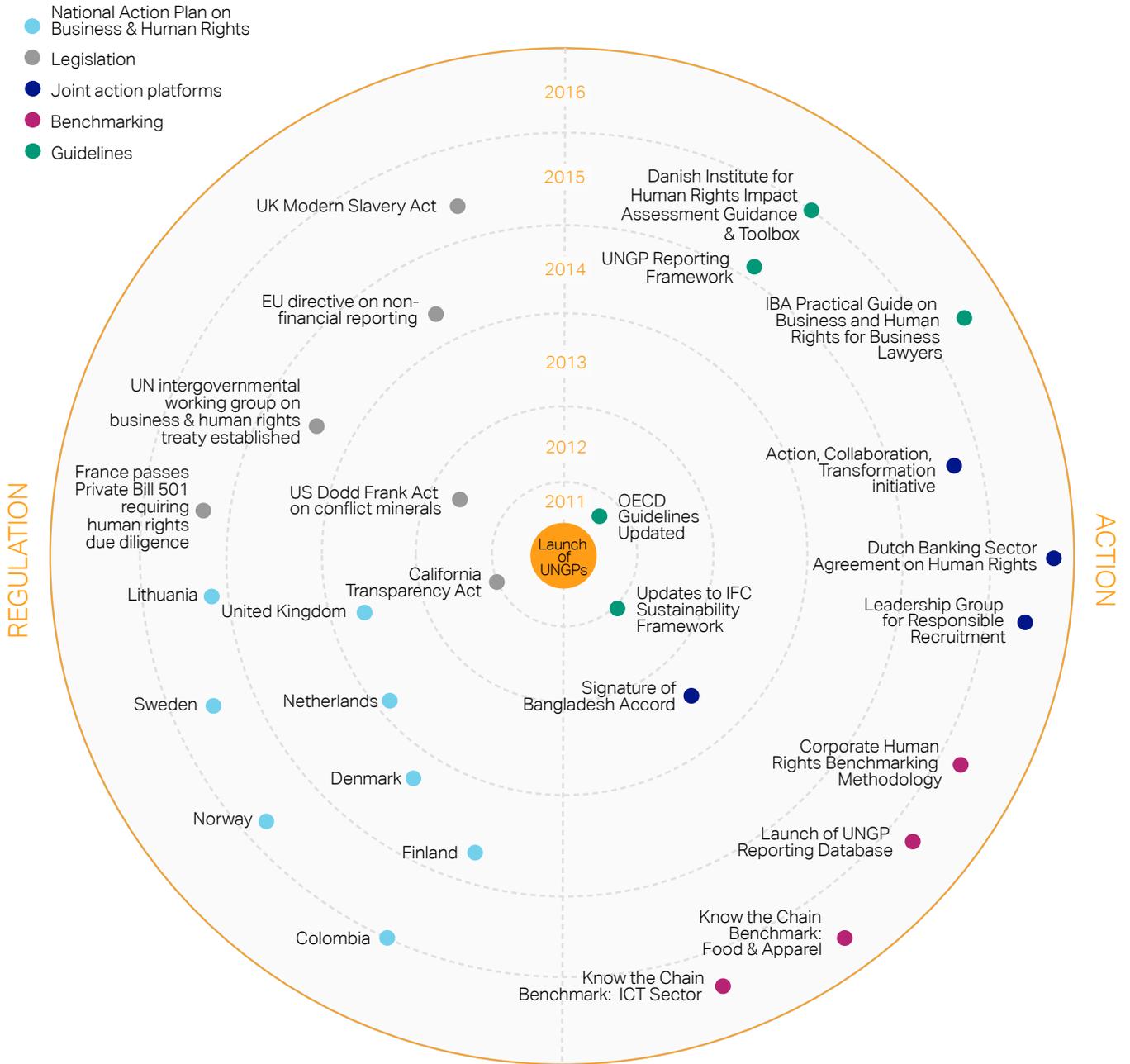
## Regulation: From Soft to Hard Law

The soft law of the UNGPs is also moving more into hard law. This evolution is no different to that which we have seen around issues such as environment or anti-bribery, where regulations emerged from actions by front runners and then became widespread business practices before being mainstreamed, consolidated, and turned into harder requirements at the national and international level. A clear sign of this evolution was the establishment of an inter-governmental working group by the United Nations in 2014 to elaborate an international legally binding treaty on business and human rights. While this process is still in its early stages and will need to address very serious political and substantive issues before bringing about any concrete binding obligations at the international level, transference of elements from the UNGPs into hard law is already emerging tangibly at the domestic and regional level. This has been evidenced most recently in the Transparency in Supply Chain Provisions of the UK's [Modern Slavery Act](#) or the [EU Directive](#) on the disclosure of non-financial information. In addition to these regulatory approaches, many States have or are in the process of developing National Action Plans (NAPs) to promote the implementation of the UNGPs at their respective national levels.

A collection of these various developments across the landscape are captured in [Figure 1](#) on the next page, clearly pointing to a gradual yet marked increase in the number of initiatives emerging, both in terms of regulatory developments and programs to support robust business engagement.

The cumulative effect of this evolving regulatory environment, coupled with enhanced scrutiny and evaluation of business performance, are continuing to make human rights a field in which companies have mounting motivation and interest to take meaningful action. Meanwhile, the increasingly widespread emergence of detailed guidance, frameworks, and toolkits, at both an overarching and a sector-specific level, means that there are also fewer barriers to action than ever before.

Figure 1: Notable landmarks across the business and human rights landscape 2011 – 2016. Includes both regulatory developments and key actions taken by business, NGOs and other stakeholders to further the business and human rights agenda.

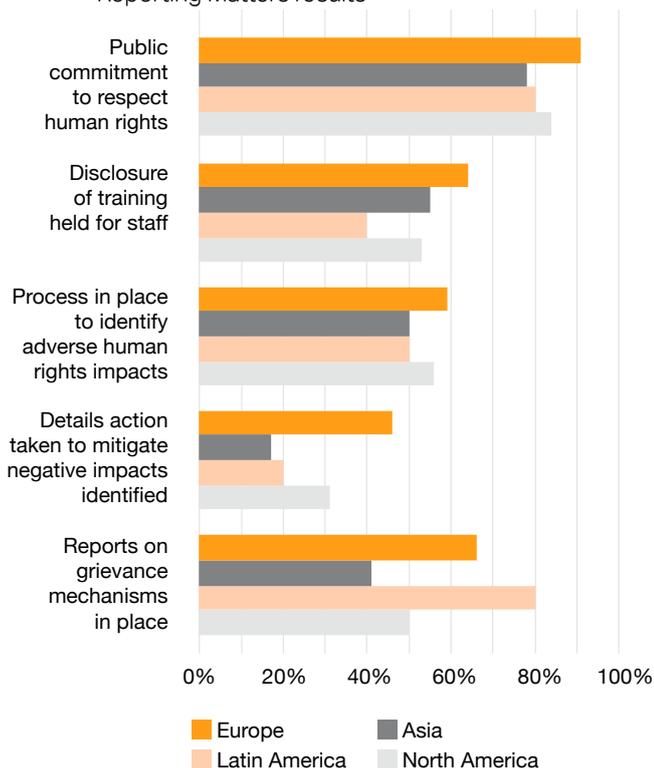


## 2. Progress Made by Business: Analysis of WBCSD Membership

In 2016, for the first time, human rights-related analysis formed part of research conducted by WBCSD as part of its [Reporting Matters](#) initiative – a project which undertakes detailed analysis of sustainability reporting by the organization’s members. Examination of human rights disclosure practices among some 163 member companies has revealed clear evidence of human rights responsibilities being embraced at a policy level, with 87% of companies committing to respect human rights through a public statement or policy. This represents a significant increase on the findings from a similar member survey conducted just two years ago as part of WBCSD’s [Scaling up Action on Human Rights report](#) in 2014, in which only 60% of respondents outlined a clear corporate position on human rights.

The regional distribution of this trend is also encouraging. As depicted in [Figure 2](#) below, while five years-ago corporate discussions around human rights were arguably more predominantly a Western pursuit, analysis of WBCSD’s membership in 2016 points to shared and largely parallel levels of progress at a global level, with Europe registering the highest proportion of companies disclosing a clear human rights statement (91%), but other regions such as North American (84%), Latin America (80%) and Asia (78%) also performing strongly.

**Figure 2:** Regional breakdown of human rights-related Reporting Matters results



**Figure 3:** Key findings from WBCSD’s Reporting Matters analysis of human rights reporting trends in 2016

Policy	87%	Publicly commit to respect internationally recognized human rights
	76%	Communicate human rights position to business partners
	58%	Disclose details of staff training on human rights
Due Diligence	56%	Report on processes in place to identify and assess adverse human rights risks and impacts along the supply chain
	34%	Provide details on how company integrates findings of human rights impact assessments into actions to prevent and mitigate issues.
	23%	Disclose details on how effectiveness of human rights responses is tracked
Remedy	58%	Provide details of grievance mechanisms
	39%	Commit to cooperating in remediation in the event that the company is found to have caused or contributed to adverse human rights impacts

The next challenge of course is to ensure that policies translate into tangible actions. Our analysis points to substantial signals that human rights commitments are starting to be embedded operationally, with 58% of companies disclosing that they hold regular internal human rights training sessions, 76% noting that they are communicating their position on human rights to business partners, and 56% disclosing details of specific processes that they have in place to identify and assess adverse human rights risks along their supply chains.

It is also clear however that there is still work to be done regarding the roll-out of comprehensive human rights due diligence and remediation systems as prescribed by the UNGPs. At present 34% of WBCSD member companies identify processes to integrate and act upon the findings of human rights assessments, while just 23% publicly commit to tracking the effectiveness of their responses to human rights impacts. There are also limitations in terms of transparency with 26% of member companies currently choosing to disclose details of any adverse human rights impacts that they have identified and just 12% providing specific examples of human rights-related grievances raised by stakeholders. The findings of this analysis are summarized in [Figure 3](#) above.

Despite these gaps there remains a strong sense that the work of embedding the UNGPs into practice is maturing fast and moving in a positive direction with a number of WBCSD members displaying marked leadership in this field; the challenge ahead is to turn increasing levels of awareness and intention into concrete action.

# 3. The Road Ahead

## Developments on the Horizon

The first five years of the UNGPs were marked by the proverbial 1000 flowers blooming, and there is currently nothing to indicate that the next five years will see any let up in the emergence of initiatives from public and private actors which will continue to drive forward the implementation of the UNGPs by business.

For one, we have entered a time in which it is increasingly understood that all companies are exposed to human rights issues either directly, or through their business relationships, with the [Global Slavery Index](#) figure of 45.8 million people enslaved across 167 countries serving as probably one of the most impactful reminders of this reality.

Second, governments are continuing to develop or strengthen a mix of policy and regulatory measures. The prospect of an intergovernmental treaty will certainly occupy a lot of attention but will by nature be a slow and most probably contentious process. However, the vagaries of this process should not obscure the fact that government activities at the national level have increased and will continue to do so. This will materialize through various means, ranging from “guidance” measures – as demonstrated by the steady increase of National Action Plans to implement the UNGPs – through to efforts to codify legally binding human rights requirements – such as those which are currently underway in France and Switzerland. New requirements are also emerging from the investor community with different projects to incorporate human rights much more robustly into sustainability ratings.

What is more, the growing body of experience, practice and tools focused on implementing the UNGPs will contribute to the acceleration of the mainstreaming of respect for human rights by business, providing concrete points of reference for action and ensuring that policies are put into practice.

## Human Rights & the Sustainable Development Goals

Moving forward it will also be important to adequately frame the issue of respect for human rights within the wider context of the [Sustainable Development Goals](#) (SDGs); a dynamic new landscape which features highly on global agendas and with which business will be increasingly expected to align itself.

The issue of human rights does not feature explicitly as one of the 17 SDGs that were launched back in September 2015 but this is because human rights are inextricably intertwined across the full spectrum of the goals. The UN itself makes this point in its [official introduction to the SDGs](#), clearly stating its reaffirmation of the importance of the Universal Declaration of Human Rights, as well as other international instruments. The Danish Institute for Human Rights has produced [detailed analysis](#) to this effect, demonstrating direct links between 156 of the 169 SDG targets and existing human rights and labor standards.



Despite these clear linkages, focusing on the SDGs should by no means be regarded by business as a replacement for their responsibility to respect human rights. On the contrary, the widespread operationalization of the UNGPs is integral to the realization of the SDG agenda in the run up to 2030.

While much of the discourse around the role of the private sector in achieving the SDGs has focussed on contributions that companies can make in terms of innovation, technology, or finance, perhaps the most fundamental way in which business can lay the bedrock for achieving the goals is through commitment to respecting human rights throughout its operations and interactions.

By proactively implementing the key tenets of the UNGPs, companies have the potential to break down significant barriers to development and positively impact the lives of millions of some of the most vulnerable individuals in society – helping to fulfill the central commitment of the SDGs of leaving no one behind. Conversely, companies that fail to act could find themselves contributing to human rights abuses and therefore fundamentally obstructing the realization of the SDG and all that they stand for.

If business succeeds in rising to the challenge of driving forward respect for human rights, then it stands to automatically make a pivotal contribution to the broader vision of peaceful and inclusive societies which the SDGs embrace; if it fails to do so then it casts a significant shadow on the prospect of the goals being fully realized.

## Priorities for Business

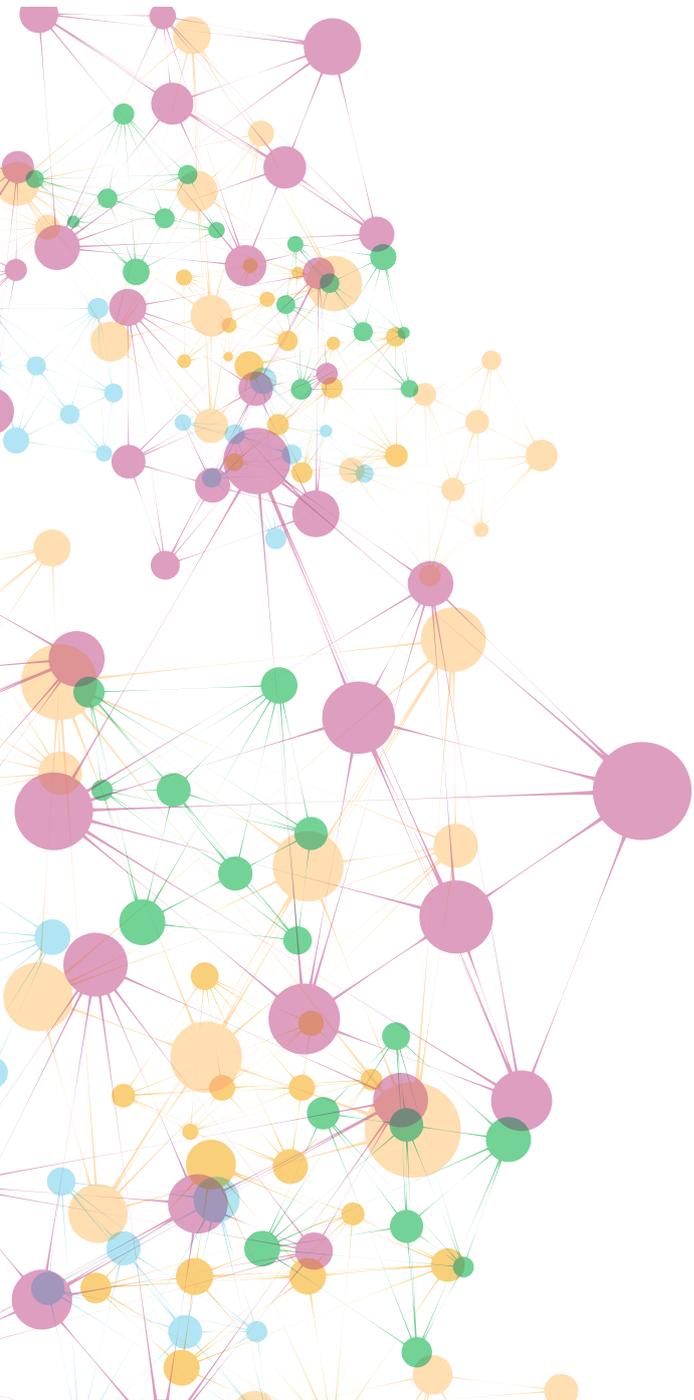
In light of the growing levels of maturity around the business and human rights debate, and the fact that the relevant mechanisms companies should have in place are increasingly well known, in the coming years business will be collectively more focussed on the how, rather than the what or the why.

There are of course many factors to take into consideration as part of this continuing discourse but as a starting point when looking to navigate the road ahead responsible businesses should look to address the following key areas:

1. **Policy:** It is important for business to develop a strong policy commitment, endorsed by senior management and communicated broadly both internally and externally;
2. **Integration:** Businesses should look to make sure that discussion about, and the management of human rights issues includes all relevant corporate functions and is not siloed in a “sustainability box” disconnected from actual business operations;
3. **Engagement:** Companies should have the capacity to discuss their human rights performance with a broad range of stakeholders, from civil society, to investors and regulators;
4. **Grievance Mechanisms:** Emphasis should be placed on the importance of developing credible grievance mechanisms which adequately enable the identification of early issues before they escalate and provide remediation where adverse human rights impacts occur;
5. **Human rights & the SDGs:** Companies should ensure that SDG-related messaging and activities are aligned with the company’s human rights strategy and that the two are mutually supportive.

The work of embedding the UNGPs into practice is picking up speed, with mechanisms such as policy commitments, human rights training and risk assessments now routinely underway in many enterprises. The challenge that will face many companies over the course of the coming years is how to translate policy into practice; how to ensure that decision-making at the corporate level has tangible impacts on the lives of vulnerable individuals, often located at the far end of complex supply chains.

Against this backdrop, WBCSD will continue to advocate for and support the work of its membership in scaling up action on the UNGPs with a view to enhancing companies’ capacity to make a significant contribution to the SDGs by advancing respect for human rights.



### About the World Business Council for Sustainable Development

WBCSD is a global, CEO-led organization of over 200 leading businesses and partners working together to accelerate the transition to a sustainable world. We help make our member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies.

Our member companies come from all business sectors and all major economies, representing a combined revenue of more than US\$8.5 trillion and with 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. WBCSD is uniquely positioned to work with member companies along and across value chains to deliver high-impact business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability: united by our vision of a world where more than 9 billion people are all living well and within the boundaries of our planet, by 2050.

[www.wbcd.org](http://www.wbcd.org)

Follow us on [Twitter](#) and [LinkedIn](#)

### Acknowledgements

The WBCSD would like to warmly and gratefully acknowledge the insights and feedback shared by Gerald Pachoud of Pluto Advisory in the production of this report.

The WBCSD secretariat's Social Impact Cluster team (Filippo Veglio, Kitrhona Cerri and James Gomme) managed the writing and publication of this document.

Copyright © WBCSD, November 2016



world business council  
for Sustainable Development

Maison de la Paix  
Chemin Eugène-Rigot 2  
CP 246 1211, Geneva 21  
Switzerland  
[www.wbcsd.org](http://www.wbcsd.org)  
[www.wbcsd.org/Clusters/Social-Impact](http://www.wbcsd.org/Clusters/Social-Impact)

