

A BRIEF INTRODUCTION TO BUSINESS AND HUMAN RIGHTS

Extracts from the Guide for Integrating Human Rights into Business Practice

SHORT INTRODUCTION GLOBAL BUSINESS CASE STRATEGY POLICIES

PROCESSES AND PROCEDURES
CAPACITY AND CAPABILITY
TRACKING PERFORMANCE



GLOBAL BUSINESS INITIATIVE ON HUMAN RIGHTS
advancing human rights in business around the world



www.integrating-humanrights.org

**For further Guidance
please refer to:**



THE GUIDE TO INTEGRATING HUMAN RIGHTS INTO BUSINESS MANAGEMENT

<http://www.integrating-humanrights.org>

The Guide for Integrating Human Rights into Business Management is an online tool produced jointly by the Business Leaders Initiative on Human Rights (BLIHR), the UN Global Compact and the Office of the UN High Commissioner for Human Rights (OHCHR)

Now in its second edition, it offers practical guidance to companies wanting to take a proactive approach to human rights within their business operations and it is of use primarily to business leaders and managers in large and medium-sized enterprises, private and state-owned, who would like to develop their understanding of human rights in business practice.

The existing Business and Human Rights Matrix, which featured in the first edition of the Guide, has also undergone considerable revision, and is now a fully interactive tool. It is hoped that this will be of great practical assistance to businesses looking to integrate or improve human rights in their companies.

The Essential Steps have been developed by BLIHR as a key component to the Business and Human Rights Matrix. The Essential Steps should be read in parallel with the Matrix tool and as a reference document for the Guide online site.

BLIHR concluded its work in March 2009 and full details of the Initiative and resources can be found at www.blihr.org.

This brief introduction is one of a series of seven extracts from the Guide to Integrating Human Rights into Business Management.

Briefs available in the series include:

- I. A SHORT INTRODUCTION**
- II. THE GLOBAL BUSINESS CASE**
- III. STRATEGY**
- IV. POLICIES**
- V. PROCESSES & PROCEDURES**
- VI. CAPACITY AND CAPABILITY**
- VII. TRACKING PERFORMANCE**

Please refer to the full disclaimer in relation to all materials relating to this publication at www.integrating-humanrights.org

A BRIEF INTRODUCTION TO BUSINESS AND HUMAN RIGHTS GLOBAL BUSINESS CASE

Overview

This section demonstrates that the issue of business and human rights is relevant to any company regardless of its size, sector or location.



Key Messages

- Human rights are central to your business and not a philanthropic or reputational add-on
- Human rights are an opportunity as well as a responsibility
- The business case can relate to any right, any business sector and any global location
- The business case is also relevant to Small and Medium sized Enterprises and State-Owned Enterprises

Benefits

- Gain a basic understanding of human rights and how they relate to business
- Understand how other companies have integrated human rights into their business management systems
- Help you to understand how to build a business case for your own company
- Identify ways to communicate your business case for human rights internally and externally

ROUGH GUIDE TO THE BUSINESS CASE

Step 1: Understand what human rights are

Human rights are the basic rights of each human being, independent of race, sex, religion, political opinion, social status, or any other characteristic. Through international human rights conventions, governments commit to respect, protect, promote and fulfil the human rights of their citizens. A list of the human rights contained in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights – the three fundamental United Nations agreements on human rights – is included in the Resources section [link]. Businesses should also be aware of the core conventions of the International Labour Organization (ILO). In addition, a specific body of law applies in situations of armed conflicts: international humanitarian law.

- Human rights are founded on respect for the dignity and worth of each person.
- Human rights are universal, meaning they are applied equally and without discrimination to all people.
- Human rights are inalienable, in that no one can have his or her human rights taken away other than in specific situations, for example, the right to liberty can be restricted if a person is found guilty of a crime by a court of law.
- Human rights are indivisible, interrelated and interdependent, for the reason that it is insufficient to respect some human rights and not others. In practice, the violation of one right will often affect the respect of several other rights. All human rights should therefore be seen as having equal importance and of being equally essential to respect for the dignity and worth of every person.

Universal Declaration of Human Rights

The Universal Declaration of Human Rights defines itself as “a common standard of achievement for all peoples and all nations.” It both proclaims a set of fundamental values shared by the international community and sets standards recognizing rights and the corresponding duties to protect those rights.

International Bill of Human Rights

The Universal Declaration of Human Rights and the two international covenants, which entered into force in 1976, form the International Bill of Human Rights. Numerous laws, conventions and treaties on human rights have been drawn from the rights contained in these documents.

STEP 2: Understand how human rights relate to business

Government's Duty to Respect, Protect, Promote and Fulfil Human Rights

These terms are used in connection with state obligations in accordance with the human rights instruments they have committed to. As an overview, respect means to not violate a right; protect means to ensure that others (e.g. companies, individuals, etc.) do not violate a right; promote is about ensuring awareness of the right and fulfill means to actually implement the right, for example by providing healthcare facilities to fulfill the right to health.

A Business Responsibility to Respect

There is now a recognised responsibility to respect human rights which applies to business actors. Governments affirmed the existence of this responsibility at the United Nations in 2008. The responsibility to respect essentially means “not to infringe upon the rights of others - put simply, to do no harm”. The business responsibility to do no harm, which resonates strongly with the concept of **due diligence**, is not simply a negative obligation but also includes positive steps.

STEP 3: Identify the risks, responsibilities and opportunities for your sector

Risk Management

Types of Risk

There are many types of business risk – ranging from operational and project risk in specific locations, financial risk, reputational risk associated with perceptions of the business and its brand, legal risk and maintaining the social licence to operate.

How Risk is Managed

Risk management should be managed to meet the expectations of rights-holders (workers, customers and local communities) and other key stakeholders (such as business partners and investors). Business risks are heightened in parts of the world where governments are unwilling or unable to perform their normal role of protecting the rights of all their people. The responsibility of a business to respect human rights requires that business undertakes **due diligence** to understand its risks and impacts.

Responsibility

A proactive approach to managing risk and impact can lead to business taking a position of responsibility for respecting human rights.

There are a number of multi-stakeholder initiatives that can help a company understand how it should frame and understand this responsibility in relation to specific business sectors. These include:

- Ethical Trading Initiative
- Fair Labor Association
- Voluntary Principles on Security and Human Rights
- Electronics Sector Code of Conduct
- Extractive Industry Transparency Initiative
- Global Network Initiative

Opportunity

Human rights within a company are first and foremost a responsibility, but they can also represent an opportunity for business. There are a number of areas in which this can be the case:

Opportunity from Managing Risk

Enabling companies to continue operations in areas of poor governance or particular human rights sensitivity through the successful management of social and political risk. For example, this might be the case when developing infrastructure projects in certain parts of Africa.

Opportunity in Relation to Market Access

Another possible area of opportunity relates to market access. The role of business in the provision of public goods such as the provision of energy, transport or water remains contentious in parts of the world where communities are concerned about their access to basic needs. Human rights are increasingly used by companies to open a dialogue and understand the expectations of local communities as well as international stakeholders (such as Non-Governmental Organisations (NGOs) and investors).

Opportunity Relating to Products and Customers

Large groups of people can be excluded as a result of their ethnicity, gender, disability or age. Human rights can broaden the opportunity by encouraging companies and their partners to think about all consumer groups including those of the lowest income. This includes product development in such areas as information technology, mobile communications or micro-finance.

Access to Capital

Public and private sources for major project finance are increasingly likely to make capital available to businesses with strong records of responsible management of human rights issues.

STEP 4: Build the business case for your company

When building a business case for human rights within your own company, you might like to consider the following factors, some of which will be relevant to your business:

Meeting Expectations of Buyers or Customers

Few companies can prosper whilst knowingly abusing human rights. Customers expect reasonable steps are taken to avoid any such abuses. Increasingly, such stakeholders expect not just minimum compliance but evidence of positive behaviour.

Reputational Risk Management

Mismanagement of human rights issues can tarnish a reputation for many years and harm business operations. Reputational damage can make it harder to attract customers, secure the necessary investment for growth, attract and retain the best and most committed employees or enter into business partnerships.

Operational Risk – Social Licence to Operate

It is hard for any business to operate against the will of a local population. While the permission of a national government is needed to trade, local authority permission or community approval is also necessary even if not a legal requirement. For example, a mine that pollutes a local environment or exploits a local workforce will soon provoke anger and resentment within the local community. A social licence to operate is not a written document, but without it a company may face anything from demonstrations outside its gates to a material loss in trade.

Legal and Financial Risk

Although human rights law and its relationship to business is still evolving, it is increasingly used in both criminal cases (against companies as well as individual employees) and civil cases (such as compensation claims from workers or customers). The risk of being found guilty of not respecting human rights or being complicit in an abuse perpetrated by others is now a reality in many parts of the world.

Pressure from Government

National governments can play a key role in encouraging businesses to act on human rights. An increasing number of countries around the world have launched national initiatives on corporate responsibility to encourage excellence among their own industries and through this encourage responsible overseas investment. Companies not respecting human rights can have a negative effect upon both home and host country reputation and can undermine their ability to trade freely.

Pressure from Investors

Many institutional investors now actively screen for allegations of human rights abuses by a company they are considering for investment. This is also the case for the major public lending institutions and the major private banks.

Staff Retention and Motivation

The best companies attract and keep the best employees, and good employees contribute to success. A relationship built on respect for human dignity is likely to be more sustainable and productive for both employer and employee.

Leadership

Ethical leadership is a key element of sustainable success in business. A corporate governance framework which takes account of human rights sets the tone for business behavior, contributes to the success of the company and helps meet stakeholder expectations.

STEP 5: Get executive commitment and engage colleagues

Potentially, one of the most challenging aspects of communicating a business case internally is ensuring the necessary buy-in of colleagues in favour of such an approach. It will be essential to engage with a variety of colleagues, senior management and the company CEO at the appropriate time with regards to the business case for human rights.

There are now several training programmes that exist which present human rights to a business audience in a succinct manner. Refer to the **Resources** section for more details.

These can be a helpful way to introduce the language of human rights into the work place over time.

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This series of brief introductions has been produced and distributed by the Global Business Initiative on Human Rights, a global business-led project committed to advancing human rights in business around the world. Launched in June 2009, the initiative provides a global platform for companies from different industrial sectors across the world to show leadership as well as providing a supportive environment in which to learn about how to respect and support human rights and integrate them into the management of their business.

The initiative is also creating regional or national platforms for companies to engage with peers on human rights issues. There are opportunities for participating companies to involve business partners, customers and suppliers in the initiative, and so provide an innovative approach to enhancing the integration of human rights into corporate value chains.

The Global Business Initiative on Human Rights benefits and builds on the lessons learnt from the Business Leaders Initiative on Human Rights (BLIHR), which concluded its work in March 2009 and, as part of its programme of work, will lead on taking forward the Guide to Integrating Human Rights into Business Management and the Human Rights Matrix to a wider audience to further promote integration of human rights into business management.

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