

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 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. POLICY**
- 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

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A BRIEF INTRODUCTION TO BUSINESS AND HUMAN RIGHTS SHORT INTRODUCTION

Overview

Key Messages

- Human rights are central to your business and are 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

Why Business and Human Rights?

One of the most challenging areas of corporate responsibility for companies to address is human rights and there is a clear need for more tools and guidance. Companies are becoming increasingly aware of the contribution they can make to the advancement of human rights within their spheres of influence, and of the benefits such an approach can have for their business. Human rights continue to be primarily a responsibility of governments, but it is now widely acknowledged that companies can do a great deal to respect and support human rights. Being proactive on human rights makes good business sense, as well as being the right thing to do.

There are compelling reasons why businesses should include human rights in their strategies, policies, practices and procedures. Businesses increasingly need a stable international environment in which to operate, with sustainable markets and a “level playing field” of opportunities. Human rights offer a common framework for companies to understand societies’ expectations and deliver value to stakeholders in a more sustainable way. In a business context, advancing human rights is as much about realising new opportunities and managing risk as it is about meeting essential global standards.

The debate about the nature and scope of companies’ human rights responsibilities is a relatively recent one, as is the idea of applying human rights to business decisions and operations. For companies, human rights provide a universal benchmark for essential standards of behaviour. Many national laws and regulations have evolved as a result of a state’s obligation to implement human rights standards. Companies must, of course, observe such laws in all countries and jurisdictions in which they operate, but many business leaders now look beyond the essential or expected actions of their companies on a local level, striving instead to ensure best possible practice consistently on a global basis.

ROUGH GUIDE TO INTEGRATION

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 fulfill 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 Labor Organization (ILO). In addition, a specific body of law applies in situations of armed conflicts: international humanitarian law.

STEP 2: Understand how human rights relate to business

Government's Duty to Respect, Protect, Promote and Fulfill 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 - 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 license 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.

Opportunity - Human rights within a company are first and foremost a responsibility, but they can also represent an opportunity for business.

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

One of the potentially 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.

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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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