

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
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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:

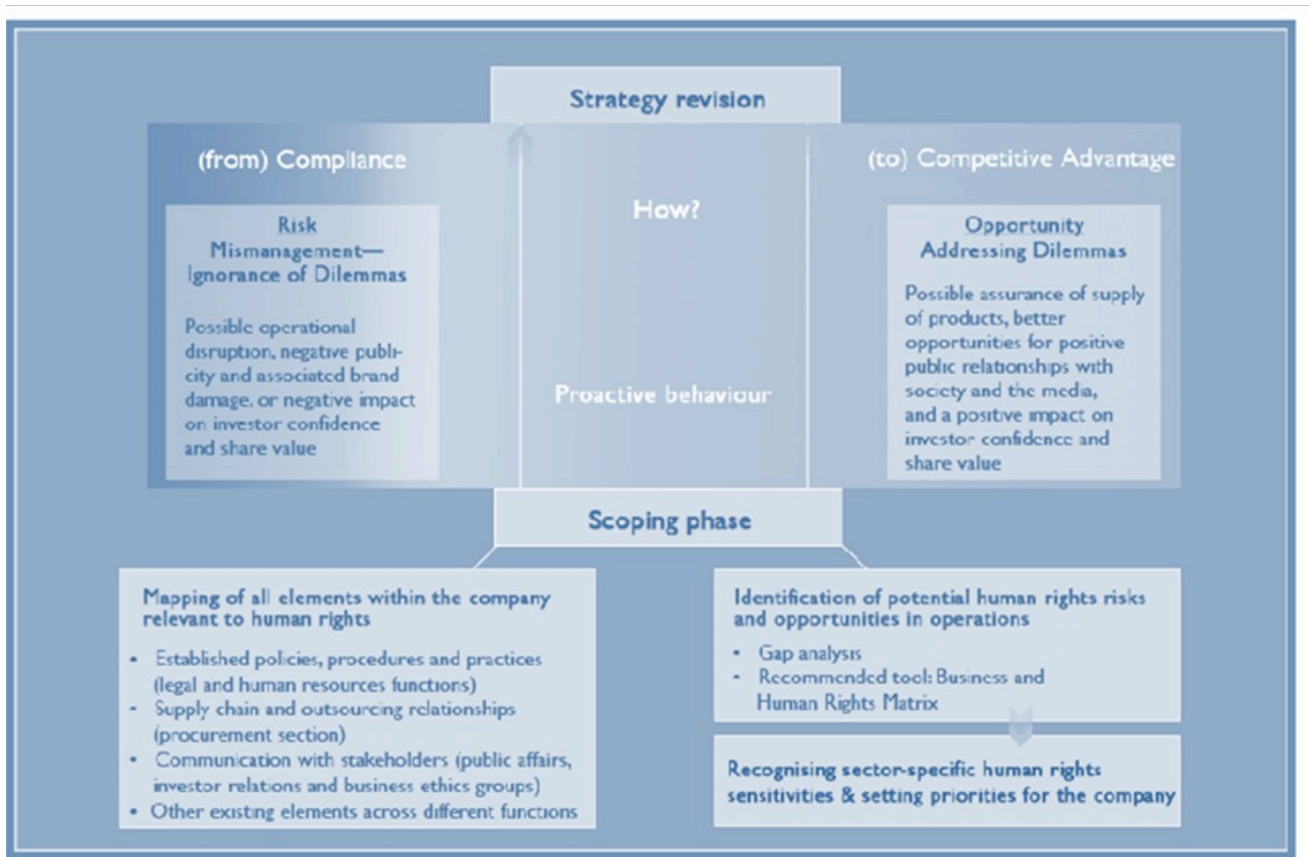
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A BRIEF INTRODUCTION TO BUSINESS AND HUMAN RIGHTS STRATEGY

Overview

Formulating corporate strategy on human rights and embedding this strategy in corporate policies is key to the successful integration of human rights into a company. A strategy should provide the vision, map the means to integrate human rights and embody the business commitment to human rights.



Responsibility for human rights needs to extend beyond a small group that deals with risk management; responsibility and accountability need to be integrated into the activities of those people who operate the core business, as well as those who are responsible for:

- Corporate Responsibility, Corporate Citizenship or Sustainability
- Human resources
- Safety, health, and environmental management
- Procurement
- Legal advice and litigation
- Monitoring compliance with external and internal requirements
- Business ethics
- Supply chain
- Security
- Planning and implementing long-term growth strategies
- Managing external stakeholder relations.

Key Messages

- In addition to a commitment to human rights, a business needs to develop its own unique vision and response. Many aspects and lessons are transferable from one company to another and some baseline expectations on business exist.
- Your company should see the creation and implementation of a strategy as a journey that will involve multiple functions and external stakeholders including supply chain.
- Your sector will have particular dilemmas, risks and opportunities. There is often already sector-wide dialogue on these issues.
- As with all strategic intents and objectives, your company will need to create a clear policy and embed management responsibilities.
- Your company will most likely already be taking action to respect human rights (e.g. through Health and Safety, Diversity, Product Stewardship), and will have existing related policies and practices in place.
- Developing a strategy requires top management buy-in. This necessitates a mindset that sees beyond immediate financial gain, and sets the tone for employee attitudes and a culture that understands the importance of non-financial criteria to a company's success.

Benefits

- Ensure human rights issues are examined and understood at the most senior level of leadership within the company.
- Allows for the creation of policies and practices consistent with human rights.
- Taking a strategic position on human rights can establish a leadership position for the company.

ROUGH GUIDE TO INTEGRATION INTO STRATEGY

STEP 1: Find out what your business is already doing that is relevant to human rights

Many human rights issues are already addressed by business through established policies, procedures and practices. Legal requirements, negotiated agreements and policies on such issues as non-discrimination, data protection, wage setting, working hours and holidays are typically found in legal and human resources functions.

The right to a safe and healthy working environment may be the responsibility of a corporate function, normally the health and safety department, while product safety is generally managed as part of the design and quality control functions. To manage risks, companies often examine their supply chain and outsourcing relationships to review potential human rights issues, and these tend to be legally and contractually managed and implemented in the procurement function. You should also find out how or if your business is communicating with external stakeholders on human rights issues through public affairs, communications, investor relations and business ethics groups.

Identifying your business's sphere of influence, areas of legal risk and liability, and any possible complicity in human rights abuses are all essential to adopt a rights-based approach to business strategy.

STEP 2: Identify potential human rights risks and opportunities in your operations

It is important for a company to map its existing strategy and policies and undertake a gap analysis to establish how well human rights issues are covered and whether additional policies or strategic changes are needed.

A crucial part of the gap analysis is to identify human rights risks and dilemmas facing your business operations. The **Business and Human Rights Matrix** can be used to assist in identifying which policy areas with human rights sensitivities require corporate attention.

Failure to manage dilemmas properly may lead to additional risks. These may include negative impacts on stakeholder relations, such as with customers, shareholders and investors, employees, suppliers, local communities, and local and national governments. Consequences of poor management of risk may include possible operational disruption, negative publicity and associated brand damage, or a negative impact on investor confidence and share value.

However, if dilemmas are properly managed, they can become opportunities for your company. It can lead to assurance of supply of products, better opportunities for positive public relationships with society and the media, and a positive impact on investor confidence and share value. Turning risk into opportunity is a key component of a strategic approach to human rights in business. During the initial scoping phase, a company may also identify other opportunities to promote human rights in the conduct of their regular business activities.

Once risks and opportunities are identified, the next step is to recognise human rights priorities based on these conclusions. The **Business and Human Rights Matrix**, can assist a company in mapping which 'essential steps' are most relevant to its operations. It also provides for best practice examples illustrating the value of applying human rights beyond those which are essential. It allows risks and opportunities to be shown together and helps to identify the human rights content of a company's sphere of influence.

With a proactive approach, companies can go beyond compliance and use their human rights strategy to create a competitive edge. When integrating human rights in strategy, it is important that the rights are relevant to the specific sector. The food industry, for example, will be expected to have a strategy regarding the right to food, and the pharmaceutical industry to pay specific attention on the right to health.

STEP 3: Revise your strategy in light of human rights considerations

Companies have integrated human rights into their strategies in a variety of ways. For many, this will entail setting out how they integrate human rights considerations into their existing policy areas, compliance programs and management systems, and cover issues such as leadership, planning, defining roles and allocating resources.

Companies that provoke a change in strategy to respond to or proactively address human rights concerns will need to ensure that there is a feedback loop at board level. It is essential for a strategy based on human rights content to be adapted over time dependent upon how issues develop.

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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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