

BUSINESS AND HUMAN RIGHTS: INTENSIFYING EXPECTATIONS FOR COMPANIES

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**Oxford Saïd Business School
The Nature of the Corporation
Professor Colin Mayer CBE
28 May, 2018**



Old Issues, New Drivers: From Imperialism to Globalization



Two Triggers: From Swamps to Sweatshops



Barbarians at the Gates: From Company After Company to Industry After Industry

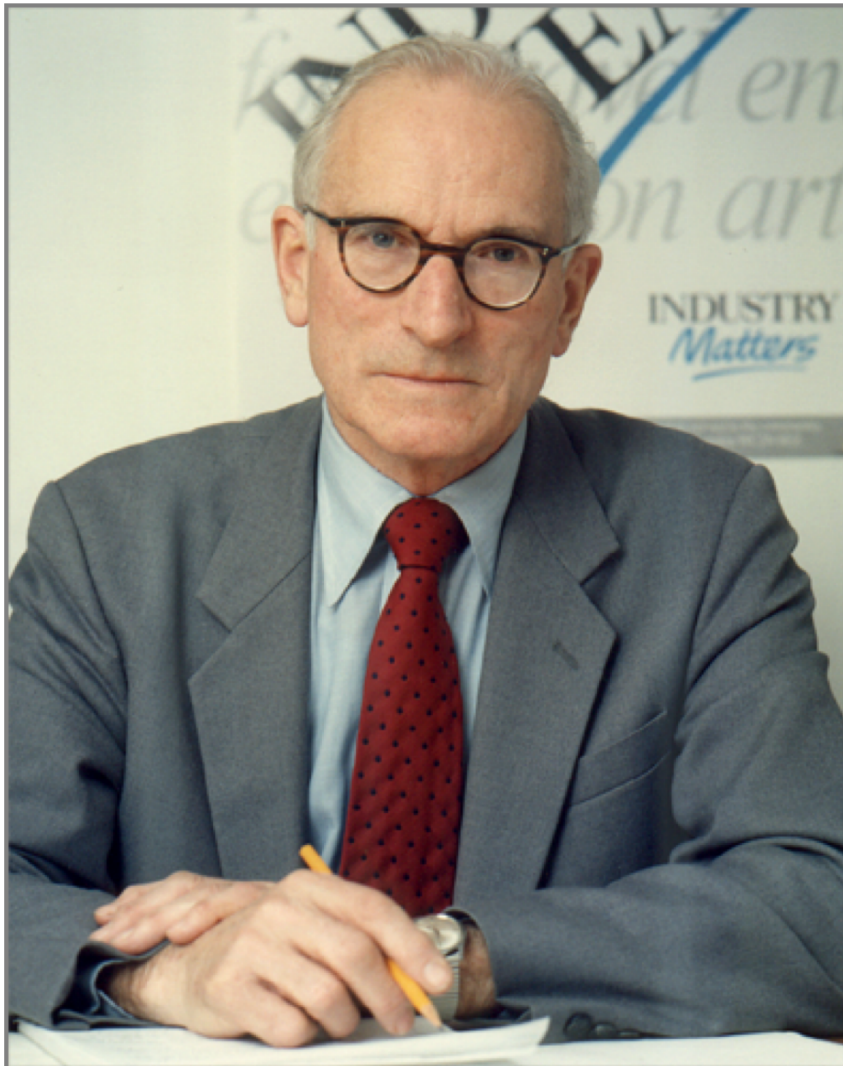
NGO campaigns and media exposure damaged brand reputations and risked companies' social license to operate...



From the Early Business Case...

- **Safeguarding against brand/reputation damage**
- **Managing stakeholder relations**
- **Diminishing potential legal liability**
- **Averting burdensome regulation**
- **Demonstrating social responsibility**
- **Maintaining the consensus for globalization**

...to “the Hell with the Business Case”



Sir Geoffrey Chandler

Former Shell executive
and founder of the
Amnesty International
UK Business and
Human Rights Group

See: <https://business-humanrights.org/en/documents/tributes-to-sir-geoffrey-chandler-1922-2011>

Setting Standards: From Strange Bedfellows to Multi-Stakeholder Initiatives



Ethicaltrade.org



Kimberleyprocess.com



These early initiatives convened strangers not accustomed to being in the same room together.



FAIR LABOR
ASSOCIATION®

Fairlabor.org

**VOLUNTARY
PRINCIPLES**
ON SECURITY + HUMAN RIGHTS

Voluntaryprinciples.org

Conflict to Consensus: From the UN Norms to the UN Guiding Principles

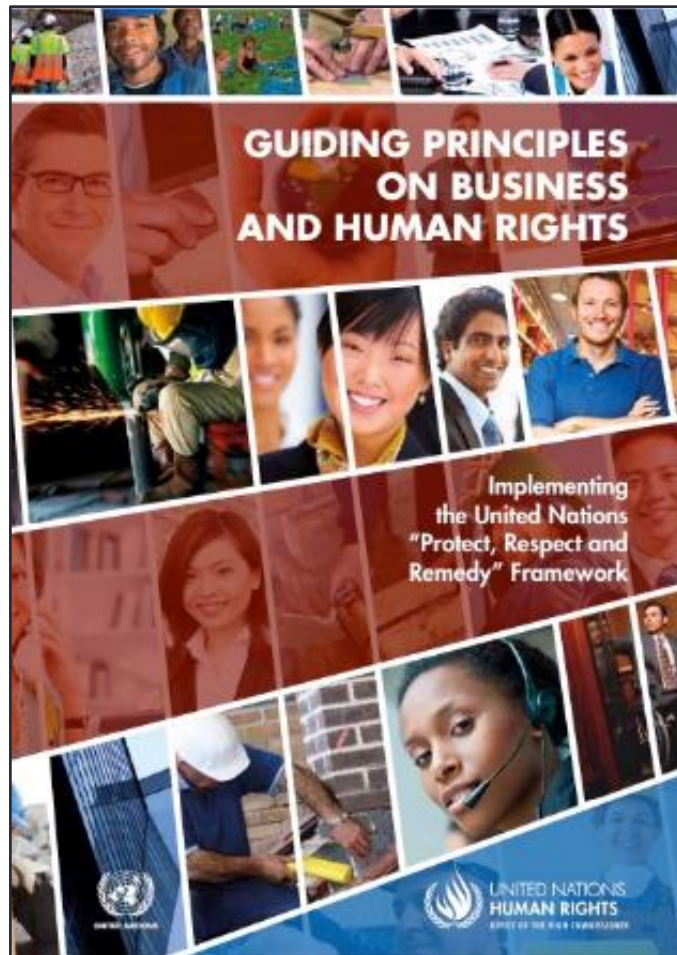


**Professor
John Ruggie**

**UN Special
Representative for
Business and
Human Rights**

2005-2011

Protect, Respect, Remedy: From Corporate to Shared Responsibility



- 1. State duty to protect human rights**
- 2. Company responsibility to respect human rights**
- 3. Both must provide remedy for victims**

A Floor Not a Ceiling: From the Guiding Principles to a Binding Treaty



Sectors and Issues in the Spotlight: From the Big Four to Six More (1)

Agriculture

Child labor
Forced labor
Freedom of association and collective bargaining
Health and safety
Land rights
Water and sanitization
Women's rights

Apparel

Child labor
Forced labor
Freedom of association and collective bargaining
Health and safety
Women's rights
Working hours

Extractives

Freedom of association and collective bargaining
Health and safety
Indigenous peoples rights and FPIC
Land rights
Security
Water and sanitation

Technology

Freedom of expression
Privacy and data protection
Conflict minerals/cobalt
Freedom of association and collective bargaining
Health and safety
Human trafficking
Working hours

Sectors and Issues in the Spotlight: From the Big Four to Six More (2)

**Pharma/
Biotech**

**Banking/
Financial services**

**Hospitality/
Tourism**

**Engineering/
Construction**

**Autos/
Transportation**

**Retail
Conglomerates**

Cross-Cutting Issue in the Spotlight: Human Trafficking and Modern Slavery (1)

ILO estimated more than 40 million victims of modern slavery in 2016

Trafficking of women and girls



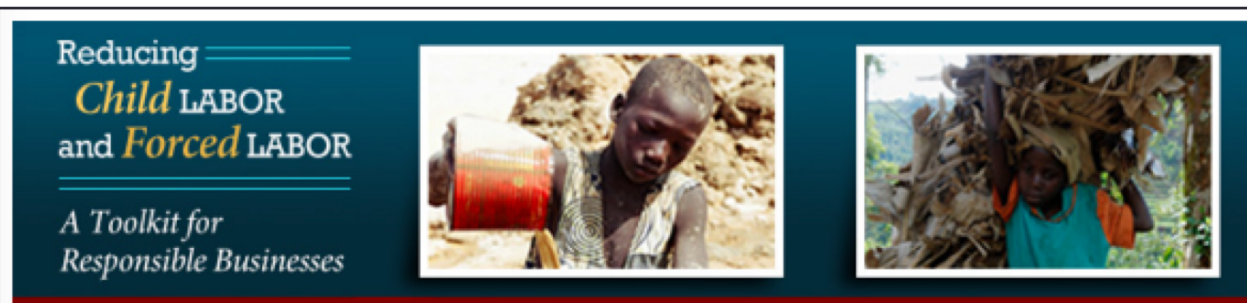
Forced child labor in
Uzbek cotton fields



Forced labor in
Thai seafood industry

Cross-Cutting Issue in the Spotlight: Human Trafficking and Modern Slavery (2)

Both Acts (California 2010 and UK 2015) require companies to disclose steps to identify and eliminate trafficking/slavery from supply chains.



 **Modern Slavery Registry** 

Find out what companies worldwide are doing to eradicate modern slavery from their operations and supply chains. Explore company reports made under the UK Modern Slavery Act.

California Transparency in Supply Chains Act

The California Transparency in Supply Chains Act, which was signed into law in October 2012, requires certain companies to report on their specific actions to eradicate slavery from their supply chains. Aimed at mid-size and large retailers and manufacturing companies with worldwide operations, the law's chief goal is to ensure companies provide consumers with information on how they manage their supply chains responsibly. It is estimated that the reporting requirement applies to companies headquartered in California or doing business in the state.

Cross-Cutting Issue in the Spotlight: Human Trafficking and Modern Slavery (3)

Know the Chain sector reports focusing on:

1. Information and communication technology
2. Food and Beverage
3. Footwear and Apparel



Key findings:

- Progress apparent with first-tier suppliers but abuses overlooked in lower tiers
- More effort required to develop grievance/remedy mechanisms

KnowTheChain

Cross-Cutting Issue in the Spotlight: Human Trafficking and Modern Slavery (4)

Initiatives in two key industries:

- **Hotel industry is a common venue for trafficking/recruitment**

- Hilton code of conduct/compliance training and initiatives to support NGOs



- **Airline industry used as a global transport network for trafficking**

- Delta Airlines Blue Lightning training



DELTA

Plus Coca-Cola, HP, IKEA, Unilever launched the Leadership Group for Responsible Recruitment focused on exploitation of migrant workers in global supply chains across industries.

Leadership
Group for
Responsible
Recruitment



Cross-Cutting Issue in the Spotlight: Human Trafficking and Modern Slavery (5)

Progress in ending massive systemic forced labor in Uzbekistan:

- Cotton Campaign includes NGOs, trade unions plus responsible investors and apparel brands (with leverage from company pledges not to source)
- Combination of international pressure and engagement – and a new Uzbek President – is making progress toward reform



Management Practices and Tools: From Policy and Process to Performance and Impact (1)



Human rights is a focus for management and innovation for the most committed companies in the most exposed sectors.

businessrespecthumanrights.org

Management Practices and Tools: From Policy and Process to Performance and Impact (2)

The business case for managing human rights is reflected in key company functions that engage:

- Human resources/recruitment
- Supply chain management/procurement
- Workplace/product safety
- Government/public/community relations
- Investor relations
- Legal/compliance
- Risk management
- Communications/media
- Country/project management
- Security operations

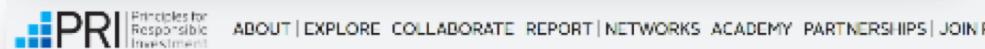
➤ **But more executive leadership and board oversight necessary**

Positive progress... and tragic setbacks

Rana Plaza April 2013: 1,137 people killed in Bangladesh factory collapse



Five Factors and Forces Driving the Agenda (1): Investment Materiality



All Events / Switzerland

/ Values to Valuation: Connecting Human Rights and Financial Performance

Values to Valuation: Connecting Human Rights and Financial Performance



**Focus on materiality
of human rights risks,
with potential to
widen investor
engagement beyond
socially responsible
investors to large
institutional asset
owners/managers**

Five Factors and Forces Driving the Agenda (2): Catalytic Impact of Rankings

Catalytic impact of benchmarking/rankings initiatives is compelling companies/industries to strengthen and disclose policy frameworks/due diligence processes—and improving performance.



RANKING DIGITAL RIGHTS



**World
Benchmarking
Alliance**



KNOW THE CHAIN

CHRB

Corporate Human
Rights Benchmark



access to
medicine
index

**BEHIND THE
BRANDS**

Five Factors and Forces Driving the Agenda (3) : Pressure to Defend Civil Society



Paul Polman ✓
@PaulPolman

Following

We have forgotten how to rescue each other. Human empathy key to our survival
en.prothom-alo.com/bangladesh/new ...
[@AllRohingyaNow](#) #weareallrohingyanow

There is pressure but also opportunity for companies to support NGOs/human rights defenders under attack as civil society space closes around the world.



**Business & Human Rights
Resource Centre**



Business, Civic Freedoms and Human Rights Defenders

June 2017 - Welcome to our first e-bulletin on Business, Civic Freedoms and Human Rights Defenders (HRDs). In this bulletin you will find information tailored for business, civil society, governments and others. There are curated selections of news, stories, and research materials, as well as information on the actions taken to protect and support HRDs working on business & human rights. We welcome your comments and suggestions [here](#).

Five Factors and Forces Driving the Agenda (4) : Technological Innovation



Impact of technological innovation and disruption includes risks related to privacy, dilemmas posed by AI, and new worker voice/representation channels enabled by mobile communications.

Five Factors and Forces Driving the Agenda (5) : Geopolitical Disruption



The rise of populism and nationalism in major western democracies has disrupted the consensus for economic and political integration (with Brexit and the US exits from TPP, Paris climate and Iran agreements) with implications for corporate roles and responsibilities.

- **Major multinationals have come under intense political cross-pressures that are compelling some CEOs to oppose the Trump Administration (climate, immigration and to rebuke Trump per Charlottesville).**
- **At risk in the US is support for human rights-related institutions (UN/ILO), foreign assistance (USAID), democracy promotion (NED), and regulations (Dodd-Frank 1502 per conflict minerals) that may pressure companies.**
- **At stake is the nature of the corporation: mutuality and shared responsibility for societal benefit?**