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First Person

Beyond CSR

How companies can respect human rights

By Christine Bader

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Beyond CSR

How companies can respect human rights **BY CHRISTINE BADER**

GOOGLE INC. AGREES TO CENSOR its Internet search results in China. Tyson Foods Inc. is accused of failing to eliminate hazards that would have prevented a worker's death at a poultry processing plant in North Carolina. Unocal Corp. settles a lawsuit brought by Burmese villagers who claim their country's military used murder and rape to clear the way for a new pipeline. Gap Inc. orders an internal investigation after a news report alleges that children were found stitching GapKids blouses in India.

As these recent news stories illustrate, all kinds of businesses in all parts of the world have been linked to human rights violations.

Still, few companies consider how their business dealings affect human rights. According to the nonprofit Business & Human Rights Resource Centre, only 156 companies in the world have published human rights policies. Compare that number to the thousands that have jumped on the bandwagon to develop corporate social responsibility (CSR) reports.

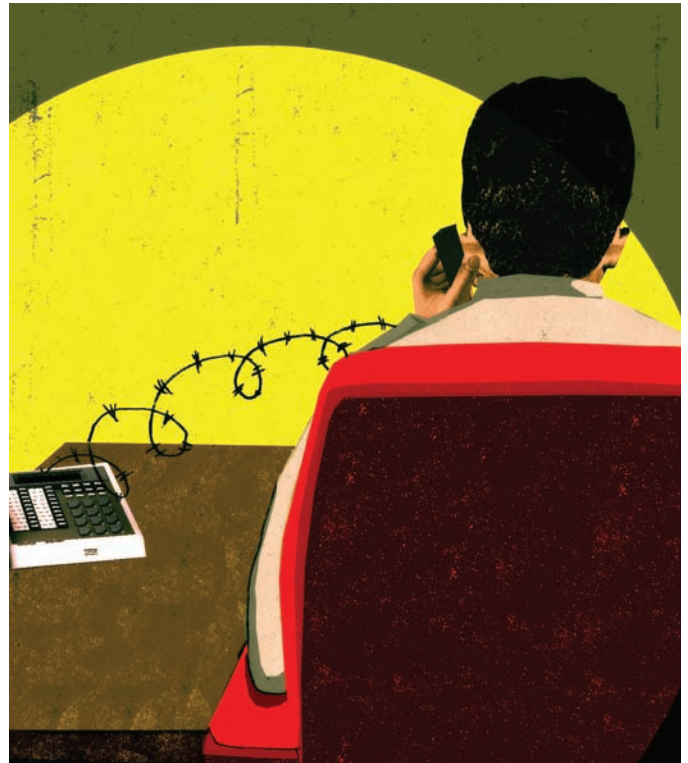
But CSR has no common standards, whereas human rights has a 60-year-old, globally-agreed-upon framework: the Universal Declaration of Human Rights, which was adopted by the U.N. General Assembly in 1948 after the Nazi genocide drove the international community to articulate a set of inalienable rights and freedoms. The Universal Declaration includes freedom from the worst forms of abuse such as torture and slavery, as well as civil and political rights (the right to vote and to free expression) and economic and social rights (the right to an adequate standard of living and to education).

The Universal Declaration doesn't mention corporations explicitly, but it spells out rights that no parties, including businesses, can violate. Companies should build on the Universal Declaration's foundation to develop policies and ensure that they avoid committing or facilitating human rights abuses, and they can be guided in this process by several recently developed tools.

HUMAN RIGHTS TOOLS FOR COMPANIES

The U.N. Global Compact, an initiative promoting 10 principles in the areas of human rights, labor, the environment, and anticorruption, has developed helpful introductory materials about human rights for companies, including a Web-based "Human Rights and Business Learning Tool" (available at the U.N. Global Compact Web site).

Meanwhile, the Business Leaders Initiative on Human Rights—13 leading multinational corporations including General Electric Co., Gap Inc., Hewlett-Packard Co., and the Coca-Cola Co.—has published reports and tools (available on the group's Web site) to show how its companies apply the Universal Declaration in



their businesses in the hope of inspiring other companies to follow suit. The group most notably developed a simple matrix that enables companies to map their current activities against human rights standards so as to identify areas that need further attention.

The oil, gas, and mining industries commonly use environmental and social impact assessments (ESIAs). These tools examine the likely direct impacts of a project: How will the air and water quality change? How many people will the project employ? But ESIAs have their shortcomings: Studying only immediate consequences of a business can miss human rights violations embedded in a society—women barred from certain jobs, unions discouraged or banned, or free speech repressed.

Because such violations might force company executives into the difficult position of having to reconcile international human rights standards and local practice, some companies are experimenting with human rights impact assessments (HRIAs) to anticipate such challenges well ahead of time.

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HRIAs first assess how people's human rights, as defined by the Universal Declaration and other relevant standards, are currently respected or violated. HRIAs then analyze how the proposed company activity, whether a new product or facility, might change the status quo. That change might have a positive impact (new telecommunications networks can support education and health services), or it might exacerbate an existing human rights problem (ultrasound technology saves lives, but it has also been used to identify female fetuses that are then aborted).

Finally, HRIAs propose how the company can minimize the risk of human rights abuses of its staff, neighbors, customers, and others affected by the business. An HRIA for an Internet service provider might evaluate the risks of storing user data in countries where the government has used such data to track political dissidents; it might then propose that certain data not be stored at all. An ultrasound company's HRIA might propose that salespeople certify that their customers are not using their machines for sex-selective abortions.

HRIAs can be subjective and complex, but they have prevented potentially fatal tension between companies and communities. When I worked as a project manager for BP in Indonesia from 2000 to 2003, the company was preparing to build the Tangguh liquefied natural gas plant in the province of West Papua, home to multiple dimensions of social strife, including a separatist movement and a copper and gold mine with decades of disastrous company-community conflict.

The government-mandated ESIA for Tangguh was well under way, but many stakeholders were concerned about the project's potential to stir up human rights tensions. Since my colleagues and I didn't understand the project's human rights issues ourselves, we commissioned an HRIA from former U.S. State Department officials Bennett Freeman and Gare A. Smith.

None of their findings were shocking, but their report did emphasize that the conduct of plant security forces was the key to the project's success. So we employed local residents as security guards, hiring qualified trainers to instruct them in human rights standards, and implemented the "Voluntary Principles on Security & Human Rights," a set of guidelines written by companies, governments, and human rights organizations in 2000. We wrote those standards into our government contracts so that all parties were legally bound to implement them.

Companies interested in learning more about HRIAs can find a summary of the Tangguh liquefied natural gas plant HRIA on BP's Web site. They can also visit the Web sites of the Danish Institute for Human Rights and the Human Rights Impact Resource Centre, or read the "Guide to Human Rights Impact Assessment and Management," a joint publication of the International Finance Corporation, the U.K.-based International Business Leaders Forum, and the U.N. Global Compact.

THE UNITED NATIONS ON BUSINESS AND HUMAN RIGHTS

The latest guidance on business and human rights comes from John Ruggie, a Harvard University professor appointed as the U.N.

secretary-general's special representative for business & human rights in 2005 by then Secretary-General Kofi Annan and the Human Rights Commission (which became the Human Rights Council in 2006). Ruggie's mandate was to clarify corporate responsibility with respect to human rights.

In "Protect, Respect and Remedy: a Framework for Business and Human Rights," a report he delivered in June 2008 to the Human Rights Council, Ruggie presents three fundamental principles to help governments, companies, and civil society manage human rights issues related to business.

First, the state has a *duty to protect* citizens against human rights abuses by third parties, including corporations (Ruggie shows that the state's duty to protect is well accepted, but only some governments have watched for corporate abuses); second, corporations have a *responsibility to respect* human rights (Ruggie outlines a due diligence process for companies that includes impact assessments,

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training, monitoring, and reporting); and third, victims of abuse need *better access to remedy* and justice. (Currently, victims of corporate-related human rights abuses have little recourse besides litigation, which is complicated and expensive, or boycotts, which don't compensate for actual harm. Ruggie asserts that other complaint procedures, whether those of local factories or international institutions, need to be strengthened.)

Ruggie arrived at this framework through extensive outreach: 14 substantive meetings with business, government, and civil society organizations on five continents and more than 1,000 pages of research. Consequently, the Human Rights Council recently agreed to extend his mandate for three years to continue developing the principles, and business and other groups have publicly welcomed his work. (His report and all related documentation, correspondence, and press are available at the Business & Human Rights Resource Centre Web site.)

Ruggie's work, and the resulting consensus around it, is groundbreaking: Previously, some human rights advocates claimed that companies have the same expansive responsibilities as governments with respect to human rights, whereas some business representatives asserted that human rights had nothing to do with business and were purely a government concern. But it is obvious from the growing number of allegations of corporate-related abuse—as well as the millions of people around the world who have benefited from economic globalization—that business and human rights are inextricably linked.

Ruggie's report is an important milestone in clarifying the role of business in society, but there is much more work to do. Companies should honor this year's 60th anniversary of the Universal Declaration by publishing a human rights policy and taking whatever steps are appropriate for their size, industry, and location to ensure that they fulfill their responsibility to respect all human rights. ■