# UN GLOBAL COMPACT: US NETWORK MEETING
# BUSINESS AND HUMAN RIGHTS
# 28 APRIL 2008

## SUMMARY OF KEY POINTS MADE BY SPEAKERS

### WELCOME AND INTRODUCTIONS

**Gavin Power, UN Global Compact Office,** http://www.unglobalcompact.org
Welcome of US Network participants including corporate executives, civil society representatives, academics and other human rights experts.

- This is the 60th anniversary of the Universal Declaration of Human Rights – a reminder that protecting human rights is a shared responsibility.
- The business case for human rights is increasingly clear.
- At the same time: need for more guidance for companies on implementation; need to more widely distribute relevant tools; need to better clarify role of Governments in protecting against human rights abuses; and need to better define responsibilities of business.
- This meeting is unique in several respects: first time US Network has focused exclusively on human rights as an issue; meeting includes representatives from Human Rights Working Group; and meeting will feature US launch of new case-studies report.

**Mike Toffel, Harvard Business School,** http://people.hbs.edu/mtoffel/

"The topic of human rights is new to business scholarship. Although there are peripheral mentions of human rights, there is still plenty of room for management knowledge and practice to work on the implementation of human rights. Therefore, the meeting today is an important one in taking a step in that direction."

### OPENING KEYNOTE ADDRESS: HUMAN RIGHTS, A GLOBAL PERSPECTIVE

**Mary Robinson, Realizing Rights: The Ethical Globalization Initiative,**
http://www.realizingrights.org/

Summary of key points:
- At the 60th anniversary of human rights, we currently have a well developed model for human rights, but implementation is still lacking
- Despite the development of frameworks, laws, declarations, violations still exist
- For human rights to be respected, local groups need to be involved such as religious, community, and development organizations

- A breakthrough conference in the field is Women and Faith Development ([www.wfd.org](www.wfd.org))
- Need to support the development of national protection institutes (e.g. governmental and legal institutions)
- Role of the UNGC
    - Engaging multi-stakeholders
    - UNGC Working Group on Human Rights can help companies wanting to create an impact
    - Members need to act within their sphere of influence in addition to acting collectively - specifically, influence within their own value chains
    - To get involved in capacity building for human rights in countries
- What is often overlooked is that rights to food, water, education are intrinsically linked to human rights; therefore companies in their CSR agendas (specifically focus on economic and social rights) can lead to human rights implementation
- The United Nations has long supported the rights of children through the Convention on Children's Rights- http://www.unicef.org/crc/
- Personally go to – as well as inform others – [www.everyhumanhasrights.org](www.everyhumanhasrights.org) to download and read the Declaration on Human Rights

# HUMAN RIGHTS: CREATING A FRAMEWORK

**Bennett Freeman, Head of Social Research and Policy, Calvert Group,**
http://www.calvert.com

Business has gotten to a point where currently there are well established business and human rights frameworks. To supplement the development of the field, an intellectual framework (primarily the work of John Ruggie - http://www.reports-and-materials.org/Ruggie-report-7-Apr-2008.pdf) has been developed. The framework legitimizes the link to business (before business was not considered to be a key actor in human rights).

**John Morrison, Program Director, Business Leaders Initiative on Human Rights,**
http://www.blihr.org/

1. What do we mean by a framework for human rights?
   - Multi-stakeholder engagement. Originally, the framework was dependent on governments, but it is necessary to bring in business and other stakeholders
   - Universality of application – that can work for different sectors in different environments.
   - Encompass both mandatory and voluntary
   - All rights have to be included (e.g. economic and social rights)
   - Framework does not exist in a vacuum. Build on what exists.

2. Implementation
   - Strategy and policy. Only 150 of total participants in UNGC have stand-alone human rights policies.
   - Procedure – how do you make the policy stick?
   - Reporting frameworks - GRI and ISO 26000. Still a question of making a better fit between UNGC principles and the GRI.

3. A few thoughts to think about
   - Not to think about human rights as just tick boxes, but rather as a process.
   - Think beyond due diligence
   - Human rights is about opportunity, not just risk management

**Reverand David Schilling, Interfaith Center on Corporate Responsibility,**
http://www.iccr.org/

   - All rights should be respected. We shouldn't pick and choose which rights a company wants to respect. However, companies that are starting need to start somewhere so it makes sense to start with what is relevant to the nature of the business.
   - It is important that human rights are integrated into the business rather than being at the fringe of the business.

- CSR and human rights need to be integrated within the decision-making process.
- The next step is developing "rules of the road"; clear and transparent measuring, as well as letting investors, NGOs and other stakeholders know by which standards companies will be held accountable.
- The main challenge at our 60th anniversary is to develop the architecture for implementation of human rights at a business level.

**Robert Corcoran, VP Corporate Citizenship, GE,**
http://www.ge.com/company/citizenship/2007_citizenship/letter_vp.html

- GE has numerous stakeholders (e.g. 6 million investors, 333 000 employees, 175 billion customers) and therefore has developed numerous approaches to human rights.
- For example, the "spirit of the letter" was developed which went beyond compliance to truly respecting human rights.
- However, despite numerous approaches, a true human rights policy did not exist.
- Therefore, GE integrated it into the business (so that it truly got implemented), specifically in the supply chain.
- Utilize groups such as Dream for Darfur to influence China to pressure Sudan for change- http://www.dreamfordarfur.org/
- GE follows three principles of "make money," "make it ethically," and "make a difference while making money."

**Discussion**

What we can do to make faster progress:
- Consolidating frameworks – for example, rather than just focusing on an industry here and there, how do we consolidate, convene and have the "rules of the road" based on the experiences of voluntary initiatives to date?
- Better inclusion and enforcement in trade agreements
- Making financial markets accountable for human rights
- Let's not get into a trap of cultural relativism (e.g. different cultures have different approaches)

# HUMAN RIGHTS: RISK ASSESSMENT

**John Sherman, Deputy General Counsel, National Grid,**
http://www.nationalgridus.com/aboutus/a2-1_business.asp

The key point is that risk in relation to human rights is nothing new for business addressing as part of the Turnball Guidance
(http://www.frc.org.uk/documents/pagemanager/frc/Revised%20Turnbull%20Guidance%20October%202005.pdf ).
Need to assess impact before project implementation.  It is a different type of assessment from classic environmental assessments where there is data that is collected and mitigations that can be proposed.  The human rights assessment is based on projections of what might occur with employees and communities if the project is implemented.

**Christine Bader, Advisor to the UN SRSG for business and human rights on secondment from BP,**
http://www.bp.com/genericsection.do?categoryId=6906&contentId=7030799

- Business can impact all rights and rights can impact business – therefore, it is clear that business should assess what impact business has on human rights, thus conducting Human Rights Assessment of Impact (HRIA)
- HRIA should go beyond measuring the impact "after the fact". Instead, impact should be measured as processes take place, therefore HRIA is more than a reporting mechanism; it can provide a framework for implementing processes
- Differentiate from environmental and social impact assessments (ESIA) – obviously environmental and social impacts relate to human rights, but solely conducting ESIA might miss a few key issues of human rights (e.g. freedom of association, right to privacy). HRIA should consider Declaration of Human Rights (http://www.un.org/Overview/rights.html )and ILO's core convention (http://www.ilo.org/global/lang--en/index.htm ). Other resources include Rights and Democracy's Human Rights Impact Assessment (http://www.dd-rd.ca/site/what_we_do/index.php?id=1489&page=2&subsection=themes&subsubsection=theme_documents). ESIA typically assesses impact on environment around the company. The HRIA should assess the internal impact within and outside of its business.
- Assessing human rights, labor rights, security should probably not be a company-led process, but rather partner with individuals and organizations in this field.
- In addition to having the process in place, there is a challenge of implementing it (e.g. how to get around the fear people have to speak up because they might be persecuted) and being ready to address the results of the HRIA.

**Yann Wyss, Projects Officer, Social Responsibility, International Finance Corporation,** http://www.ifc.org/

-  Guide to Human Rights Impact Assessment and Management is a combination of three tools (risk management tool, engagement tool, decision-making tool)

- Main objectives, specifics and concrete benefits for a company: predictive approach, participatory process, link between human rights and management processes.
- 8 step process:
  - Step 1: Determine whether a HRIA is needed, if the current processes that the organization has in place are enough
  - Step 2-4: brings together information that will help form the base of the report
  - Step 5: pinpoints the project even more to the specific business
  - Step 6: presenting recommendations
  - Step 7: making sure that recommendations are implemented and part of business (e.g. through management plan)
  - Step 8: reporting and monitoring
- Road-testing phase (to be completed by end of 2009): Asking for support from companies on implementing the guide through (1) giving feed-back or even better (2) signing up for being a pilot.
- The guide can be found on-line at: http://www.ifc.org/ifcext/enviro.nsf/Content/OurStories_SocialResponsibility_HumanRights

**Margareth Jungk, Senior Adviser**, **Danish Institute for Human Rights,**
http://www.humanrights.dk/

- Developed a tool of how to assess and manage human rights within a company.
- The Human Rights Compliance Assessment (HRCA) is a tool developed as a model of human rights risk assessment.
- The tool incorporates eighty plus international human rights treaties and conventions into 350 questions that can be customized to the user's needs.
- Recommends trying out the HRCA quick check which can be downloaded for free. It was developed to assess what the top 10 most relevant questions are that the investment community will look at.
- For more information contact Rita Roca rro@humanrights.dk and www.humanrightsbusiness.org

**Discussion**
- HRIA - if a company already has in place due diligence processes, certain parts of the process can be skipped (e.g. start from Step 6)
- Supplier confidentiality – this is an internal assessment tool. The company does not reveal whom it is applied to, who its suppliers are, just the aggregated indicators are reported back to the system.
- These tools assess internal human rights issues, but how do we assess external issues, which are often larger than the company-wide (e.g. Olympics)?

## LUNCH KEYNOTE ADDRESS: BUSINESS AND HUMAN RIGHTS: EVOLVING INTERNATIONAL AGENDA

**Professor John Ruggie, Secretary-General's special representative on business and human rights,**
http://www.hks.harvard.edu/about/faculty-staff-directory/john-ruggie

- Provided an overview of the recent report, <u>Protect, Respect and Remedy: a Framework for Business and Human Rights (http://www.reports-and-materials.org/Ruggie-report-7-Apr-2008.pdf)</u>, including the history of human rights and the implications for current and future practice.

- A framework was lacking to move forward because of varying perceptions of what constituted human rights abuse. To move forward, the report created a framework, providing a baseline for what constitutes minimum respect of human rights.

- The framework comprises three core principles: the State duty to protect against all human rights abuses by third parties, including business; the corporate responsibility to respect human rights; and the need for more effective access to remedies.

Hopes for the future:
- A consensus that this is report is a useful way to frame issues
- Normative status – require basic, common sense of what is and isn't accepted
- Practical tools and processes for implementing


## CASE STUDY DISCUSSION ON HUMAN RIGHTS IN SUPPLY CHAINS

**Professor Alan Grossman, Harvard Business School,**
http://drfd.hbs.edu/fit/public/facultyInfo.do?facInfo=ovr&facEmId=agrossman@hbs.edu

Overall, the general sense was that this is by no means a very straightforward and simple discussion. There are many different approaches that can be taken as well as pros and cons to each approach. However, one theme was implicit in the whole discussion… *the question was not if business should play a role but rather how business should play a role*. In that respect, the discussion represented a dialogue about various approaches.


Concluding thought: There are so many issues that companies have to face. In most companies, they are not able or willing to address all issues. So the question is where do you start, what "battle do you pick to fight"?

## HUMAN RIGHTS: SETTING POLICY AND ADDRESSING STAKEHOLDER EXPECTATIONS

**Helen MacDonald, Director, Community Relations and Social Development, Newmont Mining,** http://www.beyondthemine.com/2007/

Briefly introduced panel.

**Lucy Amis, Human Rights Program Manager, International Business Leaders Forum,** http://www.iblf.org/about_us.jsp

Generally, companies will have 3 major strands in their human rights policies:
- General commitment statement
- Statement on labor rights
- Statement on wider human rights

However, a policy is just a piece of paper if it is not enforced (e.g. conducting an impact assessment, training company individuals, reporting, implementing company-wide and as much as possible promoting within the supply chain).
Human rights policies can take two approaches: inspirational or specific.
Policies typically include most commonly non-discrimination and health/safety.  Less frequently freedom of association, forced/child labor, or fair wages are addressed.
Infrequently are human rights issues such as security, access to medicine and community impacts addressed.
Human rights policies should be part of a management system that includes:
- Leadership assignment
- Applicability of the policy (should be global and apply to business partners)
- Assessment method
- Training
- Reporting mechanisms
- Dynamic process.

**Annabel Short, Senior Researcher and  International Outreach Manager, Business and Human Rights Resource Centre,** http://www.business-humanrights.org/Home

Provided overview of the information that the Business and Human Rights Resource Centre provides particularly on their website. In summary, they track human rights news, both positive and negative,  of 4000 multinational companies.

**Dean Cycon, Founder, Dean's Organic Beans Coffee Company,** http://www.deansbeans.com/coffee/index.html

- A crucial reframe is that companies are not simply about creating shareholder profit but rather shareholder value of which profit is a crucial part.

- Nothing will change until business changes its fundamental principles. What led Dean's is a guiding question of what would happen if we had a profitable company that integrated social and environmental issues into the company? Dean's integrated human rights as a fundamental element of their business.

- They use appreciative inquiry to listen to people's needs to see how with their profit and money they can address their needs.

- Dean's is not in it just to do good, they make a profit. When people have better health, they can work better. The more people are respected, the greater the quality of product – and quality of coffee is key.

- In terms of shareholders, there are a number of shareholders, just like consumers, that would like to know that every dollar that they are investing is also representing their values.


## HUMAN RIGHTS: MONITORING AND REPORTING

**Marika McCauley Sine, Senior Analyst, Coca-Cola Company,**
http://www.thecoca-colacompany.com/citizenship/our_communities.html

Introduced panel and questions that the panel will focus on
- What constitutes human rights? Is there agreement?
- What are the business incentives and how do you create a broad agreement on the incentives along the entire supply chain?
- Reporting – how do you disclose and do you disclose all that you find?
- Process and management tools to implement – how do we get there without waiting many years for this happen? So how do we figure this out sooner than later?

**Daniel Viderman, Executive Director, Verite,** http://www.verite.org/

To quote what Ronald Reagan said to Mikhail Gorbachev in relation to the arms race, "trust but verify".

Monitoring is not meant to be sufficient in and of itself. However, it is necessary to provide information for (1) action for the company itself to be taken and (2) to provide information to others to report, spur progress.

**Monique Oxender, Supply Chain Sustainability Strategy Analyst, Ford Motor Company,** http://www.ford.com/our-values/ford-fund-community-service

- Ford has done a lot to create policies, monitoring (e.g. publishing reports from all 105 facilities in their entirety)

- Implementation is more challenging-which is common with many companies in the industry.

- Complexity increases in the supply chain. Monitoring can get quite complex.

Ford promoted their global terms and conditions within their supply chain.


**Oliver Johner, Communication on Progress Analyst, UN Global Compact Office,**
http://www.unglobalcompact.org/

UNGC is not compliance based, it is a voluntary initiative. Therefore, Communication on Progress (COP) is meant to fill this gap.

COP is not meant as a stand-alone report, but rather it is preferred that reporting is ideally integrated within existing reporting mechanisms.


**Discussion:**
- Monitoring – costs and time vary. It can cost up to $5000 for a site and it typically takes a few days per site. But it really varies depending on the scope and depth of monitoring.
- Challenges for the panel have not been in getting their suppliers to agree, but it comes when the audit is being performed (in terms of accessibility, making sure that personal information is not identifiable).
- This is more than just company-wide but also industry wide. For example, for the auto industry to move, it also has to work with the steel industry and other industries.
- Legal – the conversation with them has become easier over time.
- Often monitoring fills part of the space that trade unions might otherwise fill in some regions.


## CAPSTONE ADDRESS: LAUNCH OF THE GLOBAL COMPACT OFFICE AND OFFICE OF THE UN HIGH COMMISSIONER FOR HUMAN RIGHTS CASE STUDY REPORT

**John Paluszek, Senior Counsel, Ketchum,**
http://www.ketchum.com/corporate_citizenship

Overview of the report:
- Provides seven reasons for business to focus on human rights.
- Overview of case studies in report.
- Contains success factors.
- Relationship between core business practices and strategic philanthropy.

# UNITED STATES NETWORK UPDATE

**Sara Broadbent, Executive Director Global Citizenship, Seagate Technology,**
http://www.seagate.com/www/en-us/about/global_citizenship/ **and Co-Focal Representative of the United States Network of the UNGC with Cecily Joseph, Executive Director Corporate Responsibility, Symantec,**
http://www.symantec.com/about/profile/responsibility/index.jsp

The U.S. Network has made remarkable progress:
- Membership has doubled
- Semi-annual meetings are 'deep dives' into how to implement the UNGC principles
- Case Western University is providing support to the network http://worldbenefit.case.edu/ including a soon to be launched website specifically for the U.S. Network
- The entire U.S. Network interest list is invited to meetings and this meeting we were pleased to invite international partners to participate
- The next U.S. Network meeting will be in the fall at the United Nations

## CLOSING REMARKS

**Sir Mark Moody-Stuart, Chairman, Anglo American plc,**
http://www.angloamerican.co.uk/cr/**, and CoChair of the UNGC Board,**
http://www.unglobalcompact.org/

The remarks were not meant as a summary of the day, but rather to provide further food for thought as we closed the day.
- Creating and disseminating case studies is crucial to implementation of practices
- Local networks are key to truly implementing the principles of UNGC in society
- Sharing information in an impartial way is important for moving human rights forward
- Public health is something that has not been brought up often, but is a key component of human rights
- He thinks we should not worry about shareholders. Of course, worry about them in terms of making money, but not that they will criticize the company for its values.