

By Re_Generation

Human Wellbeing

2.1 Human Rights

Description

The [UN Universal Declaration of Human Rights](#) was adopted in December 1948 in the aftermath of World War II, and there are nine [Core International Human Rights Instruments](#) each with an associated monitoring body. Despite the existence of these international covenants, tens of millions of people continue to face human rights violations on a daily basis, including forced and indentured labour, war crimes, violence against women, oppression under authoritarian regimes, and many other forms of abuse. The [UN Guiding Principles on Business and Human Rights](#) are the authoritative set of guidelines developed for corporations looking to report on and improve their human rights practices. However, only a tiny minority of companies are meeting the expectations set out by the [Corporate Human Rights Benchmark](#). To learn more about setting appropriate human rights policies, due diligence processes, grievance mechanisms, and selecting indicators and benchmarks, continue reading this PDF guide.

Acknowledgements

Written by Gareth Gransaul, Associate Director of Re_Generation, with review by some of Canada and North America's most influential sustainability leaders.

About Re_Generation

[Re_Generation](#) is a Canadian youth movement that seeks to build a regenerative, sustainable, and just economy. We aim to reimagine our schools, repurpose our careers, and remodel our companies to be aligned with regenerative principles. In particular, we provide resources for individuals to launch impact-driven careers and advocate for change within their companies and schools. We also aim to advance public policies that promote regenerative and sustainable business practices.

Our successful 'Our Future, Our Business' Manifesto campaign received the support of 65 youth organizations, 130 high-level executives, and 100 civil society organizations recognizing the need for reform in business education on sustainability. After three years of existence as the Canadian Business Youth Council for Sustainable Development, we have changed our name to Re_Generation to become more inclusive of all youth, not just business youth.

We believe that the ideal society is a [regenerative](#) one. Regeneration to us means putting human and ecological [well-being](#) at the centre of every decision. It means restoring relationships, both within nature and within society, while helping all communities to thrive. Read more about our history and vision at our [About Us](#) page.

Issue Summary

The complexity of value chains, and the sheer number of players and geographies, makes it such that the systematic infringement of human rights is often rendered invisible. The scale of the problem, however, is immense: [40.3 million people were subjected to modern slavery in 2018](#), according to the Global Slavery Index. This translates to about \$354 billion worth of goods imported by G20 countries every year that have been produced by slaves. In the UK, [77% of companies](#) believe there is a strong likelihood that modern slavery occurs at some point within their supply chains.

Unfortunately, corporate reporting on human rights abuses is extraordinarily insufficient. The World Benchmarking Alliance performed [an analysis of 1,000 firms](#), with a combined annual revenue of over \$25 trillion, and found that only 1% of companies are meeting the majority of the expectations set out by the Corporate Human Rights Benchmark. Out of the highest possible score of 20, the average score was just 5.2, while 78% of all companies achieved a score of zero on all of the benchmark's due diligence indicators. Their assessment concluded that the vast majority of corporations are not complying with the basic principles of socially responsible business conduct.

Many businesses simply consider human rights compliance to be a component of their overall ESG strategy or disclosure requirements, but as Business for Social Responsibility has indicated, "[human rights are not just an ESG factor](#)." The mindset that is required to respect human rights and avoid violations is one that goes beyond simply checking a box or filling out a CSR report; it is a fundamental moral and ethical obligation imposed by a set of international norms and standards that have evolved in response to grave historical tragedies to provide a universal definition of quality of life for all human beings. The notion that human rights can be truncated to just another 'S' metric that helps companies outrank their peers in the eyes of socially conscious investors is a logic which causes businesses to see human rights purely through the lens of competitive advantage or public relations, which is a fundamentally perverse mindset that erodes the basic integrity of the human rights concept. Businesses have a responsibility to respect human rights regardless of its relationship to profit or ESG rankings.

Key Considerations

The scope of international human rights law has increased dramatically over the past five decades. A proliferation of covenants and principles have developed to encompass all forms of human rights and fundamental freedoms, from civil and political rights to economic, social, and cultural rights. The complexity of human rights principles can be overwhelming, and the UN Office of the High Commissioner on Human Rights (OHCHR) has developed a [business reference guide](#) which explains many basic human rights concepts in great detail.

The [UN Universal Declaration of Human Rights](#) was adopted in December 1948 in the aftermath of World War II. It outlines, throughout 30 articles, the basic rights and freedoms of all human individuals regardless of "nationality, place of residence, gender, national or ethnic origin, colour, religion, language, or any other status." In addition to the Declaration, there are nine [Core International Human Rights Instruments](#) each with an associated monitoring body. These instruments include:

- [The International Convention on the Elimination of All Forms of Racial Discrimination](#)
- [The International Covenant on Civil and Political Rights](#)
- [The International Covenant on Economic, Social and Cultural Rights](#)
- [The Convention on the Elimination of All Forms of Discrimination against Women](#)

- [The Convention Against Torture and Other Cruel, Inhumane or Degrading Treatment and Punishment](#)
- [The Convention on the Rights of the Child](#)
- [The International Convention on the Protection of the Rights of Migrant Workers and Members of Their Families](#)
- [The Convention on the Rights of Persons with Disabilities](#)
- [The International Convention for the Protection of All Persons From Enforced Disappearances](#)

Collectively, the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights are known as the [International Bill of Human Rights](#). Beyond these core instruments is a host of [other universal human rights instruments](#) respecting a wide variety of conventions, statutes, and principles, such as the UN Declaration on the Rights of Indigenous Peoples, the Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities, and many others.

Labour rights are human rights, and they have their own set of specific instruments under the International Labour Organization, including the [ILO Fundamental Conventions](#) and the [ILO Declaration on Fundamental Principles and Rights at Work](#). For more in-depth information related to labour rights and practices, see Section 2.4.

The [UN Guiding Principles on Business and Human Rights](#) are the authoritative set of guidelines developed for corporations looking to report on and improve their human rights practices. The Guiding Principles aim to furnish businesses with the tools and recommendations they need to respect and fulfill human rights and fundamental freedoms. At the most basic level, the Guiding Principles establish that a company's human rights policies and procedures must include the three following objects:

1. A policy commitment to meet their responsibility to respect human rights;
2. A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;
3. Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute (often known as grievance mechanisms).

For more information about the implementation of the Guiding Principles, review this [FAQ document](#) as well as this [interpretive guide](#). For the purposes of quality assurance, for either investors or auditors, review these [assurance guidelines](#) for determining the credibility and thoroughness of a company's human rights disclosures.

The OECD has also developed a list of [Guidelines for Multinational Enterprises](#) that are similar to the UN Guiding Principles, but wider in scope and with more sector-specific guidelines. They set out a list of global standards for responsible business conduct, with a particular focus on due diligence processes.

Tools

To evaluate a company's human rights record, start by reviewing the [searchable database](#) of company profiles from [Business and Human Rights Resource Centre](#), which includes an [advanced search option](#) for more specific requests. The [Shift Project](#) has also developed a disclosure database which includes [profiles of individual companies](#), as well as a [searchable database of human rights reports](#).

For a global review of important developments in international human rights law and their intersection with business, see [this map](#) developed by the World Business Council for Sustainable Development. Individual country guides to human rights in business can be found at [this link from National Action Plans on Business and Human Rights](#). To review the human rights practices of companies that are specific to Canada, see the resources compiled by [Aboveground.NGO](#), a nation-wide non-profit focused on transparency and accountability for Canadian firms operating abroad.

For more information about integrating respect for human rights throughout business practices, review this [Guide for Integrating Human Rights into Business Management](#) developed by the UN Global Compact, as well as this guide about [Embedding Human Rights into Business Practice](#).

The Business and Human Rights Resource Centre, in collaboration with the Danish Institute for Human Rights, has developed the [Platform for Human Rights Indicators for Business](#), which is the world's largest compilation of human rights indicators and metrics that businesses can use to evaluate their own conduct. The Platform includes a convenient synthesis of over 80 global human rights instruments into a systematic series of checklists that companies can use, covering a wide variety of policies and procedures. The Platform covers indicators in eight categories: management, human resources, workplace health and safety, product quality and marketing practices, community impact, security arrangements, legal and governmental affairs, and contractors and supply chain. For firms looking to design their own human rights indicators, the Shift Project has also developed its own [indicator design tool](#).

The [Corporate Human Rights Benchmark](#), developed by the World Benchmarking Alliance, provides a comprehensive set of criteria for evaluating firms' human rights performance, with a methodology that covers five issue areas:

1. Governance and policies (including board level accountability and policy commitments);
2. Human rights due diligence;
3. Remedies and grievance mechanisms;
4. Performance on human rights practices;
5. Responses to serious allegations.

The [Shift Project](#), the world's leading centre of expertise on the UN Guiding Principles, has developed a set of indicators that serve as [red flags](#) for when corporate human rights abuses are likely to occur. These red flags include those aspects of a corporation's business model that are likely to accentuate human rights risk, such as:

- Lowest cost goods or services in ways that put pressure on labor rights;
- High speed delivery that places pressure on warehouse workers and logistics workers in the "last mile";
- Project timelines that undermine consultation with communities;
- Privatized access to public goods with risks to quality of service;
- Algorithmic decision-making that can result in discrimination;
- Providing online platforms with potential for online and offline harm;
- Financial or advisory services that enable high-risk clients to cause harm;
- Products that harm when overused, misused, or used as intended;
- Speed in developing products or services, or delivering projects, with risks to health and safety;
- Land use in countries where ownership may be contested;
- Depleting natural resources or public goods such that it undermines access or health;
- Commodities with unclear provenance and visibility to impacts on workers or communities;
- Business relationships with limited influence to address risk to people;
- Using data such that privacy and other rights are undermined;

- Using gig workers or other precarious labor;
- Sourcing low-paid labor from labor providers;
- Sourcing commodities that are priced independent of farmer income;
- Shift inventory risk to suppliers with knock-on effects to workers;
- Automation at speed or scale that leaves workers little chance to adapt;
- Sales-maximizing incentives that put consumers at risk;
- Markets where regulations fall below human right standards;
- Aggressive tax-minimization strategies.

1. Human Rights Policy

All companies should adopt stringent and detailed human rights policies which enshrine an explicit commitment to international human rights standards. The UN Office of the High Commissioner of Human Rights has developed a [list of criteria](#) for corporate human rights policies, which include:

- An explicit commitment to respect all internationally recognized human rights standards (understood, at a minimum, as the International Bill of Rights and the ILO's Declaration on the Fundamental Principles and Rights at Work);
- Stipulations concerning the company's expectations of personnel, business partners and other relevant parties;
- Information on how the company will implement its commitment;
- An overview of the steps taken to develop the policy;
- Information on the company's key human rights priority areas;
- A description of how the company will deal with conflicts between international human rights principles and applicable host-government legal requirements;
- A commitment by the company to "support" (i.e. contribute to the positive realization of) human rights;
- A summary of those human rights (including labour rights and others) that the business recognizes as likely to be the most salient for its operations and information on how it will account for its actions to meet its responsibility to respect human rights.

The responsibility to develop human rights policies should be assigned to specific senior officers, with cross-functional support from all relevant departments (including human resources, legal, procurement, etc). Companies should aim to conduct a mapping of their key potential human rights impacts, and ensure that all policies reflect and ameliorate these gaps. The policy must be communicated both internally and externally, and embedded throughout all firm-wide policies and procedures.

The Danish Institute for Human Rights has developed a [list of self-assessment questions](#) for human rights policies, which include:

- Does the company communicate the policy commitment internally and externally?
- Does the company identify and assess the actual and potential adverse human rights impacts with which it is involved?
- Are company findings from impact assessments integrated across relevant internal functions and processes?
- Does the company understand the nature of its involvement (cause, contribute, linked to) and take appropriate action?
- When necessary to prioritize actions to address actual and potential adverse human rights impacts, does the company begin with the most severe impacts?
- Does the company track the effectiveness of its responses to adverse human rights impacts?
- Does the company communicate externally in order to account for how they address adverse human

rights impacts, particularly when concerns are raised by or on behalf of affected stakeholders?

- Does the company have a trusted procedure for hearing, processing and settling internal and external concerns?

2. Due Diligence

All companies should commit to comprehensive and detailed due diligence processes to ascertain and take action on corporate human rights abuses. To assess human rights impacts and risk areas, companies should conduct country by country analyses to examine the risk of human rights abuses throughout its value chain, and consult relevant stakeholders to obtain first-hand information from potentially affected groups. Companies should also develop specific indicators and metrics to track performance using the resources provided by the Platform for Human Rights Indicators or the Corporate Human Rights Benchmark, and commit to regular tracking of human rights performance by looking at all business processes, management systems, and information and control systems.

Key [due diligence recommendations](#) developed by the Corporate Human Rights Benchmark stipulate that companies should:

- Identify human rights risks and impacts on an on-going basis, including when these are triggered by key moments of the company's activities (e.g. policy change, market entry, new projects, amongst others);
- Proactively assess potential human rights risks and actual human rights impacts for new activities and regularly review these for on-going activities;
- Integrate the findings of assessments of human rights risks and impacts into relevant internal functions and processes to identify appropriate actions to prevent, mitigate and remediate salient human rights issues;
- Track the effectiveness of actions taken in response to its human rights risks and impacts assessed and acted on to incorporate that information into improving processes and systems on an ongoing basis;
- Communicate externally on it addresses human rights impacts in a manner that is accessible to intended audiences, especially affected stakeholders who have raised concerns.

The OECD has also developed [due diligence guidance](#) for responsible business conduct. Their [Due Diligence Policy Hub](#) hosts a variety of resources for due diligence best practices, as well as a useful [assessment of alignment](#) between OECD due diligence guidelines and various international multi-stakeholder or industry initiatives. For evidence of effective due diligence strategies from five years of research, see this [summary by KnowTheChain](#).

3. Disclosure

The Global Reporting Initiative has developed a [standard for human rights disclosure](#), which makes clear that all companies should be able to explain how they identify severe risks to people connected with their business and what they are doing to address them. The new GRI Universal Standards have aligned their disclosure requirements with the UN Guiding Principles.

To aid companies in the process of disclosing human rights practices and performance, Shift has developed the [UN Guiding Principles Reporting Framework](#). Companies are expected to disclose the salient human rights issues associated with their operations for the reporting period in question, as well as the process in which the salient issues were determined, including relevant input from stakeholders, and the reason for its choice of focal geographies. Salient human rights issues are defined as those human rights which are at greatest risk of severe negative impacts, where severity is defined by reference

to scale, scope, and remediability. Companies are expected to identify any changes in the nature of salient human rights issues during the appropriate recording period, and take note of any notable trends or patterns in impacts related to a salient issue. Companies should also disclose their engagement with relevant stakeholder groups, the purpose of this engagement, and whether or not stakeholder opinions have influenced or altered the company's approach to human rights management.

In addition, companies are recommended to disclose information about how they are integrating human rights issues throughout their businesses practices and decision-making processes. Key self-assessment questions include:

- How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?
- How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?
- When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?
- During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?
- How is day-to-day responsibility for human rights performance organized within the company, and why?
- What kinds of human rights issues are discussed by senior management and by the Board, and why?
- How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?
- How does the company make clear in its business relationships the importance it places on respect for human rights?
- What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?

The Shift Project has also produced a growing collection of publicly available resources that derive from their insight and analysis of companies' human rights reporting.

For a complete list of all publicly available human rights impact assessment resources, see [this compilation](#) by NomoGaia.

4. Remediation and Grievance Mechanisms

All companies must ensure that appropriate remediation and grievance mechanisms are set up to hear complaints from stakeholders, workers, and affected communities in order to redress any and all human rights abuses that occur during the course of business operations. These channels should be made available to all stakeholders, taking into account the accessibility needs of marginalized groups, who should be actively involved in the design, creation, and implementation of the grievance mechanism. Companies must also refrain from retaliating against complaints raised by affected stakeholders, and work to ensure that stakeholders retain access to state-based judicial procedures and other means of legal recourse available to persons making claims of human rights violations. Most importantly, companies should actively participate in remediation efforts by compensating communities involved and addressing the governance failures that led to human rights violations in the first place, incorporating lessons learned in order to prevent future infringements.

UN Guiding Principle No. 31 identifies the relevant criteria for establishing effective grievance mechanisms, which include that they are:

1. Legitimate: enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes;
2. Accessible: being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access;
3. Predictable: providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;
4. Equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;
5. Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake;
6. Rights-compatible: ensuring that outcomes and remedies accord with internationally recognised human rights;
7. A source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms.

Corporate Accountability has developed a [specific guide for NGOs and victims on recourse mechanisms](#) for human rights abuses. Companies should be sure to review the report '[Injustice Incorporated](#)' authored by Amnesty International, in order to identify how grievance mechanisms have failed in the past and how they should be more appropriately designed to reflect stakeholder interests. The Business and Human Rights Resource Centre has also composed [a briefing on the topic of corporate legal impunity](#), specifically highlighting the deficient nature of most grievance mechanisms and identifying areas for improvement. For more information, see their [list of barriers to access to remedy](#), as well as these tools and [frameworks for lawyers advising affected communities](#).

A common industry-led response to human rights abuses is the creation of 'multi-stakeholder initiatives' (MSIs). These initiatives are collaborations between corporations and stakeholders which aim to build trust, convey information, and redress grievances for corporate infringements on human rights. Common MSIs include Fairtrade International, the Ethical Trading Initiative, the Forest Stewardship Council, Rainforest Alliance, and many other organizations. Over 10,000 corporations participate in MSIs worldwide, including 13 of the 20 largest companies in the world. After a [comprehensive, multi-year research project conducted by MSI Integrity](#), the organization decisively concluded that "MSIs are not effective tools for holding corporations accountable for abuses, protecting rights holders against human rights violations, or providing survivors and victims with access to remedy," and that they "should not be relied upon for the protection of human rights." In particular, there are two features which obstruct the success of MSIs: they apply top-down, technocratic approaches which fail to centre the needs or rights holders (with only 13% of MSIs including affected populations in their governing bodies), and they also do not fundamentally restrict corporate power or address the root causes of the power imbalances that drive abuse. In particular, MSIs should not be relied on for any of the following: protecting human rights, closing governance gaps, providing access to effective remedy, or holding corporations accountable. Corporations hoping to participate in MSIs for the purposes of advancing respect for human rights should make sure that they:

1. Recognize that MSIs are tools for corporate-engagement rather than instruments of human rights protection;
2. Recognize that MSIs must be supplemented with public regulation;
3. Ensure that workers and/or affected communities are at the center of decision-making;

4. Ensure that benefits and ownership accrue to the workers who generate value for a business and/or to the communities and rights holders who are impacted by their behavior.

5. Civil and Criminal Liability

Although it is often difficult to charge corporations with liability for human rights abuses, there are many organizations working on tracking litigation related to the overseas conduct of multinational firms. The OECD requires all member governments to establish a government-supported office whose duty is to advance the effectiveness of the OECD Guidelines, known as a [National Contact Point](#) (NCP). The NCPs aim to raise awareness among businesses and stakeholders about the NCP grievance mechanism, and to handle specific grievances against companies who have failed to meet the Guidelines' standards.

The [Corporate Crimes Project](#) has created a database about corporate human rights abuses and a research toolbox, as well as a [global map of all cases](#) that can be searched by category of offense (ranging from forced labour to financial crime to resource theft). The Business and Human Rights Resource Centre also maintains a [database of active lawsuits](#), of which 45% were brought against mining or oil and gas companies. An independent commission of experts convened by Amnesty International and the International Corporate Accountability Roundtable has developed a list of [Corporate Crimes Principles](#) aimed at helping regulators and litigators fight corporate rights abuses. The Business and Human Rights Resource Centre has also written a briefing on the issue of [corporate legal accountability](#) that identifies why corporations are rarely held accountable for their crimes. Accountability Counsel has developed a [series of guides](#) specifically to help redress grievances in international finance and development and guide the formation of stronger remediation mechanisms.

To aid in the investigation of corporate crimes, the Corporate Crimes Project lists its own [corporate data tools](#) as well as [open-source analytical tools](#) that are available for public use. Particularly helpful is the database from [OpenCorporates](#), which includes data from 203 million companies in all global jurisdictions. Researchers can also use [the Aleph database](#) from the Organized Crime and Corruption Reporting Project that aims to help investigative spot connections, visualize political influence, and uncover corruption. The International Consortium of Investigative Journalists also hosts its [Offshore Leaks](#) tool with datasets from over 800,000 companies exposed in the Pandora, Panama, and Paradise papers.

6. Collusion with Oppressive Regimes

Corporate collusion with oppressive and authoritarian regimes happens unfortunately frequently, as evidenced by the [New York Times' recent exposés](#) of McKinsey's work for the Chinese and Russian governments. The organization Ethical Consumer has developed [a list of 23 oppressive regimes](#) that firms might want to avoid conducting business with on the basis of their scores on a variety of scales, including the Political Terror Scale, Press Freedom Index, Modern Slavery Index. Firms should also avoid conducting business with nations that are on major international sanctions lists; to search for sanctioned countries, see the [Sanctions Explorer](#) from the Center for Advanced Defence Studies, the [United States Consolidated Screening List](#), and the [United Nations Security Council Screening List](#).

For businesses operating in high-risk environments, the [Security and Human Rights Knowledge Hub](#) has developed a decision tree to help guide market decisions, as seen on page five of [this document](#). This flowchart recommends that firms only conduct business operations that respect international sanctions, respect popular sovereignty, and do not legitimize egregious human rights violators. Companies should only do business in high-risk environments if that business concretely strengthens civil society, rather than strengthening the oppressive regimes in question. The recent Russian invasion of

Ukraine has provided a salient example of the role of corporations in taking a stand against human rights abuses and oppressive regimes, with a massive number of Western corporations [deciding to exit their Russian operations](#). The UN Global Compact has developed a [business guide for the Ukraine humanitarian crisis](#).

Businesses should take particular care with conducting business in China, a nation which is currently operating the [largest extra-judicial detention network](#) in the world in Xinjiang province to forcibly imprison, intimidate, and 're-educate' 1.5 million Uigher Muslim people. Recent analysis finds that [83 global brands are implicated in allegations of forced labour](#) using inmates in Xinjiang detention facilities. According to Ethical Systems, business leaders have an [ethical obligation to take a stand](#) against China's human rights abuses, and the Wall Street Journal recognizes that there is a [moral cost of doing business with China](#). Firms should review the international advisories [issued by Global Affairs Canada](#) and [other governments](#) regarding Chinese business operations. Similarly, firms should exercise caution in doing business in Myanmar, which is ruled by an autocratic regime responsible for overseeing a genocide against its Rohingya Muslim population. Amnesty International has identified the companies that are [currently profiting from human rights abuses](#) in Myanmar. For businesses still operating there, the World Business Council on Sustainable Development has developed a [human rights and business country guide](#) focusing on Myanmar.

Companies should also avoid doing business with coercive actors in the realm of migration, refugee displacement, and border control, sometimes referred to as the 'border-industrial complex'. The New York Times has also shown that McKinsey [profited from helping the US Immigration and Customs Enforcement agency](#) enact the Trump administration's inhumane migrant deportation policies. Similarly, in Australia there are [many companies profiting from the abuse of refugees](#) on the island nation of Nauru. The think tank Preventable Surprises has written a [briefing on the role of investor stewardship](#) in the border and surveillance industries, and [outlined recommendations](#) for institutions providing funding to companies overseeing migration and detention issues.

7. Conflicts, Weapons, and Terrorism

Corporate [complicity in war crimes](#) is a large problem, as [evidenced by recent cases](#) of French multinational LafargeHolcim financing the Islamic State in Syria, or BNP Bank profiting from the genocide in Darfur. This is a relatively new frontier of international law, and as such there is no international convention regulating the role of corporations in conflict zones. According to Business for Social Responsibility, such 'high-risk areas' include "[situations of armed conflict and mass violence](#) as well as areas with weak governance or rule of law; extensive corruption or criminality; significant social, political, or economic instability." UNPRI notes that corporations operating in conflict-affected or high-risk zones have [an obligation to perform particularly stringent due diligence processes](#), and seriously consider the risk of gross human rights violations. The UN Global Compact has developed a [guide for doing business in conflict-affected regions](#). The Australian Red Cross has also developed a [guide for responsible business in armed conflict](#), with a specific focus on the risk of pillaging of assets, forced displacement, military occupation, workforce conditions, the trading of weapons, and environmental damage.

Particularly problematic is the global arms trade, an extremely powerful industry that profits from the fueling of conflicts and human rights violations around the world. The definitive study of the global arms trade comes from journalist Andrew Feinstein's book [The Shadow World](#). Major defense contractors such as Lockheed Martin and Boeing, a critical component of what President Eisenhower famously termed the 'military-industrial complex', [make billions of dollars every year](#) from funding the sale of arms, [many of which have been tied to corrupt regimes](#) and human rights abusers. To better identify the risk of government corruption in the global arms trade, see the [Government Defence Anti-Cor-](#)

[ruption Index](#) by Transparency International, as well as the [Corruption Tracker](#) from the World Peace Foundation. Amnesty International recently completed a study of 22 arms companies which concluded that [not a single firm](#) was able to explain how they planned to meet their responsibilities under UN Guiding Principles on Business and Human Rights. For more information about corporate legal accountability and arms exports, see [this report](#) from the Friedrich Ebert Foundation, as well as these resources on [corruption in the global arms trade](#) from the World Peace Foundation.

Defense and security companies must publicly disclose their due diligence practices, and become far more meticulous about tracing the global distribution of their weapons and accounting for the end user, as well as evaluating their own complicity in human rights violations. In particular, defense contractors should follow the [due diligence guidelines](#) developed by the Canadian Commercial Corporation. Major international investors also have a responsibility to either [divest from war and the defense industry](#), or use their power as shareholders to advocate for greater transparency and reform according to investment criteria as outlined on pages 10-11 of [this report](#).

Another problem is the issue of private military and security contractors (PMSCs), whose behaviour can often instigate complicity in war crimes and is rarely penalized appropriately. The world of private military contracting is a \$200 billion industry, and is shrouded in secrecy with little accountability. Transparency International is [working to increase the disclosure of PMSC contracts](#), and impose international quality standards. All companies should endorse the [Voluntary Principles on Security and Human Rights](#), and disclose the details of all private security contracts.

All businesses, particularly in the extractives sector, need to investigate and disclose their [sourcing of conflict minerals](#). Companies should use the [due diligence, assurance, and reporting guidelines](#) developed by the [Responsible Minerals Initiative](#). [This report by Global Witness](#) includes a list of actions required to exclude conflict minerals from supply chains. Businesses should begin by mapping their entire mineral supply chains, including site, transportation, export, transit countries, smelters, and manufacturers. Supply chain maps should include information about the mines from which materials are sourced, the points at which minerals are traded, mixed or processed, the transportation routes taken, the taxes paid (including where, how much, and to whom), and the identity of all players along the supply chain. For specific guidance on assessing conflict mineral risk in the supply chain controls of mineral smelters, see Annex B of the report. The Global Reporting Initiative has also [developed reporting guidelines](#) for minerals sourcing and due diligence. Businesses should seek to join international certification schemes, such as the [Kimberley Process](#) or the [Responsible Gold Initiative](#). For more information about certifications and standards according to actor type, see [this list](#) from the Responsible Minerals Initiative. For case studies about management of conflict mineral risk, see [these resources](#) from the Human Rights and Business Dilemmas Forum.

Businesses, and financial firms in particular, must also undertake efforts to eliminate and disclose their risk of financing or supporting terrorist activity around the world. As the OECD has outlined, terrorism, corruption, and resource exploitation [often go hand in hand](#). Firms must abide by the stipulations of the [International Convention for the Suppression of the Financing of Terrorism](#). Firms looking to detect money laundering for terrorist financing should review the [awareness handbook](#) developed by the OECD for auditors and examiners, as well as the [comprehensive training guide](#) published by the World Bank. For information about the changing global regulator landscape, see the [agenda of the EU Commission](#) to fight terrorism financing.

8. Sector-Specific Guidance

Human rights risks differ significantly by sector. For a more specific sectoral breakdown, check out the [sectoral benchmarks](#) developed by the World Benchmarking Alliance for high risk industries, as well as the [issues by sector](#) outlined by the UNEP Finance Initiative.

The opportunity for [human rights abuses in the extractives sector](#) is extremely significant, particularly for mining companies operating in the Global South. The [top 10 human rights](#) risks for extractive firms, as identified by Business for Social Responsibility, include environmental impacts, labour risks, economic and social disruption, security incidents, land acquisition, Indigenous rights violations, supply chains, bribery and corruption, cumulative impacts, and access to remedy. This issue is particularly salient given that the world's mineral needs will increase dramatically with the renewable energy transition; for more information about these risks, see the [Transition Minerals Tracker](#), as well as [these resources](#) from the Business and Human Rights Resources Centre.

Extractive firms looking to ensure that their mining operations abide by the highest standards of responsible conduct should review the standards developed by the [Initiative for Responsible Mining Assurance](#), and explore the global best practices outlined on their [Responsible Mining Map](#). Firms are also advised to review the due diligence guidelines developed by the OECD, which include due diligence for [sourcing minerals from high risk areas](#), and guidelines for [effective stakeholder engagement](#).

Community relations are particularly important for responsible business conduct in the extractives sector. Disruptions to local communities [can be caused by a variety of factors](#): an influx of workers, corporate use of essential local resources, recruitment of security staff, violations of local land tenure, and more. The presence of mining projects in vulnerable areas often creates a perfect storm of environmental and human rights risks; communities are frequently displaced against their will, local ecosystems are polluted or destroyed, and sources of food and water degraded to the point that it causes an epidemic of health and safety issues. Companies should pay particular attention to [water access](#), [community relocation](#), and [cumulative impacts](#) (defined as the impacts of multiple extractive projects over time on a single community). Firms should perform a self-assessment according to [this questionnaire](#) developed by the Danish Institute for Human Rights, and review [these case studies](#). For more guidelines on community engagement for exploration and development firms, review [this resource](#) prepared for the Network for Business Sustainability.

Extractive firms should make sure to contribute to a culture of openness and transparency around how countries manage their mineral wealth and ensure that these resources benefit local populations, rather than just elites and corrupt government officials. Firms should commit to revenue transparency and the disclosure of all payments and contracts, particularly payments that might be considered politically motivated. Firms should review the standards developed in the [accountable mining](#) project by Transparency International, and participate in the [Extractive Industries Transparency Initiative](#) and the [Publish What You Pay](#) campaign.

Extractive firms should also pay special attention to [security risks](#) that arise from the use of private security contractors, who have been found in many instances to commit atrocities against local populations (and land and human rights defenders in particular). Firms should commit to the [Voluntary Principles](#) on security and human rights, and perform a self-assessment using [these guidelines](#) developed by the Danish Institute for Human Rights. For more information about case studies related to security risks, see [this link](#).

There is much potential for human rights abuses in the agriculture and forestry sector, particularly when it comes to exploitative labour conditions and violations of local land tenure. The UNEP Finance Initiative

has developed an outline of human rights risks for [agriculture and fisheries](#) as well as [forestry and logging](#). For responsible sourcing from agricultural supply chains, review this [guideline developed by the OECD](#).

The global fast fashion industry is another high risk sector, particularly from the perspective of the exploitation of garment workers. For a recent review of performance by fashion firms, see this [report on benchmarking](#) in the apparel and footwear industries. For more information about responsible supply chain management in the textile and garment sector, see [these guidelines](#) from the OECD.

9. Tools for Investors

Financial firms have a responsibility to use their power as shareholders and lenders to require companies to comply with global human rights standards. The Shift Project identifies the financial facilitation of high-risk clients as a [red flag for human rights](#), and operates a [financial institutions practitioner circle](#) for more information. Financial firms should follow the investor guidelines contained in [this report](#) by the Office of the High Commissioner on Human Rights, as well as [this framework](#) developed by the Institute for Human Rights and Business. Firms should participate in the [Investor Alliance for Human Rights](#), as well as the Thun Group of Banks which has released a series of discussion papers related to the [implementation of the UN Guiding Principles](#). All financial firms should also abide by the [Equator Principles](#), a credit risk management framework for managing environmental and social risk that is currently expanding its human rights focus.

Case Studies

Major multinational corporations continue to use legal means to fight allegations of abetting modern slavery. Nestle, Mars, and Hershey are all [facing lawsuits brought by eight former child slaves](#) who claim that they were forced to work without pay on plantations in the Ivory Coast. Rather than taking responsibility for their grave rights violations and committing to reform, these companies are choosing to wage legal battles against the former child slaves by invoking the legal principle of forum non conveniens, wherein they argue that domestic laws against modern slavery cannot apply in foreign jurisdictions such as the Ivory Coast. These legal arguments, however cynical, have been [accepted by the US Supreme Court](#) in a decision reversing the lower court ruling which had allowed the lawsuit to continue. At the same time as it is waging legal warfare against former child slaves exploited in its supply chains, Nestle is publicly touting its work on "[respecting and advancing human rights](#)," and claiming that it has "raised the bar for transparency and understanding around child labor." Nestle's [2021 human rights framework](#) mentions nothing about the lawsuit.

This case study provides only one among many examples of corporate hypocrisy on human rights. Companies often use sustainability reports to applaud themselves for small interventions or pilot projects, while neglecting to disclose crucial information related to allegations of abuse and mistreatment. Companies like Nestle and others must begin by taking responsibility for their violations, empowering true grievance mechanisms, respecting the rights of stakeholders instead of resorting to legal intimidation, and setting the bar for meaningful remediation.

Organizations/Initiatives

To learn more about human rights topics and business practices, check out the [e-learning courses on human rights](#) developed by the UN Global Compact, as well as the [business peer learning centre](#) of the UN Office of the High Commissioner on Human Rights.

For more information about corporate accountability, human rights violations, and business practices, see the following international organizations:

- [United Nations Office of the High Commissioner for Human Rights \(OHCHR\)](#)
- [UN Working Group on Business and Human Rights](#)
- [UN Forum on Business and Human Rights](#)
- [Business and Human Rights Resource Centre](#)
- [Human Rights and Business Dilemmas Forum](#)
- [Shift Project](#)
- [Institute for Human Rights and Business](#)
- [World Benchmarking Alliance](#)
- [Investor Alliance for Human Rights](#)
- [Global Witness](#)
- [Amnesty International](#)
- [Human Rights Watch](#)
- [Corporate Accountability International](#)
- [International Council for Human Rights](#)
- [Ethical Trading Initiative](#)
- [Responsible Business Alliance](#)
- [Social Accountability International](#)
- [Aboveground.NGO](#)
- [Responsible Sourcing Network](#)
- [World Peace Foundation](#)
- [Shadow World Investigations](#)
- [Global Net Stop the Arms Trade](#)

For human rights focused watchdogs specific to the extractives sector, see the following organizations

- [MiningWatch Canada](#)
- [Oilwatch](#)
- [London Mining Network](#)
- [Mines and Communities](#)
- [Yes to Life, No to Mining](#)
- [Extractive Industries Transparency Initiative](#)
- [Publish What You Pay](#)

To review information about corporate malfeasance and the nexus between corruption, crime, and human rights abuses, see the following watchdogs:

- [CorpWatch](#)
- [CorporateWatch](#)
- [Corporate Crime Reporter](#)
- [Corporate Accountability](#)
- [Corporate Research Project](#)

- [ViolationTracker](#)
- [Transnational Corporate Observatory](#)
- [Corporate Europe Observatory](#)
- [Corporate Rap Sheets](#)
- [Dirt Diggers Digest](#)
- [Corporate Dirt Archives](#)
- [As You Sow](#)
- [OpenCorporates](#)
- [Offshore Leaks](#) from the [International Consortium of Investigative Journalists](#)
- [Aleph Project](#) from the [Organized Crime and Corruption Reporting Project](#)