Business and Human Rights: A Progress Report

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Preface
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The issue of human rights is central to good corporate citizenship and to a healthy bottom line. Many companies find strength in their human rights records; others suffer the consequences of ignoring this vital part of corporate life. Today, human rights is a key performance indicator for corporations all over the world.

One of the great ironies of this period in history is that, just as technology remakes our world, the need to maintain the human dimension of our work, and a company's sense of its social responsibility, is growing at an equally rapid pace. Harmonizing economic growth with the protection of human rights is one of the great challenges we face today. It is a challenge which, if met, can harness the great power of economic growth to the great principle of human dignity.

At the 1999 Annual Meeting of the World Economic Forum at Davos, United Nations Secretary- General Kofi Annan challenged world business leaders to initiate a Global Compact of shared values and principles to give a human face to the global market. In the twelve months since then, ensuring that the world economy truly responds to the needs of people has become even more imperative.

The present report takes stock of the progress made by the business community in giving effect to the human rights principles of the Global Compact that businesses should:
1. support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
2. make sure they are not complicit in human rights abuses.

This, of course, is a cooperative effort between business, governments, the United Nations, business associations and non-governmental organizations as is brought out here.

In this report, we first ask why human rights are important to business, what human rights are from the business perspective, where human rights standards and guidelines can be found and how to move from a statement of principle to real practice.

Having set the stage, we highlight the expanding relationship between the United Nations and the business community working together for basic social values.

Thirdly, we review the stage companies are at in taking on board human rights and in turning commitment to principle to verifiable operational activities on the ground. This requires close cooperation with civil society.

Finally, the check list of nine steps that companies can take to integrate human rights into their principles, policies and activities is a useful guide for company action.

Successfully facing the corporate human rights challenge will be crucial to business success nationally and internationally in the years ahead. This report was developed by the Office of the High Commissioner for Human Rights in partnership with the Business and Human Rights Program of Business for Social Responsibility, a San Francisco-based resource for companies working to address human rights and other topics related to corporate social responsibility. For more information on BSR, please visit www.bsr.org. My thanks to BSR and to the Lawyers Committee for Human Rights which made valuable comments on the draft of this paper.

I would also welcome the comments of readers on this report and my Office stands ready to cooperate in the future with all those wishing to promote respect for human rights through working with business.

Geneva,
January 2000

Part I. Human Rights: On the Business Agenda

As the New York Times noted in a December 8, 1999 editorial, "the ideal of universal human rights...is one of the most important political legacies of the century."

At the dawn of the 21st century, one of the most significant changes in the human rights debate is the increased recognition of the link between business and human rights. In the first four decades after adoption of the Universal Declaration of Human Rights, the Cold War was the central political framework for viewing the world. Human rights was considered to be an issue that involved state action, not the actions of the private sector. In the ten years since the Cold War effectively ended, however, the world has begun to look very different indeed. Even before the World Trade Organization meeting in Seattle, it had become clear that the debate concerning human rights now places business squarely in the middle.

Why has this occurred? Several global trends have come together to place human rights higher on the business agenda:

- The emergence of the global economy as the central geopolitical fact of our time, and the emergence of foreign trade as a polarizing political issue globally;
- The information technology revolution that links the world as never before;
- Increased consumer awareness and attention to issues like the labor practices of companies whose products they buy;
- Privatization, which has elevated both the influence of business, as well as stakeholder assertions that companies should be publicly accountable;
- Several high profile events in which businesses have been implicated in serious human rights violations;
- Broad demands that companies operate in a more transparent manner, and;
- The rapid growth of stakeholder groups, as, for example, the number of internationally- recognized NGOs has grown from 6,000 to 26,000 during the 1990s (The Economist, 11 December 1999).

Several businesses have responded to these trends by beginning to incorporate concern for human rights into their daily business operations. This development, parallel to the emergence of the environment as a business issue a generation ago, is demonstrated through several recent trends:
    The proliferation of corporate codes of conduct protecting the human rights and labor rights of workers employed by companies and their business partners;
    Inclusion of human rights, as defined in the Universal Declaration of Human Rights, into companies' global business principles;
    Expanded attention paid by human rights organizations, consumers and the media to business' impact on human rights;
    Growing dialogue between companies and stakeholder groups concerned about human

rights;

    Debate over the imposition of trade sanctions on nations broadly disregarding international human rights standards.

Why are Human Rights Important to Business?

Businesses are increasingly focused on the impact they have on individuals, communities and the environment. It is clear that one of the central measures of a company's social responsibility is its respect for human rights. And while most companies recognize the moral imperative to operate consistent with human rights principles, recognition is growing that respect for human rights also can be a tool for improving business performance.

Some of the reasons concern for human rights is important to business include:

- Compliance with both Local and International Laws: Human rights principles are contained in national and international law. Ensuring that business operations are consistent with these legal principles helps companies avoid legal challenges to their global activities. In recent years in the United States and in other countries, courts have considered lawsuits alleging that multinational companies, sometimes through their business partners, have contributed to human rights violations in their global operations.
- Satisfying Consumer Concerns: Increased media attention to business' role in protecting human rights has led to increased consumer awareness of the treatment of workers producing goods for the global marketplace and demands for public accountability. Several companies have found themselves the targets of campaigns by human rights, labor rights, religious or consumer organizations highlighting allegations of human rights abuses. Establishing and enforcing a meaningful approach to human rights can help to avoid such campaigns, limit their impact on the company if they occur as well as protect the overall image of the company.
- Promoting the Rule of Law: Many of the principles enunciated in the Universal Declaration of Human Rights involve the creation of a stable, rule-based society that is essential to the smooth functioning of business. Applying human rights principles thoroughly, consistently and impartially in a company's global operations can contribute to the development of legal systems in which contracts are enforced fairly, bribery and corruption are less prevalent and all business entities have equal access to legal process and equal protection under law.
- Building Community Goodwill: A multinational's presence can be viewed locally as positive or negative. Avoiding human rights violations will help maintain positive community relations and contribute to a more stable and productive business environment.
- Supply Chain Management: Many businesses' human rights policies are designed to promote their global business partners' compliance with human rights and labor rights standards. These policies can also serve as tools to help companies select business partners which are well-managed and reliable and which operate ethically.
- Enhancing Risk Management: Predictability is essential to stable and productive business operations. The denial of basic human rights often leads to social or political disruption. This in turn can cause labor strife, restricted access to goods and services, or delays in the movement of finished products. And avoiding public controversies reduces the direct costs of resolving high-profile disputes.
- Keeping Markets Open: As United Nations Secretary-General Kofi Annan has noted, advancing social values "will help ensure that markets remain open." The recent WTO Ministerial demonstrated how broad concerns about the intersection of business and human rights, amongst other issues, hinders the further development of global

trade agreements. In the United States, both nationally and at the state level, as well as in the European Union, trade sanctions have been established or proposed for a number of countries that are viewed as having widespread human rights violations. Companies can help to ensure that sanctions do not limit their ability to conduct business globally by promoting greater respect for human rights in such nations.

- Increasing Worker Productivity and Retention: Protecting the human rights and labor rights of employees and business partners' employees leads to increased productivity, as workers who are treated fairly and with dignity and respect are more likely to be productive. Enterprises that avoid human rights and labor rights violations can also reduce employee turnover and achieve higher product quality.

- Applying Corporate Values: The denial of basic human rights in ways that hinder a company's ability to conduct its business consistent with its stated values can undermine the faith of employees and external stakeholders in company integrity.

What are Human Rights?

Human rights standards have been established by international agreement. They are based on universal norms, applicable to every society. (For the rights contained in the Universal Declaration of Human Rights see www.unhchr.ch.)

They may, however, be implemented and addressed differently by businesses. The Universal Declaration of Human Rights' (UDHR) articulation of the right to "an existence worthy of dignity," for example, may apply to business either in terms of the remuneration provided to workers, or through contribution to the material well-being of a community through investment in social infrastructure.

A number of these human rights standards can be applied in varying degrees to the private sector. They can be categorized as follows:

- Principles that directly affect a business' employees;
- Principles that involve a company's business partners, and their employees, both in the public and private sector;
- Principles that affect the community and general human rights environment in which a company operates;
- "Hybrid issues" that may implicate a company and public institutions to various degrees, or may involve concern for individual human rights, the environment, and community concerns.

This suggests that a company may be expected to address a broad range of human rights issues. Some may be straightforward and direct, such as the protection of human and labor rights of workers employed by a company or its supply chain partners. Other issues may relate only in part to a business but are still relevant to the environment in which they operate, such as calls on business to seek to influence governments to improve the general human rights climate in places where they operate. What should be stated clearly, however, is that corporations are not called on to replace governments in their legitimate and primary responsibilities for the protection of human rights.

Some of the specific issues that companies have addressed, and which they are most frequently asked to address by stakeholder groups, include:

- Adherence to core labor standards, as established by the ILO, i.e., non-discrimination, freedom of association and collective bargaining, child labor, and forced labor, both for companies and their business partners;
- Guidelines for investments and/or operations in countries with a poor human rights record;
- The use of private and public security forces;
- Arbitrary detention of employees or others related to business operations;
- Business impact on particular groups such as indigenous peoples and migrant laborers;
- Corruption and bribery serving to deprive persons of human rights.

The framework for determining what human rights issues are linked to business is addressed through the Secretary-General's Global Compact launched last year in Davos (see Figure 1), which calls upon business to "support and respect the protection of internationally proclaimed human rights within their sphere of influence and make sure they are not complicit in human rights abuses." This approach recognizes the distinction between those issues over which business has direct control, and those where they may be one actor amongst many which play distinct roles, and establishes distinct frameworks for defining a company's responsibilities.

Figure 1: The Global Compact (www.unglobalcompact.org)

The Global Compact, launched by the Secretary-General at the 1999 annual meeting of the World Economic Forum, challenges individual corporations and representative business associations to support the nine principles listed below which emanate from universally agreed standards found in United Nations documents.

Human Rights:

1. Businesses should support and respect the protection of international human rights within their sphere of influence; and

2. make sure their own corporations are not complicit in human rights abuses.

Labor:

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labor;
5. the effective abolition of child labor;
6. the elimination of discrimination in respect of employment and occupation.

Environment:

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Key Standards

Most of the issues outlined in the previous section involve human rights principles established in international agreements. These agreements, to varying degrees, provide guidance to companies on how to ensure that human rights are respected, and a basis for establishing systems of accountability. However, as many human rights standards were created with primary focus on the public sector, additional guidelines often are needed to ensure that companies can make the principles relevant to their operations in a manner that can promote implementation.

Codes and standards related to business and human rights have proliferated in recent years. In this context, it is a challenge for businesses to implement these standards in practice, and to establish credible systems of public accountability. The starting point is the keystone human rights document, the Universal Declaration of Human Rights, which was recently awarded the Guinness World Record for being the most translated and disseminated document in the world. The Universal Declaration has been translated into over 300 languages and dialects all of which can be found at the website of the Office of the High Commissioner for Human Rights (www.unhchr.ch). Also of fundamental importance are the core labor standards established through the International Labor Organization (www.ilo.org).

Determining how to apply these fundamental human rights principles to a company's activities is critical. For many companies, the approach has involved statement of a broad set of principles, supported by operating guidelines. Developing an internal policy is important for four main reasons: (1) policy helps to define the company's own commitments, (2) it guides company relationships with business partners and host governments, (3) it provides the basis for assessing company performance, and (4) it can serve as the vehicle for demonstrating its commitment to external stakeholders.

Categories of standards that can be used to develop a company's approach to human rights include the following:

- Universal Declaration of Human Rights
- International Covenants on Civil & Political Rights and Economic, Social & Cultural Rights
- Other UN Conventions, including the International Convention on the Rights of the Child
- ILO Conventions and Recommendations on labor standards
- ILO Declaration on Fundamental Principles and Rights at Work
- UN Secretary-General's Global Compact
- International standards on discrete subjects, such as the UN Code of Conduct for Law Enforcement Officials
- Multilateral guidelines such as the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles on Multinational Enterprises
- Global Stakeholder Initiatives, e.g., Amnesty International's Human Rights Guidelines for Companies, the Global Sullivan Principles, Social Accountability 8000 and the Ethical Trading Initiative
- Case-Specific Stakeholder Initiatives, e.g., actions recommended by Human Rights Watch regarding the oil industry in Nigeria, or Business Principles for Operations in China agreed to by a group of companies and NGOs in the United States.

In developing a company policy on human rights, the Universal Declaration, the foundation document establishing human rights, comes first. While not all principles in the Declaration

are directly relevant to business, practices that are inconsistent with the Universal Declaration will be viewed as violating human rights. A small but growing number of companies have explicitly recognized this in recent years as they have publicly stated their commitment to support the Universal Declaration, either in their global business principles, codes of conduct, or by endorsing the Global Compact with business. A statement of commitment is one step in developing a long term sustainable process that leads to greater transparency and accountability of corporate actions.

Other standards provide guidance in specific situations. The cornerstone international principles regarding labor rights come from ILO Conventions, particularly those governing the "core labor standards" of child labor, forced labor, freedom of association and collective bargaining, and non- discrimination. These standards have been incorporated into the national laws of dozens of countries through the ratification process, and serve as the basis for most corporate codes of conduct that include labor practices. They are the primary benchmark for the rapidly accelerating work to ensure that global supply chains operate consistent with fair labor standards.

On discrete issues such as the use of security forces or the rights of migrant labor, international agreements also provide useful guidance for companies. The UN Code of Conduct for Law Enforcement Personnel and the proposed International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families provide additional guidance on these issues.

Stakeholder Guidelines

Companies also may consider standards proposed by international, regional or local stakeholder groups. Several human rights organizations have engaged in dialogue with companies in recent years, and the output of some of these conversations has been proposed standards for business. A global example is Amnesty International's Human Rights Principles for Companies (www.amnesty.it/ailib/aipub/1998/ACT/A7000198.htm). Amnesty's ten Principles are based on international standards and are designed "to assist companies in developing their role in situations of human rights violations or the potential for such violations." Human Rights Watch (www.hrw.org/)and Global Witness (www.oneworld.org/globalwitness), amongst others, have developed country specific recommendations for oil companies operating in Nigeria and Angola, respectively, and a coalition of US-based companies and NGOs, led by the International Labor Rights Fund (www.laborrights.org) and Global Exchange (www.globalexchange.org), have established draft principles for companies operating in China.

From Policy to Practice

Simply stating a human rights policy is generally insufficient to make or demonstrate a meaningful commitment to human rights. As the human rights section of Royal Dutch Shell's website notes, "Principles are easy to sign up to – it's far harder to ensure that they are built into corporate culture and that we keep delivering real advances on the ground." This comment accurately describes the true challenge facing companies seeking to address human rights: movement from acceptance of principles to full implementation.

There are a variety of steps that can be taken to implement a policy. The first is to ensure that broad human rights principles are made relevant to business. Few would contest the principle, enshrined in the Universal Declaration, that all people have the right to be free

from torture. The relevance of this principle to business operations is often less clear. As noted in the human rights checklist prepared by the Norwegian Confederation of Businesses, a company using private security personnel can "operationalize" that principle by reviewing whether: (1) "it (or the security company being used) [has] drawn up rules to ensure that the security personnel do not employ methods that might be construed as torture or cruel, inhuman, or degrading treatment or punishment, or (2) the security guards [have] received training in compliance with the UN Code of Conduct for Law Enforcement Personnel."

On some issues, consensus standards may not exist. For example, there is not yet a consensus on how companies should approach countries with broad human rights violations. Apartheid-era South Africa was addressed through the original Sullivan Principles, which established guidelines for how companies could operate appropriately even as the country's racial policies enforced systemic human rights violations.

Today, some companies have chosen not to operate in Myanmar (Burma) due to the government's human rights policies. The basis cited by many is the fact that, as in South Africa during apartheid, a broadly-recognized indigenous democracy movement has called for disinvestment. Elsewhere, several stakeholder groups have called upon companies to use their influence to seek greater respect for all human rights. Statoil, the Norwegian energy company, has expressed the view that it will seek to achieve and demonstrate that its presence has a positive impact on human rights conditions, and may choose not to operate in countries where that is not possible. This view is a positive one, which appears to assume that the presence of business can be a liberalizing factor, yet does not automatically have such an impact.

However, these and other steps have not yet yielded a commonly-accepted guideline for determining whether and how companies can operate in countries where human rights violations are widespread.

Stakeholder Perspectives and Concerns

The explosion in growth of NGOs was one of the defining features of global society in the 1990s. This growth has been most remarkable in the developing world, where human rights organizations now operate freely in several countries like Guatemala, Indonesia, the former Soviet Republics, and South Africa that had previously offered little space for expressions of support for human rights. In India, it is reported that there are more than one million grass roots groups working to achieve social goals.

In addition, stakeholders or social partners in the developed countries have steadily increased their attention to the role and impact of global businesses, both through actions in their home countries and regions, and through alliances with sister organizations in the developing world. Indeed, the very networking that has facilitated the growth of global business finds a striking parallel in the growth of global NGO networks.

The significance of this development for business has been substantial, including the following:

- Sensing the increased importance of trade liberalization, and the decreased role of the state, many human rights groups have focused resources and attention on multinational companies;
- NGOs are adept at accessing traditional media to communicate about human rights,

including to consumers;

- Using the Internet, a virtual human rights community has developed that communicates quickly and effectively about violations of basic human rights, corruption and official actions that undermine the rule of law. They also report on alleged corporate complicity in human rights abuses and violations of international labor rights standards in specific factories;
- Stakeholder groups focusing on a range of issues – human rights, environment, community economic development, gender equity, religion – have begun to work more closely to build coalitions sometimes focusing on corporate action;
- Numerous companies are finding ways to engage in dialogue and collaboration with NGOs to address issues of mutual concern;
- Society's greater interest in transparency has led many to seek proper ways for NGOs to verify and report on corporate performance with respect to human rights.

It is beyond the scope of this paper to represent fully the views and opinions of stakeholder groups. Still, it may be instructive to outline some of the opinions that are widely shared, while keeping in mind that there are at least as many different kinds of stakeholders as there are countries and companies.

Based on statements by international human rights groups, and dialogue with national human rights organizations, the following reflect ten basic points that companies are likely to encounter while in dialogue with NGOs:

- Human rights concerns must be included in planning and business operations;
- Companies should express support for internationally-accepted human rights principles, beginning with the Universal Declaration of Human Rights;
- Companies ought to undertake a systematic assessment of the human rights impact of their operations, as well as the operations of key business partners;
- Companies should ensure that core labor standards are respected for their employees and the employees of their business partners;
- Companies should act in as transparent a manner as possible, and should engage in independent verification of their practices, and those of key business partners;
- Companies should not engage in acts that violate human rights, and should not be complicit in human rights violations;
- Companies should seek input from a broad range of stakeholders prior to establishingpolicies, practices, and systems of accountability to manage successfully the implementation of a human rights policy;
- Companies can and should engage in dialogue with governments concerning human rights conditions, especially those impacting a business's operations;
- Companies should engage in regular dialogue with human rights and other organizations knowledgeable about human rights to avoid problems and improve practices;
- Regarding countries where there are substantial limitations on the enjoyment of human rights, companies should avoid activities that serve only to perpetuate those violations; avoid trade with those countries where a local, recognizable opposition movement calls for disinvestment, and use their influence to seek improvements in the human rights climate.

Principles of Partnership

Companies and stakeholder groups often have different perspectives on the same issues.

These differing perspectives create the value in stakeholder outreach; they also lay the foundation for misunderstandings that can limit that value. The companies that have succeeded in building strong, respectful relationships have done so by investing time, thought and care in approaching these relationships. Some of the principles that companies have found beneficial in building mutually agreeable relationships include:

- Identify the mission of the engagement in a manner that is understood with clarity inside the organization.
- Select the right NGO partner: The huge number of civil society organizations around the world means that some will be particularly valuable in terms of providing useful information; some can help to achieve resolution of disputes, and some might be valuable in conducting independent verification. It is also important to determine whether one is seeking local, regional or global expertise. Navigating the thousands of NGOs operating around the world, and finding the right partner, is critical.
- Establish a relationship of mutuality and trust: NGOs often have, and are acutely aware of, a power differential between them and multinational companies. Relationships can work best when these differences are addressed by the creation of respectful relations. This can be enhanced by companies not asking for NGOs to provide endorsements that would compromise their credibility, and for NGOs to accept the need for a company to address legitimate commercial needs.
- Refine the desired outcomes of the project with the NGO(s): Most independent-minded NGOs would seek input into the process. Without this, there is the risk that they will believe that they are being asked to provide their credibility without having appropriate influence. So while the company will likely have formed ideas regarding the desired result of the project, it is important that all parties agree on ultimate expectations, and together set tangible objectives that support the goals of the project and the partner organizations.
- Determine partnership's structure, scope and duration: this will help establish a clear set of understandings about what each party will be doing. Issues include: Project administration; Scope and duration; Develop ground rules for the partnership; Confidentiality/Disclosure; Costs; Determine communications strategy. This is one of the most critical parts of developing effective partnerships, in that it ensures a common understanding about roles and responsibilities.
- Evaluate the project and partnership: Once finished, it is exceptionally useful to conduct both an internal and a joint review of the project. The best company-NGO collaborations typically generate learnings that all parties can integrate into their activities going forward. Difficult partnerships also generate learnings, perhaps valuable for other purposes. Reviewing these will help in future collaborations.

Part II. The United Nations: a key business partner

As United Nations Secretary-General Kofi Annan stated last year in an address to the Chamber of Commerce of the U.S.A.: "a fundamental shift has occurred in recent years in the attitude of the United Nations towards the private sector. Confrontation has taken a back seat to cooperation. Polemics have given way to partnerships." This shift can be seen in the growing number of joint initiatives which have developed between United Nations agencies and programs and the private sector to address common challenges in practical ways. Many of these initiatives are described in a special section of the UN website (www.un.org/partners/business).

The Secretary-General brought the developing UN relationship with the private sector one step further with the Global Compact announced at Davos last year in response to the

growing need, in the Secretary-General's words "for shared global values and effective global institutions to underpin the global market."

The Global Compact has been envisioned as a framework for enhanced cooperation between the international business community and the United Nations. What gives the Compact particular significance is that it calls on the corporate sector to become directly involved in helping the United Nations implement universally agreed standards found in key UN documents: the Universal Declaration of Human Rights, the International Labor Organization's Declaration on fundamental principles and rights at work and the Rio Declaration adopted at the 1992 UN Earth Summit.

Making the Global Compact an effective tool

A number of mechanisms have been developed over the past year to assist corporations in their efforts to act in accordance with the Global Compact principles. These include:

A Global Compact Website (www.unglobalcompact.org) which will be officially launched at the 2000 meeting of the World Economic Forum in Davos.

The Global Compact website is being developed with the help of corporations, business associations, UN partner agencies and non-governmental organizations and brings together information on the Compact's three areas as well as various tools and resources to assist business leaders in translating the Global Compact principles into corporate mission statements and management practices. It will also provide a structured search function which will enable users to easily retrieve tailored information based on the extensive UN country related reports not available at present in any centralized format. Many business leaders have stressed that such information provided in a user-friendly format would be very useful in corporate decision-making. The website also includes some 38 external links to key organizations working in the area of corporate social responsibility.

Solution-oriented dialogues involving business leaders, UN representatives and civil society partners to exchange views, information, activities and learning experiences.

Establishing partnerships with key business organizations committed to working with the United Nations on implementing the Global Compact. A good example of such partnerships can be seen in the joint statement issued in July 1999 between Secretary-General Kofi Annan and the President of the International Chamber of Commerce (ICC), Adnan Kassar which states in part: "business leaders welcomed the UN Secretary-General's call for a Global Compact...and expressed their readiness to cooperate with the United Nations in this common endeavor."

Identification and communication of corporate experience in promoting and implementing the Global Compact principles.

What can businesses do to support the Global Compact?

It is worth noting that the Global Compact challenge should be taken up at both the micro and macro levels. While it is clear that governments are chiefly responsible for ensuring the implementation of international standards, the Global Compact asks corporations to

embrace these principles directly, in their own sphere of influence.

First and foremost, at the micro level, individual corporations can translate the Global Compact principles into company policies and practices. This is a process that involves many steps, from stakeholder analysis to establishing objectives and targets, and from staff training to operational procedures and auditing mechanisms. Companies can also work with sectoral associations and other partners to develop effective systems for monitoring their efforts to implement the standards and for reporting their progress to shareholders, customers and the wider public.

At the macro level, the Secretary-General has stressed the vital role the private sector can play in advocating for a strong and effective United Nations. Translated to the realm of global rule-making, strengthening the ability of the United Nations to contribute to the wider implementation of standards in the area of human rights, labor and environmental protection would fill an important governance gap which contributed to much of the unrest seen in Seattle during the WTO conference last year.

How does the Global Compact benefit business?

The Global Compact provides a common framework for the corporate sector to address three critical areas: human rights, labor and the environment. It offers the possibility of responding in a coordinated manner to the multiple pressures placed on international corporations today to embrace a host of voluntary initiatives and codes covering various issues and which often lack uniform definitions and adequate representation or accountability.

Business also benefits from the UN system's experience and understanding of local and country situations and its ability to bring all relevant actors together to address common problems. Finally, the Global Compact offers the legitimacy of being based on universally agreed principles that are enshrined in UN covenants and declarations.

OHCHR initiatives

The Global Compact has provided a valuable framework for the Office of the High Commissioner for Human Rights (OHCHR) to develop its own approach for engaging the private sector on the issue of business and human rights. The High Commissioner used a number of her public appearances during 1999 to not only make the "business case" for why supporting and respecting human rights was good for business but also to explore with business leaders the broader human rights aspects of corporate social responsibility.

In June 1999, during an address to members of the international industry, trade and finance communities at WinConference 1999 held in Interlaken, Switzerland and organized by Winterthur Insurance International, the High Commissioner welcomed the increased recognition among many business leaders "that the long term viability of their corporate activities and the future protection of shareholder value will be enhanced if the countries they are involved with respect human rights."

The High Commissioner also spoke at the annual conference of Business for Social Responsibility in San Francisco in November 1999 where she stressed that real progress in human rights will require innovative, mutually beneficial partnerships at all levels between governments, corporations, non-governmental organizations, international organizations

and wider civil society.

The High Commissioner also regularly participates in meetings with key business organizations such as the World Business Council for Sustainable Development, the International Chamber of Commerce and the UN Association of the USA's Business Council for the United Nations to name a few.

In addition to working with the Secretary-General, ILO and UNEP to develop the Global Compact, OHCHR has focused its own activities in this area on the following:

Providing information and education – a major contribution OHCHR can make to the corporate social responsibility movement is to enhance the business community's knowledge of international human rights standards and their implementation mechanisms by providing timely and user-friendly information to business leaders.

OHCHR has developed cooperative relationships with a number of key partners to work towards achieving this goal. One example is the cooperation between OHCHR and Business for Social Responsibility on the publication of the present paper for the 2000 meeting of the World Economic Forum. OHCHR is also contributing to a management primer, "Human Rights: is it any of your business?" being prepared by the Prince of Wales Business Leaders Forum and Amnesty International that will be available in Spring 2000.

Recognizing good business practices – Identifying and publicly recognizing business practices that have positive impacts on human rights is seen by many business leaders and OHCHR as an effective way of stimulating others to take action. OHCHR is exploring with interested partners the development of a process that would identify criteria for good practice and propose appropriate methods for selection and recognition.

Fostering multi-stakeholder dialogue and initiatives – OHCHR is working with organizations such as the World Business Council for Sustainable Development (WBCSD) to encourage the organization of regional dialogues on the issue of business and human rights which would bring together representatives of business, government, the UN system, non-governmental organizations, trade unions and other parts of civil society to share views on human rights issues and to develop partnership initiatives.

OHCHR is also cooperating with UNEP and the network of non-governmental organizations, corporations, international organizations and other stakeholders participating in the further development of the Global Reporting Initiative (www.globalreporting.org). UNEP recently received a generous grant from the United Nations Foundation to develop the GRI which, since its launch in 1997, has made important strides in developing a common framework for enterprise-level reporting on key environmental, economic and social indicators. It seeks to encourage general acceptance of enterprise-level sustainable development reporting in a manner similar to that accorded generally accepted accounting procedures. This is of particular importance in the area of human rights where the development of such reporting mechanisms is at a very early stage.

Working with the UN human rights bodies – OHCHR serves as the secretariat for the other human rights organs of the United Nations system which are also increasingly addressing the issue of corporate responsibility for human rights.

For example, in 1998 (resolution 1998/8) the United Nations Sub-Commission on the Promotion and Protection of Human Rights decided to establish a working group to examine the effects of the working methods and activities of transnational corporations on human rights and to make recommendations in this respect.

The working group met for the first time in August 1999 and made a number of recommendations including:

- Developing a code of conduct for transnational corporations based on international human rights standards;
- Drafting and adopting mechanisms through which host and home governments would be obliged to elaborate internal legal monitoring standards with respect to the activities of transnational corporations;
- Analyzing the possible liability of States and transnational corporations which fail to fulfill their obligations.

While bearing in mind that it is governments which are primarily responsible for the protection of human rights, OHCHR is exploring the question of international accountability for alleged corporate violations of human rights. In this context, the High Commissioner has asked the six human rights treaty bodies and the special rapporteurs and working groups appointed by the UN Commission on Human Rights to study how they could best promote within their mandates such accountability.

As the High Commissioner has stressed on many occasions, the Global Compact will only be a truly useful tool if it assists the UN and the business community to converge around common goals. These goals must then be transformed into partnerships that contribute to achieving the UN's mandate of enhancing international cooperation to promote, as the UN charter puts it, "social progress and better standards of living in larger freedom."

Part III. Business Takes a Lead

As companies have begun to address human rights issues, several initiatives have been undertaken that demonstrate the ways that companies can positively influence the extension of human rights around the world. As reflected in the Global Compact, there is much companies can do to address the growing societal expectation that companies have responsibility for the impact of their presence, and that acting in this way can help create a more stable climate for commercial activities.

A number of innovative partnerships between companies, international and local human rights groups, labor unions, religious institutions, and charitable foundations have been undertaken in recent years. These include the Global Alliance for Workers, the global collective bargaining agreement between Statoil and the International Federation of Chemical, Energy, Mine and General Workers' Union, the Fair Labor Association, and the collaborative consultation that yielded the Global Sullivan Principles.

What Companies are Doing

Companies' actions on human rights have begun to take many forms, including the actions described below, along with a sense of some of the implementation challenges that

legitimately arise as companies seek to map this fast-evolving field:

- **Public Acknowledgment of Responsibility for Human Rights:** In recent years, multinational companies such as Royal Dutch Shell, BP Amoco, and Novo Nordisk have formally and publicly acknowledged responsibility for ensuring that their actions are consistent with human rights, often explicitly invoking the Universal Declaration. This is a critical initial step toward public accountability, as companies have stepped forward to add human rights concerns to their global business principles. This development potentially is as important as when, a generation ago, business first began to acknowledge that it could contribute to—and benefit from—environmental safeguards.

  The significance of this step is three-fold. First, public recognition of appropriate responsibility for human rights reflects an engagement that previously had been rejected by many in the business community. This step, therefore, helps to make good on the commitment enunciated in the Universal Declaration in 1948, that "all organs of society" support human rights. Second, it establishes a clear framework for determining a corporation's responsibilities for addressing human rights. This is helpful to companies seeking to understand human rights, especially in light of the numerous codes and standards being proposed currently. Finally, this commitment when implemented, may help to strengthen support for the Declaration, and for human rights generally. The engagement of business can serve as a catalyst for other civil society institutions to engage more deeply on human rights as well. As companies act in partnership with governments, human rights organizations, and consumers, amongst others, the collective commitment to human rights is increased.

  Some companies have been reluctant to acknowledge publicly their support for human rights or the Universal Declaration because the principles apply to business only in part, or because the endpoint of such a commitment is unclear.

  Several companies that have stated their support for the Universal Declaration have done so in a way that reflects a careful analysis of the proper role for business. For example, BP Amoco has developed and published a policy that formally acknowledges the different levels of responsibility it can take for human rights. Its framework establishes its employment policies as the "first line of human rights," with other degrees of commitment for other issues over which it may have less complete influence. As discussed above, the Secretary General's Global Compact also acknowledges that while the member states of the UN have the "primary responsibility for implementing internationally accepted values," companies have an indispensable role to play as well. Harmonizing the private sector's role in light of the critical role also played by other actors is one of the beneficial outcomes of the nascent work being done to explore how business can make a positive impact.

- **Institutionalizing Human Rights Within Companies:** Experience to date suggests that the development of a human rights policy requires a commitment to implement that policy. This depends on finding appropriate ways to institutionalize concern for human rights into the decision-making and operational structure of a

business. The section below details ways a company can implement its policy.

- Board Level Human Rights Oversight:: Engaging corporate officials in advising on human rights and overseeing implementation of policy elevates concern for human rights and helps to create systems of internal accountability that create important incentives for policy implementation.

- Human Rights Training: Several companies, notably those working on labor standards issues, have developed and presented training on human rights issues. This internal educational function is critical – in raising awareness of the links between business and human rights and providing implementation tools, company officials are much better equipped to address issues. Companies have conducted situation training with country managers that helps them avoid problems, and address them effectively if they arise.

- Addressing Indigenous Persons: One Canadian mining company, Placer Dome, has developed a detailed approach to ensure that the interests and community needs of indigenous peoples are taken into account in areas where they conduct operations.

- Human Rights Impact Assessments: Statoil, the Norwegian oil company, has taken a variety of steps with respect to human rights. One, taken in concert with BP Amoco, is to conduct a study of the impact on human rights of exploration and production in Azerbaijan. This study is part of what the Chairman of Statoil Azerbaijan called the "natural" part of what a company can review before making investment decisions.

- Innovative Efforts to Support Core Labor Standards: There has been significantprogress in the past five years as companies have worked to ensure that core labor standards are respected throughout their supply chains. Dozens of companies in numerous sectors have adopted "codes of conduct" based on ILO conventions and local laws, a first step in a process of public accountability. In the past year, there has been substantial progress made in the development of innovative implementation efforts. These include:

  o The Global Alliance for Workers (www.iyfnet.org), a project sponsored by the International Youth Foundation and involving Nike, Mattel, the World Bank and the John D. and Catherine T. MacArthur Foundation, designed to ensure that young people working in global supply chains have the opportunity to maximize their personal and economic development.

  o The Fair Labor Association (www.lchr.org/lchr/sweatshop/main.htm), a partnership between NGOs and apparel and footwear companies to define and monitor an industry standard for labor practices, that will bind both the member companies and their principal contractors and suppliers.

  o Pilot projects of the UK-based Ethical Trading Initiative (www.ethicaltrade.org), a cross-sectoral partnership seeking ways to enhance respect for core labor standards. Pilots undertaken to date involve wine, tea, and apparel production in South Africa, Zimbabwe and China respectively.

  o A host of independent verification projects involving toys, apparel, agriculture and other products have been launched in Asia, Latin America and Africa.

Once considered inappropriate by the private sector, independent monitoring of labor standards is fast becoming one of the primary measures of a company's efforts to ensure fair working conditions in its supply chain.

o Supplier Initiatives: Efforts to ensure compliance with core labor standards come not only from the multinational customer but also from the local supplier. Many local manufacturers have begun to grasp that developing their own approach to the implementation of labor standards can help them secure greater access to the multinational customers they seek. Companies in places like Sri Lanka have found that investment in a modern workplace with safe working conditions, fair treatment, and above-market benefits has set an example of how rising labor conditions can be a business advantage. As the leader of one supplier in a collaborative project in the Dominican Republic (see next section) told the Prince of Wales Business Leaders Forum: "This is about a change in worldwide consciousness. You can't keep getting work from people when you are not willing to treat them fairly. The train is moving – in some countries slowly may be and in other countries faster – but it is moving. And businesses can either get on board or get off."

What Companies are Doing Together

- Private Sector Collaboration: Several recent developments have resulted from business collaboration. This has taken two primary forms. First, a number of existing business organizations have offered tools and assistance to companies seeking to understand human rights better. Second, new partnerships have developed specifically to help companies develop the skills and relationships needed to address issues effectively.

Ad hoc coalitions of companies also have developed collaborations to address human rights issues. In Brazil, a group of companies banded together to address children's rights by working to stop child labor in the production of grain used in ethanol.

Several interesting efforts have also been undertaken by existing organizations. One is the work of the Norwegian Confederation of Industries (NHO), in cooperation with Amnesty International. The NHO has prepared a "checklist" that is intended to be "a tool for companies interested in devising their own strategies for dealing with human rights in accordance with internationally recognized human rights standards."

US-based Business for Social Responsibility (www.bsr.org) operates a Business and Human Rights program that offers its members and their supply chain partners, as well as other companies and stakeholders, a range of tools for developing and implementing corporate human rights policies.

In the United Kingdom, the Prince of Wales Business Leaders Forum (www.oneworld.org/pwblf) is working with companies to promote sound human rights policies both at the strategic and operational level.

In Guatemala, the Association of Non-Traditional Exporters (VESTEX) took a local approach to setting and measuring performance on labor standards by establishing a factory certification program that could test and demonstrate compliance with core labor standards and local labor laws.

Many companies have found that working through such organizations can be helpful in

addressing human rights, thereby establishing leverage that a single company may not have. In addition, business organizations may be able to say and do things that individual companies may be reluctant to do or say on their own. At the same time, companies should take care to ensure that working through broad organizations does not put institutional limits on their ability to take innovative steps. So long as broad organizations do not represent a "lowest common denominator" approach, they can provide useful support.

Reporting and Verification

Several companies have begun to conduct systematic measures of their performance on human rights issues. This development is part of a larger trend towards greater transparency on all aspects of corporate social responsibility. Efforts like the Global Sullivan Principles (http://sullivanprinciples.org), the Fair Labor Association, the Global Reporting Initiative, and Social Accountability 8000 (www.cepaa.org/sa8000.htm), along with frequent calls for transparency by stakeholders and social partners, are accelerating the rate at which companies are experimenting with ways to test and report on their human rights records. This reporting is conducted and verified in any of three ways: through internal work, external review by for-profit enterprises, or through independent monitoring or verification.

Novo Nordisk, the Danish biotechnology company, has made human rights one of the key elements of its social commitment. In its first social report, the company committed itself to developing and reporting on the human rights policy it develops. British Telecom, in its 1999 Social Report, also references human rights in its reporting on sustainable development. Several companies working on labor standards have made extensive human rights information available. These range from the disclosure of garment factories producing for multinational brands, to independent verification reports made broadly available, to the convening of a panel of outside experts commissioned to establish independent monitoring programs, to the development of new independent entities that oversee monitoring and who will report publicly to consumers.

At this stage, only a handful of companies have conducted broad "social audits" of their performance, though the number is steadily increasing. Indicators that provide benchmarks also are in the initial stage of development. Additional work and experimentation is needed to refine the process and harmonize the expectations of all stakeholders.   Indeed, the companies cited above, as well as others that have begun to conduct such work, have explicitly acknowledged the nascent stage of this work, and the need to continue to develop measurement metrics.

Business and development

For many companies, especially those based in developing countries, the primary intersection of human rights and business is focused on community development and social infrastructure. Initiatives that promote the access of women and children to education, health care and economic opportunity may not be the result of a policy that has "human rights" in its title, and yet these initiatives help extend the enjoyment of various articles in the Universal Declaration and other international conventions, notably the International Convention on the Rights of the Child.

One example can be seen in the Tata Group of companies in India which has made a substantial, long-standing commitment to assisting women and children through vocational training, community health with a focus on women's and children's health, and other forms of community development. This is the kind of initiative that goes beyond the compliance

framework of codes of conduct, and includes training focus groups and building awareness in the public at large. Tata seeks to "facilitate programs which go beyond providing tangible help and to develop participatory skills to create 'can-do' empowering confidence through education and learning from action."

Promoting human rights and working with civil society

Several companies and business organizations have taken steps to help promote public understanding of human rights. This work may transcend the "four walls" of a business, and on occasion involve a company in advocacy, something many companies are reluctant to do. Examples of this can be seen in the public advertising campaign by the Italian clothing retailer Benetton to mark the 50th anniversary of the Universal Declaration and the annual award to young human rights activists given by Reebok International Ltd. Other companies have chosen to help raise awareness of human rights by creating sections on their web site devoted to human rights, many of which offer links to human rights organizations.

Several of the initiatives described above involve cross-sectoral partnerships. Indeed, many companies have found that consultation and partnership with civil society organizations enhance all aspects of their work.

In the Dominican Republic, a group of local, regional and international NGOs first convened by Levi Strauss & Co. to review the company's labor standards practices have now developed a relationship with Levi Strauss' Dominican suppliers that has yielded programs designed to protect the health of the female garment workers in those suppliers' factories. In Guatemala, multinational companies have worked in partnership with Coverco, a coalition of NGO representatives designed to support the enforcement of human rights codes in that country.

As noted above, building collaborative projects between companies and other civil society organizations can be a difficult process. Such institutions often view the world differently, and some do not yet have a culture of cooperation and compromise across sectors. Further, business and NGOs often have a very different concept of time: business operates in a results-oriented way, and NGOs seek maximum transparency and a system of independent public accountability. And yet it is these very differences that can make these partnerships invaluable – they often bring results that cannot be accomplished without this cooperation.

Part IV. A Nine Step Framework for Action

It is clear that human rights is no longer seen as an optional issue about which only small, social enterprises are concerned. Human rights is now being "mainstreamed" within some of the largest, most influential companies in the world.

Many questions remain about how companies can make real progress in integrating concern for human rights into their operations, and yet it is equally clear that the outline of how companies can achieve improvements in human rights consistent with their business operations is coming into focus. The successful experimentation of industry leaders, along with the concerns eloquently expressed by committed stakeholder groups, have yielded an initial consensus about how a company can translate broad human rights principles into

action.

The framework for action reflects the following broad set of steps that a company can take:

- **Identify Human Rights Issues:** The first step is to identify the issues that a company might face. These can vary significantly depending on the industrial sector and the countries in which a company has operations and business relationships. The past five years has demonstrated clearly that while most companies have the need to focus on labor standards, companies in the mineral extraction, apparel/footwear, and agricultural industries have distinct issues that require different approaches. Reviewing the potential human rights impact of a company's operations and relationships will help to focus policy setting and implementation.

- **Develop Policy Options:** As noted above, the Universal Declaration of Human Rights and the ILO's core labor standards are generally the foundation of a company's policies. These are expanded upon to address the unique issues facing a company. Several oil companies, for example, have developed policies and practices based on the UN Code of Conduct for Law Enforcement Officials to establish guidelines for security personnel working in or near their facilities.

- **Operationalizing Policy:** To ensure the policy has the desired impact, many companies have developed guidelines to aid implementation. This process of translating broad principle into practice is essential, and in some cases can be complicated. Yet without doing so, a company's ability to act, and to communicate internally, to business partners, and to the external world, is substantially limited. The development of policy will be enhanced both by seeking contributions from within the company and reaching out to NGOs and other relevant external stakeholders for their input.

- **Dialogue/Outreach/Collaboration:** For many companies, this is actually the first step. The efforts undertaken by Novo Nordisk, for example, involved outreach to academics, as well as stakeholders that expressed interest and concern about the company's approach to human rights issues, in advance of policy setting. Undertaken thoughtfully, advance consultation with human rights groups and social partners can enhance the basic structure a company puts in place to address human rights, and will help establish systems of public accountability.

- **Educating Key Staff/Training:** As with any aspect of business, it is critical to ensure that all personnel with the opportunity to "make or break" the human rights policy are educated about what the policy means in practice as well as the philosophy behind the policy. This is a complicated task for a company with operations in numerous countries. Companies operating globally – whether large or small – also find that they have the need to communicate universal principles to staff coming from different cultures, and based in countries with widely varying practices and human rights records. This places a high premium on communicating a consistent message, while at the same time addressing cultural nuances that can make meaningful differences in implementation.

- **Developing Appropriate Internal Capacity:** Several companies in the past five years have found that managing human rights issues requires internal capacity and expertise. Just as environment, health and safety (EHS) functions have developed in most multinational companies, more and more such businesses are establishing human rights specialists. The value of doing so helps make sure that a company

has: (1) proper expertise on this complex topic; (2) the ability to monitor a fast-changing environment; (3) sufficient knowledge and communication skills to engage in meaningful outreach with NGOs and the public sector; (4) the ability to manage instances when a human rights policy might be violated, and (5) the authority to ensure that company personnel are held accountable for implementation. Some companies have established freestanding human rights or labor standards units; some have attached them to broad corporate social responsibility groups or corporate affairs, and others have "devolved" responsibility to country or regional managers.

- **Communication with Business Partners:** Just as internal capacity is critical, so too is ensuring that business partners understand and act upon a company's concern for human rights. Business partners take many forms: vendors, subcontractors, and governments, amongst others. This means that communication with business partners also takes many forms. Steps taken by companies include: training of vendors on codes of conduct and other human rights standards; including compliance with human rights and labor rights standards in contractual agreements, and appropriate dialogue with public officials about the need to ensure a climate in which human rights are respected.

- **Internal Accountability:** Few business policies are implemented effectively without systems of accountability, and human rights is no different. By establishing performance benchmarks and holding designated staff responsible for implementation, a company is more likely to be successful. This can happen in a range of ways: some companies have ultimate responsibility in senior management; some companies choose to take a country by country approach; some choose both. Internal accountability is taken one step further by companies that, through a variety of means, implement some form of independent verification or public, verified reporting.

- **Independent Verification and Public Reporting:** As noted throughout this report, several companies have begun to experiment with different forms of verification and reporting. Such practices are most highly developed on labor practice, and examples of recent initiatives are identified above. Recent events, including the WTO ministerial in Seattle, demonstrate the growing importance the consuming public places on increased transparency and independent systems of public accountability. Independent verification and reporting is one way that companies can contribute to, in the words of economist Paul Krugman, "build[ing] a constituency that reaches beyond the sort of people who congregate at Davos."

Part V. What's Ahead?

The field of business and human rights is still in its infancy. There is no doubt that, as the focus on world trade continues to dominate the geopolitical debate, the need to find useful answers will continue, even as substantial new questions arise. And it is equally true that the world we live in is changing at an exceptionally fast rate – indeed many believe that the rate of change is the dominant force in the world today.

And so it is hard to predict with certainty how the debate will evolve. And yet, even allowing for post-millennial "prediction fatigue," some things do seem certain.

- Efforts to develop harmonized standards that relate directly to businesses

will continue. Many companies, and numerous stakeholders, have expressed concern that the proliferation of codes of conduct may dilute and confuse efforts to improve conditions. There is, therefore, a growing constituency for the development of harmonized standards about how to implement the Universal Declaration, core labor standards and other international principles in a manner that supports and indeed strengthens their purpose and meaning. This effort may take some time, and there may be institutional rivalries that must be overcome; yet it is an effort that will likely be discussed widely. Initiatives like the Global Compact, the Global Reporting Initiative (GRI), the Global Sullivan Principles, and others may be a vehicle through which a clear set of ground rules can be developed.

- Lively debate and action will continue at the multilateral level. Whether through formal trade agreements, efforts like the Global Compact, initiatives by the World Bank and others, global consensus can best be achieved through global institutions. This will occur at least in part in response to the desire to achieve a consensus on companies' responsibilities, and to avoid confusion and duplication.

- The NGO sector will continue to grow very fast, both in terms of size and influence. The terms of the debate will continue to be defined in many instances by an NGO sector that is growing in size, sophistication and diversity. A virtual human rights network is developing which has an enormous capacity to exchange information, to advocate, to organize and to build alliances.

- New issues will arrive on companies' agenda. Just as the debate over labor standards began with a focus on child labor, only to grow far beyond that topic, the general discussion about human rights will grow as well. Migrant labor is beginning to receive increasing attention, as the peoples of the world become ever more mobile. The question of a "living wage," and what an individual company's responsibilities are to ensure that basic needs are met, are likely to become more present in the debate. The role of business in ensuring gender equity will also develop

- Technological advances, implemented by business, may cause a redefinition of human rights. There are fundamentally new questions, often driven by technological advances, that we are only beginning to understand. How does the development of biotechnology, especially including genetic engineering, affect human rights, when the definition of humanity might change? How does the rise of information technology, and the wide proliferation of personal information available for commercial use, affect the right to privacy, a concept that is understood differently in different parts of the world. What about the responsibilities of manufacturers of "mixed-use" technologies? Few have yet explored the responsibilities that flow from the unintended use of products by governments or private actors to deprive individuals of their rights, even when the manufacturer did not intend such use. Finally, as the growth of e-commerce redefines the very notion of public space, concern may grow about how, and under what conditions, individuals are able to access that space. These are all issues that business will be called upon to address

- New sectors will become more centrally involved in the debate. As business evolves, so too will the industrial sectors engaged in this debate. To date, concern about human rights has focused on businesses selling light consumer goods like toys, shoes and clothes, as well as resource extraction companies. Other developed sectors like agriculture, consumer electronics, chemicals and automobiles are likely

to be brought into the debate. At the same time, it is likely that new industrial sectors, or sectors on the cutting edge of technology will have to come to grips with their social impacts, with human rights being primary amongst them

- Companies will continue to professionalize their internal approach to human rights. One of the defining themes of companies' efforts to address their social responsibilities in recent years has been the professionalization of their CSR efforts. This has included the development of human rights functions within major global companies. As the issues companies are expected to address continue to expand, it will be necessary for companies to maintain the kind of sophistication they need to address foreseeable challenges well, to anticipate as fully as possible what those challenges will be, and to respond with wisdom to the challenges that will inevitably arise without warning.

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