

# **Achieving SDGs by Respecting Human Rights: A Pathway for Companies**

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# Outline

- 1) Business responsibility to respect human rights under the UNGPs**
- 2) Business and SDGs: Entry points**
- 3) The current challenges**
- 4) The way forward: Follow the UNGPs and then look beyond**
- 5) Role of incentives and disincentives**

# 1. Business Responsibility to Respect HRs

- The UN Human Rights Council **endorsed** the UNGPs in June 2011
- The UNGPs apply to **all business enterprises** and covers **all human rights**
- Organised around **Three Pillars**:
  - I. State *duty* to protect human rights
  - II. Business *responsibility* to respect human rights
  - III. Access to *effective* remedy

➤ Business responsibility to respect HRs means:

- **Avoid infringing** on the human rights



- **Address adverse** human rights **impacts**



➤ Businesses are expected to adopt the following *policies and processes* to discharge their responsibility to respect HRs:

- 1) Declare a **policy commitment** to respect human rights [Principle 15(a) → 16]
- 2) Conduct **human rights due diligence (HRDD)** [Principle 15(b) → 17-21]
- 3) Put in place processes to enable **remediation** of any adverse human rights impacts [Principle 15(c) → 22]

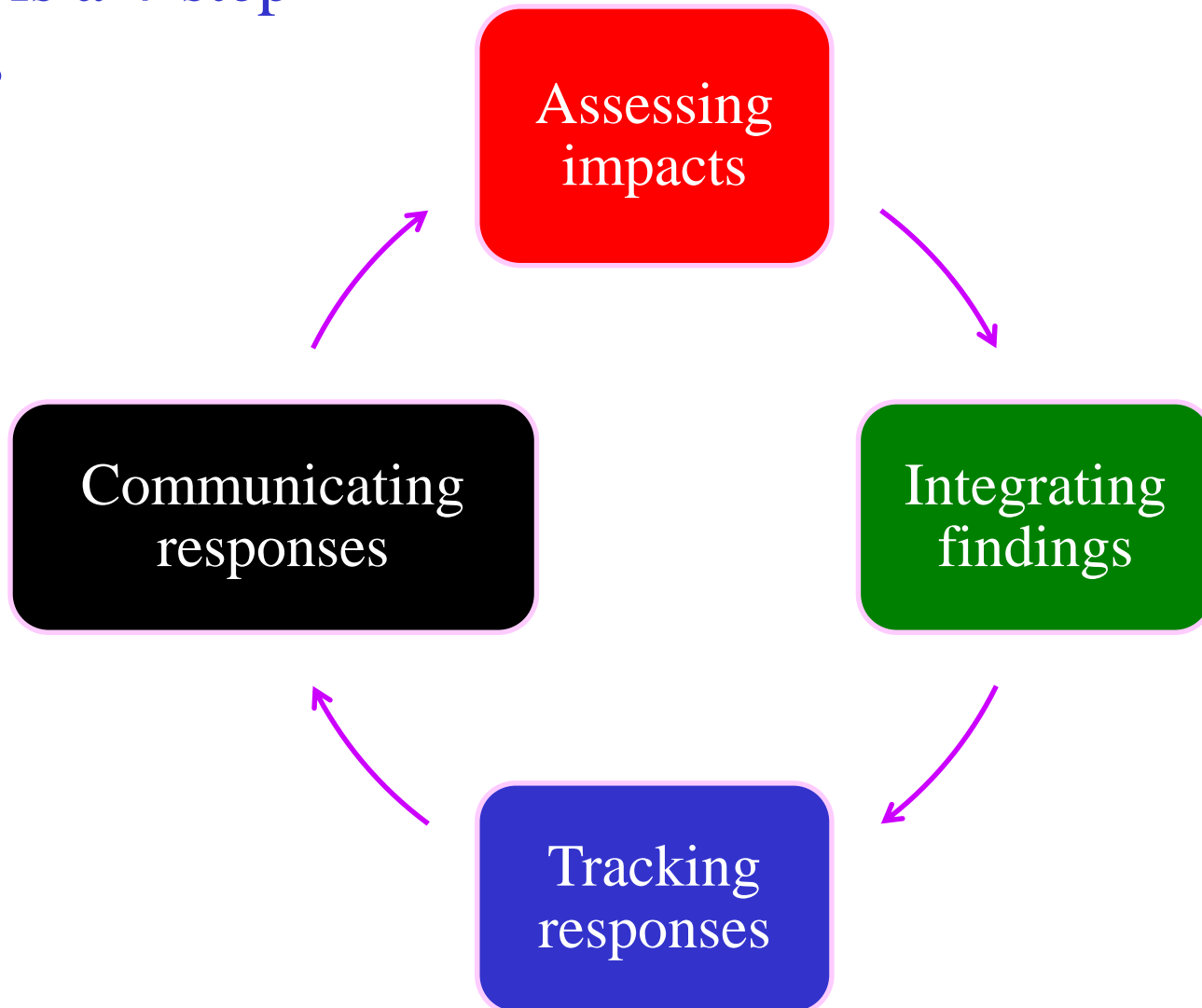
## *Business responsibility Continued ...*

- HRDD is the key process that companies should adopt to comply with their responsibility to respect human rights (A/73/163)



## *Business responsibility Continued ...*

HRDD is a 4-step process



- HRDD is increasingly becoming legally binding:
  - ❑ EU Non-financial Reporting Directive (2014)
  - ❑ UK Modern Slavery Act (2015)
  - ❑ French Duty of Vigilance Law (2017)
  - ❑ Indonesian Ministerial Regulation for Fishing (2017)
  - ❑ Australian Modern Slavery Act (2018)
  - ❑ Dutch Child Labour Due Diligence Act (2019)
  - ❑ Initiatives in other countries + BHR treaty process?



- Businesses enterprises should also **provide for or cooperate in remediation** through legitimate processes when they identify to have caused or contributed to adverse impacts [Principle 22]
- They should establish **operational-level grievance mechanisms** [Principle 29], which should be effective as per Principle 31



## 2. Business and SDGs: Entry Points

- ❖ There are several entry points regarding the role of business in achieving SDGs




- ❖ Para 67 makes a reference to states ensuring that businesses respect labour rights and environmental and health standards in accordance with relevant international standards and agreements such as the UNGPs
- ❖ SDG 17 calls for the **Global Partnership** for Sustainable Development

❖ There are other entry points too:



Provide  
access to  
justice  
(SDG 16)



Mobilization of  
resources to  
achieve the 2030  
Agenda (para 41)



Changing  
unsustainable  
consumption  
(para 28)

## 3. The Current Challenges

- What is expected from businesses under two separate frameworks (UNGPs and SDGs) has raised several challenges

## i) SDGs as an opportunity to make more profits?

- Business and Sustainable Development Commission in its January 2017 report (*Better Business, Better World*), observed: ‘We make the case that businesses adopting this plan will transform their own prospects and could outperform those stuck in yesterday’s economic game: this is about return on capital, not just responsibility.’

## *Current challenges Continued ...*

- The Report further noted that ‘the Global Goals opens the 60 biggest market “hot spots” worth up to US\$12 trillion a year in business savings and revenue in the four examined economic systems alone by 2030’
- Such a marketing of SDGs is problematic – it tends to undermine the responsibility of business to respect human rights reflected in SDGs

## **ii) Back to corporate philanthropy?**

- Rather than conducting ongoing HRDD, companies might be tempted to cherry-pick certain SDGs to gain a social license to operate
- This would bring back the idea of corporate philanthropy



### **iii) Tension with the current business model?**

- While SDGs require reduction in consumption, many companies rely on increasing consumption to make profits

**iv) States passing the buck to companies?**

- The demarcation between the responsibility of states and companies in relation to SDGs is not always clear

## v) Persecution of partners?

- While SDGs calls for partnership with civil society, many states and companies see CSOs and human rights defenders as obstructing development projects

## vi) Rising economic inequalities?

- If economic inequalities continue to rise, will it suffice for businesses to merely respect human rights?

## 4. The Way Forward: Follow the UNGPs and then Look Beyond

- To overcome these challenges, businesses should follow the UNGPs **as a minimum** and then may wish to **go beyond**
- In other words, *respect all human rights first* before accomplishing any or all SDGs



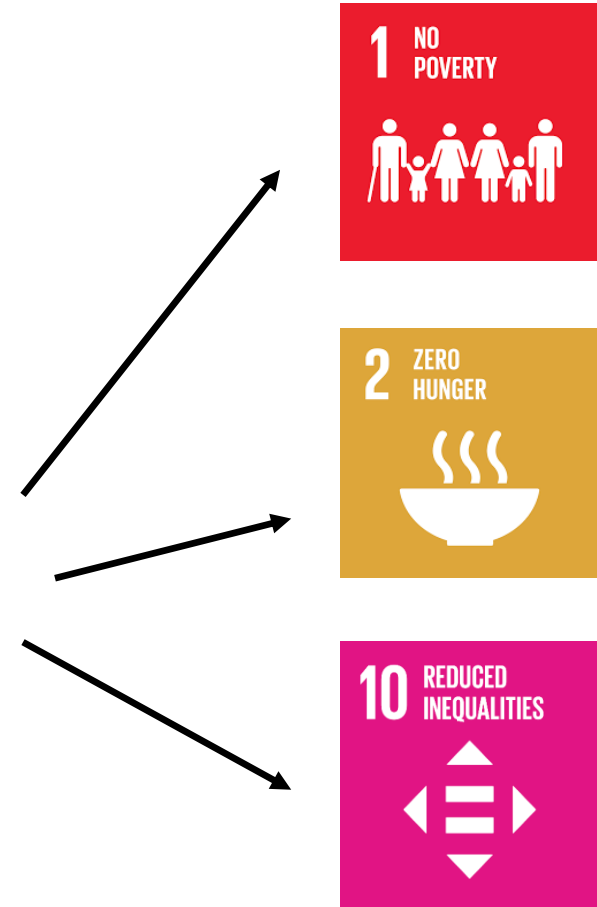
Working Group's 10  
Recommendations

## Examples of connecting UNGPs and SDGs

- Let me offer some concrete examples of how respecting human rights as per the UNGPs will also contribute to SDGs

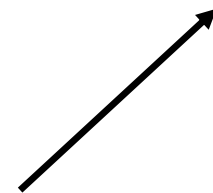
## Example 1

- Companies are expected to respect all economic, social and cultural rights under the ICESCR
- Companies should **pay living wage** to workers to respect several rights, e.g., the right to the enjoyment of just and favourable conditions of work



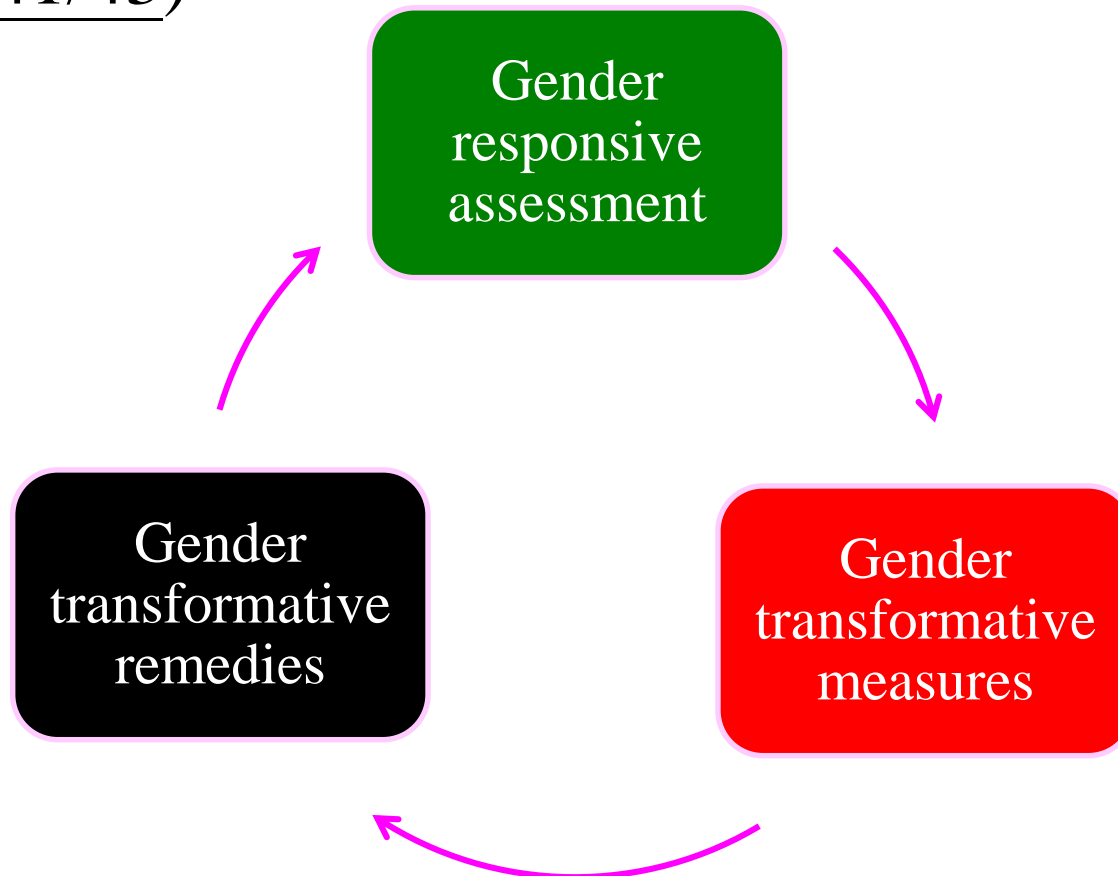
## Example 2

- Companies are expected to respect the right to equality and not discriminate on the basis of sex or sexual orientation
- They can take **gender-transformative measures** to deal with:
  - ✓ Sexual harassment
  - ✓ The gender pay gap
  - ✓ Under-representation of women on boards





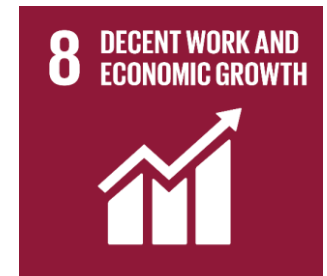
The Working Group has recently developed gender framework and guidance to assist states and businesses  
(A/HRC/41/43)



## Example 3

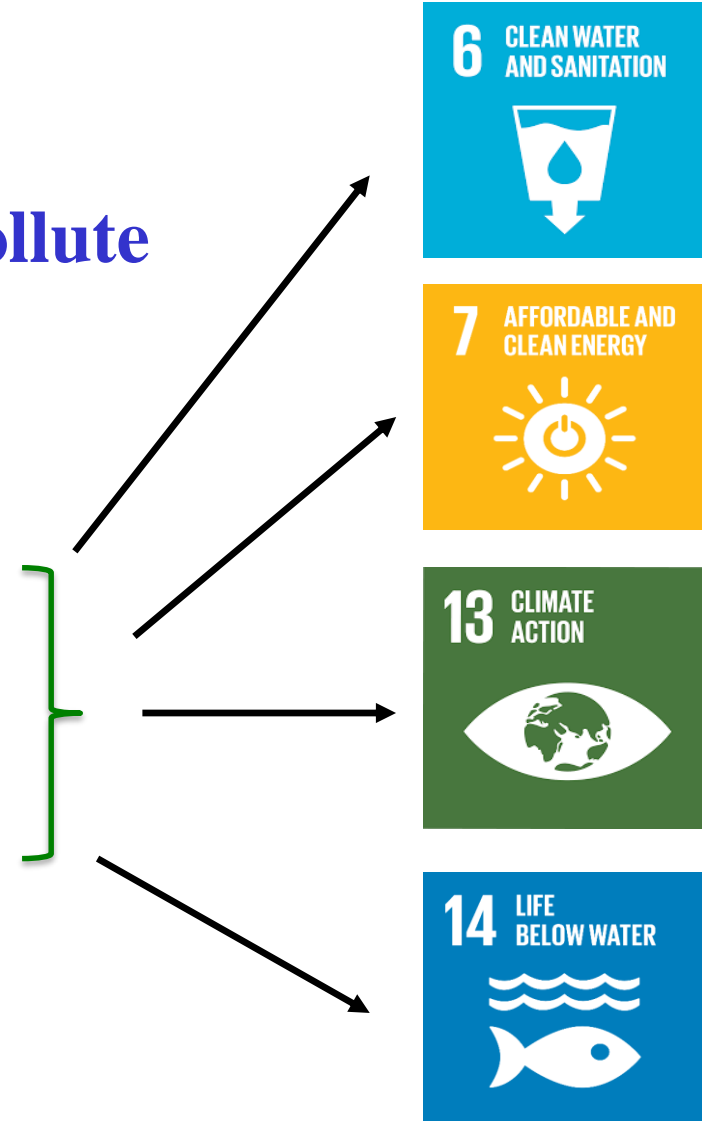
- Companies are expected to respect all labour rights
- They should **eliminate worst forms of labour exploitation** such as:

- ✓ Child and forced labour
- ✓ Modern slavery
- ✓ Human trafficking



## Example 4

- Companies are expected **not to pollute the environment**
- This would mean:
  - ✓ Using less fossil fuel
  - ✓ Applying less polluting technologies
  - ✓ Promoting sustainable consumption
  - ✓ Adopting the precautionary principle



## Example 5

- Companies are expected to provide for or cooperate in remediation of adverse human rights impacts
- They should establish **effective operational-level grievance mechanisms**



## 5. Role of Incentives and Disincentives

- Most of the companies are rational actors
- So, states and other actors should offer **incentives** and **disincentives** to change corporate behaviour

## *Role of (dis)incentives Continued ...*

- For example, states can use multiple **levers** at their disposal (e.g., public procurement, export credit, trade support) to promote responsible business conduct



## *Role of (dis)incentives Continued ...*

- Similarly, stock exchanges can also contribute to “making numbers more humane”

