HUMAN RIGHTS

as the cornerstone for viable, resilient and prosperous marketplaces

BCTI The Business Commission to Tackle Inequality

Powered by **WBCSD** World Business Council for Sustainable Development

Executive Action Brief

for corporate executives across industries who seek to build people-centric economies that unite social progress with business value and competitiveness.

What are human rights in a corporate context?

Human rights are the fundamental rights and freedoms that every individual is entitled to without discrimination. Laid out in the **International Bill of Human Rights**[1] and in the International Labour Organization's **Declaration of Fundamental Principles and Rights at Work,**[2] they range from the fundamental right to life, to rights that ensure an adequate standard of living, such as the rights to food, education, work and health. They also include rights related to working life, such as the right to enjoy just and favorable conditions of work and the right to form and join trade unions.

Companies impact human rights every day, positively and negatively, through their interactions with employees, business partners, consumers and communities. Therefore, businesses have a responsibility to respect human rights, as articulated in the **United Nations Guiding Principles on Business and Human Rights.**[3]

Why put human rights on your boardroom agenda?

Avert human harm and associated liabilities

across your value chain, from workers in your supplier network to your end-consumers.

Anticipate and avoid legal, reputational and financial risks

such as potential customer boycotts, litigation fees, fines and silent blacklisting, which cost companies an estimated USD $3.5 billion per year.[7]

Become the preferred brand ahead of your competitors

in the capital markets, with business partners, communities and consumer groups that are material for your business future.

Secure business continuity in an evolving regulatory environment

including national guidelines, procurement requirements, disclosure standards and human rights due diligence regulations.

Meet growing investor and lender expectations

attract and retain capital amid increasing demands from the financial sector.

The 2,000 most influential companies in the world directly employ 95 million people.[4]

Over 28 million people worldwide are victims of forced labor, with 86% of cases occurring in the private economy.[5]

Engaging with affected stakeholders improves companies' human rights and decent work practices, yet only 9% of companies do it.[6]

"History shows that when business practices maximize profits at the expense of workers and communities, inequalities grow and political and economic upheaval follow. Today we are repeating history. But we can escape the downward spiral: the UN Guiding Principles on Business and Human Rights provide the blueprint for markets to thrive without harming the societies on which they depend. We must make respect for human rights the new 'business as usual.'"

Caroline Rees, President, Shift

How can you embed human rights in your organization and value chain?

Set a clear governance structure for human rights

→ **Institute an unequivocal board-level policy commitment** to respecting human rights across your organization and value chain, aligned with international standards.

→ **Formalize human rights as a board agenda** with oversight and governance mechanisms at both the board and executive levels by:

- **Monitoring human rights commitments** through oversight bodies.
- **Keeping executive and leadership teams informed** about your company's most salient human rights risks.

→ **Review red flags –** risks embedded in your business model that you cannot address at an operational level.

Integrate these risks into strategic decision-making to guarantee the resilience of your value propositions and overall strategy.[8]

→ **Ensure regular access to and review of stakeholder needs and perspectives** to understand the impact of your decisions and actions on their lives.

Operationalize and monitor progress

→ **Equip key business functions** with the mandate and resources to implement human rights due diligence by:

- Integrating it into **core processes**.
- Providing **regular, tailored training** for key teams and contractors.
- Fostering **cross-functional collaboration** with shared responsibility for outcomes.

→ **Align staff performance objectives and incentives** with effective human rights practices.

→ **Monitor and drive human rights progress** by:

- Addressing key risks through **clear action plans.**
- Setting **measurable targets and metrics**.
- Sharing **lessons learned and best practices** company-wide.

→ **Foster an organizational culture responsive to feedback** from affected stakeholders, especially the marginalized by:

- Building the relevant **organizational skills and capacity**.
- Ensuring **accessible communication channels**.
- Providing **effective grievance mechanisms** and **remedy** for human rights concerns.

How can you influence the human rights agenda at a system level?

Encourage government and intergovernmental actions

- Support **regulatory environments** that level the playing field.
- Advocate for human rights as a **baseline requirement for all businesses.** Call on governments to:
  – Regulate **living wages** as an economic driver (**see Living Wage Action Brief**).
  – Make **human rights an explicit and integral part** of decarbonization, climate adaptation and nature-positive strategies and plans (see **Just Transition Action Brief**).

Collaborate with industry and trade associations and advocacy platforms

- Take targeted action with **business networks** that address your company's key human rights risks, ensuring accountability and tangible results.
- Partner with **trade unions** and **local groups** to identify and address harmful business practices.

Accelerate business engagement

- Implement **incentive schemes** linked to human rights performance with business partners.
- Drive **training** and **capacity-building programs** with support from expert organizations.

Engage the investor community

- Facilitate dialogues with investors and financial institutions to encourage the integration of human rights into **investment decisions** and **stewardship**.

Work with reporting and benchmarking bodies and other standard-setters

- Advocate for **double materiality** as the foundation of sustainability reporting and benchmarking.
- Contribute to the design of effective **social performance measurements** and **disclosure standards**, such as those led by the **Taskforce on Inequality and Social-related Financial Disclosures**.

Acknowledgements

We express our heartfelt gratitude to every person who has contributed directly or indirectly to this project, especially our BCTI working group members. We also extend a special thanks to our BCTI partner Shift for their invaluable input and review.

References

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[5] International Labour Organization (2022). *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage.* Retrieved from: https://www.ilo.org/publications/major-publications/global-estimates-modern-slavery-forced-labour-and-forced-marriage.

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[7] Blair, C. (2014). *The Business Case for Human Rights.* [Guest post] World Justice Project. Retrieved from: https://worldjusticeproject.org/news/business-case-human-rights.

[8] Shift (2021). *Business Model Red Flags: 24 ways in which businesses could be wired to put people at risk.* Retrieved from: https://shiftproject.org/resource/business-model-red-flags/red-flags-about/.

Key resources

CEO Guide to Human Rights
World Business Council for Sustainable Development (WBCSD)
Indicates steps CEOs can take to drive transformative human rights change in their companies and across supply chains

OECD Guidelines for Multinational Enterprises
Organisation for Economic Co-operation and Development (OECD)
Recommendations on responsible business conduct by governments and aimed at multinational enterprises

UN Guiding Principles on Business and Human Rights
United Nations Human Rights Council (UNHRC)
The global standard for preventing and addressing the risk of adverse impacts on human rights involving business activity

Executive Action Brief on Just Transition
Business Commission to Tackle Inequality (BCTI)

Executive Action Brief on Living Wages
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