

DRAFT FOR DISTRIBUTION AND DISCUSSION

**REPORT OF PILOT BUSINESS SURVEY ON
IMPLEMENTATION OF THE CORPORATE RESPONSIBILITY
TO RESPECT HUMAN RIGHTS**

Initiated by the *United Nations Working Group on Business and Human Rights*, and
drafted for the first UN Annual Forum on Business and Human Rights - December 4th
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1. INTRODUCTION

The UN Working Group on Business and Human Rights created a pilot survey to assess the views of business representatives regarding their company's implementation of the corporate responsibility to respect human rights. This pilot was developed and disseminated in cooperation with the Global Business Initiative on Human Rights, the International Chamber of Commerce, the International Organisation of Employers and the Corporations and Human Rights Project at the University of Denver.

It is the intention that lessons learnt from this process will feed into a corporate survey on business and human rights in 2013, the results of which will be published at the Forum on Business and Human Rights, and potentially on an annual basis thereafter. Our vision is to *gather a solid baseline of credible and complete data that can support the United Nations and other actors as they progress their work to disseminate, implement and embed the UN Guiding Principles globally.*

This effort was inspired by the survey of Fortune 500 Global Firms carried out by the former UN Special Representative on Business and Human Rights, in 2006/7. The report of the 2007 survey was submitted to the fourth session of the UN Human Rights Council (A/HRC/4/35/Add). The Fortune 500 survey addressed some of the items covered in this survey enabling some level of comparison of results (for example, in relation to human rights policies and reference to international standards within them). However, it is important to note that the context and purpose of this current survey is different. This survey benefits from the existence of the UN Guiding Principles (GPs), allowing many of the questions to be anchored in the concepts, intent and wording of the GPs. Beyond general, mapping of the content of corporate policies and high-level statements of practice, the challenge/opportunity now is to develop a nuanced understanding of *uptake, enablers, challenges and innovations* regarding implementation of corporate respect for human rights (with the GPs as the authoritative reference point).

Please note that this report does not present the full set of information generated by the pilot survey. Instead, the project team has presented results that they deemed of interest. Respondents were asked to give a personal opinion of their company's awareness, commitment, practices and challenges. The project team has not tried to verify the answers. Because the survey was a pilot – undertaken over a short period of time between October and December 2012 – the results *do not* purport to represent all global business.

This survey complements a parallel pilot effort focused on government action regarding the *State Duty to Protect* pillar of the *UN Framework and Guiding Principles on Business and Human Rights*. The UN Working Group is currently considering how to report on the pilot surveys in their June 2013 report to the UN Human Rights Council. Proposals tabled in June 2013 will include an outline of plans, modalities and objectives for follow-up surveys in the lead up to the second Annual Forum (late 2013).

All feedback is strongly encouraged and welcome. Please write to the Chair of the UN Working Group, using the following email address: wg-business@ohchr.org

2. THE SAMPLE

Over an 8-week period, a total of **117** individuals from business completed the survey. The survey was promoted through the networks of the UN Working Group, the Global Business Initiative on Human Rights, the International Chamber of Commerce, the International Organisation of Employers. The survey was disseminated via email and those receiving the email were asked to send the survey link to their own networks. The survey team did not pre-define the target of the survey, in favour of wide geographic, enterprise size and sector industry diversity. The sample is not random; it is highly possible that respondents were, by definition, familiar or interested in the Business and Human Rights agenda prior to completing the survey.

The following paragraphs provide a breakdown of the sample.

- *Industry Sector*: Extractives (22%), Utilities, Infrastructure and Energy (10%), Information Communication Technology (9%), Transport and Logistics (9%), Financial Services (9%), Manufacturing (9%), Retail (5%), Food and Beverage (4%), Agriculture (4%), Pharmaceutical (4%), Fast Moving Consumer Goods (3%), Tourism (1%) and Other or Not specified (11%)
- *Geography*:
 - Europe (53% of the sample and from 11 countries);
 - North America (15% / 2 countries);
 - Latin America and Caribbean (16% / 6 countries);
 - Asia-Pacific (6% / 6 countries);
 - Africa (5% / 6 countries)
 - Middle East (5% / 2 countries)
- *Size (number of employees)*:
 - < 1000 – 16%
 - 1000 to 5000 – 12%
 - 5000 to 30,000 – 25%
 - 30,000 to 100,000 – 23%
 - > 100,000 – 21%

58% of respondents were from privately owned enterprises (ranging from publicly listed to cooperatives) and 10% from state-owned enterprises. 32% of respondents selected “other”.

3. SURVEY STRUCTURE

The pilot survey included a variety of question types such as multiple choice, yes/no answers, rating of a list of options, and open text boxes.

The questions were structured into three main sections as follows:

- *Section One: Company/Respondent Information* – This section was designed to develop a nuanced understanding of the sample. Some of this data is provided above under “respondents”. Further information was asked regarding

how respondent company structured their approach to responsible business more broadly (see below).

- *Section Two: Current Approaches and Practices.* This section asked participants questions across the following categories: Awareness and familiarity with the business and human rights agenda; Internal framing and orientation; Policy commitment; Capacity development; Understanding impacts; Integrating actions and responses; Communicating and reporting; and Complaints, grievances and remedy.
- *Section Three: Operational Challenges.* This section asked companies to select from a range of pre-written operational challenges. Respondents selected those most relevant at the time of completing the survey. This section was structured around the same headings as Section Two (see above).

4. SELECTED FINDINGS

Regarding *Awareness and familiarisation of the Business and Human Rights agenda:*

- 50% of respondents answered that they had engaged with the work of the former UN Special Representative on Business and Human Rights between 2005 and 2011. Companies with fewer than 1000 employees appear to have engaged less but a few stated that they did so. Likewise, not all large companies engaged in this process.
- 86% of respondents stated that they envisage future or on-going engagement and support for business and human rights at the United Nations and in other forums.
- 96% of respondents had heard of the UN Guiding Principles. More specifically, 81% of companies strongly agreed that they had heard of the GPs while 15% agreed. These high percentage may very well be a function of the survey dissemination method i.e. it is not perhaps surprising that those who completed the survey had heard of the UN Guiding Principles.

Regarding challenges in this area, the most frequently selected response was that there are too many competing responsible business agendas and initiatives.

Regarding *Company orientation, framing and training:*

- When asked if the term “human rights” is difficult for their company to work with, 20% of respondents said they agree or strongly agree; 72% respondents said they disagree or strongly disagree; 8% were unsure.
- 80% of respondents said that their company trains employees on social issues and impacts relevant to their function.
- When asked if their company has organized internal training sessions on human rights tailored to the industry and company, 22% strongly agree; 45% agree; 23% disagree/strongly disagree and 10% reported they were unsure.

Regarding challenges in this area, the most frequently selected responses were the challenge of accessing resources and the time of colleagues to conduct effective

training, and lack of examples of good practice case studies. Another, less frequent but common, response was the lack of templates or public information to guide awareness and training efforts.

Regarding *Responsible business structures and governance*:

- When asked which department(s) takes the lead on addressing their company's social responsibilities and impact, the most common answer by far was “corporate responsibility/sustainability”. Less frequently chosen but still commonly selected answers were – Legal, compliance, audit, procurement, human resources, public affairs and communications.
- When asked if their company has a committee/group that oversees progress on responsible business 81% of respondents answered yes and 17% of respondents said no. Of those who answered yes, 91% responded that this committee/group addresses human rights and labour rights.
- When asked if their company's approach to human rights involves cross-departmental dialogue and leadership, and whether relevant senior leaders and governance/oversight bodies pay attention to developments in the field of business and human rights, 31% said they strongly agree, 44% said they agree, 13% said they disagree or strongly disagree and 12% were unsure.

Regarding *Policy commitment*:

- 96% of respondents said that in addition to abiding by national laws where they operate, they engage in corporate philanthropy and volunteering that contributes to society.
- 83% of respondents said that their company has made a public commitment to respect human rights. When asked if their company had signed onto voluntary initiatives addressing respect for human rights, 86% agreed or strongly agreed. 74% said they have a statement of policy to respect human rights.
- 57% of respondents stated that they had a standalone statement setting out their policy commitment to respect human rights.
- Respondents were asked which international standards their policy refers to:
 - o The most common responses were the Universal Declaration of Human Rights, ILO Core Conventions, the UN Global Compact and the UN Guiding Principles and, although to a lesser extent, the OECD Guidelines for Multinational Enterprises.
 - o Although far less frequent, other standards selected included the International Covenant on Economic, Cultural and Social Rights, the International Covenant on Civil and Political Rights, the UN Declaration on the Rights of Indigenous People and UN Conventions concerning specific groups (such as children, persons with disabilities, and migrant workers).
- Of those whose company has a human rights policy, 93% report that the policy has been communicated within the company and 92% report that the policy has been made publicly available. Regarding communication of policy commitment to business partners, communication to suppliers and contractors appears common and communication to other business partners is less common but does occur.

Regarding challenges in this, the most frequently selected responses were: i) It is difficult to communicate the policy in a clear way to all relevant external parties; and ii) It is difficult to translate policy commitment into relevant operational procedures.

Regarding *Understanding Impacts*

- When asked to respond to the statement “My Company is aware that we can have negative social impacts on individuals and communities but we do not actively assess these”, 41% agreed or strongly agreed, 51% disagreed or strongly disagreed and 8% were unsure.
- When asked if their company engages human rights experts and external stakeholders to understand their human rights impacts, 66% strongly agreed/agreed, 23% disagreed/strongly disagreed, and 11% were unsure.
- When asked if their company pays special attention to the most vulnerable individuals and groups that they can and do impact, 30% strongly agreed, 47% agreed, 7% disagreed and 16% were unsure. No respondent strongly disagreed.

Regarding challenges in this area, the most frequently selected responses were: i) We are unsure how far into the supply chain we need to go in understanding impacts; ii) It is a challenge to access credible information; iii) There is a lack of proven methodologies and frameworks to help assess impacts; and iv) There is a lack of understanding as to how to engage with stakeholders where governments restrict dialogue.

Regarding *Addressing impacts, tracking responses and communication*:

- When asked to respond to the statement “When an actual or potential human rights impact is identified, we allocate responsibility to the relevant business unit and/or department to resolve the issue and report on progress when necessary”, 82% agreed or strongly agreed, 8% disagreed or strongly disagreed, and 10% were unsure.
- When then asked whether their company tracks progress through developing “qualitative and quantitative indicators, informed by experts and relevant stakeholders”, 54% agreed or strongly agreed, 27% disagreed or strongly disagreed, and 19% were unsure.
- 67% of respondents stated that their company has an internal committee/group to track progress in addressing the human rights impacts of their business, especially on high-risk issues.
- 89% of respondents said that their company has an annual sustainability or corporate responsibility report that mentions human rights
- When asked to respond to the statement “When my company is faced with human rights challenges we often speak to human rights experts, NGOs and the individuals/groups at risk”, 68% agreed or strongly agreed, 15% disagreed or strongly disagreed, and 18% were unsure.

Regarding challenges in this area, the most frequently selected responses were: i) it is difficult to manage situations where our leverage over business partners is limited, and we find it difficult to build leverage; ii) It is difficult to operate in situations where human rights are not part of local law or not applied in practice; and iii) There

is a lack of understanding of our responsibilities in situations where government institutions are lacking.

Regarding *Complaints, Grievances and Access to Remedy*

- 91% of respondents expressed that they had feedback mechanisms such as employee hotlines that allow employees to submit issues of concern to management. 76% stated they are considering how to address grievances raised by all stakeholders.
- When asked to respond to the statement “My company is using grievance data for management systems review and continuous learning”, 21% strongly agreed, 34% agreed, 22% disagreed and 23% were unsure.
- When asked to respond to the statement “My company provides for remediation in cases where we cause or contribute to a human rights abuses”, 22% strongly agreed, 42% agreed, 9% disagreed or strongly disagreed, and 27% were unsure.
- 67% of respondents said that they are reviewing their approaches against the quality criteria set out in the UN Guiding Principles.

Regarding challenges associated with this area, the most frequently selected were: i) Adapting a grievance mechanism to a cultural context; ii) It is difficult to build trust in the mechanism; iii) How to move from a complaints hotline to an effective grievance mechanism; and iv) Incorporating mechanisms into stakeholder management.

5. CONCLUSION

The UN Working Group is pleased with the lessons learned from the survey, and extremely heartened by the high number, and diversity of, business respondents. The survey reflects that a diversity of businesses, regardless of industry, size, ownership and geographic background are considering their Corporate Responsibility to Respect Human Rights.

The survey suggests that companies *are* considering and actively working to address human rights with reference to international human rights standards and the UN Guiding Principles. Even only 18-months after their endorsement, there appears to be a strong trend in awareness and engagement by business with the UN Guiding Principles and dialogue at the international level including at the United Nations (50% of respondents engaged with the work of the former UN Special Representative on Business and Human Rights , and 86% envisage continued/ongoing engagement – a change of 36%). According to survey results, there is effort being put into human rights policy commitments; identifying, assessing and addressing adverse human rights impacts; communicating with a range of stakeholders; and supporting or providing for access to remedy. This reinforces the data gathered in the 2007 survey of Fortune 500 Global Firms, carried out by the former UN Special Representative on Business and Human Rights.

The survey indicates that a deepening and more nuancing of business action may be necessary. One of the most striking patterns of the survey results is that when

asked general questions about the components of the *responsibility to respect* (policy commitment, addressing impacts, communication and reporting) a high number of companies (often around 80% and above) were confident that their company does have some form of practice in place. However, when respondents were asked questions pertaining to how mature or embedded practices were, the response rate dropped considerably – often (and interestingly) with a spike in “unsure” responses. By way of illustration, 82% of respondents agreed that “when an actual or potential human rights impact is identified, responsibility is allocated to the relevant business unit and/or department to resolve the issue and report on progress when necessary”. But when then asked if their company tracks progress through developing “qualitative and quantitative indicators, informed by experts and relevant stakeholders”, 53% agreed, 47% disagreed or were unsure. Similarly, 91% of respondents expressed that they had feedback mechanisms that allow employees to submit issues of concern to management. When asked to respond to the statement “My company is using grievance data for management systems review and continuous learning”, only 55% agreed, and 45% disagreed or were unsure. This may indicate that elements of Human Rights Due Diligence and engaging in Access to Remedy require innovation or that existing innovation needs to be more effectively scaled and spread.

A great deal of the survey was focused on surfacing actions companies are taking. At the same time, respondents identified a range of challenges. For ease of reference, the following (*pre-drafted*) challenges were the most commonly selected in each component of the *responsibility to respect*.

- ***Policy Commitment:*** i) It is difficult to communicate the policy in a clear way to all relevant external parties; and ii) It is difficult to translate policy commitment into relevant operational procedures.
- ***Understanding Impacts:*** i) We are unsure how far into the supply chain we need to go in understanding impacts; ii) It is a challenge to access credible information; iii) There is a lack of proven methodologies and frameworks to help assess impacts; and iv) There is a lack of understanding as to how to engage with stakeholders where governments restrict dialogue.
- ***Addressing impacts, tracking responses and communication:*** i) It is difficult to manage situations where our leverage over business partners is limited, and we find it difficult to build leverage; ii) It is difficult to operate in situations where human rights are not part of local law or not applied in practice; and iii) there is a lack of understanding of our responsibilities in situations where government institutions are lacking.
- ***Complaints, Grievances and Access to Remedy:*** i) Adapting a grievance mechanism to a cultural context; ii) It is difficult to build trust in the mechanism; and iii) iii) How to move from a complaints hotline to an effective grievance mechanism; and iv) Incorporating mechanisms into stakeholder management.

Historically, mainly large, big footprint, OECD countries participated in the Business and Human Rights agenda. This survey, however, may indicate the beginnings of a more global and diverse dialogue. After much consideration the project team decided that it was not possible to draw comparisons between response from business leaders in one geography or industry compared to responses from others. This is partly because tenuous generalization about whole geographic regions or sectors is

unavoidable due to the sample size (e.g. one tourism company completed the survey and a range of countries had one respondent, including Mexico, Japan, Belgium and Paraguay). However, we do not present comparative data mainly because no striking and obvious patterns emerged except in one instance (i.e. in relation to the mention of international standards in statements of human rights policy commitment). For example, when asked to indicate the drivers behind their company's attention to human rights across 10 categories - including CEO leadership, NGO campaigns, customer requirements, competitor practice, investor questioning and employee interest – there was close to zero variation based on company size. The *lack of size, geographic and industry-sector patterns* in this pilot survey – e.g. European companies being more likely to have a mature approach than Asian or African companies – is worthy of future exploration and dialogue (and will ideally be explored in future surveys)

The UN Working Group wishes to thank the companies who completed the pilot survey, and the organizations that supported us to make it happen - the Global Business Initiative on Human Rights, the International Chamber of Commerce, the International Organisation of Employers and the Corporations and Human Rights Project at the University of Denver.

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