

NAVIGATING THE FUTURE OF BUSINESS AND HUMAN RIGHTS

GOOD PRACTICE EXAMPLES



United Nations
Global Compact



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1. FOREWORD BY LISE KINGO

Change is inevitable, though the way change happens can still surprise us. Even well-established trends like climate change are progressing faster than anticipated, and globalization is transforming our world in unpredictable ways. As political powers rise and fall, migration is changing demographics on a macro-level, and new technologies are shaping the way we communicate, travel and live our daily lives.

Those who seek to lead — be it in a business, Government or even one's own community — are expected to be on top of change: to both anticipate it and manage its outcomes, expected and unexpected.

In a rapidly-shifting world, human rights have proven to be a grounding force for leaders of all kinds. While Governments are charged with promoting and protecting human rights, businesses must also meet minimum human rights responsibilities.

Today's most progressive business leaders, however, are going further. Beyond legal requirements lie a vast number of benefits to businesses that advance their human rights activities. Companies that respect human rights are sending a signal to consumers, investors and the public at large that they are a brand that is trustworthy and serious about sustainability.

Business respect for human rights is also about investing in your workforce: retaining good talent, promoting respect for diversity and ensuring workers' rights are protected.

In our latest survey of CEOs on sustainability, business leaders reported that an unprecedented shift in public expectations is driving them to be more sustainable, with 76 per cent saying consumer and employee trust will be critical to business competitiveness in their industry in the next five years. Moreover, CEOs underscored the role of younger generations in holding their employers to higher standards and demanding purpose-driven careers.

Clearly, sustainability — once little more than an afterthought for ambitious business leaders — has

emerged as a key driver for companies in fostering a strong brand and recruiting and retaining workers. And human rights, representing the "people part" of sustainable development, lie at the core.

However, applying human rights principles to new trends and obstacles has proven to be a challenge for many companies. CEOs have told us that they are looking for reliable, practical guidance for navigating today's critical topics at the intersection of business and human rights. With this report, we provide expert guidance across seven major themes that should be top-of-mind for business leaders: the future of work, climate justice, effective remedy and grievance mechanisms, migrant rights, gender equality, due diligence and tackling working poverty.

This report also demonstrates practical solutions to human rights-related challenges through real-life examples from companies around the world. It further showcases how Global Compact Local Networks are engaging with businesses on-the-ground to help them understand their human rights responsibilities, develop robust due diligence processes and put human rights principles into practice.

Alongside peace and security and development, human rights is a founding pillar of the United Nations. And as we at the United Nations Global Compact have been advocating for nearly 20 years, human rights should also be the foundation for sustainable business. Now, as we commence a Decade of Action to deliver on the 2030 Agenda for Sustainable Development, we hope this report can help business leaders navigate modern challenges to promoting human rights in our fast-paced world.



Lise Kingo
CEO & Executive Director,
United Nations Global Compact



It's time for all States to 'walk the talk' and step up action to prevent and address business-related human rights abuses, which continue to happen across all regions and across sectors. States should adopt a 'smart mix' of measures — national and international, mandatory and voluntary — to foster business respect for human rights. This includes adopting effective regulation and leading by example in their many roles as economic actors. It also includes providing incentives for good practice and providing adequate support and guidance to business wanting to do the right thing.

Government policy on business and human rights should be implemented across all government departments, and be put into practice in all their engagements with businesses. This requires a high degree of policy coherence. As our report makes clear, policy coherence is also positive for businesses, which benefit from a clear assertion of what the government expects of them in their domestic and overseas operations. This provides predictability and credibility across the whole of government.

Elzbieta Karska,
Chair, UN Working Group on Business and Human Rights

In its latest [report](#), the Working Group on the issue of human rights and transnational corporations and other business enterprises examines what policy coherence on business and human rights means in practice under the UN Guiding Principles on Business and Human Rights. It proposes practical ways to enhance Governments' capacity, ability and action to achieve

this goal based on lessons learned from the development and implementation of national action plans on business and human rights and other relevant policy frameworks. It highlights opportunities to align implementation efforts and to encourage policy coherence when the commitments of the Sustainable Development Goals intersect with the business and human rights agenda.



LEARN MORE

In 2015, the Danish Institute for Human Rights launched the **Human Rights Guide to the Sustainable Development Goals** mapping the 169 SDG targets with international human rights and labour instruments, as well as the **SDG-Human Rights Data Explorer** in 2018, a database that lets you explore a total of 145,000 recommendations from 67 mechanisms under the international human rights system.

2. TOP-OF-MIND FOR BUSINESS LEADERS

The UN Guiding Principles on Business and Human Rights outline the corporate responsibility to respect human rights, including in supply chains, and to provide effective remedy to victims of business-related human rights abuses. These expectations are often difficult to implement in day-to-day business operations, in particular due to the complexity of supply chains or operations in challenging contexts with weak governance and a lack of strong institutions.

In the context of a fast-changing world, new human rights challenges frequently emerge and companies may struggle to keep up with the constant push to play a positive role in tackling such challenges, to align their business strategies and to understand in practice what it means to take a holistic look. Companies continue to face challenges in areas such as applying a human rights lens when developing climate action strategies and ensuring equal opportunities for women when making financial decisions.

We asked our Global Compact Local Networks about top-of-mind priorities for businesses, both large and small, when they approach human rights. Across the world — from Chile to Kenya, the Philippines and

Poland — key challenges remain for businesses to tackle.¹ Global Compact Local Networks reported the following themes as priorities:

- I. [Preparing for the **future of work** and the technological revolution](#)
- II. [Ensuring **climate justice** and a just transition to a zero-carbon economy](#)
- III. [Putting in place effective **remedy** and grievance mechanisms](#)
- IV. [Ensuring the protection of **migrant rights** and ethical recruitment practices](#)
- V. [Making investments with a **gender lens**](#)
- VI. [Taking a fresh look at human rights **due diligence**](#)
- VII. [Tackling **working poverty**](#)

1. This is not meant to be an exhaustive list of themes or a list of themes that would be of equal priority to all businesses, but rather an overview of social sustainability-related trends, including an illustration of good practices that could provide solutions and guide the way forward in the following chapter.

SUEZ

■ COUNTRY: France ■ SECTOR: Gas, Water and Multiutilities ■ EMPLOYEES: 83,921

As a compass of its global performance, SUEZ monitors the "megatrends" impacting its activities. Described in its Integrated Report, those trends induce several issues related to human rights, such as public demand for gender equality and climate justice, for greater vigilance against human rights abuses among corporate value chains, or the rise of conflicts over resources' use, especially water, due to demographic and urban growth. In order to prevent the associated risks and seize the

opportunities generated by these major trends, SUEZ designed its 2021 Sustainable Development Roadmap aiming at optimizing water management and waste-water reuse, fostering access to essential services and sharing its know-how with developing countries, fighting against climate change and its effects, promoting women's access to decision-making positions and a responsible management of its supply chain.

I. PREPARING FOR THE FUTURE OF WORK AND THE TECHNOLOGICAL REVOLUTION

New technologies along with structural transformation driven by changes in demographics, globalization and climate change will fundamentally reshape the world of work. It will bring immense economic opportunities but also potential challenges that could impact workers and produce unfair longer-term distributional effects. New jobs will be created by technological advances, such as artificial intelligence, automation and robotics, and by the greening of our economies. But other jobs will disappear, and those who lose their jobs in this transition may be the least equipped to seize the new opportunities. Today's skills will not match the jobs of tomorrow and newly acquired skills may quickly become obsolete. Also changes in demographics — expanding youth populations in some parts of the world and ageing populations in others — will impact labour markets.

The UN Global Compact supports the call of the International Labour Organization (ILO) for a new approach that puts people and the work they do at the centre of economic and social policy and business practice: a human-centred agenda for the future of work. This agenda consists of three pillars of action. First, it means investing in people's capabilities, enabling them to acquire skills, reskill and upskill, and supporting them through the various transitions they will face over their life course. Second, it means investing in the institutions of work to ensure a future of work with freedom, dignity, economic security and equality. Third, it means investing in decent and sustainable work and shaping rules and incentives so as to align economic and social policy and business practice with this agenda.²

Many companies are taking a fresh look aiming to empower their workforce and support skills development to be future-fit: Deutsche Telekom, a German telecommunications company, developed a part-time working scheme allowing employees to work "in tandem." Novo Nordisk, a Danish pharmaceutical company, launched a global crowdsourcing platform to provide

63%

of surveyed CEOs see Fourth Industrial Revolution technologies — digital, physical and biological — as a critical accelerator of the socioeconomic impact of their companies.

Source: UN Global Compact-Accenture Strategy 2019 CEO Study

input towards flexible working conditions, and 60,000 views were completed in 60 days leading to six initiatives to be introduced. Qualcomm, a U.S. telecommunications company, utilizes its mobile technology to connect women entrepreneurs in Malaysia to business mentors around the world. Sutherland, a global services firm, set a clear target to hire at least 10% of individuals completing the Digital Literacy Certification programme that it sponsors in Jamaica, ensuring the programme's accountability and that it leads to productive employment for disadvantaged youth. After achieving this target the "Social Impact/Impact Hiring" model was designed and launched in all countries of operation focusing on poverty reduction through youth employment.³

Furthermore, companies are putting focus on engaging with students and universities: Royal Philips, a Dutch health technology company, started a partnership to design a curriculum for work grounded in design thinking and data

2. ILO. *Work for a Brighter Future: Global Commission on the Future of Work*. Geneva, 2019.

3. The three target groups include: Young people 17–25 years that live at or below the poverty level. Single parents with at least one child under 17 years living at home. Individuals that are blind deaf or on the autism spectrum.



LEARN MORE

In 2019, the ILO Global Commission on the Future of Work launched its landmark report, *Work for a Brighter Future*, to examine how to achieve a better future of work for all at a time of unprecedented change and exceptional challenges in the world of work.



The future of work will have a major impact on the global population. As we live longer, we'll need to work longer. Providing people with lifelong learning and the skills required to adapt to technological change must become the norm. I don't think society is ready for this yet.

Frans van Houten,
CEO, Royal Philips

science. TITAN Cementarnica, a construction company from North Macedonia, is promoting education of young talented professionals in close cooperation with the Faculty of Architecture of the University of Skopje conducting student competitions and allowing them to gain project experience and apply their creativity.

The "Fourth Industrial Revolution" is already here. Innovation and new technologies are disrupting business models and affecting our day-to-day lives. The power of technology creates new opportunities but also new risks. Companies and Governments need to

take into account the underlying narrative of "leaving no-one behind" in order to address their choices and strategies in this area. This will determine whether innovation is used to respect and foster human and labour rights, or to increase human rights violations and exacerbate inequalities.

Enthusiasm about the upside of the technology revolution is met by unease about its unintended impacts, and if not carefully managed, new technologies can shake up the development agenda for the worse. Accenture's inclusive future of work report estimates that 57% of worker roles are highly susceptible to automation, threatening worker job security and risking unequal access to training and lower proficiency in high-demand skills.⁴ However, the same report finds intelligent technologies also bring opportunities for growth: artificial intelligence (AI) alone is expected to boost revenues by 38% and employment by 10% by 2022.

The link between innovation, business and human rights is increasingly important. The development and use of new technologies needs to be informed by its human rights impacts to rights holders. Companies need to orient their innovative processes, systems, rules and standards around universal human rights, and translate human rights responsibilities into standards and guidance for research, innovation, design and operations. Telefonica, a Spanish telecommunications company, developed "AI Principles"⁵ (including fair AI, transparent and explainable AI, human centric AI, privacy and security by design, and working with third parties) committing, among other things, to embed human rights into the design of new products and services as well as internal tools and processes involving AI.

4. Accenture. *Inclusive Future of Work: A Call to Action*, New York, 2019, p. 11.

5. Telefónica. *AI Principles of Telefónica*, 2019.

responses to human rights challenges linked to digital technologies.

The Danish Institute for Human Rights is leading a project entitled "**Human Rights Impact Assessments in the Digital Sphere**," developing tools and practical guidance for the assessment of human rights impacts connected to digital business activities.

STAY TUNED

The Office of the United Nations High Commissioner for Human Rights is launching the **B-Tech Project**, which will run until the end of 2021 and seek to provide authoritative guidance and resources to enhance the quality of implementation of the UN Guiding Principles on Business and Human Rights. The emphasis will be on a selected number of strategic focus areas in the technology space, such as addressing human rights risks in business models, human rights due diligence and end use, as well as policy

LLOYDS BANKING GROUP

■ COUNTRY: UK ■ SECTOR: Financial Services ■ EMPLOYEES: 75,000

In 2018, Lloyds Banking Group unveiled its latest strategic phase which focused on meeting changing customer demands in a rapidly evolving external environment. With more than £3 billion of strategic investment over three years, the strategy focused on four pillars — one of which was to transform the way the bank works and to ensure that the bank has the right balance of new skills required in financial services. The bank conducted a strategic workforce planning exercise to identify the roles and skills that would be required in the future. It concluded that the majority of employees would require new skills over the next three years. It identified ten skills that would be particularly important, including new skills, such as agile project management and artificial intelligence, alongside more traditional customer service, relationship management and leadership skills.

As part of its new strategy, the Group has made a public commitment to deliver an additional 4.4 million hours of learning and development for employees to help build these skills over three years, which would be delivered through a range of Group-wide and divisional initiatives. In 2018, the Group launched a new online learning hub, new role-specific development programmes, and new capability-led graduate and apprenticeship programmes. Alongside these initiatives, the Group has also launched a campaign to encourage employees to learn based around common reasons why employees choose to develop: change, curiosity, challenge and career. This campaign was supported by a network of 300 learning champions from within the company, a dedicated social media site and a quarterly magazine.⁶

6. World Economic Forum. *Towards a Reskilling Revolution: Industry-led Action for the Future of Work*, Geneva, 2019, p. 20.

YILDIZ HOLDING

■ COUNTRY: Turkey ■ SECTOR: Food Producers ■ EMPLOYEES: 60,000

Startup Days, launched by Yıldız Holding, is a programme for innovative startups that want to develop business collaborations with the group's companies. The overall aim of the programme is to create and strengthen collaboration between the group and innovative startups.

The programme has mutual benefits. For Yıldız Holding, it paves the way for innovative, technology-oriented and cost-effective solutions, which will create a sustainable competitive advantage. It also affects the corporate environment with the possibility of transferring the passion, energy and motivation of entrepreneurs to employees. For start-ups, it increases the chance to generate revenue by accelerating the process of selling products and services, reinforces customer confidence through the Yıldız Holding

reference, and enhances the possibility of developing products and services by getting feedback from companies that belong to the group.

Following the end of several Startup Days meetings, the company conducted a funnel and pipeline management to all accepted applications. After that, startups had detailed meetings with business units and digital business development teams. This was followed by pilot runs and led to contracts and other forms of collaborations with the finalists.

Applications focused on the generation of innovative technologies. Image processing, artificial intelligence, machine learning and the Internet of Things were prioritized.

II. ENSURING CLIMATE JUSTICE AND A JUST TRANSITION TO A ZERO-CARBON ECONOMY

To urgently change course and seize the chance to avoid runaway climate change, the UN Global Compact is calling on business to step up and commit to set science-based targets aligned with limiting global temperature rise to 1.5°C above pre-industrial levels.

People and human rights need to be at the core of climate solutions. For those on the frontlines, climate change is already eroding the rights to food, water and sanitation, decent shelter, health, personal security, and even life itself. Large-scale climate displacement threatens to force millions to undertake journeys of vulnerability and uncertainty.

The Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) has identified 1.47 billion jobs globally in sectors affected by climate change, such as agriculture, manufacturing, building, and transport.⁷ If the period of transition during the shift to sustainable production is poorly coordinated, this could increase the risk of stranded workers, communities and assets that don't benefit from new jobs, infrastructure, and investments and are left behind.

However, the International Labour Organization has estimated that on the other hand, action to meet the Paris Agreement will create 24 million jobs in clean energy generation, electric vehicles and energy efficiency.⁸ A transition to a zero-carbon economy has to be just, fair and inclusive, and be grounded in social dialogue, including the voices of workers and rights holders. Alarming, the renewables energy sector has seen the fastest rise of human rights violations.⁹ Prevention

75%

of CEOs strongly agree or agree with the statement that respect and support for human rights informs their climate action initiatives.

Source: UN Global Compact-Accenture Strategy 2019 CEO Study

and accountability need to be based on robust human rights due diligence processes, respect and support for environmental and human rights defenders, access to grievance mechanism, and effective remedy.

For the transition to be just, business has an obligation to respect human rights of workers and affected stakeholders, but also an opportunity to design climate action strategies that benefit the most vulnerable and draw on insights from diverse voices and innovators. Positively, businesses are stepping up: ACCIONA, a Spanish electricity company, is supporting its female employees to be

7. UNFCCC. *Just Transition of the Workforce and the Creation of Decent Work and Quality Jobs*. New York, 2016, p. 24.

8. ILO. *World Employment and Social Outlook 2018: Greening with Jobs*. Geneva, 2018, p. 1.

9. Business and Human Rights Resource Centre (BHRR). *Transition Minerals Tracker*, 2019.

LOCAL SPOTLIGHT

Building on an informal network created by **Global Compact Network Poland**, the Minimum Standards for Ethical Companies were developed. Moving on from covering basic principles of ethical management and generic codes of conduct, GCNP is now in the process of developing basic requirements for standards on specialized sub-themes, such as the Minimum Standards for Climate and Environment Protection of Ethical Companies launched in August 2019. In support of those efforts, the Ethics Defenders Association was established as a body that provides a networking platform for business professionals specializing in codes of ethics and compliance issues.

The progress has been made possible through involvement of diverse stakeholders, including ministries, the Office

of the Human Rights Defender in Poland, the Central Anticorruption Office, and the Office of Competition and Consumer Protection. Strong contributions were also made by business stakeholders, such as 3M, Ergo Hestia, Immusec, ING Bank Śląski, PKP Energetyka, Santander, Skanska and T-Mobile.

The additional efforts to link ethical behavior with climate responsibility were culminated with the documentary film, "The Curse of Abundance," which Global Compact Network Poland supported to produce and promote and which was screened during COP 24 in Poland and at the Human Rights Film Festival in Berlin.

part of climate change innovation and heighten the influence and impact of women in making decisions that shape our planet. Through the support by ACCIONA as global partner of Homeward Bound, a leadership initiative for women with a background in STEMM,¹⁰ more than 415 female scientist have joined the programme. Sompco, a Japanese financial solution provider, provides weather index insurance to reduce risks for agricultural businesses in the region. Celsia, the largest solar energy provider in Colombia, is supporting human rights by engaging with local communities on issues of transitional justice.¹¹ Orsted A/S, a power producer from Denmark, partners with the Responsible Offshore Development Alliance to ensure that project siting, design and operations of its offshore wind farms do not impact the livelihood of local fishermen. Orsted is also a signatory of the Pledge for a Just Transition and Green Jobs.

10. Science, Technology, Engineering, Mathematics, Medicine.

11. Celsia. *The New Era of Energy: Drives Us Forward*, 2018.



The climate emergency is already generating serious impact on human rights — including increases in hunger and diseases; the reversal of development gains; and the displacement of people. It is exacerbating conflict and social tensions, and deepening inequalities. The world has never seen a threat to human rights on such a level. As climate change progresses, the economies of all nations; the institutional, political, social and cultural fabric of every State; and the rights of all people will be affected.

This is not a situation where anyone, or anything can stand on the sidelines. There is still time to act. Better use of natural and renewable resources; policies which protect and empower marginalized communities; and better strategies by businesses across their supply chains can be good for the environment and promote greater human dignity and rights.

Michelle Bachelet,
UN High Commissioner for Human Rights

LEARN MORE



In 2016, the International Trade Union Confederation (ITUC) established the [Just Transition Centre](#), which brings together workers and their unions, communities, businesses and Governments in a social dialogue to ensure that labour has a seat at the table when plans are made for a just transition to a low-carbon world. A “[Business Guide](#)” — developed by the Just Transition Centre in collaboration with The B Team — puts the “[ILO Guidelines for a Just Transition](#)” into practice.



The [Transition Minerals Tracker](#) was launched by the Business & Human Rights Resource Centre to track mining operations related to renewable energy and electric vehicles worldwide, and seeks to improve the human rights practices of companies that produce the minerals vital to these sectors.

The latest report of the [Special Rapporteur](#) on extreme poverty and human rights on climate change and poverty outlines how “climate change threatens the future of human rights and risks undoing the last fifty years of progress in development, global health, and poverty reduction.”

ASTRAZENECA

■ COUNTRY: UK

■ SECTOR: Pharmaceuticals and Biotechnology

■ EMPLOYEES: 61,100

The World Health Organization estimates that nearly 13 million people die each year from environmentally related health risks. Despite the health gains achieved during the past 50 years of global development, the human right to health is exceedingly at risk from the threats of climate change and environmental degradation.

The UN Global Compact Health is Everyone's Business Action Platform's report, *Business Leadership Brief for Healthy Planet, Healthy People*, highlights an emerging governance framework for planetary health that is anchored in human rights. It outlines the need for businesses to protect the right to a healthy environment by integrating health as a leading indicator for environmental progress.

AstraZeneca, a global pharmaceutical company participating in the Health is Everyone's Business Action Platform, is integrating the protection of human health in its climate action strategy to reduce emissions aligned with a 1.5°C trajectory.

In 2019, AstraZeneca launched its new sustainability strategy directly connecting the company's environmental ambitions to its core business of health and wellbeing. AstraZeneca seeks to target environmental solutions that have co-benefits for human health. For example, AstraZeneca's 2025 emissions reduction targets were motivated by the environmental imperative, and the co-benefits climate action can have to reduce Chronic Obstructive Pulmonary Disease (COPD), asthma, and upper respiratory diseases.

Investing to create a healthy planet for healthier people contributes to making the company more resilient to challenges of limited natural resources and severe weather effects of climate change, such as increasing incidence of severe weather events.

Furthermore, the company aims to raise awareness and contribute to advocacy across the public and private sectors by highlighting the connection between environment and the human right to health, especially through preventive solutions.

BIONAS (BATC DEVELOPMENT BHD)

■ COUNTRY: Malaysia

■ SECTOR: Alternative Energy

■ EMPLOYEES: 60

Bionas aims to produce sustainable renewable energy, which is environmentally friendly, does not contribute to deforestation and does not compete with food production while at the same time providing and improving socio-economic value to local communities, enhancing economic growth in rural areas and eradicating poverty.

The company's investment in nano-emulsion and polarization technology in biofuel production has advanced the energy sector towards bio-energy sustainability and security and is now active in over 50 countries. The production cost has been reduced significantly and the use of multi-feedstock has resulted in that biofuels are offered at a competitive price. Bionas managed to make savings of US\$ 30 million on transesterification refinery and is channeling the savings back to the farmers by offering the highest buy-back price for their harvest guaranteeing a monthly income.

Environmental sustainability and energy security are complemented by energy equity, including by ensuring affordable access to energy supply by the most vulnerable, investing in the economy in rural areas, and empowering farmers to become sustainable feedstock suppliers through free seeds and technology transfer, with guaranteed buy-back prices.¹²

Bionas is further embarking on large-scale production of biofuel with the structured planting of *Jatropha* trees in the Middle East, Asia and Africa. This is part of the Great Green Wall for Sahara and the Sahel Initiative, a Pan-African programme by the African Union, creating jobs for local communities.

12. *Bionas Communication on Progress April 2018-May 2019*, New York, 2019.

III. PUTTING IN PLACE EFFECTIVE REMEDY AND GRIEVANCE MECHANISMS

A total of two hundred of the world's largest companies received an average score of just 3.1 out of the 15 points available (equaling 21%) for their remedies and grievance mechanisms in the Corporate Human Rights Benchmark's latest 2019 ranking, which assesses the largest publicly traded companies in the world on a set of human rights indicators.¹³ This indicates that most victims of corporate human rights abuse routinely do not have access to effective remedy and justice. The prevailing lack of remedial avenues is exacerbated when companies hide behind corporate structures to evade legal liability for the human rights impacts of their subsidiaries.

Understanding and assessing the nature of a company's responsibility with respect to a specific impact can be an important step in determining a company's responsibility to provide remedy. Few companies have systematic approaches for analyzing the nature of their responsibility.¹⁴

Pillar III of the UN Guiding Principles on Business and Human Rights calls on business to provide access to effective remedy for victims of corporate-related abuse. However, accountability, remedy and grievance mechanisms often seem to be discussed as an after-thought — to be tackled once human rights due diligence systems and processes are dealt with. The UN Global Compact aims to change this and stress that due diligence and accountability must go hand-in-hand in order to ensure respect for human rights.

Guiding Principle 31 outlines that grievance mechanisms should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning and based on engagement and dialogue. In practice, this might include whistle-blower hotlines, employee ombudsmen, trade union processes, contract clauses with dispute resolution mechanisms, or consumer complaint mechanisms. One of the key things to consider is whether impacts and grievances are

44%

of surveyed UN Global Compact participants report to have a complaint mechanism in place. This drops to 29% for SMEs with less than 250 employees.

Source: UN Global Compact Progress Report 2019

channeled to the right people and whether the business has full visibility in its human rights impacts.

In our fast-changing world, additional challenges arise, such as access to grievance mechanisms by rights holders whose link to the company might not always be as clear, such as human rights defenders, people harmed by climate change, people whose health is put at risk from poor environmental conditions, or people who are discriminated against by newly applied technology. With regards to the latter, technology is often seen as an opportunity to empower workers by creating new grievance channels that, for example, allow for real-time data, secure and anonymous complaints, and easier access through mobile phones.

At the same time, the automation of remedy systems using artificial intelligence raises serious doubts about whether these responses can constitute effective remedy, given for example the risk of potentially giving the rights holder the feeling of depersonalization when all complaints are answered using AI, or through excluding those not being able to access or operate the required technology. This risks leaving the most vulnerable even further behind.

STAY TUNED

The Office of the United Nations High Commissioner for Human Rights has been leading the **"Accountability and Remedy Project"** aiming to deliver credible and workable recommendations to enable more consistent implementation of the UN Guiding Principles on Business and Human Rights in the area of access to remedy. Outcomes with regard to enhancing effectiveness of non-state-based grievance mechanisms in cases of business-related human rights abuse will be presented to the Human Rights Council in June 2020.

LEARN MORE

Do you want to find out which National Action Plans (NAP) on Business and Human Rights refer to non-judicial grievance mechanisms? You can explore issues in different NAPs on [globalnaps.org](https://www.globalnaps.org).

13. Corporate Human Rights Benchmark. *Results*, 2019.

14. Shift. *Remediation, Grievance Mechanisms and the Corporate Responsibility to Respect Human Rights*, New York, 2014, p. 4.

CARBONES DEL CERREJON LIMITED

■ COUNTRY: Colombia ■ SECTOR: Industrial Metals and Mining ■ EMPLOYEES: 5,708

Cerrejón is a mining and transport complex in La Guajira, Colombia. Its Complaints Office is a mechanism to log claims from communities, workers and staff associated with contractors. The Complaints Office does not replace the mechanisms established by the company in addressing issues of labour, occupational health, meals and transportation of workers, ethical issues or disciplinary issues in place at Cerrejón, by Colombian law, or agreed upon with the Union via the Collective Bargaining Agreement.

The process begins with the presentation of the claim by the complainant. It is then logged and a direct dialogue between the company and the complainant begins to gather information and attempt to clarify the events. All of these activities are filed and documented and the results revised with senior management that makes recommendations as to the company's policies and practices with the aim of preventing future occurrences of these types of events.¹⁵

In accordance with Cerrejón's due diligence process, two Human Rights Impact Assessments have been carried out, with the latest one having taken place in 2016. This study covered 100% of their operations and entailed conducting 50 interviews with representatives of communities in the area of direct influence, departmental and municipal governments, academia, research centers and civil organizations. This study comprised 350 interviews with Cerrejón employees and one focus group with the participation of 11 Cerrejón contractors.

The positive impacts of this study include payment of royalties to affected people, citizen participation and social oversight of the investment of royalties, support for the modernization of public administration, and education in public administration.¹⁶

15. Cerrejon. *Sustainability Report*, Bogota, 2017, p. 29.

16. Center for International Law and Policy. *Operational Grievance Mechanism Research Report*, Boston, 2019, p. 6.

PUMA SE

■ COUNTRY: Germany ■ SECTOR: Personal Goods ■ EMPLOYEES: 13,000

PUMA offers several grievance channels to the workers of its manufacturing partners. For example, its Code of Conduct is displayed in all Tier 1 and core Tier 2 suppliers worldwide, and holds the email addresses and phone numbers of the compliance team, which receives and processes about 100 worker complaints each year. Other mechanisms include the use of the social network "QQ" in China, SMS messages, and the third party complaints procedure run by the Fair Labour Association, of which PUMA is a member.¹⁷

In relation to supply chain social compliance, PUMA discloses that in 2017, it received 81 grievances from workers (three of which concerned zero-tolerance issues), which included topics such as fair compensation (43%), employment relationship (35%), and excessive working hours (7%). It further discloses it received ten grievances from third-party organizations, which focused on topics including freedom of association and fair compensation.¹⁸

17. PUMA. *Annual Report*, 2015.

18. Know the Chain. *Leading Practice*, 2019.



IV. ENSURING THE PROTECTION OF MIGRANT RIGHTS AND ETHICAL RECRUITMENT PRACTICES

Migrant workers, who accounted for 164 million of the world's approximately 258 million international migrants in 2017,¹⁹ contribute to growth and development in their countries of destination, while countries of origin greatly benefit from their remittances and the skills acquired during their migration experience. A number of global challenges — such as climate change, globalization, increasing income inequalities and demographic shifts — are expected to result in increased migration of millions of people over the next decades. Migration can be a vehicle for balancing labour supply and demand, for sparking innovation, and for transferring and spreading skills.

Yet migrant workers continue to suffer from significant violations of their human rights, including fundamental rights at work and other labour rights violations that increase the social and financial “costs of labour migration.” These range from wage discrimination, poor working conditions, lack of access to social protection and abusive recruitment practices to, in extreme cases, bonded or forced labour and trafficking.²⁰

In principle, all international labour standards, unless otherwise stated, are applicable to migrant workers. In addition to international labour standards, migrant workers and members of their families are protected by the nine UN core international human rights instruments, which apply to all persons irrespective of their nationality.

Despite these instruments, business lags behind with regard to ensuring the protection of migrant rights in practice. For example, some migrant workers in the United Arab Emirates have had to pay recruitment fees equivalent to more than five months of wages.²¹ Out of 38 companies surveyed in the construction sector, the second-highest-risk sector for forced labour,²² in Jordan

and Lebanon, only two companies (5%) have a recruitment policy that prohibits recruitment fees. Only four companies reported having an operational-level grievance mechanism in place for their workers. Only one company disclosed information on how it seeks to ensure that workers are paid on time and for all hours worked.²³

Additionally, an unprecedented 70.8 million people around the world are forcibly displaced, among them 25.9 million refugees.²⁴ Businesses are increasingly looking at facilitating entrepreneurship for refugees and ensuring their integration into the workforce and society. Sunshine Bouquet, a Colombian flower company, has developed an action plan to provide decent working conditions to vulnerable refugees from Venezuela, many of whom have received a permanent contract.

Sodexo Brasil is participating in the project “Empowering Women Refugees” launched by Global Compact Network Brazil, UN Women and the United Nations High Commissioner for Refugees. In order to debunk myths and prejudice, when hiring new Brazilian employees, Sodexo uses training and manuals to raise the employees' awareness of the realities that their refugee colleagues faced in their countries of origin. The company also raises migrant workers' awareness on the cultural, idiomatic and habit differences in Brazil.

19. ILO. *Global Estimates on International Migrant Workers — Results and Methodology*. Geneva, 2018, p. ix.

20. ILO. *Decent Work for Migrants and Refugees*. Geneva, 2016, p. 2.

21. Know the Chain. *Investor Snapshot: Forced Labour in the Construction Sector*, 2019, p. 3.

22. ILO. *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*. Geneva, 2017, p. 9.

23. Know the Chain. *Investor Snapshot: Forced Labour in the Construction Sector*, 2019, p. 3.

24. UNHCR. *Figures at a Glance*. New York, 2019.

LOCAL SPOTLIGHT

In late 2018 and early 2019, **Global Compact Network Turkey** held a series of CEO Roundtables on “Business and Human Rights” with the attendance of the UN Resident Coordinator in Turkey. The CEO Roundtable on “Refugee Integration and Business” was held in the scope of this series, to discuss the business role in creating short- and long-term opportunities for refugees, and how to collectively scale up good practices.

Global Compact Network El Salvador launched a two-year project — a cross-sectoral Roundtable entitled “Welcome Conditions for the Salvadoran Migrant Population: Route of Employment and Job Intermediation” — which is a collaboration between NGOs, Government and private sector to improve the welcoming route for migrants deported from the United States. The objective of the project is to contribute to the generation of employment through the articulation and linking of actors that are involved in the return of Salvadoran migrants.

ACCIONA

■ COUNTRY: Spain

■ SECTOR: Electricity

■ EMPLOYEES: 37,403

Infrastructure companies operate in environments with high risks associated with the value chain, especially when they work in legally complex geographical areas. In 2015, ACCIONA developed a standard for the welfare of migrant workers, which related to the recruitment, employment and accommodation of migrant workers in countries with labour legislation that did not follow international standards. ACCIONA's approach is applicable in all countries of operation and business units.

The objective of this standard is to achieve and maintain a supply chain that is fully aligned with ACCIONA's policies. It also aims to manage any

performance differences relating to human and labour rights with partners, subcontractors and suppliers. The standard aligns the processes of human resources, purchasing, business development, project management and employee welfare management.

ACCIONA is defining specific procedures for different geographical areas (i.e. adapted to local labour legislation) applicable to all of the company's infrastructure businesses. These procedures include, among others, control through internal and external employee welfare audits to ensure compliance. In this way, ACCIONA protects the rights of migrant workers who carry out their activities linked to the company's projects.

CHAROEN POKPHAND GROUP

■ COUNTRY: Thailand

■ SECTOR: Diversified

■ EMPLOYEES: 300,000

As one of world's largest protein companies, Charoen Pokphand Group's workforce includes a significant proportion of foreign and migrant workers, and the company has put effort behind ensuring non-discriminatory working conditions, ethical recruitment and fair hiring practices. All migrant employees are entitled to the same pay and company benefits that regular workers enjoy, including medical benefits, insurance, housing and travel allowance, as well as performance-related pay increases. Migrant workers also have access to an on-site translator.

As part of the Group's human rights policy, the company also issued a “Foreign Workers Recruitment Policy and Guidelines of Charoen Pokphand Group” in February 2019. To implement this policy, the Group's subsidiaries, including Charoen Pokphand Foods PLC and CPRAM Co., Ltd. — both of which are food produc-

ers — are responsible for covering the “recruitment fee charged by the recruitment agency and any related expenses during the recruitment process in the country of employment, in the amount no less than the one required by law in that country.”

It is notable that the policy covers more expenses on behalf of the workers than standard industry practices. For example, this policy absorbs additional expenses for the migrant workers, such as their visa and work permit fees, visa and work permit renewal fees, medical examination fees, accommodation support depending on locations, and non-discriminatory financial incentives for various working conditions.²⁵

25. Charoen Pokphand Group. *The Foreign Workers Recruitment Policy and Guidelines*. Thailand, 2018, p. 1–2.

LEARN MORE

The **International Recruitment Integrity System (IRIS)** is a global initiative created by the International Organization for Migration that is designed to promote ethical international recruitment. It works by defining and setting a benchmark for ethical recruitment and through establishing a voluntary certification scheme for ethical labour recruiters as well as a compliance and monitoring mechanism.

The **General Principles and Operational Guidelines for Fair Recruitment** are non-binding ILO principles and guidelines intended to inform the current and future work of the ILO and of other organizations, national legislatures, and the social partners on promoting and ensuring fair recruitment.

V. MAKING INVESTMENTS WITH A GENDER LENS

When it comes to financial decisions and investments, companies do not seem to put equal priority on women's leadership. Applying a gender lens to investments is characterized by making investments in companies that are women-owned or women-led, promote gender equality in the workplace, and develop products and services that positively impact women.²⁶

Studies show that businesses founded by women ultimately deliver higher revenue — more than twice as much per dollar invested — than those founded by men.²⁷ Despite this, venture funds committed to investing in women-founded companies, especially those led by women, often struggle to expand their capital base and increase their capacity to invest.

In the United States alone, women-founded companies get less than 2% of venture capital investments. Startups founded by female teams received just US\$ 1.9 billion of the US\$ 85 billion total invested by venture capitalists in 2018.²⁸ However, financial institutions and impact investors are leading the way and developing programmes and strategies to ensure women-led companies and entrepreneurs receive equal opportunities.

In 2002, the Global Banking Alliance for Women was launched with a primary focus on bank lending for SMEs. It is the only global consortium dedicated to supporting banks that focus on supporting women's economic empowerment. With support from the IDB Group and the International Finance Corporation, Itaú Unibanco joined the Alliance to create the Mulher Empreendedora programme, which provides capital and capacity building to women entrepreneurs in Brazil. Stock exchanges are stepping up their efforts as well, with 85 organizing "Ring the Bell for Gender Equality" events in 2019. One of them is Santiago Exchange, Chile, which developed a sustainability strategy with a strong focus on diversity and women's leadership, and launched a series of initiatives, such as the establishment of the Dow Jones Sustainability Index Chile, which is based on four gender-related variables.

It is encouraging that financial tools are increasingly used to promote diversity and inclusion. Mapfre, a financial service provider from Spain, launched an inclusion fund to primarily invest in companies that are leaders in employing people with disabilities. Besides financial empowerment, companies are also developing products to enable women to become successful entrepreneurs.

80%

of CEOs across industries state that they see clear business value in diversity and agree that women's participation and leadership is a critical driver of performance.

Source: UN Global Compact-Accenture Strategy 2019 CEO Study

Vodafone Turkey Foundation (Vodafone Turkey's charitable institution) launched the "Women First in Entrepreneurship" project in cooperation with the Ministry of National Education of Turkey and the Turkish Informatics Foundation. The aim of the project is to provide an online platform to women who want to generate income from selling handmade products through digital technologies. The company also provides technology and entrepreneurship training, reaching 54,000 women in 2019.

Further, Vodafone developed an application expanding the training and selling platform in order to reach more women from cities all across Turkey. Melmax Farm Fresh, a SME from Kenya, conducted a study finding that female-led agricultural initiatives were a powerful force for rural development and economic growth. Incorporating the results, the company runs a training programme for smallholder farmers to farm sustainably in the face of climate change, focused on young women.

This year, the UN Global Compact launched Target Gender Equality, a Global Impact Initiative to mobilize business to set corporate targets and increase women's representation and leadership in business, at all levels and across all areas. This initiative is developed to drive business action in support of Goal 5.5, which calls for women's full participation and equal opportunities for leadership, including in economic life, by 2030.

26. IBD Invest. *Gender Lens Investing*. Washington D.C., 2019.

27. Boston Consulting Group (BCG), *Why Women-Owned Startups are a Better Bet*, 2018.

28. Pitchbook. *The VC Female Founders Dashboard*, 2019.



There is still a lot that needs to be done to achieve a gender-balanced society and our association with the UN Global Compact through the Local Network has exposed us to the best working principles and strategies in this regard. We are also aware that our efforts to empower women may prove futile if the society still holds the backward belief that men are superior to women and as such, we are working with community leaders to sensitize the locals on the benefits of inclusion, equal opportunity, and non-discrimination.

Melvin Muna,
CEO and Founder, MELMAX FARM FRESH, Kenya



SPOTLIGHT: SDG PIONEERS

In 2019, the UN Global Compact recognized ten young SDG Pioneers — business leaders who are doing an exceptional job to advance the Sustainable Development Goals. One of the Pioneers is Murtaza Ahmed, General Manager of the Pakistani garment company Artistic Milliners. Since Mr. Ahmed joined the company in 2012, Artistic Milliners has become the first denim business in Pakistan to carry the Fair Trade USA stamp. Mr. Ahmed also filled 50 per cent of the company's top management positions with women. The number of women on the company's board increased to 16 (equaling 50% of all board members) from just two in 2012. Mr. Ahmed uses the factory floors as spaces for social change and has collaborated with other organizations to measure and quantify the impact of decent work and gender equality on business operations.

POMONA IMPACT

■ COUNTRY: Guatemala ■ SECTOR: Nonequity Investment Instruments ■ EMPLOYEES: 15

Pomona Impact is an impact investment fund based in Antigua Guatemala, with a fully deployed pilot fund of US\$2 million invested into 21 social businesses, 48% of which are women-led. Pomona is currently launching a second fund targeting US\$30 million to invest into growth stage businesses in agriculture and basic services in Central America, Mexico, Ecuador and Colombia that through their business activities create significant and measurable social and/or environmental impact.

In the region, there exists a large gap of both government funding and private capital for women-led businesses, even though Latin American women are very entrepreneurial, often out of necessity (Global Entrepreneurship Monitor. Global Report 2017/18). In order to promote

gender equality and keep track of progress, Pomona has incorporated a gender lens into its due diligence and monitoring processes: asking potential and current investees about female ownership, management, employees, benefits and their impact on women in the society (e.g. supporting/empowering women through the company's service or product). Further, Pomona collaboratively organizes gender lens trainings for other investors from the region and actively promotes gender equality within the workspace to become a positive role model for others.²⁹

29. Women-led: "At least one co-founder is female" (10/21 companies) and "at least one manager is female" (10/21 companies)

AMOREPACIFIC CORPORATION

■ COUNTRY: Korea ■ SECTOR: Household Goods and Home Construction ■ EMPLOYEES: 3,150

With a large female customer base in the cosmetics industry, Amorepacific Corporation is committed to enhancing women leadership within its employees. The company established a mix of policies and developed diverse cultural activities to foster a work environment where employees can demonstrate their leadership.

To ensure maximum efficiency at work and to enable a balance between work and family, the company promotes a flex-time policy and introduced a "Care for Expectant Moms" programme to create a women-friendly working environment for expectant mothers.

This includes health benefits, no overtime work, and flexibility for doctors' appointments during work hours. Additional components include raising awareness among team members to be considerate towards pregnant colleagues and providing an onsite daycare center.

The company also launched an internal mentoring programme for women. As a result of these changes, the ratio of women managers has been increasing in three consecutive years, from 26.5% in 2016 to 31% in 2018.



LEARN MORE

IDB Invest and ESADE Business School conducted the first gender lens investing study on Latin America and the Caribbean. The study indicates that gender bonds are part of a new trend in social finance and are an innovative way of providing loans to SMEs led by women. Currently, the credit gap is US\$ 93 billion for women-led SMEs.³⁰ The study refers to the **Women's Empowerment Principles Gender Gap Analysis Tool** as a first step for businesses to understand their current workplace situation in terms of gender equality.

30. IFC, World Bank Group, SME Finance Forum. *MSME Finance Gap*. Washington D.C., 2017, p. 39. The finance gap is estimated as the difference between current supply and potential demand which can potentially be addressed by financial institutions.

VI. TAKING A FRESH LOOK AT HUMAN RIGHTS DUE DILIGENCE

“ Respecting and protecting human rights reaches far beyond compliance issues.

Martin Bruder Müller,
Chairman of the Board of Executive
Directors and Chief Technology
Officer at BASF SE

LOCAL SPOTLIGHT

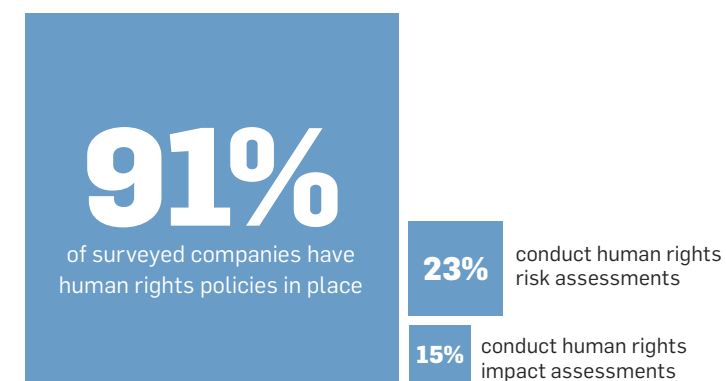
Many Global Compact Local Networks — located in all regions of the world — offer dynamic human rights due diligence trainings to help companies understand their responsibilities under the UN Guiding Principles on Business and Human Rights, and more importantly, putting the principles into practice and developing robust due diligence processes.

More CEOs are stepping up and publicly raising awareness of human rights. Promisingly, public expectations are in turn rising and human rights due diligence legislation is increasing around the world. Annual Progress Reports issued by the UN Global Compact have consistently shown that the majority of surveyed companies say that they have human rights policies in place. However, there is a clear gap when it comes to meaningful implementation. Indeed, only 28% of surveyed companies report to monitor and evaluate human rights performance, and only 25% report to include human rights references in supply chain and subcontracting agreements with suppliers. For all human rights and labour related questions asked in the Progress Report survey, aggregated results for SMEs are consistently lower. For example, in 2019, 37% of SMEs reported to conduct training and awareness trainings for employees, while 59% of larger companies did so. With SMEs accounting for 90% of businesses and 50% of employment worldwide,³¹ increasing focus on guidance and tools for SMEs would go a long way in scaling responsible practices.

To prevent human rights violations, companies have to identify their salient human rights challenges, put robust human rights due diligence processes and practices in place, and ensure that the results are fed back into decision making and strategizing. However, this should not be just another tick-off exercise involving only isolated parts of the companies' structure. Leading companies are instead taking a holistic look at their operations by, for example, applying learnings and efforts from anti-corruption compliance to human rights due diligence.

In support of human rights, companies should stay aware of fast-evolving challenges and, when possible, engage with policymakers. As an example, a group of French companies led by L'Oréal publicly supported the new ILO Convention concerning the elimination of violence and harassment in the world of work. The [Convention](#) was adopted in July 2019 and aims to protect all workers — in every sector and under every contractual status — from violence and harassment.

Importantly, existing human rights due diligence frameworks must not become static but should instead be ever-evolving instruments that keep up with the changing contexts in which operations take place — for instance, considering the effects of climate change, conflicts, forced migration and resource scarcity. They must be updated to take into



Source: UN Global Compact Progress Report 2019

account factors like the impact of climate change, and, in particular, have an increased focus on addressing root causes rather than simply managing risks. One of the problems for businesses in taking an integrated approach incorporating human rights across functions, operations, and value chain is that the formal policy and guidance helping them to do so has been insufficient.

Taking a holistic look at human rights includes the integration of all of the company's functions, such as human resources, compliance, and procurement. Red Electrica, the Spanish electricity transmission system operator, established its Human Resources Master Plan, which is based on five basic principles: efficiency, equal opportunities, conciliation between work and personal life, fair and individualized treatment of all professionals, and respect for diversity. To put the plan into action, the company developed a diversity management model that brought previous models under the same umbrella, expanding the scope by integrating issue areas such as disability, age and LGBTI.

MRV, the largest Brazilian construction company, is applying learnings from its anti-corruption, integrity and compliance functions to its human rights efforts and vice versa. At the same time, MRV supports human rights through access to free legal counselling for employees, investments in schools, and efforts to re-integrate former detainees into society and the workforce.

31. The World Bank. *Small and Medium Enterprise Finance*. Washington D.C., 2019.

LEARN MORE

In June 2019, the UN Working Group on the issue of human rights and transnational corporations and other business enterprises presented a new report to the Human Rights Council outlining the **“Gender Dimensions of the Guiding Principles on Business and Human Rights.”** The report emphasizes that “business enterprises should use tools such as the Women’s Empowerment Principles Gender Gap Analysis Tool to assess the nature and extent of

gender discrimination throughout their operations as well as the effectiveness of their gender equality measures.”

The **Danish Institute for Human Rights** issued a [checklist](#) as operational guidance on how to ensure due diligence when operating in areas where a company’s projects may affect indigenous peoples.

DANFOSS GROUP

■ COUNTRY: Denmark ■ SECTOR: Technology Hardware ■ EMPLOYEES: 26,645

In order to be handled effectively, human rights considerations must be anchored in the organization. Danfoss' human rights due diligence process aims at building local capacity to handle human rights issues in the different regions where the company operates. Key functions in each project are appointed by regional top management who then also approves the action plans pertaining to the specific region, thereby facilitating implementation and creating ownership at the local level. Regions that are most at risk of negative impacts on human rights were prioritized.

In each project assessment of legislation and actual practices in the countries in the regions forms the basis for identifying, assessing, prioritizing and mitigating potential impacts on human rights in the due diligence process. While the initial analysis of potential areas for action plans is carried out at the headquarters-level, the local human rights project teams assess, prioritize and draw up action plans for mitigating potential negative impacts on human rights. Regular follow-up meetings ensure progress on action plans.

CEMEX

■ COUNTRY: Mexico ■ SECTOR: Construction and Materials ■ EMPLOYEES: 67,000

In order to identify, prioritize and mitigate its human rights impacts, CEMEX carried out a Human Rights Compliance Self-Assessment that highlighted relevant salient human rights concerns in its operations and within the community.

Bringing together expertise from its local Ethics Committees and key business functions, including human resources, legal, enterprise risk management, procurement, sustainability, health and safety, and communications, CEMEX carried out human rights evaluations across 30 countries. This covered locations with concrete, cement and aggregate operations, maritime terminals and corporate offices.

The assessment drew on key concerns, including working conditions, modern slavery, freedom of association, tolerance and inclusion, civil and political rights, and environmental quality. Vulnerable groups that participated in the assessment included employees, contractors, and communities, covering children, women, disabled people, indigenous people, and migrant workers. It was based on best practices from the Danish Institute for Human Rights Quick Check methodology, the Global Compact Self-Assessment Tool and the UN Guiding Principles on Business and Human Rights. As a follow-up step, the identified impacts were discussed with each of the 30 evaluated

countries and a basic remediation and mitigation plan was set to start working on the correction and prevention of those situations where human rights could be breached.

Each relevant group of business functions is carrying out follow-up actions for each human rights issue to mitigate future violations and allow for thorough prevention in line with international standards on human rights due diligence. Examples include an open-door policy for employees, contractors and community members to lodge complaints (building on the already established grievance mechanism ETHOS line); monthly Environmental and Social Incidents Reports, which form the basis of direct messages from CEMEX's CEO requesting operations to address and remediate any violations; and further training for employees and contractors on aligning their decisions with the company's Human Rights Policy and Ethics and Compliance Policy.

Through this assessment, CEMEX reinforced its commitment to build capacity across operations to address human rights issues, while working to maximize positive impacts and advance the company's human rights-driven SDG strategy.³²

32. CEMEX. *Integrated Report*, Mexico, 2018, p. 100–105.

VII. TACKLING WORKING POVERTY





Most root causes of poverty are of relevance in both developing and developed markets. For instance, at a micro level many people don't realize even here in the U.S. for the lowest wage earners the water bill can represent up to 20% of their take home pay.

Patrick Decker, CEO of Xylem

"Poverty anywhere constitutes a danger to prosperity everywhere."³³ Eradicating poverty in all its forms and dimensions is the greatest global challenge and the achievement of this goal is an indispensable requirement for sustainable development. Employment should be a vector to lift people out of poverty, but still almost 700 million women and men in low- and middle-income countries who are working are not earning enough to lift themselves and their families out of poverty.³⁴ For these working poor, it is likely that low earnings and, more generally, inadequate working conditions are to blame.

These "working poor" must be given the opportunity to improve their lives, and this is contingent upon sufficient economic reward in exchange for their labour, time and skills. The right to a fair wage is enshrined in the Universal Declaration of Human Rights: "Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity." Fundamentally, there are structural flaws that prohibit such provision. Actions that businesses can take to help reduce poverty within their own business operations and along their global value chains include respecting fundamental rights of their workers and providing decent work, which means

work that is productive and delivers a fair wage, as well as adopting responsible purchasing practices. Ensuring a living wage throughout the supply chain is, however, fraught with complexity as domestic politics and priorities intersect with international trade markets driving commodity prices, competition and minimum wages.

The Farmer Income Lab, a collaborative think-do-tank founded by Mars Incorporated in 2018, works to identify and test the optimal ways to drive meaningful improvements in smallholder farmer incomes. The Lab was founded as an incubator for insights that can be put into action through sustainable sourcing strategies that may start with Mars, but could extend much further. PRONACA, a food producer from Ecuador, started its Smallholder Supplier Integration Programme providing farmers with financial assistance to purchase inputs, technical assistance to improve yields, and a guaranteed purchase of 100 per cent of every harvest.³⁵ Restaurantes Toks, a Mexican restaurant chain, hired a small producer as a sustainable coffee leader to organize other coffee producers. The company built its own cooperative, which led to producers being paid 50% more than they ordinarily are in the supply chain. This coffee project serves as a trust-building initiative between the company and its suppliers and continues to contribute to raising the standard

of living for individuals working within this supply chain. PT Rimba Makmur Utama, an environmental services provider from Indonesia, runs a community development programme across 34 villages that is intended to create sustainable economic development alternatives and contribute to poverty reduction and reduced carbon emissions. The project invests in community livelihoods of farmers, fishermen, entrepreneurs, family businesses and workers. This is done through various angles, including microfinance, training centres for agricultural management, additional entrepreneurial opportunities to supplement incomes, as well as support to establish purchasing contracts to become part of local supply chains. The company recognizes that human rights due diligence is a continuous process and put policies and monitoring systems in place to further their commit-

ment. Danone, a French food producer, launched its Dan' Cares programme in 2009 to provide health coverage to all employees worldwide for hospitalization and surgery, maternity care, medical exams and pharmacy services. By the end of 2018, the Dan'Cares programme impacted 74,420 employees in more than 49 countries.

33. ILO. *Declaration Concerning the Aims and Purposes of the International Labour Organization*, 1944, p. 1.

34. ILO. *ILO Calls for Boosting Global Labour Markets, Social Protection and Social Dialogue*, Washington D.C., 2017.

35. The transactions are not obligations for suppliers, but voluntary purchase-sale agreements.

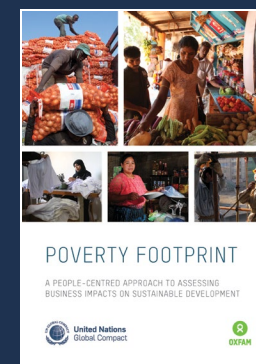
LOCAL SPOTLIGHT

Global Compact Network Costa Rica developed an assessment and tool called "**Business Alliance against Extreme Poverty,**" which supports companies in understanding the root causes of poverty in their workforce based on four areas: health, education, housing and family economy.

ENGAGE

The UN Global Compact is launching an **Action Platform** focusing on "**Tackling Working Poverty**" to raise corporate ambition and collective action to advance Goal 1: No Poverty, Goal 8: Decent Work and Economic Growth, and Goal 10: Reduced Inequalities through the angles of living wages and social protection.

LEARN MORE



Together with OXFAM, the UN Global Compact published the **Poverty Footprint**, an assessment tool that enables companies and civil society partners to understand corporate impacts on multidimensional poverty.



The Francophone Business Network on social protection floors³⁶ developed a guide of good practices, "**Global Enterprises and Social Protection,**" exploring the drivers, corporate strategies and concrete results of multinational enterprises providing a minimum level of social protection for employees worldwide.

36. The Global Business Network for Social Protection Floors (SPFs) intends to be a platform for enterprises to share experiences on social protection and to foster the debate regarding the role of enterprises to support the installation of public social protection systems in countries where they operate.

OUTLAND DENIM

■ COUNTRY: Australia ■ SECTOR: Personal Goods ■ EMPLOYEES: 52

Fair remuneration based on an international living wage standard has been a fundamental part of Outland Denim's humanitarian business model, creating economic protection for staff members formerly vulnerable to — or who have experienced — exploitation and precarious employment. Together with skills acquisition, career path planning and financial training, staff are some of a fortunate minority within the global fashion supply chain to earn a decent living.

Outland Denim has been guided by the Anker Methodology for the foundation of its living wage methodology, as it uses country- or area-specific data and demographics to determine the calorie requirements, family size and earning members in a family. Outland Denim has customized some parameters to work coherently with its situation in Cambodia, where a household may be made up of relatives outside of the immediate family, who are also dependent upon the income earner(s) of the household. Outland Denim has consulted with

several social businesses and NGOs, and regularly surveys staff, to further understand living costs from their perspective and experience.

“ **It is this unique insight into the living behaviours and financial needs of staff in their respective localities that allows a business such as ours to better accommodate and thereby value-add to its workforce. This exchange of value is ultimately mutually beneficial, and has the potential to lift the standard of living for entire communities. But we are also cognizant of the issues surrounding financial paternalism, the challenges of conscious capitalism and economic idealism. This should not be an excuse to leave the people who work for us in poverty.**

James Bartle,
CEO of Outland Denim

DIANA HOLDING

■ COUNTRY: Morocco ■ SECTOR: Food Producers ■ EMPLOYEES: 7,200

Tackling in-work poverty and enhancing workers' standards of living is at the heart of Diana Holding's social mission. In addition to the constant reviews of its employees' salary scale, Diana Holding offers a broad range of work benefits that have a direct impact on poverty alleviation and economic empowerment. For instance, the company offers premiums to help employees pay electricity bills, accommodation and transport.

Moreover, believing in the power of education in fostering economic development, the company insists that the children of workers have access to education. In Moroccan rural areas, where long walking distance is a major cause of school drop-out, Diana Holding

takes charge of school transportation for the children of workers at the agricultural fields and provides them with school supplies.

Also, engaged to foster economic empowerment in rural areas that are affected by the highest rate of poverty in Morocco, the company donates crops to its farm workers so that they can later use them to generate an extra income. Diana Holding also created a Social Works Fund, financed by both the company and its employees, to assist workers going through difficult times to overcome their distress. The fund is managed by the Committee of Social Works according to the established rules of procedures.

3. SCALING RESPONSIBLE BUSINESS PRACTICE AROUND THE WORLD

2018 and 2019 in Figures:

78 human rights due diligence trainings

28 CEO-level events on human rights

202 social sustainability multi-stakeholder events

46 “Ring the Bell for Gender Equality” events organized by Global Compact Local Networks in 2019



I want to acknowledge the role of Global Compact Local Networks' activities. Personally, our company benefits and learns a lot from them. Taking Global Compact Network Japan as an example, members and participants really take it as a very useful platform. Lots of Sustainable Development Goals-related discussions cannot be done in their own organizations, but Local Network activities provide a great platform and opportunities.

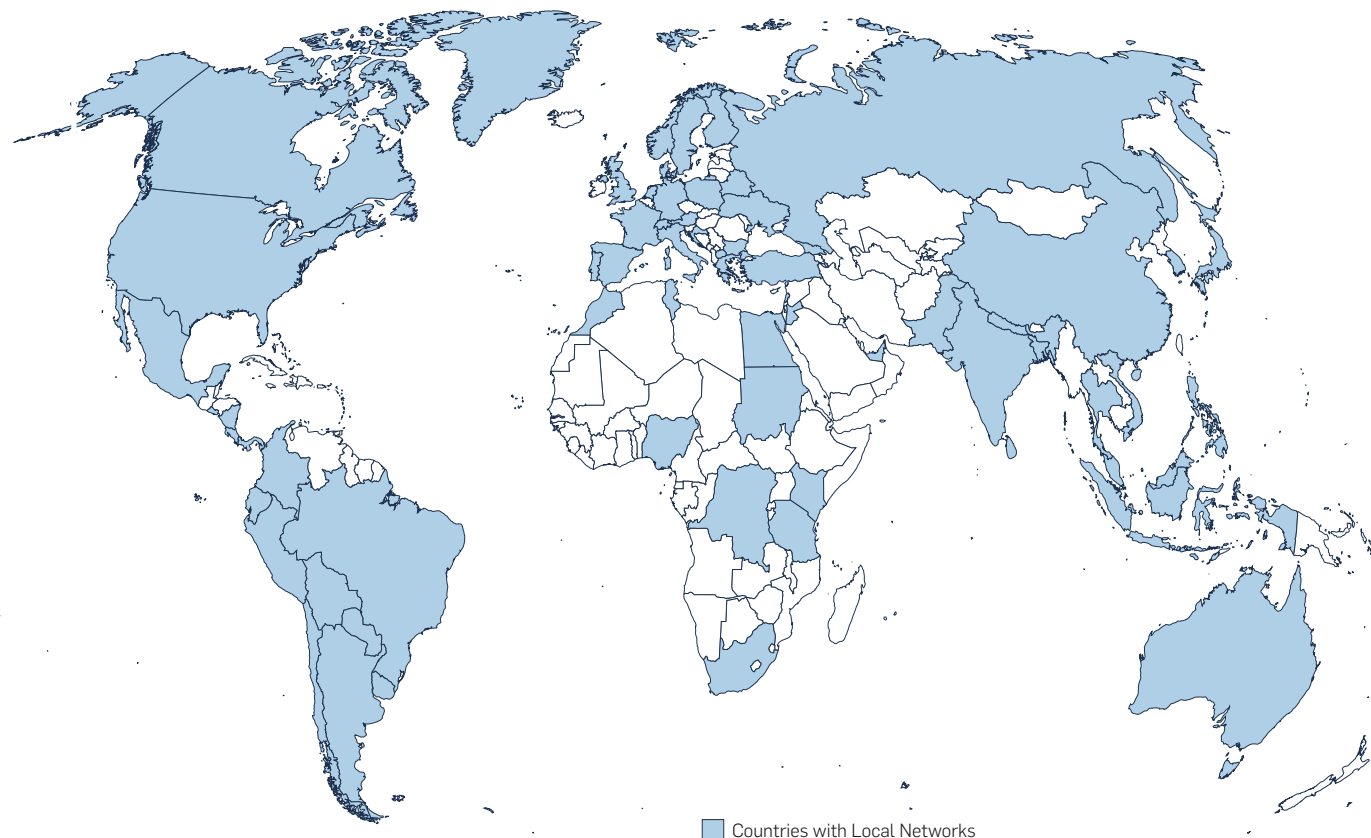
Sandra Wu,
Chairperson and CEO of Kokusai Kogyo Co., Ltd.

We need accelerated local action to substantially move the needle on human rights and social sustainability. More than 60 Global Compact Local Networks advance the Ten Principles of the UN Global Compact at the country level and help companies understand what responsible business means within different national, cultural and language contexts.

According to the 2019 Annual Local Network Survey, 66% of Global Compact Local Networks name human rights as a top priority issue. Human rights was also named as the most common multi-stakeholder partnership theme in Latin America, Western Europe and North America.

Global Compact Local Networks provide value to business and other stakeholders by developing guidance and thought leadership on human rights priorities in local contexts, facilitating working groups, enabling sharing and peer learning, and offering practical human rights due diligence training.

In addition, Global Compact Local Networks build an important bridge to Governments through facilitating policy dialogue and partnerships and amplifying the voice of local businesses, including many SMEs. Engagement on and advocacy for National Action Plans on Business and Human Rights is key to many Global Compact Local Networks.



■ Countries with Local Networks

SNAPSHOT OF LOCAL RESOURCES FROM AROUND THE WORLD



GLOBAL COMPACT NETWORK AUSTRALIA

[Leaving No One Behind: Planning for a Just Transition](#)



GLOBAL COMPACT NETWORK BRAZIL

[Labour Immigration and Compliance in Latin America and the Caribbean](#)



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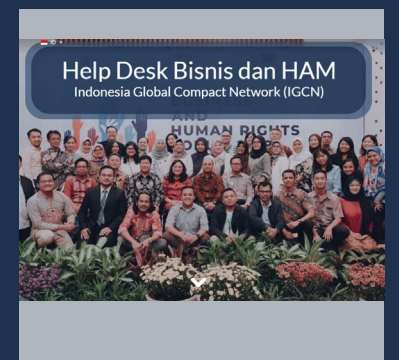
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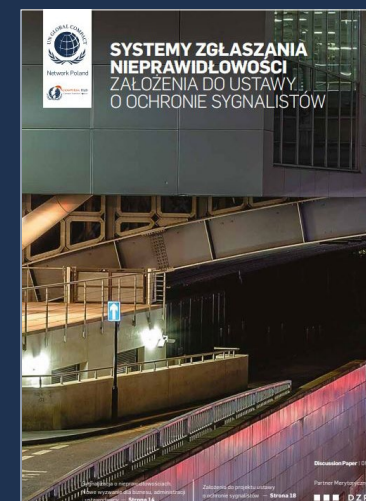
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THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



HUMAN RIGHTS

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.



LABOUR

- 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 labour
- 5 the effective abolition of child labour; and
- 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.



ANTI-CORRUPTION

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

ABOUT THE UNITED NATIONS GLOBAL COMPACT

As a special initiative of the UN Secretary-General, the United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universal principles in the areas of human rights, labour, environment and anti-corruption. Launched in 2000, the mandate of the UN Global Compact is to guide and support the global business community in advancing UN goals and values through responsible corporate practices. With more than 9,500 companies and 3,000 non-business signatories based in over 160 countries, and more than 60 Local Networks, it is the largest corporate sustainability initiative in the world.

For more information, follow [@globalcompact](#) on social media and visit our website at [unglobalcompact.org](#).



United Nations
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