Efficiency & Effectiveness of UN Guiding Principles on Business and Human Rights

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Abstract: The UN leads a human rights program, which is the most global of its kind. It welcomes 193 states to collaborate and reach a collective effort. In its fight for human rights, one of toughest hurdle shall be the adherence of human right by non-state actors such as transnational corporations. The presence of transnational corporations are undeniable at the speeding pace of globalization and hence, it is crucial that such an important international actor respects human rights, at least within their respective spheres of activity [Surya Deva, ‘UN’s Human Rights Norms for Transnational Corporation and Other Business Enterprises: An Imperfect Step in the Right Direction’ (ILSA & Comp L 493, 2004)]. Some Transnational corporations are able to invade the human rights of people globally and refuse to respect the minimum standards. They engage in abuses such as employing child laborers, discriminating against certain groups of employees, failing to provide safe and healthy working conditions, attempting to repress independent trade unions, discouraging the right to bargain collectively, limiting the broad dissemination of appropriate technology and intellectual property, and dumping toxic wastes. The companies can virtually affect the entire spectrum of internationally recognized human right. Therefore, companies must consider all such rights.

Keywords: Human Rights, Transitional corporation, Globalization, Intellectual Property

1. Introduction

The purpose of this article is to identify the initiatives taken under the UN Regime to curb the major issue of Human Rights violations. The article is aimed to discuss in detail The United Nations Guiding Principles on Business and Human Rights, which are comparatively the most recent step by the organization to regulate the behavior of businesses. This initiative was preceded by multiple other instruments and initiatives by the organization like The Global Impact or Norms on Transnational Corporations and Other Business Enterprises with Regard to Human Rights; both the above initiatives shall be discussed under the article.

Under International law there are constant debates on the legal personality of the transnational corporations. However, in recent years, there can be seen a shift in the international community to move away from the unhelpful intellectual debates on the legal status of corporations under international law to focus on developing solutions to the global problems we face where the MNC’s play a substantial role1. However, the question of legal personality of the transnational corporation under international law is not merely of theoretical importance2, but shall also have parallel consequences to our society. The discussion whether corporations are subjects or objects of international law, also answers whether these entities are directly controlled under the system or not. Hence, if corporations are denied international legal personality then it shall also mean that their activities which are even though a direct breach of international norms would remain outside the scope of international law and hence no obligations may rise for the corporations under international law.

Above all, international shall still remain to be State-centric where corporations and businesses fail to have full obligations and rights under international law. However, there is no question of businesses being a non-State actor under international law. Corporations can affect rights of their employees and contract worker, customers, workers in their supply chains, the communities around their operations. Hence, companies can virtually affect the entire spectrum of internationally recognised human rights. Therefore, companies must consider all such rights while addressing their human rights impacts.

The table below illustrates multiple Labour and non-labour right the companies can have impact on.

<table>
<thead>
<tr>
<th>Labour rights</th>
<th>Freedom of association</th>
<th>Right to equal pay for equal work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right to organize and participate in collective bargaining</td>
<td>Right to equality at work</td>
<td></td>
</tr>
<tr>
<td>Right to non-discrimination</td>
<td>Right to just and favorable remuneration</td>
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<tr>
<td>Abolition of slavery and forced labor child labour</td>
<td>Right to a safe work environment</td>
<td></td>
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<tr>
<td>Right to work</td>
<td>Abolition of Right to rest and leisure</td>
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<tr>
<td>Right to family life</td>
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2ibid
The issue of business and human right was secured on the global policy agenda in the 1990s, which was influenced by the gradual globalization. The UN has long recognized the need for the businesses to realize their responsibility in relation to international human rights impacts. This Chapter shall discuss the steps taken under the UN regime in the field of business and human rights. It shall commence

### 1.2. UN Norms on The Responsibility of the Transnational Corporations and Other Business Enterprises with Regards to Human Rights

Under the UN regime, one of the initial steps was an unsuccessful attempt to draft international code of conduct in the 1970s and 1980s. Later the Sub-commission of the UN Commission on Human Rights in 2004, produced a set of “Draft Norms on The Responsibility of the Transnational Corporations and Other Business Enterprises with Regards to Human Rights”. The Draft Norms were drafted by a working group under the UN Sub-Commission on the Promotion and Protection of Human Rights. The working group consisted of 26-member group of experts reporting to the 53 governments in the Commission on Human Rights, drafted the Norms in order to define the responsibilities of companies concerning human rights. Later on August 2003, the UN Commission on HR adopted the “Norms on the Responsibility of Transnational Corporations and Other Business Enterprises with regard to Human Rights” with the support of all the 53 nations.

The Norms, was seen as an attempt to establish an international framework of mandatory standards for the corporations. The norms proposed binding obligations on the companies which stemmed directly from international law and had the same range of duties as states have accepted for themselves. It presented a set of comprehensive human rights standards specifically for the corporations. The Norms addressed labor, environmental and human rights obligations of the corporations. It included human rights in the field of civil, cultural, economical political and social rights. The Norms also contained proposal for procedural rules to ensure implementation and monitoring.

The initiative was warmly welcomed by the various NGOs, which participated in the process and expressed their intent to adopt the norms as the standard for reporting on the human rights activities of the businesses. However, there was a vehement opposition by the business communities all over the world, since the norms contained create mandatory and a monitoring mechanism with the UN to oversee the actions of the companies. The Norms would have meant the end of voluntarism in relation to protection of the basic human rights. Eventually the Commission on Human Rights declined to adopt the document.

### 1.3. UN Guiding Principles on Business and Human Rights

HRC asked the UN High Commissioner for Human Rights to pursue a research on the “scope and legal statute of the existing initiative and standards” in regards to the corporate responsibility for human rights. Following the study, the Commission established UN Special Representative of the Secretary General (SRSG). This mandate on business and human rights came on heels of an ill-fated standard setting efforts in the UN - the Draft Norms (1998-2004). In 2005 the UN Commission on Human Rights adopted resolution E/CN.4/RES/2005/69 requesting “Secretary-General to appoint a special representative on the issue of human rights and transnational corporations and other business enterprises”.

Under the resolution, the Special Representative was mandated:

- To identify and clarify standards of corporate responsibility and accountability for transnational corporations and other business enterprises with regard to

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3Referred to as “Draft Norms”
6Amnesty International and Christian Aid began using the draftNorms as the basis for their assessment of business conduct and campaign efforts even before the Norms were adopted.
7Responsibility of transnational corporations and related business enterprises with regards to human right, Commission on Human Rights, Decision 2004/116
8Radu Mares, ‘Business and Human Rights After Ruggie: Foundation, the Art of Simplification and the Imperative of Cumulative Progress’ (MartinusNijhoff Publishers, 2012)
human rights;  
- To elaborate on the role of States in effectively regulating and adjudicating the role of transnational corporations with regards to human rights;  
- To research and clarify the implications for transnational corporations and other business enterprises of concepts such as "complicity" and "sphere of influence";  
- To develop materials and methodologies for undertaking human rights impact assessments of the activities of transnational corporations and other business enterprises;  
- To compile a compendium of best practices of States and transnational corporations and other business enterprises.

Professor Ruggie was entrusted by the SRSG to lay down the foundational work for the corporation to follow in order ensure that their activities respect the core international human rights. He was first mandated on 2005.

The guidelines were developed under the authority of UN Secretary-General's Special Representative on business & human rights from 2005-2011. In the end of this period, the Professor John Ruggie annually reported to UN Human Rights Council as well as the UN General Assembly.

Professor John Ruggie presented a framework to the Human Rights Council in June 2008: the "Protect, Respect and Remedy" Framework. The mandate was subsequently stretched for next three years, under which he was requested to provide with concrete guidance regarding the obligations of states and responsibilities of businesses, to elaborate on the scope and content of the corporate responsibility, to explore effective remedies to corporate abuses and to continue his work in a broadly consultative manner. After an extensive research with inputs from experts from around the world, the "Protect, Respect and Remedy" Framework, was then implemented by the UN Guiding Principles on Business and Human Rights presented to the Human Rights Council in 2011.

As mentioned previously, this business and human rights has been under global policy agenda for long now. Under the UN regime, there has been multiple steps were initiated. One major step by the UN Commission on Human Rights was the Draft Norms, which was eventually not adopted. Instead in 2005, the Commission established a mandate for a Special Representative of the Secretary-General (SRSG) for the issue of human rights and transnational corporation. Professor John Ruggie was entrusted by the SRSG to carry out the mandate. He presented the UN Human Rights Council the Protect, Respect and Remedy Framework in 2008 and later in the UN Guiding Principles on Business and Human Rights in 2011. The Guiding principles “operationalized” the framework to provide concrete and practical recommendations for the implementation of Framework.

2. "Protect, Respect and Remedy” Framework

The UN Guiding Principles on Business and Human Rights is an authoritative global instrument unanimously endorsed by the UN Human Rights Council in first in 2008 and then later in June 2011. The instrument provides with global standards on business and human rights. The Guiding Principles contains 31 foundational and operational principles, which the States and corporations shall employ to avoid negative impacts on the human right by their profit making activities. It employs the "Protect, Respect and Remedy” Framework which provides clarity on the role and responsibilities of the two crucial actors the corporations and the State. The Framework, presented to the HRC in 2008, encompasses three independent but mutually sporting principles, which were then implemented by the UN Guiding principles on Business and Human Rights, which were presented to HRC in 2011.

2.1 Protect, Respect and Remedy” Framework

The Framework rested upon three principles: the state duty to protect against the human rights abuses by the third parties, the corporate responsibility to respect human rights and greater access by the victims to effective remedy. The Guiding Principles contain three pillars, each of which includes foundational principles and operational principles. It defines concrete, actionable steps for governments and companies to meet their respective duties and responsibility to prevent human rights.

2.1.1 Duty to Protect

The first principle creates a state duty to protect against human rights abuses by third parties, including business, through appropriate policies, regulation and adjudication. This stems from the state’s duty under international law to protect against human rights abuses by non-State actors, including businesses, affecting persons with their jurisdiction. Often governments fail to establish suitable and effective regulations and policies to manage businesses and human rights. Also, in context of multinational businesses, which bring with them enormous investments, developing states desperately require the foreign capital to boost its economy and avail other non-monetary benefits like employment generation and infrastructure. Hence, states often aim to create laws and regulations, which are favorable to such corporation like low tax rates and minimum human rights obligations. On the other hand, the treaty monitoring bodies generally recommend that the States must take all the appropriate and necessary steps to protect against such abuses.

Under the Guiding Principles, the primary obligation lies on the host state. The GP 1 refers to the States’ positive obligation to protect its people. The subsequent principle till

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11 ibid  
12 ibid  
13 ibid  
14 ibid  
15 ibid  
16 ibid  
17 ibid  
18 UNGA ‘Mandate of the Special Representative of the Secretary-General on the issue of human Rights and transnational corporation and other business enterprises’ UN HRC Res 8/7 (2008)  
19 A/HRC/8/5, Para 4  
20 ibid
GP 10, elaborate on the general framework established by the GP one and two. The Guiding principles recommend the States that it sets clear expectations for the companies domiciled in their territory to respect human rights in every country they operate. This duty to regulate the activities of a company outside its territory has an element of extraterritoriality. Hence, the drafters have framed it in a much weaker sense giving it a nature of “soft obligation”.

The guidelines also set out measures which are required to be adopted when states own and operate business enterprises. In such cases, there must be adequate supervision by the state authorities and must promote respect for human rights by businesses they hold commercial relationships with. The guidelines mention that when there is a State controlled business enterprise violates human right norms, such violation shall be directly a violation of States’ international law obligation.

The guidelines entail principles dedicated to respect for human rights in conflict-affected areas. The drafters identify that risk gross human rights abuses are significantly higher during internal or external conflicts, where human rights regime fail to function in proper fashion. However, in such situations the State to ensure that businesses do not exploit such situation by engaging into human rights abuse. In case of the transnational corporations in a conflict-affected area the “home” state has a role to play in assisting the corporations and the ‘host’ State to ensure that businesses are not involved with human rights abuses.

Lastly, under the operational principles, the State must maintain adequate domestic policy space while pursuing business related treaties or contracts with other States or business enterprise. They shall retain adequate policy and regulatory ability to protect human rights under terms of such agreements. The States also when engaging in discussions on business-related issues in multilateral institution shall seek to ensure that those institutions neither restrain their ability to duty to protect nor hinder business enterprises from respecting human rights. Collective action at initiative of State will help to create a level play field with regards to business respect for human rights and help to international standards which shall be followed in all states, restricting the businesses to pick and choose the countries which have less human rights protection.

2.1.2 Corporate Responsibility to Respect

The second pillar of the guideline creates a corporate responsibility to respect human rights. This responsibility to respect applies to all enterprises regardless of their size, sector, operational context, ownership and structure.

There is has been major debate on what rights shall the companies bear responsibility. The responsibility to respect applies to all the internationally recognized human rights expressed in the International Bill of Human Rights and International Labor Organization Declaration on Fundamental Principles And Right to Work. The duty requires the corporation to act with due diligence to avoid infringing on the rights of others and addressing harms do occur. Also, the Guideline provides with a global standards of expected conduct by the corporations regarding human rights, which is now affirmed by the Human Rights Council.

Unlike the State duty to protect the responsibility does not have legal basis under international human rights law. Under international law, the companies are often subject to soft laws which are voluntary in nature likes codes of conduct or recommendations by various international organization. The drafters of the Guidelines, used term “responsibility” to rather than to use “duty”; since in accordance of the traditional view, the human rights instruments may only impose an “indirect” responsibility on the companies.

Substantially, the guidelines require that the companies must avoid contributing to adverse human rights violations through their activities rather they shall seek to prevent or mitigate such negative impacts which are linked to their operations, products or services. To demonstrate that they are meeting the standards, companies need to engage in a human rights due diligence process, whereby they become aware of, prevent and address their adverse human rights impacts. The companies must have the appropriate policies and processes to their size. They must adopt a policy commitment to respect human rights and human rights due diligence process shall be in place.

Further, Guiding principles recommend that the corporations to integrate their findings of the human rights due diligence processes into policies and procedures. They shall engage into monitoring and evaluating their efforts on a regular basis and must communicate externally how they address their human rights impacts. Lastly, according to the Guidelines, when businesses identify a violation attributable to them, it shall cooperate in their remediation through legitimate processes.

2.1.3 Access to Remedy

Even where the States and corporation operate optimally, human rights violation may result from company’s activities. Hence, effective grievance mechanisms play an important role in the State duty to protect as well as corporate responsibility to respect. The third pillar of the framework is based on one of the fundamental principles of the international human rights system that when a right has been violated the victims must have access to an effective remedy.

Treaty bodies increasingly recommend that States investigate and punish human rights abuse by corporations and provide redress for such abuses when it affects persons within their jurisdiction. According to the Guiding Principles, the State duty to protect includes an obligation for the State to ensure access to an effective remedy through

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22 Guiding Principles P. 14
21 ibid, Guiding Principles
20 ibid
26 Guiding Principles P. 20
27 Guiding Principles P. 21
28 Guiding Principles P. 22
29 A/HRC/8/5 pg 22
30 ibid
judicial, administrative, legislative or other appropriate measures. State-Based grievance mechanism can be judicial or non-judicial. Examples include the courts, labor tribunals, national human rights institutions, national contact points under the guidelines for Multinational Enterprises of the Organization for Economic Co-operation and Development ombudsperson offices and Government-run complaints offices. Also, States shall take appropriate measure to reduce legal, practical and other relevant barriers that could be an obstacle for victim to access to remedy.

The non-judicial grievance mechanisms shall also be able hear and adjudicate business-related human rights complaints. Such mechanisms must confirm with the principles of legitimacy, accessibility, predictability, rights compatibility, equitability and transparency.

2.1.4 Legal Status of the Guiding Principles
As evident from title, the principles do not intend to create binding international law or impose obligations on the MNCs. The drafters of the guidelines explicitly included in the Guiding Principles that it does not create any internationally obligations for States and corporations. It does not limit or undermine any legal obligations of States may have undertaken or be subject to under international law with regards to human rights.

On the other hand, its ‘normative contribution lies… in elaborating the implications of the existing standards and practice for the states and businesses; integrating them in within a single, logical coherent standards and comprehensive template’.

The Guidelines aim at clarifying and elaborating on the implications of the relevant international human rights standards, which often do create internationally binding obligations on States. The Guidelines provide guidance and concrete steps that are helpful while regulating businesses and their human rights impacts. The principles refer to and are derived from the existing international human rights obligations of the States. It is the duty of the States to transpose the international standards into their domestic legal systems. The Guiding Principles elaborate on how to achieve international standards by practicing concrete steps. It also recommends the companies to respect the higher international standards, where the domestic legislations of the State fall below the Standards of internationally recognized human rights. Hence, the Guiding Principles are soft law sources of law under international human rights law, which are non-binding in nature.

3. Overview of the Existing International Initiatives

In the final part of this paper, I intend to draw a comparison between the Guiding Principles and the other standing international law instruments in the field of multinational corporations and human rights. I do not intend to delve deep into the legal instruments and attempt an analysis of the sort as provided the Guiding Principles.

There are three other international level initiatives, which I intended to discuss mainly because the literature I followed during my research, repetitively discussed these instruments in contrast to the UN Guiding Principles.

Under this section, I shall give a brief explanation of the UN Global Compact; OECD Guidelines for Multinational Enterprises and ILO Tripartite Declaration. Each of these shall be discussed in contrast to the UN Guiding Principles.

3.1 UN Global Compact

The UN Secretary-General proposed it back in 1999 at the World Forum. It aimed at a sustainable globalization and calls upon the businesses to embrace support and enact these core principles in field of human rights, labor and environment. These principles aim at a more inclusive process of globalization. This proposal received a positive feedback from all corners of the society including the business associations, which considered it to be a tool to promote growth of market and trade. Global compact was to be a leadership platform, which asked for a voluntary participation by the corporates and business. It relies on the public accountability, transparency and discloser to complement regulation and to have a collective action. It seeks to align business operations and strategies everywhere with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. With nearly 8,000 corporate participants in over 140 countries, the UN Global Compact is the world’s largest voluntary corporate sustainability initiative.

As mentioned above, it consist of 10 key principles out of which the first two called upon the business to respect the internationally proclaimed human rights and to make sure that they are not complicit in human rights abuses.

The global compact employs three instruments to meet its aims. First, the participation in Learning Networks where the companies are required to communicate their progress in implementing the principles by presenting it in their annual reports. This tries to identify the ‘good practices’ and providing a standard of comparison.

The next engagement mechanism used is the Policy Dialogue which is central to the project. It helps to create a platform that facilitates mutual understanding and joint efforts among business, labor and NGOs, in solving the key challenges of the globalization working with governments.

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32 ibid;3
33 UN Guiding Principles (http://www.ungpreporting.org/resources/the-ungps/)
34The Global Compact Origins, Operations, Progress, Challenges Georg Kell Executive Head, Global Compact, United Nations, New York
35 ibid
37 ibid
38 ibid
and the UN.

The association also engages into Partnership Projects, which are means to create more opportunities for the poor. The participating businesses are invited to share their projects on the website.

3.2 OECD Guidelines

The OECD Guidelines for Multinational Enterprises were a part of the OECD Declaration on International Investment and Multinational Enterprises. The OECD Guidelines came into force in 1976 and were again revised in 2002. After the revision, the OECD Guidelines marked a significant improvement; the scope of the instrument was widened, an improved process of implementation was included along with specific recommendations on human rights. The OECD Guidelines were again updated in 2011 in consistency to the UN Guiding Principles.

Substantially the OECD Guidelines provide recommendations addressed by the governments to multinational enterprises operating in or from the adhering countries. The instrument dedicates a section to human rights. The guidelines take a very similar to the Guiding Principles and reinforce a duty to protect on the States whereas the Enterprise shall respect the internationally recognized human rights. Similarly to the Guiding principles it also requires it urges the enterprises to seek ways to prevent adverse human rights impacts linked to their businesses; also to have policy commitments to respect human rights and carry out due diligences as appropriate to comply with the international norms of humans rights.

However, the guidelines follow a much more developed mechanism for implementation of the instrument into the domestic legal system. The Guidelines are supported by a unique implementation mechanism of National Contact Points (NCPs), agencies established by adhering governments to promote and implement the Guidelines. The NCPs assist enterprises and their stakeholders to take appropriate measures to further the implementation of the Guidelines. They also provide a mediation and conciliation platform for resolving practical issues that may arise.

3.3 ILO Tripartite Declaration

Near the same time when OECD Guidelines where adopted, the ILO released the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy. Alike other instruments, it also lays down guidelines for corporations and governments which shall observe the recommendations on voluntarily basis. One significant difference between the ILO Declaration and other instruments is the method how it was adopted. Rather than following the inter-state negotiation, the ILO Declaration was negotiated and adopted by governments, workers and employer organizations, and is therefore based on broad consensus. It targets companies and governments in all countries. Following the social policy theme, most of the guidelines deal with labor rights in areas such as employment, training, industrial relations etc. It also dedicates specific section to human rights, urging all the parties to respect the Universal Declaration of Human Rights.

Unfortunately, the ILO Declaration lacks any monitoring process and an implementation process. Also, the principles are being drafted strictly in language of soft laws; repetitively without any exceptions all the obligations are being drafted in terms of ‘should’. The organization did constitute a Committee on Multinational Enterprises, but its role is limited the interpretation of the provisions of the Declaration.

4. Conclusion

After a brief understanding of the three regimes, it can be essentially concluded that the they all follow the same pattern where the instrument follows the similar provisions for human rights adopting a soft law approach, which are relied upon internal reporting mechanisms for implementation. The mechanism shall be only in work when the MNCs, the subject to these norm would put their efforts to make it work. They only contribute as much as the existing ethical codes present mostly at the domestic level.

The mechanism only provides a vague and general human rights standards, which lack uniform consensus on the applicable human rights standards. Moreover, the constant reference to the existing international conventions for applicable standards makes the matter more complicated.

The existing also puts much emphasis on dialogue and cooperation with MNCs. The approach is per say is not harmful but the excess of which creates a impression that human rights are not rights rather the realization of the rights depends upon the cooperation. The regulatory framework still operates in a state-focal manner and expects the States enforce the such obligations. This directly links to the status of the corporations as a non-state actor. Lastly, it is evident that international regulatory norms for multinational corporations lack a strong enforcement mechanism, which significantly reduces the efficiency. Also in terms of compliances, there is a complete lack of sanctions and corporate accountability is absolutely on voluntary basis.

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59 ibid
61 OECD Guidelines for Multinational Enterprises (2011)
62 ibid
63 ibid
64 ILO Declaration was drafted in a general manner and expects the States enforce the such obligations.
65 ibid
66 ibid
67 ibid
69 ibid

Volume 8 Issue 4, April 2019
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http://www.ohchr.org/EN/Issues/Business/Pages/SRGTransCorpIndex.aspx


[14] Amnesty International and Christian Aid began using the draftNorms as the basis for their assessment of business conduct and campaign efforts even before the Norms were adopted