
Businesses' responsibilities to human rights in a changing world

A group of leading companies (4%) comprehensively commit to the respect of human rights, while one company out of five in the world is subject to human rights allegations.

Looking at more than 3,000 companies listed in 35 countries, the latest Vigeo Eiris' survey on companies behaviour in favour of the respect of human rights reveals striking findings.

Indeed, companies report more on their commitments to human rights than on the protection of environment. However, this statement needs to be shaded as only a minority of companies comprehensively commit on all topics associated to human rights under their responsibilities. Among them, firms going beyond adopting a defensive posture, through the set up of risk mapping and prevention mechanisms (due diligence) to avoid human rights abuses, are still less numerous.

Nevertheless, this minority of leaders, mainly European companies, provide evidence that businesses operating at worldwide level can successfully incorporate the respect of human rights in their corporate strategy and in their operations across their whole value chain, including their supply chain.

Methodology

This study, is based on the exclusive methodology of analysis and rating developed by Vigeo Eiris since 2002, under the name of Equitics®, and assesses the degree to which listed companies around the globe commit and act to prevent violations, respect and promote fundamental human rights¹, employees labour rights², guarantee non-discrimination and promote diversity at work in both their operations and their supply chain.

Our study reveals that:

- **Less than 4% of companies disclose commitment that comprehensively cover human rights topics under their responsibilities**, as defined by the United Nations conventions and declarations, the « Guiding principles on businesses and human rights » endorsed by the UN Human rights Council in its resolution 17/4 on June 16 2011, the ILO conventions, as well as in the OECD Guidelines for multinational enterprises (2011).
- **The overall score of multinationals rated by Vigeo Eiris in its global on Human rights issues is limited score of 32/100**, which is inferior to the score obtained by companies in our 2012 survey (37/100). This decrease can be explained, on the one hand, by the stagnation of commitments disclosed by firms listed in industrialised countries,

* http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_FR.pdf

and on the other hand, by the inclusion within our panel of new companies, that are listed in emerging countries stock exchange markets.

- A detailed examination of our findings reveal disparities in companies' behaviour depending on the categories of human rights under review, and depending also on the sector and regions in which they operate. Like in our 2012 study, **the respect and promotion of employees' freedom of association and the right to collective bargaining is the topic on which the average companies' score is the weakest (29/100), with a rate of available information on issues addressed on this topic of 34%**. This theme appears as a "blind spot" among human themes under review. In particular, only 10% of companies communicate on internal processes in place to enable employees to exercise their union rights (information to employees, risk mapping, audit, whistleblowing procedures, etc.).
- **As to the respect and promotion of fundamental human rights and workers rights in the supply chain, the average score of companies is also limited (30/100)**, with a rate of information available of 48% on related issues. **On the theme linked to the respect fundamental human rights in society** (the right to security, the right to privacy, the prevention of torture or other cruel, inhuman or degrading treatment or punishment; freedom of expression; the right to privacy, and the rights of indigenous people for instance etc.), **companies achieve the highest but still limited overall score of 35/100**, with a rate of available information of 53% on related issues. Finally, concerning the respect and promotion of non-discrimination and diversity at workplace, companies obtain an average score of 33/100, but this is the issue on which they communicate the most with a rate 59% of information available.
- On the four human rights themes under review, **nine out of ten countries where companies perform the best are European ones. France (48/100) ranks first, followed by Sweden (42/100), Spain (41/100), Finland (39/100), Denmark**. On the opposite, countries where companies get the lower scores are mainly emerging countries with outsourced and low-skilled workforce, especially South Eastern Asian countries.
- Among the top 30 performers, 96,6% are headquartered in Europe, compared to 80% in our 2012 review.
- **Companies that achieve best performances are heterogeneous**: some of them are development banks, which assess and prevent negative human rights impacts associated to the projects they finance (e.g.: respect of the rights of indigenous people, labour rights conditions) or potential abuses (forced resettlements); **while some other companies are exposed to the scrutiny of actors from civil society due to the nature of their activities and products, or due to the complexity of their supply chain**; this is the case for **companies pertaining to the Luxury goods and services sector, the Publishing sector, but also to Forest, Tobacco, or Mining and Metals sectors**.
- Like in our 2012 survey, **more than 20% of companies in the panel face at least one controversy (criticism, allegation, settlement, fine etc.)**. One third of them are involved in controversies with a high or critical degree of severity.
- Overall, **human rights controversies represent nearly 11% of all controversies collected by Vigeo Eiris in its database. 51% of them are linked to violations of fundamental human rights** (i.e. right to privacy, right to property, freedom of expression, rights of indigenous populations etc.), **11% are related to violations of labour rights, 21% to employees discrimination, and 17% to human rights violations in the supply chain** (child labour, forced labour, etc.).
- **In 43% of controversy cases, companies did not react to allegations, while only 3% were really proactive by having adopted permanent corrective measures and consulted stakeholders**.
- The Bank, Food and Mining & Metals sectors face the highest number of allegations.
- **One-third of the allegations have been identified in the United States**, where cases of abuses of human rights tend to be more often brought to court.

- Finally, similarly to our 2012 review, Human rights rank at the third position of the ESG themes the most addressed by companies in their CSR reporting, after Corporate Governance and Business Behaviour issues, but before Environment, Community Involvement and Human Resources related issues.

Fouad Benseddik, Director of Methods and Institutional Relations at Vigeo Eiris declared: « *This study confirms that even though fundamental human rights remain corporate responsibility's Achilles' heel, good practices do exist and can be further developed. This issue is crucial for the future of globalisation and for companies' capacity to create sustainable wealth*».

Best performers: top 30 ranking of companies on human rights themes under review

Title	Country	Sector	Score (/100)
Red Electrica Corporación	Spain	Electric & Gas Utilities	85
E.on SE	Germany	Electric & Gas Utilities	81
Groupe PSA	France	Automobiles	81
Foncière des Régions	France	Financial Services - Real Estate	80
Umicore S.A.	Belgium	Chemicals	79
La Banque Postale	France	Banks	79
Norsk Hydro	Norway	Mining & Metals	78
Engie	France	Electric & Gas Utilities	77
Carrefour	France	Supermarkets	76
L'Oreal	France	Luxury Goods & Cosmetics	76
Gas Natural Sdg	Spain	Electric & Gas Utilities	75
Telefonica	Spain	Telecommunications	75
Gecina Nom.	France	Financial Services - Real Estate	75
Terna	Italy	Electric & Gas Utilities	75
Kreditanstalt für Wiederaufbau	Germany	Specific Purpose Banks & Agencies	74
BT Group PLC	United Kingdom	Telecommunications	74
European Investment Bank (EIB)	Luxembourg	Development Banks	74
Sodexo S.A.	France	Hotel, Leisure Goods & Services	73
Endesa	Spain	Electric & Gas Utilities	72
Amundi	France	Financial Services - General	72
A2A SpA	Italy	Electric & Gas Utilities	72
Vallourec	France	Mining & Metals	71
Orange	France	Telecommunications	71
Linde AG	Germany	Chemicals	70
Merck KGaA	Germany	Pharmaceuticals & Biotechnology	69
Munich Re	Germany	Insurance	69
Crédit Foncier	France	Banks	69
STMicroelectronics	The Netherlands	Technology-Hardware	69
Agence Française de Développement	France	Specific Purpose Banks & Agencies	69
African Development Bank	Tunisia	Development Banks	69

About the study:

- a) The current survey has been conducted based on a panel of 3,189 companies headquartered in Europe, North America, Asia Pacific, and Emerging Markets, across 38 sectors and located in 35 countries. The companies have been rated by Vigeo Eiris between September 2014 and September 2016.
- b) Findings of this survey result from the assessment of four factors of social responsibility based on the prevention of violations, the respect and the promotion of:
 - Fundamental Human rights in society (respect of privacy, individual freedom, prevention of harassment, right of indigenous people...),
 - Employees Labour rights,
 - Non-discrimination at work,
 - Human rights in supply chain.
- c) Companies' assessment is based upon a framework of international norms, guidelines and recommendations set out by public institutions (UN, ILO, OECD,...). These international instruments rely on global or sector-based initiatives, whose principles for action are taken into account in the assessment of companies under review (Global Compact, PRI, ISO 26000 ...).

Vigeo Eiris' analysis framework is based on three pillars, on which companies' performances are reviewed: the visibility and exhaustiveness of company's policies and commitments, the coherence and efficiency of measures implemented and the effectiveness of the results.

For any further information or to receive the full study:

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About Vigeo Eiris

Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors into organisations' strategy and operations, and undertakes a risk assessment to assist investors and companies' decision-making

Vigeo Eiris offers two types of services through separate business units:

- **Vigeo Eiris rating** offers databases, sector-based analyses, ratings, benchmarks, portfolio screening, to serve all ethical and responsible investment strategies.
- **Vigeo Eiris enterprise** works with organisations of all sizes, from all sectors, public and private to support them in the integration of ESG criteria into their business functions and strategic operations.

Vigeo Eiris methodologies and rating services adhere to the strictest quality standards and have been certified to the independent ARISTA® standard. Vigeo Eiris is CBI (Climate Bond Initiative) Verifier. Vigeo Eiris' research is referenced in several international scientific publications and in several academic publications of international character.

Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Milan, Montreal, Santiago & Tokyo and has a team of 200. The agency works with partners through its "Vigeo Eiris Global Network" in every continent.

For more information: www.vigeo-eiris.com