Submission to the UK Parliamentary Joint Committee on Human Rights

Inquiry into Human Rights and Business

8 July 2016

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Founded in 2009, the Institute for Human Rights and Business (IHRB) is the leading international think tank on business and human rights. IHRB’s mission is to shape policy, advance practice and strengthen accountability in order to make respect for human rights part of everyday business.

IHRB welcomes the Joint Committee’s inquiry and is grateful for the opportunity to make this submission. IHRB has been engaged in national conversations on business and human rights in the United Kingdom (UK) since the first UK inquiry into business and human rights in 2009. IHRB has submitted research and recommendations to the UK’s 2011 universal periodic review, sector-specific consultations, as well as actively participated in the development and review of the UK National Action Plan on Business and Human Rights (NAP).

These comments have been organised with respect to the overarching areas of interest listed by the Joint Committee in its terms of reference.

The UK National Action Plan on Business & Human Rights

IHRB played a proactive role in facilitating stakeholder consultations undertaken as part of the process to develop the first UK NAP in 2012/13. Since then, IHRB has contributed to a range of NAPs across a number of countries. IHRB is pleased to note that several of our activities are referenced explicitly in the 2016 update to the UK NAP. The UK’s Human Rights Fund, administered by the Foreign and Commonwealth Office (FCO), has been an important catalyst for many innovations in the field of business and human rights.
rights and IHRB wishes to acknowledge the importance of this leadership. The UK remains one of the leading governments on the business and human rights agenda and for this reason many stakeholders were right to have high expectations when the 2016 update to the UK NAP was published.

The 2013 UK NAP was notable for its status as the first of its kind. This status was amplified by the visible support of two government ministers in the written Foreword and at the official launch event. It is therefore unfortunate that the 2016 updated UK NAP did not see similar official support at this level.

IHRB believes the interests of business and human rights are better served now that the UK NAP exists – and that the NAP has helped this policy area transition between changes of political administration within some government departments (but certainly not all). However, the 2016 update could give the impression of only maintaining an existing agenda rather than kicking off the next ambitious phase of the 2013 vision. Some states have more explicitly attempted to champion business and human rights as part of a national brand of quality and trust in buying from a nation with strong rule of law and multi-stakeholder consensus. In the UK context, the current status may suggest the UK Government is perhaps divided as to whether business and human rights presents such an opportunity.

A National Baseline Assessment is Needed

Professor John Ruggie, IHRB’s Chair and author of the UN Guiding Principles on Business and Human Rights (UN Guiding Principles), participated in a recent IHRB podcast marking the UN Guiding Principles’ five year anniversary. In it he reflected that NAPs are meant to serve as a gap filling exercise following an assessment of what existing policy, legislation, regulation and initiatives are aligned with the government duty to protect, and to set a path for where progress needs to be made.vii

In reality, the 2016 UK NAP only serves as a vessel for: recording government achievements; reflecting developments at the international level; setting out the role the Government can play in supporting companies to implement their responsibility to respect; and highlighting how the Government can help human rights defenders. The updated UK NAP repeats large sections of content from the 2013 version and does not yet attempt to review what has worked and what has not. IHRB firmly believes that NAPs, particularly when they are reviewed and updated, need to be based on evidence and not to be overly influenced by existing national political priorities.

IHRB repeats the calls it made during the 2013 UK NAP’s development and subsequent revision that the Government should undertake a national baseline assessmentviii in order to have a complete picture of the state of business and human rights in the UK. This would capacitate the Government to create a fit for purpose NAP that effectively responds to the gaps the baseline identifies. Such an assessment would give an objective basis for prioritising actions and might shift greater attention to high-impact business sectors or particular government functions where greater coherence or leverage could be developed. Such an assessment could also recommend specific components of other states’ NAPs that might sit well within the UK context. There are several such examples, one being the Dutch Government’s multi-stakeholder covenants in each of the main industry sectors that have arguably brought greater clarity of human rights due diligence expectations than currently the case for business in the UK.
Incentives and Disincentives

As IHRB has stated in previous submissions to the UK Government, one of the important roles that the Government can play is to provide a fuller range of incentives and disincentives for business in relation to human rights. The UK NAP contains some of this, but with insufficient strategic attention to the role of the Government in providing both ‘carrots’ and ‘sticks’.

In part this is through accountability and law, but it is also via direct economic incentives linked to public procurement, trade promotion and export credit. Beyond this, it is stimulating the awareness of investors and consumers more generally, such as through long-term support for market-based initiatives such as the Corporate Human Rights Benchmark. Given the UK Government’s leading role in promoting the UN Global Goals on Sustainable Development, there is also insufficient clarity of where business and human rights sits as a basis for all sustainable public-private partnerships.

Wider Political Utility

Perhaps most fundamental of all has been the failing of the UK’s business and human rights agenda to tap into some of the most important domestic and international issues of our time. The effects of the 2008 financial crisis are still palpable for many, as are some of the economic effects of globalisation that have marginalised working communities across the UK and around the world. When human rights have emerged in such debates, this agenda is often seen as “part of the problem” – a perception of unwelcome regulation or unwanted jurisprudence from the European Court of Human Rights. Moving forward, it is critical for all stakeholders (Government, Parliamentarians, business, trade unions and civil society) to more directly connect the NAP to concerns that undoubtedly have human rights dimensions. A baseline assessment could embrace this wider context too and, by doing so, raise the domestic political utility of the UK NAP process.

Government Coherence

Ministerial and Government Department Engagement with the UK NAP

The 2013 UK NAP was a joint initiative led by the FCO and the Department of Business, Innovation and Skills (BIS), with around eight other government departments consulted in the development process. The 2016 update to the UK NAP seems to have fallen mainly to the FCO, which may indicate less political interest from BIS at ministerial level. The more positive story has been increased engagement from the Home Office, largely as a result of the Modern Slavery Act (MSA) and to some extent the Investigatory Powers Bill. It is not clear based on public information or commitments which other Government departments are strategically aligned to the 2016 UK NAP, including key departments such as Department for International Development (DfID), the Department of Work and Pensions (DWP) or the Department of Justice (DoJ).

As to what can be done to improve, this is mainly an issue of political perspective. It still seems that many government ministers, and some senior civil servants, see the business and human rights agenda as a constraint to growth. The very divisive EU referendum
campaign and rhetoric around the European Convention on Human Rights has added to this. The fact that many FTSE 100 companies, including many UK domiciled companies, actively support the business and human rights agenda continues to be overlooked by too many Government departments. Indeed, many of these companies would choose the certainty of EU regulation, which is explicitly aligned with the UN Guiding Principles and the European Convention on Human Rights, to the uncertainty of the UK’s new direction in Europe.

It is notable that regional governments in Northern Ireland and Scotland are increasingly active on business and human rights, as are their respective national human rights commissions. This, however, presents a challenge for an effective and coherent UK-wide NAP if regional variances grow on specific issues, for example on standards concerning public procurement, or if baseline assessments are completed for only some, not all, of the UK nations.

**Ensuring Consistency**

Government commitments might be more consistent if an explicit lead came from the Cabinet Office, as has been the case for UK policy on anti-corruption and climate change. The failure to include aspects of the business and human rights agenda in the Prime Minister’s Anti-Corruption Summit in May 2016 was a missed opportunity. The Treasury could have a more active role as well, for example, in promoting living wage standards internationally as the German or Dutch Governments do even though they do not have domestic living wage statutes. The UK Government has also failed to link the UK NAP to developing “high risk” issues such as new investment and trade relations with countries such as Iran or Cuba in the way that it did with Burma (Myanmar) four years ago.

There are a number of important opportunities for UK leadership in this area over the next two years, should the Government wish to take them. For example, the Commonwealth Games Federation is a global leader on business and human rights commitments in the context of major sporting events and other Government departments beyond the FCO should be more actively engaged, for example the Department of Media and Sports. Another opportunity is evident in the German chair of the G20 during 2017, which is a once in a generation opportunity to create a more level playing field across global supply chains and the UK could and should use its political relationships with G20 members to help secure this. The decision of the CBI to disaffiliate from the International Organization of Employers (IOE) within the context of the International Labour Organization (ILO) should not impede the UK Government from playing an active role in helping to develop a supply chain due diligence standard there, as well as within the OECD. The TUC should be seen as a partner in this process alongside leading business associations.

In addition to NAPs, other governments have initiated or participate in supporting initiatives that assist in cross-department coherence, such as the sector-specific “Covenants” in the Netherlands, multi-stakeholder initiatives focused on specific rights issues and industry sectors, or national legislation on business and human rights due diligence as being debated in France.
Public Procurement

IHRB made a detailed submission to the UK Government during the review of the 2013 UK NAP that included a section on the steps the Government needed to take to effectively and fully transpose and implement the 2014 EU Public Procurement Directives from a human rights perspective. For the sake of length those comments still stand and will not be repeated here.

IHRB has produced a detailed analysis of the three 2014 EU Public Procurement Directives in terms of the opportunities they afford for utilising human rights-related criteria as well as their limitations from this perspective. This includes a set of tables that list opportunities and limitations against the relevant provisions of each EU Directive, and could serve as a useful benchmark for assessing the level and extent of UK implementation. Regardless of the UK’s status long-term within the EU, the 2014 EU Public Procurement Directives marked a significant step forward in enabling human rights criteria to be a core part of a public tender.

What is clear from the UK transposition is not that the UK has failed to properly transpose the Directives, but has instead taken the lightest touch approach available when it comes to human rights. The use of the few provisions contained within the 2015 Public Contracts Regulations has been left entirely to the discretion of procurement officers. Without active Government guidance and encouragement to make full use of these provisions, they will likely be marginalised.

Moreover, the language around public procurement between the 2013 and 2016 UK NAPs has weakened – the former focused on outcomes and commitment to ensuring ‘human rights related matters are reflected appropriately when purchasing goods, works and services’; the latter focuses on box ticking and commitments only to ‘continue to ensure UK Government procurement rules allow for human rights-related matters to be reflected in the procurement of public goods, works and services’. This seems to demonstrate a lack of political will to move beyond the transposition process, which has already been minimally executed, to a process of ongoing implementation and continual improvement to ensure responsible business is at the heart of UK public purchasing.

In relation to the Government’s modern slavery strategy, there is clear scope for all departments and local authorities to ensure anti-slavery measures are included in Government purchasing of goods and services. For comparison, US President Obama’s executive order “Strengthening Protections Against Trafficking In Persons in Federal Contracts” has seen a range of measures developed relating to Federal Acquisition Regulation (FAR). These include detailed prohibitions surrounding the use of forced labour, trafficking and the payment of recruitment fees by workers. These FAR regulations, with serious consequences for non-compliance, have had far-reaching effects on companies fulfilling US Government contracts.
Modern Slavery - Monitoring Transparency and Compliance

Galvanising Engagement

One of the greatest achievements for the UK in the intervening period between the 2013 and 2016 NAPs has undoubtedly been passing the 2015 UK Modern Day Slavery Act (MSA or the Act) with its supply chain disclosure provision. However, it is noted that when the legislation was first introduced to Parliament the business and human rights dimension was not included, and so it is questionable to what extent the Act’s final form was contingent on the UK NAP’s existence. Perhaps the NAP’s greatest value in this context was as an advocacy tool for NGOs, business and parliamentarians – and less a roadmap for the civil servants who originally drafted the legislation.

An intention of the Modern Slavery Act was to raise greater awareness of the issue of modern slavery in supply chains and to catalyse individual company initiatives and wider industry collaborations around prevention. In this IHRB has found the Act has been reasonably successful and IHRB has been engaging with a number of companies and industry bodies from a variety of sectors for whom the Act and compliance with the transparency reporting requirements have had a galvanising effect. This has been particularly noticeable in sectors that have not previously faced intense media or customer scrutiny, such as the construction industry.

Many civil society organisations and consultancies have used the Act as a framework for engagement with a variety of business sectors on a range of issues impacting on forced labour and trafficking. Furthermore, different industry trade associations (e.g. the International Tourism Partnership) and professional bodies (e.g. the Chartered Institute of Building) have held a variety of events on the Act and begun to develop additional initiatives related to the protection of human rights. In some cases, as business actors seek to build their knowledge base, this has led to greater engagement with trade unions and civil society.

Effectiveness of the MSA Reporting Requirement

The effectiveness of the transparency reporting requirements of the Modern Slavery Act is difficult to assess. Initial reviews of the first statements issued under the Act reveal a broad range and depth of responses with only a handful signed at director level. Many statements have taken a very cautious, legalistic approach and as such fail to reveal much about operational human rights risks. However, more progressive companies, many of which have for some years reported on their supply chains in annual or sustainability reports, have provided more detail.

Whether this is programme reporting that would have happened regardless of the Act, or whether the Act catalysed new initiatives is difficult to say with certainty. The fact that the reporting is annual, allowing change to be monitored over time, and that the statement needs to be signed at executive level, should help make anti-slavery practices and initiatives an integral part of company operations.
Recruitment Fees

One particular area of increased focus concerns the recruitment of low-waged workers in global supply chains and in particular the payment of recruitment fees that trap workers in cycles of debt bondage and engender vulnerability to further exploitation, including forced labour and trafficking. The Leadership Group for Responsible Recruitment, developed by IHRB, launched in May 2016. It is a new initiative bringing together leading international companies and expert organisations to promote one key premise, the Employer Pays Principle: No worker should pay for a job – the costs of recruitment should be borne not by the worker but by the employer.

Enabling Effective Enforcement

There are many benefits of companies undertaking voluntary initiatives, but in many sectors there is a limit on the ability of companies to police the bottom tiers of their industry. It is vital that the state also implements its duties to ensure effective enforcement of the law. As well as preventing exploitation, this also delivers the level playing field law-abiding companies need to compete fairly and to thrive.

IHRB welcomes the planned establishment of the post of Director of Labour Market Enforcement and the changes to the Gangmasters Licensing Authority outlined in the Immigration Act (2016). IHRB has long called for steps that would integrate the Authority’s proactive, knowledge-led approach across other industry sectors, particularly construction, hospitality and care.

The reformulated and renamed Gangmasters and Labour Abuse Authority, with expanded powers and a remit extended across all industry sectors, can play an important part in preventing slavery and exploitation. This is contingent however on adequate resources being allocated to enable it to operate effectively. ‘Effectiveness’ of enforcement should also be seen in terms of social cohesion, and help counter myths and expose realities concerning agency working, migrant workers, undocumented workers, tax evasion and non-payment of minimum wages.

Access to Effective Remedy

The 2016 UK NAP makes brief reference to the UK Government having ‘commissioned an independent survey of the UK provision of remedy to help our understanding of judicial and non-judicial remedies available to victims of human rights harms involving business enterprises.’

This survey was completed by Robert McCorquodale of the British Institute of International and Comparative Law in July 2015 and is an extremely useful assessment of existing remedial options available in the UK to victims of business-related human rights impacts. However, despite having ten months to review the findings identified, the May 2016 UK NAP does not elaborate on the survey’s findings, the conclusions around effectiveness of the existing administrative, civil and criminal avenues for remedy available in the UK, nor on how the UK NAP will seek to address the deficiencies and barriers identified. As such, the Committee’s listed questions on the topic of access to effective remedy are poignant in that they should be the exact questions the 2013 and 2016 UK NAPs themselves answered.
With regard to the UK National Contact Point under the OECD Guidelines for Multinational Enterprises, IHRB has facilitated a series of annual workshops over the last several years. These workshops have sought to bring together a range of NCPs, businesses, civil society and trade union organisations to reflect on the developments under the NCP system and NCPs’ effectiveness. The reports produced following each workshop may prove useful to the Joint Committee’s deliberations.\textsuperscript{xv}

**Progress by British Businesses**

IHRB appreciates that the inquiry is focused on particular industries. However, we would like to take the opportunity to highlight and emphasize the importance two sectors not listed in the terms of reference for which there are both clear and present human rights risks and opportunities in the UK context, as well as a subset of the extractives sector that has seen little input or scrutiny from stakeholders to date.

**Information & Communication Technologies**

The impact of technology and the ICT sector on human rights is largely absent from the updated UK NAP.

The UK Government has previously placed importance on parts of this sector, particularly cyber security, and its impacts on human rights such as freedom of expression and privacy globally. The updated NAP references the UK Government’s work to adopt new controls in the Wassenaar Arrangement\textsuperscript{xvi} and producing industry guidance on assessing human rights risks relating to cyber security exports (which IHRB worked with FCO and techUK to produce). There is scope to build on and update this work given the fast moving nature of the sector.

Considering the phenomenon of ‘big data’ and the ‘internet of things’, every company in the near future will be an ICT company. This is due to the growing reliance on data and technology in business operations, products and services. Companies, for example in the automobile and energy sector, may find themselves facing challenges with regards to respecting human rights such as privacy and ensuring non-discrimination, that they have previously not faced. The UK Government is well placed to help companies navigate these challenges, ensuring that the opportunities of big data are realised and the risks mitigated.

In addition, as the Investigatory Powers Bill makes its way onto the statute books in the UK, it is still unclear whether some of the provisions, such as bulk collection of communications data, are compatible with human rights law.\textsuperscript{xvii} This leaves companies providing communications services in an unclear position as to their role and responsibilities in this area.

The outcome of David Anderson’s bulk powers review\textsuperscript{xviii} and the case pending in the European Court of Justice\textsuperscript{xix} regarding the collection and retention of bulk data is due later this summer, and IHRB would encourage the Joint Committee to consider the sector within its work.
Extractives Industries – Focus on Exploration Companies

The UK remains the base for hundreds of small mining, oil and gas exploration companies that have received very little attention in business and human rights terms despite their role in many parts of Africa and Asia. IHRB’s work on sector-wide impact assessments in countries such as Myanmar and Colombia has shown the importance of human rights due diligence “upstream”, during the exploration phase, in order not to sow seeds of distrust or unmet expectations that can lead to much greater human rights consequences at later operational phase.

The “Nairobi Process” in East Africa has been IHRB’s attempt to try and promote such awareness, but very little action is visible in London where many of these small companies are based. This is in contrast to Canada, also home to many mining exploration companies, that has now threatened to remove consular assistance to companies not abiding by the OECD Guidelines, or Australia that has undertaken awareness training in Perth amongst many of these companies.

Mega-Sporting Events

The 2013 UK NAP included a commitment to “(i) disseminate lessons from the 2012 experience of the London Organising Committee of the Olympic and Paralympic Games (LOCOG)”. This highlighted LOCOG’s groundbreaking complaints and grievance mechanism, which bolstered LOCOG’s sourcing code. In our submission to the consultations to update the UK NAP, IHRB commended this pledge to share good practice arising from London 2012 and elaborated on ways in which the UK Government could further promote human rights good practice in the context of mega-sporting events domestically and internationally. Unfortunately, this pledge was not reported on nor updated in the 2016 UK NAP.

Mega-Sporting Events provide a unique, high-profile global opportunity to promote business and human rights internationally. The UK Government has a groundbreaking human rights legacy from the London 2012 Olympics and Glasgow 2014 Commonwealth Games. IHRB encourages the Joint Committee to include the sports industry within the Inquiry, and to recognise the active role of UK and Commonwealth stakeholders and businesses who are supporting a new global multi-stakeholder initiative to develop innovative solutions grounded in the UN Guiding Principles on Business and Human Rights to the human rights challenges in the context of major sports events.

END NOTES


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14 IHRB, “Five Years On - Prof. John Ruggie on the State of Business and Human Rights” (16 June 2016) at: http://www.ihrb.org/focus-areas/benchmarking/podcast-john-ruggie


16 See: http://corporatebenchmark.org/


23 See: http://www.wassenaar.org/


