



Check against delivery



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Chairperson, distinguished panellists, ladies and gentlemen

Thanks to all of you, this Forum has been an extraordinary event. In more than 60 sessions over three days, we've heard from experts and practitioners approaching the UN Guiding Principles on Business and Human Rights from every angle: from tracking working conditions in supply chains to making the link with the Sustainable Development Goals to developing a binding treaty.

Since this year's theme is tracking progress and ensuring coherence, I want to tell a story that illustrates the potential of these two concepts for the future of our field.

In 1987, the aluminium company Alcoa appointed a new CEO. At his first shareholders' meeting, the new leader, Paul O'Neill, didn't announce that he would restructure the company, or carry out layoffs, or sell off its most profitable units. He announced that from now on, Alcoa would become the safest company in the world to work for. Accidents, not profits, would be the focus of his efforts.

Almost immediately, O'Neill instituted a policy where all company executives had to attend the funeral of any worker killed on the job. In the first few weeks of his tenure, a worker was killed in Mexico, and O'Neill instructed his executives to fly away from whatever meetings they were attending, no matter where they were in the world, to come to rural Mexico and attend the funeral.

He told every executive, even the ones in charge of things like accounting and human resources, to visit the plant where the worker was killed. It was their job, he said, to find out what had gone wrong and to consider how they could prevent similar accidents in the future.

Suddenly, safety became the concern of everyone in the company. Vice presidents gave workers the mandate to fix any unsafe conditions they saw immediately, even if it meant skipping the formal request and budget approval processes. When a worker called O'Neill at home at 2 am to report a broken conveyor belt, O'Neill told the factory manager to be there to fix it by 5 am. Every accident at every plant was seen as a company-wide failure.

In O'Neill's 13 years as CEO, Alcoa's accident rate fell to near-zero. Managers found that many of the safety fixes reported by workers actually made the plants more efficient. Profits rose by 400 percent.

I want to be clear: I'm not telling this story to imply that everything a company does to respect human rights will boost profits. Some of them will, and some of them won't. We should continue to stress the moral and legal duties of companies, as well as the business benefits when they exist.

What I think this story illustrates most, though, is the immense power of measurement, and the ability of companies, when they have the will, to relentlessly improve. Before O'Neill's tenure, his managers saw accidents as an inevitable part of doing business. Before the early 1900s, companies said child labour in their supply chains was inevitable. Before the Foreign Corrupt Practices Act, companies said paying bribes in developing countries was inevitable. And yet, when the incentives changed, either inside the companies or outside of them, the companies changed too.

So with this in mind, I want to highlight a few areas where the UN Working Group sees the greatest potential for the Guiding Principles to update the incentives for businesses, and change the cultures within them.

With regard to pillar one, the State duty to protect human rights, I'll highlight two key actions:

- First, the Working Group asks *all* States to develop national action plans on business and human rights. This is an essential vehicle for ensuring policy coherence—and action—across an entire government. It's encouraging that more States are moving in this direction, with more than two dozen national action plans under development. But these plans must be effective tools for creating a sustainable business environment, not laundry lists of things States are already doing. National human rights institutions, civil society and businesses have an important role to play in pushing States to initiate these processes, as well as ensuring that they are comprehensively and robustly implemented.
- Second, we need more policy coherence within governments, particularly when governments are economic actors themselves. A few months ago, the UN Working Group conducted a survey on how States are functioning as economic actors. The results showed that a lot more work is needed. At a minimum, all State-owned enterprises should have policies and due diligence systems in place to respect human rights. Furthermore, States should include human rights criteria in their own purchasing practices. Public procurement can be around 20% of GDP in many countries, and can reach as high as 50% in some. Many states already include criteria such as empowerment of vulnerable groups and anti-corruption in procurement requirements. These should be expanded to reflect the full scope of human rights.

Pillar two, the corporate responsibility to respect human rights, is becoming an established norm in the business community. But we need to widen and deepen this trend:

- First, we need more dissemination of the Guiding Principles. Too many companies still do not recognize the relevance, or the obligation, of ensuring that their operations respect human rights. I still hear the outdated argument that human rights are something politicians deal with, something companies can ignore. Many of the organisations represented here are doing excellent work arguing against that view. But we need to keep up that energy, and target State-owned enterprises and companies that fly below the radar of consumers and other pressures for responsible business practice. Human rights are not just for companies with a reputation to defend. We need to keep making this argument, as loudly and as broadly as we can.
- Second, we need to make sure that the responsibility to respect human rights is applied at the operational level across the company. Every year at the Annual Forum I'm encouraged to see more refined techniques and methodologies on things like supply chain management, joint venture relationships and engagements with communities. But at the same time, we see few companies extending human rights considerations into areas like corporate lobbying and government engagement. The responsibility to respect human rights must be extended across all operations and all areas of the company, not siloed in the CSR department and a handful of other units.

As we've heard a lot the last three days, pillar three, access to remedy, remains largely overlooked by existing initiatives in our field. We need to ramp up our efforts in this area.

- First, in relation to judicial remedy: Domestic legal systems around the world lack the capacity to hear cases brought by victims of business-related human rights abuses. When these cases are heard, they're often subject to political interference. When judgments are reached, they're often not enforced. We need more international cooperation, particularly between home and host States, to ensure access to effective judicial remedy. The findings and recommendations from the OHCHR Accountability and Remedy Project are the best next step for States.
- Second, in relation to non-judicial mechanisms: We are seeing an increase in business-related complaints handled by national human rights institutions, OECD National Contact Points, and company grievance mechanisms. And as we've heard at this Forum, we're seeing more community-based monitoring and joint grievance handling. Many of these efforts are still young and still experimental. We need to disseminate these more widely, and start to critically assess them for which ones deliver best on the goal – namely, not just human rights *processes*, but human rights *outcomes* – so that the most effective ones can be replicated and built on.

And finally, I want to make one general consideration that all of us, no matter which pillar we're working on, should keep in mind:

Effectively implementing the Guiding Principles means measuring and tracking where we're making progress and where we're falling behind. We need comprehensive data on how businesses are impacting human rights, as well as robust systems for tracking state and company approaches to address those impacts.

The CEO of Alcoa didn't make his deputies care about health and safety by asking them to. He provided them with the numbers, rewarded them for improving performance and punished them for degrading it.

We often hear from businesses and governments that implementing the Guiding Principles is difficult. And it is. But so is drilling for oil under the ocean. So is making millions of pairs of shoes and shipping them to customers all over the world. The first step is creating the right incentive structures for business. It's amazing what companies can do when they apply their will to solving a problem.

Those are the strategic points of traction that the UN Working Group would like to emphasize, after 3 full days of very rich discussions with all of you at the 4th Annual UN Forum. But developments are possible through so many different areas, and I've only named a few. We have a distinguished panel here – with voices from government, business and civil society – so that we can hear suggestions from all stakeholders on how to push this important agenda forward. So without further ado, I'll hand back to our distinguished chairperson to take the discussion forward.