Beyond Ruggie’s Guiding Principles on Business and Human Rights: Charting an Embracive Approach to Corporate Human Rights Compliance

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Abstract

To what extent should or must a corporation contemplate international human rights law? Following a brief discussion of the increasing influence of transnational corporations and global business transactions, as well as the growth of the international human rights system, this Article uses the 2011 United Nations’ Guiding Principles on the effective prevention of, and remedy for, business-related human rights harm as a jumping-off point for addressing the most recent developments related to identifying and regulating business-related human rights practices. After identifying an emerging divide between endorsement and criticism of the Guiding Principles, the Article concludes with a forward-looking view, arguing that although the Guiding Principles may represent a good starting point, corporations genuinely concerned with ensuring the effective minimization or elimination of exposure to potentially embarrassing and costly human rights liabilities should be prepared to apply a more rigorous approach.

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INTRODUCTION

Your corporation, Minerals R Us, is confronted with public protests and lawsuits in various countries around the world five years into an otherwise profitable merger with Lior Minerals Inc., a company headquartered in Gisserville, the capital of Lioria. While Minerals R Us is now the primary supplier of iMineral, a key component necessary for powering all forms of modern gadgetry, it appears that Lior Minerals Inc. managed to extract the coveted iMineral— a complex and dangerous process—only after displacing an indigenous tribe and employing children based on racial preference, all the while preventing unionization through threats and the imposition of onerous contractual terms that essentially relegated employees to forced laborers.

At the time of the merger, no one thought to scrutinize whether Lior Minerals’ business practices violated human rights. Likewise, the cigar-chomping CEO of Minerals R Us, Richard McKnight, never bothered to travel to Lioria to view employee conditions firsthand because the country consistently ranked near the top of the Failed States Index and was notorious for its widespread violence, which particularly targeted foreigners. During discussions leading up to the merger, McKnight was heard to remark—to affirmative nods from the board of directors—“Mine baby, mine!” and “Who gives a rat’s ass how it gets done. Just do it.”

1. The names, places, and minerals referenced here are purely hypothetical and intended only for the sake of example.
While this scenario may be illustrative of past standard operating procedures for many corporations, and arguably may persist in some boardrooms today, the takeaway message intended from this Article cautions counsel against ignoring human rights liabilities at their own, their principals’, and indeed even their corporation’s peril. This advice is premised on the dynamic and increasingly socially conscious global arena within which businesses operate, and more specifically, on the emerging international framework intended to address business-related human rights harms. Following a brief discussion of the increasing influence of transnational corporations (TNCs)\(^2\) and global business transactions, as well as the growth of the international human rights system, this Article will discuss the most recent developments related to identifying and regulating business-related human rights practices. The departure point for this analysis will be the March 2011 Guiding Principles on Business and Human Rights,\(^3\) the culmination of John Ruggie’s six-year effort as the Special Representative of the United Nations Secretary-General (SRSG) on the issue of human rights and transnational corporations and other business enterprises.\(^4\)

This report, while heralded as a milestone, is only a departure point for the simple reason that it underestimates the rapidity in which the human rights environment for businesses is unfolding. Human rights advocates have already expressed concern that the SRSG’s Guiding Principles do not go far enough.\(^5\) In fact, the principles set a minimal-expectation bar for businesses, promulgating a series of non-binding “lowest common denominator” recommendations that arguably neglect a more complex reality.\(^6\) Based on a consideration of the emerging divide between endorsement and criticism of the Guiding Principles, I conclude with a forward-looking view, arguing that although the principles may represent a good starting point, corporations genuinely concerned with ensuring the effective minimization or elimination of exposure to potentially embarrassing and costly human rights liabilities should be prepared to apply a more rigorous approach.

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2. For the purposes of this Article, I use the terms TNC and multinational corporation (MNC) interchangeably. See Peter F. Drucker, The Global Economy and the Nation-State, 76 FOREIGN AFF. 159, 167–68 (1997) (noting that more multinational corporations are becoming transnational in nature).


A. The Rise of the Transnational Corporation

While the origins of the modern-day TNC can be traced back to the East India Company or even to ancient Rome, it was not until the turn of the 20th Century that an increasingly large number of enterprises began developing a transnational structure. This pattern continued through the era leading up to the Second World War, and in the period that followed expanded at an unprecedented pace, fueled by communication and transportation advances and associated cost savings brought about by “containerized freight, airborne deliveries and the telex.”

In the 1960s, MNCs came to be regarded “as more progressive, dynamic, [and] geared to the future than provincial companies which avoid foreign frontiers and their attendant risks and opportunities.” Indeed, this period represented a historical “high-water mark in the spread of the transnational networks of United States-based industrial enterprises,” with foreign affiliates reaching an all-time high. By the early 1990s, virtually all industrialized countries provided a base for numerous MNCs, which were fast becoming “the dominant form of organization responsible for the international exchange of goods and services.” Likewise, the pace and scale of mergers also began growing exponentially during this period.

In the wake of this extraordinary pattern of growth and globalization, TNCs found themselves in the startling position of outperforming the national economies of states—a dramatic turn of events considering that hitherto nation-states had been considered the primary, if not exclusive, actors within the international order. To be certain, the nation-state’s iron-fisted grip on sovereignty has been challenged from other directions, but the global rise of TNCs is unique insofar as the value-added...
activities of the 100 largest corporations have grown faster than those of nation states, indicating their critical importance in the global economy. As if to underscore the point, studies estimate that TNCs today make up one-third to one-half of the world’s 100 largest economic entities. In the face of this economic might, it seems reasonable that Howard V. Perlmutter, writing in the 1960s, called “the senior executives engaged in building the geocentric enterprise . . . the most important social architects of the last third of the twentieth century. For the institution they are trying to erect promises a greater universal sharing of wealth and a consequent control of the explosive centrifugal tendencies of our evolving world community.”

Despite its 1960s sanguinity—and putting aside that the phrase “geocentric enterprise” conjures up a discarded script from Mad Men (CEO of Minerals R Us: “We need some creative ideas for cleaning up our shabby corporate image.” Sterling Cooper Copywriter: “How does ‘geocentric enterprise’ grab you?”) —Perlmutter’s vision evidences that even early in their modern development, TNCs, for better or worse, exhibited a powerful potential capable of displacing the ability of government to exert influence over their actions. If anything, the last fifty years have made it clear that states no longer hold a monopoly on manipulating the international system, and moreover, that corporate and state interests are not necessarily always simpatico. Indeed, much like states, many TNCs today “have the resources and power both to perpetrate and to escape responsibility” for human rights abuses.

Partly because of this unfolding new reality, a parallel rising emphasis on greater accountability now confronts these corporate actors. As writer Charles Handy has observed:

If we haven’t bothered much about these things in the past, it is probably because we never thought of businesses as political institutions, but rather as engines and instruments of commerce, as machines not communities. We did not, therefore, apply the same rules to them as we would to a

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18. UNCTAD Press Release, supra note 17.

19. Perlmutter, supra note 10, at 18. According to Perlmutter, the geocentric enterprise offered “an institutional and supra-national framework which could conceivably make war less likely, on the assumption that bombing customers, suppliers and employees is in nobody’s interest.” Id.

20. Vernon, supra note 9, at 27.

21. Whereas the bottom line for many TNCs is maximizing share price, nation-states ideally seek to improve material welfare as a whole while keeping the peace. See Celia Wells & Juanita Elias, Catching the Conscience of the King: Corporate Players on the International Stage, in NON-STATE ACTORS AND HUMAN RIGHTS 141, 145–50 (Philip Alston ed., 2005) (comparing the traditional role of international law in a “state-centric” system, where the motivation is the protection of citizens, to the altered role of international law where the state sovereignty is challenged by MNCs interested in low production costs effectuated by minimal human rights standards).

22. Id. at 142; see also Claudio Grossman & Daniel D. Bradlow, Are We Being Propelled Towards A People-Centered Transnational Legal Order?, 9 AM. U. INT’L L. & POL’Y 1, 8 (1993) (“The fact that they have multiple production facilities means that TNCs can evade state power and the constraints of national regulatory schemes.”).
nation-state, where matters of human rights, free speech and the responsibility of governors to the governed would be argued about and even fought over.  

B. International Human Rights Law: From Humble, Non-binding Beginnings

The 1948 Universal Declaration of Human Rights (UDHR) is often credited as the first modern acknowledgment on the part of states that international law can in fact serve as a source of rights and responsibilities for individual as well as state actors. While the United Nations (U.N.) General Assembly voted unanimously to endorse the UDHR, it did so with the express understanding that its content constituted an aspirational statement of human rights principles, rather than a binding treaty capable of establishing legally enforceable obligations on the part of states. In the words of Eleanor Roosevelt, chairperson of the international commission responsible for drafting the UDHR, it “was not a treaty or international agreement and did not impose legal obligations; it was rather a statement of basic principles of inalienable human rights setting up a common standard of achievement for all peoples and all nations.”

Despite the seemingly constrained ambition of the UDHR, binding international law has a funny way of being created out of the customary (distinct from contractual or treaty) practices of states, provided that such practices are readily identifiable as being widespread, consistent, and motivated by a sense of legal obligation. And this is precisely what has transpired in the case of the rights expressed in the UDHR. Soon after the UDHR’s passage, the International Court of Justice reasoned that its provisions reflected guiding principles of law and basic tenets of humanity. By the 1970s, evolving state practice allowed the renowned international law scholar Ian Brownlie to acknowledge that “the indirect legal effect of the Declaration is not to be underestimated and it is frequently regarded as a part of the ‘law of the United Nations.’” Closer to home, the United States Court of Appeals for the Second Circuit in 1980 observed that the prohibition against torture.

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25. See The Foundation of International Human Rights, UNITED NATIONS, http://www.un.org/en/documents/udhr/hr_law.shtml (last visited June 24, 2012) (noting that the UDHR was originally a commitment to upholding dignity and justice that was slowly translated into law over the years).
27. See Corfu Channel Case (U.K. and N. Ir. v. Alb.), 1949 I.C.J. 4, at 22 (Apr. 9) (“Such obligations are based, not on the Hague Convention of 1907 . . . but on certain general and well-recognized principles, namely: elementary considerations of humanity, even more exacting in peace than in war; the principle of the freedom of maritime communication; and every State’s obligation not to allow knowingly its territory to be used for acts contrary to the rights of other States.”).
28. Id.
29. IAN BROWNLIE, PRINCIPLES OF PUBLIC INTERNATIONAL LAW 559 (7th ed. 2008).
had “become part of customary international law, as evidenced and defined by the [UDHR].”\(^{30}\)

In an even broader recognition of this unfolding process, others have concluded that many of the UDHR’s provisions “have become incorporated into customary international law, which is binding on all states.”\(^{31}\) The U.N. itself confirmed this evolutionary process on the occasion of the UDHR’s 60th anniversary, when it recognized that the document’s aspirational commitment

[o]ver the years . . . has been translated into law, whether in the forms of treaties, customary international law, general principles, regional agreements and domestic law, through which human rights are expressed and guaranteed. Indeed, the UDHR has inspired more than 80 international human rights treaties and declarations, a great number of regional human rights conventions, domestic human rights bills, and constitutional provisions, which together constitute a comprehensive legally binding system for the promotion and protection of human rights.\(^{32}\)

Ultimately, the UDHR was only the opening salvo in the rapid development of a binding system of international human rights law that continues to expand and entrench itself today in international, regional, and domestic contexts. Beginning with the lynchpin covenants governing both civil and political rights and economic, social, and cultural rights\(^{33}\) (together with the UDHR, sometimes referred to as the International Bill of Human Rights), the international community has drafted and ratified a total of nine core international human rights treaties, with the most recent—addressing enforced disappearance—entering into force at the end of 2010.\(^{34}\) Among other things, these regimes require state reporting on implementation and establish committees of independent experts responsible for engaging with state parties and providing authoritative interpretations of treaty provisions.\(^{35}\)

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30. Filartiga v. Pena-Irala, 630 F.2d 876, 882 (2d Cir. 1980).
35. Human Rights Treaty Bodies, supra note 34.
Even more profoundly, the European regional human rights system has established a judicial mechanism empowered to hear individual complaints filed against state parties and issue binding judgments. Within this framework, the European Court of Human Rights serves as the final “supranational” court of appeal on matters relating to the European Convention for the Protection of Human Rights and Fundamental Freedoms—a treaty premised on “tak[ing] the first steps for the collective enforcement of certain of the rights stated in the [UDHR].”

Similar efforts and systems have evolved in other geographic regions including the Americas and Africa with varying degrees of success.

Finally, in the domestic context, the promise of the UDHR has informed the drafting of national constitutions and served as a touchstone for defining human rights protections for over half a century. In this regard, its influence has been broad and far-reaching, coloring the constitutional outcomes in a diverse array of countries, including New Zealand, Iraq, Afghanistan, South Africa, and all the states of the former Soviet Union and Warsaw Pact, to name a few.

From this brief survey, it becomes evident that the powerful logic, appeal, and moral currency of human rights continues to gain ground, permeating virtually every aspect of our lives, from the global to the local. Human rights have served as the rallying cry for “Arab Spring” protestors braving confrontation with their governments in the streets, and violations of these rights have provided the basis for the International Criminal Court’s indictment against the now-deceased Libyan strongman Muammar Gaddafi. In a parallel development, the human rights discourse—long considered applicable only to the relationship between governments and the governed—is increasingly being invoked as a reference point for relationships between individuals and corporate actors. For example, the 1979 Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) foreshadowed this spillover effect by requiring state parties inter alia “[t]o take all appropriate measures to eliminate discrimination against women by any person, organization or enterprise” (emphasis added). To gauge how far-reaching and all-permeating this phenomenon has become, consider that all of the following have potential human rights implications: the coffee you drink, the clothing you


43. See As the Global Coffee Crisis Worsens, a Human Rights Organization Launches a Grassroots Campaign Demanding that Folgers Start Offering Fair Trade Coffee, DEMOCRACY NOW (Dec. 24, 2001), http://www.democracynow.org/2001/12/24/as_the_global_coffee_crisis_worsens (discussing the global crisis
wear, your Internet search results, the computer you buy, and the diamonds encrusting the whip Lady Gaga reportedly presented Beyoncé for her 29th birthday.

Thus, the story of the UDHR is the story of how aspirational non-binding principles, or “soft law,” can evolve continually over time into more durable and enforceable “hard law”—either in the form of a written treaty or in the consolidation of customary international practice. As I argue below, this is the most important lesson for corporate counsel to internalize when contemplating the evolving relationship between business and human rights. Put simply, although SRSG Ruggie’s freshly minted Guiding Principles might strike one as plainly non-binding and aspirational today, these same principles can and will find surreptitious ways of growing up and becoming enforceable international norms that may carry serious repercussions for corporations, officers, and ill-prepared shareholders.
II. CORPORATIONS AND HUMAN RIGHTS LIABILITY—A WORK IN PROGRESS

A. Overview

A rich and expansive literature debating the theoretical and practical implications of ascribing liability for human rights violations to corporate entities has emerged during the past twenty years.\(^{48}\) However, the following section is concerned primarily with SRSG Ruggie’s 2011 report to the U.N. Human Rights Council (H.R.C.), which sets out guiding principles for addressing the relationship between business and human rights. The justification for this narrow focus flows from the fact that Ruggie’s effort, encompassing a lengthy and inclusive consultation process, has garnered U.N. endorsement and therefore stands as the most internationally authoritative statement in this area. Despite this pedigree—or perhaps because of it—the Ruggie report has also gained its share of detractors, as will be discussed below.

The SRSG’s appointment dates back to 2005,\(^ {49}\) following a contentious and ultimately unsuccessful first attempt by a separate U.N. initiative to establish TNC human rights obligations along the same baseline as is applicable to states.\(^ {50}\) After concluding that little in the way of consistent standards or practices governed TNCs in this area, the SRSG in 2008 recommended a three-pillar framework for improving the existing fragmentary and inconsistent approach: “Protect, Respect and Remedy.”\(^ {51}\) In summary, this framework calls for:

Preserving “the [S]tate duty to protect against human rights abuses by third parties, including business enterprises, through appropriate policies, regulation, and adjudication.”

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Requiring corporate respect for human rights under a due diligence standard intended to avoid “infringing on the rights of others and to address adverse impacts” involving the TNC; and

Enhancing “access by victims [of human rights violations] to effective remedy, both judicial and non-judicial.”

With a renewed mandate from the H.R.C., Ruggie moved to “operationalize” this framework by developing concrete and practical recommendations which he ultimately set forth in his March 2011 report, Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework. Shortly thereafter, the H.R.C. unanimously endorsed Ruggie’s report and moved to establish a working group dedicated, inter alia, to “effective and comprehensive dissemination and implementation of the Guiding Principles.”


1. Key Parameters

There are two things the SRSG’s Guiding Principles do not accomplish. First, as is evident from the title, the principles do not aspire to create binding international law or impose obligations on TNCs. Rather, its “normative contribution lies . . . in elaborating the implications of existing standards and practices for States and businesses; integrating them within a single, logically coherent and comprehensive template; and identifying where the current regime falls short and how it should be improved.”

Similarly, the Guiding Principles do not offer a plug-and-play “tool kit” for identifying corporate human rights responsibilities. Instead, they proffer a sliding-scale approach for corporations based on their size and, ostensibly, their location.

In the words of the report, “When it comes to means for implementation . . . one size does not fit all.”

Inherent in the SRSG’s approach is a rejection—to the relief of many corporate boardrooms—of what he labels the “advocacy community’s” attempt “to lay on business itself all manner of responsibility for social outcomes.” The purpose, therefore, of the Guiding Principles is to “clearly differentiate the respective roles of

52. Id. at 4.
53. Id.
55. Guiding Principles, supra note 3, at 5. Here it is worth recalling Mrs. Roosevelt’s statement to delegates concerning the UDHR. U.N.Y.B., supra note 26, at 527.
56. See Guiding Principles, supra note 3, at 5 (“While the Principles themselves are universally applicable, the means by which they are realized will reflect the fact that we live in a world of 192 United Nations Member States, 80,000 transnational enterprises, 10 times as many subsidiaries and countless millions of national firms, most of which are small and medium-sized enterprises.”).
57. Id.
58. OECD, Prof. John Ruggie on Businesses and Human Rights, YOUTUBE (Dec. 10, 2010), http://www.youtube.com/watch?v=dVDupBFjiqE.
businesses and governments and make sure that they both play those roles.” In other words, while government retains the exclusive responsibility for protecting and fulfilling human rights obligations, the litmus test for corporations under the Guiding Principles only inquires whether business enterprises respect human rights.

According to international law, the duty to respect requires that actors “refrain from interfering directly or indirectly with the enjoyment” of human rights. This “entails the prohibition of certain acts . . . that may undermine the enjoyment of rights.”

Put more succinctly, it obligates actors “not to commit violations themselves.” However, under the Guiding Principles, a further key distinction is drawn between obligation and responsibility. The responsibility to respect human rights “means that business enterprises should act with due diligence to avoid infringing on the rights of others and to address adverse impacts with which they are involved.” Yet the term responsibility, as opposed to duty or obligation, is intended to indicate “that respecting rights is not currently an obligation that international human rights law generally imposes directly on companies, although elements of it may be reflected in domestic laws.”

With these clarifications, we are still left with an outstanding question: Are the Guiding Principles informed by a broad or narrow interpretation of human rights? The text of Guiding Principle 12 suggests the latter approach by framing “internationally recognized human rights . . . at a minimum, as those expressed in the International Bill of Human Rights [IBHR] and the principles concerning

59. Id.
60. Guiding Principles, supra note 3, at 13. To a lesser extent, the Guiding Principles also address certain responsibilities relating to remediying human rights violations. See id. at 22–27 (discussing various judicial, administrative, legislative, and other appropriate mechanisms for providing effective remedies when business-related human rights abuses occur).
62. MANFRED NOWAK, OFFICE OF THE U.N. HIGH COMMISSIONER FOR HUMAN RIGHTS, NO. 8, HUMAN RIGHTS HANDBOOK FOR PARLIAMENTARIANS 11 (2005). For example, with regard to education, governments are prohibited from impinging upon the liberty of parents “to establish private schools and to ensure the religious and moral education of their children in accordance with their own convictions.” Id.
63. AKANDJI-KOMBE, supra note 61, at 5.
64. Guiding Principles, supra note 3, at 4.
65. John Ruggie, U.N. Special Representative for the Sec’y Gen. for Bus. & Human Rights, The U.N. “Protect, Respect and Remedy” Framework for Business and Human Rights, 2 (Sept. 2010) [hereinafter Framework for Business and Human Rights]. The plain meaning of “responsibility” suggests a moral obligation to behave correctly or a thing that one is required to do, rather than a duty to which an actor is legally bound. OXFORD UNIVERSITY PRESS, OXFORD AMERICAN DICTIONARY 577 (1980). Although the final Guiding Principles do not provide explicit recognition that “responsibility” is distinct from “duty” or “obligation,” the difference is implied insofar as the term duty is invoked in regard to states only.
fundamental rights set out in the International Labour Organization’s [ILO] Declaration on Fundamental Principles and Rights at Work.’” 66 From this wording, the Guiding Principles create the appearance of a baseline that leaves open to debate the larger spectrum of recognized rights, including, for example, norms established under CEDAW and CMPW67—to name but two international treaties that may have immediate particular relevance to corporate practices.

Consideration of the Commentary accompanying Guiding Principle 12 goes some way towards alleviating the issue of which rights are to be respected. For example, it rightly acknowledges “business enterprises can have an impact on virtually the entire spectrum of internationally recognized human rights.” 68 It also provides that, “[d]epending on circumstances, business enterprises may need to consider additional standards.” 69 However, several concerns still persist with this formulation. First, it devalues the international community’s ongoing commitment to elaborating a normative rights framework beyond the IBHR, as manifested in the entry into force of no fewer than seven additional “core international human rights treaties.” 70 Part of the motivation for this ongoing endeavor may be attributed to the inadequate explication of norms as well as attention to specific issues under the IBHR. For example, as the preamble to CEDAW acknowledges, “despite [the IBHR] extensive discrimination against women continues to exist.” 71 Core treaties such as CEDAW represent “the product of more than half a century of continuous elaboration” of human rights norms and “set international standards for the protection and promotion” of these norms. 72 Relegating reference to these core treaties to the Commentary of Guiding Principle 12 does this hard fought international effort a disservice by implying the divisibility of rights and downplaying the trend towards greater international scrutiny of private actors, including potential liability where recognized rights are harmed. 73

Second, Guiding Principle 12, at least in part, sources its human rights norms in the ILO’s Declaration on Fundamental Principles and Rights at Work, a document that emphasizes principles and rights relating to “(a) freedom of association and

67. See Blitt, supra note 39, at 2–3 (discussing the debate between whether established international standards represent “the normative ceiling or only the floor”); International Law, supra note 34 (introducing CEDAW and CMPW).
69. Id. at 14.
70. This term is an intentional one used by the United Nations and others to encapsulate the primary international human rights treaties. See, e.g., International Law, supra note 34 (listing the “nine core international human rights treaties”).
71. CEDAW, supra note 42, pmbl.
effective recognition of the right to collective bargaining; (b) the elimination of . . .
forced or compulsory labour; (c) the abolition of child labour; and (d) the elimination
of discrimination in respect of employment and occupation.”4 Although the
declaration’s relevance in the context of corporate responsibility is understandable,
its non-binding status necessarily renders it a less authoritative source of law than the
core treaties. Indeed, the decision to invoke the declaration within the text of the
Guiding Principle ultimately comes at the expense of forgoing explicit reference to
the core international treaties that establish a broader range of compulsory norms
beyond the declaration’s narrow focus. Citing the declaration as a source of
minimum-recognized human rights norms is also curious insofar as the declaration
has fewer parties than some of the core international human rights treaties, including
the CRC and CEDAW,5 and offers fewer formalized tools for meaningful review,
engagement, and enforcement.6

Finally, referencing “additional standards” in the Commentary to the Guiding
Principles presumes that decision makers within the corporate community—and
potentially judicial and arbitral forums down the road—will be prepared to give
weight to this supplemental source as a tool for elucidating the full scope and intent
of the Guiding Principles. Examining international norms and practices that govern
treaty interpretation indicates that such an approach is by no means guaranteed. The
pacta sunt servanda, or good faith rule of treaty interpretation, “does not call for an
‘extensive’ or ‘liberal’ interpretation in the sense of an interpretation going beyond
what is expressed or necessarily to be implied in the terms of the treaty.”7 Similarly,
where the text of a given treaty is deemed sufficiently clear, interpretation rules shun
resorting to related travaux préparatoires including commentary for additional
guidance.8 Accessing the commentary—and the additional standards they may
reference—is thus contingent on a subjective finding that the language used “leaves
the meaning ambiguous or obscure.”9 Accordingly, in the immediate context of

4. ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, Int’l Labour
Org., http://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm (last visited July 7,
2012).
5. The ILO declaration represents the views of the organization’s 183 member states. Tripartite
Constituents, Int’l Labour Org., http://www.ilo.org/global/about-the-ilo/who-we-are/tripartite-
constituents/lang--en/index.htm (last visited June 20, 2012). By way of comparison, the CRC and
6. According to the ILO, the declaration’s follow up mechanisms are essentially promotional. Rev.
of Ann. Rep. Under the Follow-up to the ILO Declaration on Fundamental Principles and Rights at
states that have not ratified the ILO’s fundamental human rights conventions, and a Global Report on the
effect given to the promotion of the fundamental principles and rights at work is published to inform
ongoing ILO discussions. Id. In 2011, fifty-one states were subject to the annual review process. Id. at 2,
19. The ILO’s 2010 Resolution on the Follow-up to the ILO Declaration on Fundamental Principles and
Rights at Work reiterates that its objective “is of a strictly promotional nature.” Id. at 31. In contrast, the
core international human rights treaties establish various opportunities for general comments and
recommendations that may impact obligations of private actors, including corporations and also allow for
decisions that address individual complaints where specific treaty obligations may have been violated.
CERNIC, supra note 73, at 98–99.
8. Id. at 222–23.
Guiding Principle 12, the term “at a minimum” may or may not trigger consideration of preparatory work based on the discretionary finding of a given decision maker.\textsuperscript{80} Adopting a clearer, more authoritative and inclusive reference to the core international human rights treaties noted above could easily avert this potentially uncertain outcome. Unlike the halting standard promulgated under Guiding Principle 12, a more robust reference to existing international human rights standards would more effectively put corporations on notice regarding the full range of scenarios under which a responsibility to respect might arise, better conform with the international community’s approach to identifying and codifying human rights, and generally reflect a more embrace and straightforward approach to corporate human rights compliance.\textsuperscript{81}

2. Guiding Principles for Respecting Human Rights

With this curious framing of applicable international human rights in place, the Guiding Principles urge business enterprises to respect human rights by recommending that they:

(a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; and

(b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.\textsuperscript{82}

To accomplish these objectives, an enterprise must have three basic mechanisms in place: (1) a formal policy commitment to respect human rights approved at the most senior level and reflected in operational policies and procedures; (2) “a human rights due-diligence process to identify, prevent, mitigate and account for” business-related impacts on human rights; and (3) remediation processes to address any “adverse [business-related] human rights impacts [the enterprises] cause or to which they contribute.”\textsuperscript{83}

With regard to the due-diligence mechanism, the Guiding Principles propose that a business enterprise assess actual and potential human rights impacts it “may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships” (emphasis added).\textsuperscript{84} This responsibility, according to the SRSG, should be “ongoing, recognizing that the human rights risks may change over time as the business enterprise’s operations and operating context evolve.”\textsuperscript{85} Moreover, to further validate the due-diligence process,
the enterprise should rely on both internal and independent external expertise and also take steps to meaningfully consult with relevant stakeholders and other potentially affected groups.\textsuperscript{86}

This seemingly far-reaching process is intended to identify and prevent certain deleterious human rights impacts that may arise in a given business venture, including those from associated business relationships or engagement with vulnerable minority groups or populations.\textsuperscript{87} Accordingly, the due process mechanism—like the other recommended mechanisms set forth under the Guiding Principles—is envisioned to apply to all enterprises across the board. That said, a determination of whether a given enterprise has satisfactorily complied with its responsibilities is subject to a sliding scale that varies based on “size, sector, operational context, ownership and structure,” as well as the magnitude of the human rights impact in question.\textsuperscript{88} In other words, any human rights policy commitment, due diligence process, or relevant remediation process is expected to be more rigorous where the corporation is larger, a greater risk of a more severe human rights impact appears, or additional national human rights obligations may be in play. Conversely, smaller businesses that may be operating in less controversial areas are subject to a less rigorous compliance standard under the Guiding Principles.

3. Guiding Principles for Responding to Negative Human Rights Impacts

Once a business has an operational due diligence mechanism in place, the Guiding Principles outline three specific responses corporations should take for addressing adverse human rights impacts. First, where an enterprise “causes or may cause an adverse impact, it should take the necessary steps to cease or prevent the impact.”\textsuperscript{89} Second, where an enterprise contributes or may contribute to the harm, it should act “to cease or prevent its contribution and use its leverage to mitigate any remaining impact to the greatest extent possible.”\textsuperscript{90} In both instances, as part of preventing, ceasing, or mitigating the harm, the Guiding Principles recommend actively engaging in remediation, including the use of non-judicial “[o]perational-level grievance mechanisms.”\textsuperscript{91}

Finally, if a business enterprise does not cause or contribute to an adverse human rights impact, but has its operations, products, or services directly linked to another entity responsible for adverse human rights impacts, the situation, according to the Guiding Principles, “is more complex.”\textsuperscript{92} To clarify the business enterprise’s responsibilities under this third scenario, the SRSG identifies several variable factors that will be relevant to the determining analysis, including “the enterprise’s leverage over the entity concerned, how crucial the relationship is to the enterprise, the severity of the abuse, and whether terminating the relationship with the entity itself

\textsuperscript{86} Guiding Principles, supra note 3, at 17.
\textsuperscript{87} Id.
\textsuperscript{88} Id. at 14.
\textsuperscript{89} Id. at 18.
\textsuperscript{90} Id.
\textsuperscript{91} Id. at 20. Over-reliance on non-judicial and corporate-controlled remediation tools has been the target of some criticism by human rights groups. See infra notes 117–18 and accompanying text (examining criticism by Amnesty International and Human Rights Watch regarding the Guiding Principles’ failure to create an enforcement mechanism of its own).
\textsuperscript{92} Guiding Principles, supra note 3, at 18.
would have adverse human rights consequences.” Regardless of which questions are deemed relevant here, unlike the first two scenarios set out above, the Guiding Principles do not impose a remediation responsibility in cases where the adverse impact is merely directly linked to the business enterprise’s operations, products, or services.

The manner in which the Guiding Principles address the complexity of a corporation being directly linked to harmful human rights impacts appears to weigh heavily in favor of preserving the business enterprise’s economic interests. Indeed, the scenario itself is premised on tacitly consenting to another actor causing or contributing to an adverse human rights impact. Still, the Guiding Principles caution that, at the end of the day, a decision by the business entity to preserve a potentially deleterious relationship may come at a cost: “[A]s long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences—reputational, financial or legal—of the continuing connection.” Additionally, the Guiding Principles urge that any corporate human rights impacts—whether caused, contributed, or directly linked—be communicated publicly and at an ongoing and sufficiently detailed level.


The SRSG’s final comments regarding corporate respect for human rights are provided under the vague heading “Issues of context.” Here, business enterprises are urged “[i]n all contexts” to follow three rudimentary, if feebly drafted, golden rules:

(a) Comply with all applicable laws and respect internationally recognized human rights, wherever they operate;

(b) Seek ways to honour the principles of internationally recognized human rights when faced with conflicting requirements;

(c) Treat the risk of causing or contributing to gross human rights abuses as a legal compliance issue wherever they operate.

The formulation of these basic tenets raises a number of questions. In the first instance, should the Guiding Principles function to entrench a principled distinction between “comply” and “respect?” By the same token, precisely what are “ways to

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93. Id.
94. Id. at 20–21.
95. See id. at 19 (pointing out the possibility of situations in which the business has no leverage to persuade a related entity to prevent or mitigate adverse impact, but is also not in a position to end the relationship with that entity).
96. Id. at 19.
97. Id. at 20.
99. Id.
100. As noted above, the Guiding Principles assert that even “respecting rights is not currently an obligation that international human rights law generally imposes directly on companies.” Framework for
honor” human rights principles and who will be responsible for defining them? Do you honor human rights by acknowledging their existence in the business entity’s annual report or by refusing to do business with a regime or business partner that causes or condones human rights violations? Should a business be absolved of human rights responsibility altogether where it operates within a state that is not in compliance with international human rights norms? Faced with this latter scenario, the Commentary on the Guiding Principles recommends that a corporation only respect human rights “to the greatest extent possible in the circumstances.” This ambiguous standard appears to invite a business-as-usual approach even in the face of potentially appalling human rights outcomes, on the permissive basis that the corporation can “demonstrate their efforts” to respect international human rights.

Despite this relatively weak formulation, the Guiding Principles rightly caution businesses operating in conflict-affected areas that any venture should be weighed against the “the expanding web of potential corporate legal liability arising from extraterritorial civil claims, and from the incorporation of the provisions of the Rome Statute of the International Criminal Court in jurisdictions that provide for corporate criminal responsibility.” Here, it is worth recalling that any prospective form of corporate liability reinforces the existing rules concerning individual accountability for human rights violations that still may befall corporate directors, officers, and employees based on their actions.

C. Life After Ruggie’s Guiding Principles: Endorsement and Critique

1. Endorsement

Reaction to the Guiding Principles has varied from enthusiastic endorsement to vehement criticism. The U.N. H.R.C. has welcomed the SRSG’s findings and is quickly moving to expand their relevancy as a touchstone for interactions between businesses and human rights. Likewise, at its 2011 meeting, the Organization for Economic Cooperation and Development (OECD) rapidly took up and endorsed the Guiding Principles. More concretely beyond statements of support, the OECD overhauled its 2008 Guidelines for Multinational Enterprises by specifically incorporating the SRSG’s Guiding Principles into a new chapter that for the first

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Business and Human Rights, supra note 65, at 2. To what extent does this distinction entrench prior or current practice rather than account for prospective changes that appear to be evolving through customary international law or other sources of law?


102. Imagine a situation in which a corporation refuses to hire or provide services to any individual from a government-persecuted racial minority in the name of complying with domestic law and then defends the practice by asserting that it acted to respect human rights “to the greatest extent possible in the circumstances.” See id. (“[B]usiness enterprises are expected to respect the principles of internationally recognized human rights to the greatest extent possible in the circumstances.”).

103. Id. at 21.


time addresses in a comprehensive manner business-related human rights concerns. U.S. Secretary of State Hillary Clinton praised the revised OECD guidelines for their potential to help governments “determine how supply chains can be changed so that it [sic] can begin to prevent and eliminate abuses and violence. We’re going to look at new strategies that will seek to make our case to companies that due diligence, while not always easy, are [sic] absolutely essential.” As of June 2011, forty-two states have committed to the OECD’s more robust standards, which are part of the overarching 1976 OECD Declaration and Decisions on International Investment and Multinational Enterprises.

In a similar show of support, the European Commission “strongly welcome[d]” the U.N. H.R.C.’s approval of the SRSG’s Guiding Principles on business and human rights and noted that they would serve as “an important reference for the [European Union’s] renewed policy on corporate social responsibility.” Finally, the U.N. Global Compact, “the world’s largest corporate citizenship and sustainability initiative,” has acknowledged the SRSG’s Guiding Principles as relevant inasmuch as it provides “further operational clarity” for the Global Compact’s own foundational human rights principles.

106. OECD GUIDELINES, supra note 105, at 4.
108. This number represents all thirty-four OECD members as well as Argentina, Brazil, Egypt, Latvia, Lithuania, Morocco, Peru, and Romania. New OECD Guidelines to Protect Human Rights and Social Development, OECD (May 25, 2011), http://www.oecd.org/document/19/0,3746,en_21571361_44315115_48029523_1_1_1_1,00.html.
109. The 1976 Declaration enshrines a policy commitment by government signatories to “improve the investment climate; encourage the positive contribution multinational enterprises can make to economic and social progress; [and] minimize and resolve difficulties which may arise from their operations.” OECD Declaration and Decisions on International Investment and Multinational Enterprise, OECD, http://www.oecd.org/document/24/0,3746,en_21571361_44315115_1875736_1_1_1_1,00.html (last visited June 21, 2012).
111. U.N. Global Compact Participants, U.N. GLOBAL COMPACT (July 28, 2011), http://www.unglobalcompact.org/ParticipantsAndStakeholders/index.html. The Global Compact’s board, appointed and chaired by the U.N. Secretary-General, is the U.N.’s highest-level advisory body involving the private sector. Global Compact Governance, U.N. GLOBAL COMPACT (Apr. 30, 2011), http://www.unglobalcompact.org/AboutTheGC/stages_of_development.html. Its thirty-one members comprise representatives of business, civil society, and international organizations. Id. For a critical perspective on the Global Compact, see Graham Knight & Jackie Smith, The Global Compact and Its Critics: Activism, Power Relations, and Corporate Social Responsibility, in DISCIPLINE AND PUNISHMENT IN GLOBAL POLITICS: ILLUSIONS OF CONTROL (Janie Leatherman ed., 2008) (describing “how the attempts to expand global CSR regimes through the UN Global Compact and the UN Norms for Business have been limited in their ability to impact actual practices”).
In addition to governmental and intergovernmental support, numerous corporations have applauded the Guiding Principles for, among other things, “clarify[ing] the distinct, interrelated roles and responsibilities of States and business entities” and for helping to “operationalize . . . respective approaches to human rights in a business context.” Reinforcing this favorable impression, investment advisors and corporate lawyers alike have begun urging parties to adopt the Guiding Principles. In a note to investors, one Swedish institutional investment advisor group reasoned that U.N. approval of the principles lent them “authoritative status as the global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity.” Similarly, an Australian law firm has concluded that the U.N. endorsement establishes the Guiding Principles as an authoritative document for both States and business . . . . It is likely that they will have a significant influence on the domestic legal and policy standards that will apply to business in the future . . . . The Principles will become the new standard for ‘best practice’ for business on human rights internationally and the touchstone against which businesses will evaluate their culture and response to human rights issues.

2. Critique

As laudatory as governments and businesses would appear to be, not everyone has consumed the Kool-Aid of the Guiding Principles. Many leading human rights nongovernmental organizations (NGOs) have publicly criticized the principles for not going far enough to regulate the human rights impact of corporate actors. For example, the International Federation for Human Rights (FIDH), an umbrella group representing over 150 human rights groups around the world, has concluded that the “road towards accountability is still a long way ahead” because the Guiding Principles do not constitute ‘law,’ they will likely lead to increased human rights regulations.


Principles fail to ensure “the right to an effective remedy and the need for States’ measures to prevent abuses committed by their companies overseas.”

Alongside FIDH, Human Rights Watch (HRW) and Amnesty International, two of the largest and most influential international human rights NGOs, have likewise taken a critical stance vis-à-vis the Guiding Principles. HRW blasted the document for refusing to establish a “global standard” for corporate responsibility and opting instead in favor of a sliding scale based on business size and geographic location. The NGO further accused the U.N. H.R.C. of disregarding recommendations by dozens of civil society groups, blaming the body for “squander[ing] an opportunity” to establish a mechanism that would ensure the Guiding Principles are actually “put into practice.” According to HRW, the U.N. H.R.C.’s endorsement of the Guiding Principles amounted to nothing more than an “endorse[ment] [of] the status quo: a world where companies are encouraged, but not obliged, to respect human rights.”

In a similar manner, Amnesty International criticized the Guiding Principles’ failure to adequately address key corporate accountability issues and suggested mandating rather than only recommending a due diligence approach, effectively preventing and punishing extraterritorial human rights abuses, and explicitly recognizing the right to a judicial remedy as a human right. Amnesty also took aim at the U.N. H.R.C. for failing to empower its newly established Working Group on the issue of human rights and transnational corporations and other business enterprises with the ability to weigh and assess the implementation and effectiveness of the “protect, respect and remedy” framework and the Guiding Principles. According to Amnesty International, without a stronger mandate, the Working Group would be unable to “to take proactive steps to tackle the need for greater clarity and increased legal protections. If not corrected, this will be a missed opportunity.” Indeed, the U.N. H.R.C. resolution endorsing the Guiding Principles omits any mention of the term “legal” or any reference to the potential for a future


118. Id.

119. Id.


121. Id. at 3.
international instrument that would hold corporations accountable for human rights violations.  

The Child Rights Information Network (CRIN), a UK-based NGO dedicated to the promotion of children’s rights, has also sternly rebuked the SRSG’s final report:

It is with great disappointment that we see no . . . substantive discussion of the rights particular to children that have long been a matter of international law. . . . ’[I]t is difficult to imagine th[e Guiding Principles] could provide any meaningful guidance for States and business enterprises seeking to ‘protect, respect and remedy’ the human rights of children.’

This omission is especially troubling because the SRSG’s mandate, inter alia, required giving “special attention to persons belonging to vulnerable groups, in particular children.”

However, this shortcoming may potentially be remedied through the new U.N. Working Group’s mandate, which does preserve an emphasis on continuing to “integrate a gender perspective throughout [its] work . . . and to give special attention to persons living in vulnerable situations, in particular children.”

Although the process that led to the adoption of the Guiding Principles is unlikely to be impugned for a lack of transparency or collaboration, the SRSG has not responded to the substantive allegations set out above, many of which relate back to the desire to seek greater accountability for corporate action that may cause or facilitate human rights violations. Accordingly, from a human rights standpoint, the key stumbling block moving forward remains convincing state and corporate actors of the need for legally binding and enforceable international norms capable of effectively regulating business conduct wherever human rights concerns may arise.

122. H.R.C. Res. 17/4, supra note 54.


125. H.R.C. Res. 17/4, supra note 54, para. 6(f).

126. In contrast, SRSG Ruggie quickly responded to criticism raised by MiningWatch Canada concerning the Guiding Principles’ overreliance on non-judicial grievance mechanisms. Having the Ruggie Pulled Out From Under Us: From “Sanction and Remedy” to Non-Judicial Grievance Mechanisms, MININGWATCH CANADA (June 6, 2011), http://www.miningwatch.ca/article/having-ruggie-pulled-out-under-us-sanction-and-remedy-non-judicial-grievance-mechanisms; see also John Ruggie, Response by UN Special Representative on Business & Human Rights John Ruggie to MiningWatch Canada, BUS. & HUM. RIGHTS RESOURCE CENTRE (June 15, 2011), http://www.business-humanrights.org/Links/Repository/10006780/jump (showing that he responded to MiningWatch’s criticism within two weeks). This example, however, may be a case of picking the proverbial low-hanging fruit. According to Ruggie’s response, much of MiningWatch’s criticism “actually addresses a draft . . . released for public comment last November, not the March final.” Id.

127. For John Ruggie’s plainspoken take on this, see Business and Human Rights: Together at Last? A Conversation with John Ruggie, 35 FLETCHER F. WORLD AFF. 117, 117 (2011) (describing the refusal of the U.N. Commission on Human Rights to adopt the “Norms on Transnational Corporations and Other Business Enterprises” because governments and businesses opposed the idea of making them legally
The difficulty inherent in this challenge is reinforced by a survey of the corporate community currently willing to engage even with seemingly non-threatening, non-binding human rights principles. In practice, only a minute fraction of the world’s businesses appear to be genuinely concerned with the human rights implications of their activities. For example, the U.N. Global Compact, hailed as “the world’s largest corporate citizenship and sustainability initiative,” has an existing membership of only 8,000 participants, with approximately 6,000 being businesses situated across 135 countries. While these numbers may appear impressive at first glance, even the U.N. Secretary-General has labeled the initiative’s current participation rate inadequate, insofar as it reflects only a small percentage of the estimated “70,000 multinationals and millions of small businesses.”

Moreover, already more than 2,400 companies have faced expulsion from the Global Compact’s esteemed membership “for failing to report to their stakeholders on [human rights-related] progress they have made.” SRSG Ruggie has confirmed this cynical manipulation by businesses of the Global Compact’s human rights agenda: “Apparently [the corporations] simply wanted to sign up and associate themselves with this U.N. initiative and get co-branded, but didn’t intend to do anything.” This bleak picture is compounded when one considers that a survey conducted by the SRSG identified fewer than 300 corporate entities with established human rights policies.

Along these lines, it is also worth recalling that the OECD and the European Union, strong supporters of the Guiding Principles, represent only a small fraction of the world’s nations. While these bodies play a vital role in shaping international trade and commerce practices, they by no means represent global public opinion concerning the SRSG’s Guiding Principles. In addition, the OECD’s revised 2011 Guidelines for Multinational Enterprises are vulnerable to many of the same criticisms leveled against the SRSG’s Guiding Principles. For example, the OECD guidelines are drafted in a manner that may enable corporations to downgrade their human rights responsibilities based on the country in which they operate. Acting on such a variable yardstick, a corporation might pursue business opportunities in a “rogue” state that has neglected to ratify relevant international human rights treaties, and thus empower itself to act in a manner that would breach human rights norms if undertaken elsewhere. In an attempt to foreclose this possibility, the OECD guidelines suggest that “enterprises should seek ways to honour [human rights] to the fullest extent which does not place them in violation of domestic law.” Relying on

130. Id.
131. Business and Human Rights: Together at Last?, supra note 127, at 120.
133. OECD GUIDELINES, supra note 105, at 31.
134. Id. at 32.
this type of tenuous language opens the door to any number of scenarios that are antithetical to respect for universal human rights norms. For example, a corporation acting under the pretense of complying with domestic law could intentionally exclude from its workforce members of a persecuted minority group yet still claim to be satisfying the guidelines. Here, the plain choice that would ensure compliance with the spirit, if not letter, of international human rights law would be to terminate operations in that country until the discriminatory legislative framework is rectified. This route, however, is neither required nor recommended by the OECD guidelines or the Guiding Principles.

Even if one follows additional OECD guidance suggesting that enterprises, irrespective of country of operation, should refer to “at a minimum . . . the internationally recognised human rights expressed in the International Bill of Human Rights”135 (i.e. the UDHR, ICCPR, and ICESCR), businesses are still left with permission to violate rights provided under other core international human rights instruments, including the CERD, CEDAW, and CRC. In this regard, the OECD’s standards mirror the same flawed departure point introduced under the SRSG’s Guiding Principles:136 both cheapen a hard-fought elaboration of international human rights law by casting aside key treaties intended to particularize safeguards for historically vulnerable groups—such as racial minorities, women, and children—and thereby shield them from further discrimination and maltreatment.137

Finally, the OECD’s endorsement of the SRSG’s approach to adverse human rights impacts directly linked to a corporation’s operations, products, or services by virtue of its relationship with another entity signals adoption of another flaw inherent in the Guiding Principles. As noted above, applying the proposed subjective framework in these types of scenarios affords the enterprise wide discretion in defining its level of responsibility based on a variety of factors such as “the enterprise’s leverage over the entity concerned, how crucial the relationship is to the enterprise, the severity of the impact, and whether terminating the relationship with the entity itself would have adverse human rights impacts.”138 From this perspective, in addition to being premised on legitimating the perpetuation of business transactions with actors responsible for human rights abuses, the OECD formulation fails to establish any meaningful objective standard for corporate decision making under these circumstances, thus opening the process to potential abuse.

CONCLUSION: NAVIGATING A POST-GUIDING PRINCIPLES WORLD

As the U.N. H.R.C. Working Group on the issue of human rights and transnational corporations begins its mandate to further operationalize the SRSG’s Guiding Principles, it is clear that the precise nexus between business and human rights remains very much a work in progress. Businesses taking their first steps in a “post-Guiding Principles” world must still confront the open question: What, if any, human rights responsibilities are we expected to observe? While recent U.N. activity

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135. Id.
137. See id. at 13–14 (stating corporations should refer to other instruments when dealing with the rights of women, children, and minorities, but failing to provide specific U.N. instruments as guidance beyond the ICCPR and ICESCR); OECD GUIDELINES, supra note 105, at 31 (noting the chapter on human rights is in line with Guiding Principles).
138. OECD GUIDELINES, supra note 105, at 33.
may have bestowed a patina of authoritativeness on the SRSG’s Guiding Principles, these principles remain—at least for the present time—non-binding. Nevertheless, ongoing debate, civil society action, shifting domestic law, and the efforts of the U.N. H.R.C. Working Group may all conspire in the future to generate a more binding legal requirement on corporations to respect human rights norms, regardless of enterprise size or location.

For their part, human rights NGOs are unlikely to back down from the objective of a binding accountability regime for businesses enshrined under international law. Indeed, the NGO campaign of attrition—being waged piecemeal on the international level within intergovernmental fora as well as through domestic courts around the world—shows no signs of letting up. In the latter context, municipal developments indicate some traction for holding corporations accountable. For example, in the United States, recent case law signals a divide in approach concerning corporate liability under the Alien Tort Statute (ATS).

A Second Circuit majority in Kiobel v. Royal Dutch Petroleum concluded that “corporate liability has not attained a discernable, much less universal, acceptance among nations of the world in their relations inter se, and it cannot not, as a result, form the basis of a suit under the ATS.” However, other jurisdictions paint a different understanding. A U.S. District Court (N.D. Ill.) explicitly rejected Kiobel as contrary to “persuasive precedent indicating that corporations can be held liable under the ATS,” based in part on the Eleventh Circuit’s Romero v. Drummond Co., Inc. decision. Likewise, a Florida district court, also following the Eleventh Circuit, recently denied Chiquita Brands International’s motion to dismiss ATS claims filed against it “for torture, extrajudicial killing, war crimes, and crimes against humanity.”

In a related vein, the U.S. Court of Appeals for the Ninth Circuit reversed and remanded a lower court decision rejecting personal jurisdiction over DaimlerChrysler Aktiengesellschaft (DCAG) for allegedly allowing one of its Argentinian subsidiaries to collaborate with “state security forces to kidnap, detain, torture, and kill the plaintiffs and/or their relatives during Argentina’s ‘Dirty

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140. See Alien Tort Statute, 28 U.S.C. § 1350 (2003) (“The district courts shall have original jurisdiction of any civil action by an alien for a tort only, committed in violation of the law of nations or a treaty of the United States.”).

141. Kiobel v. Royal Dutch Petroleum Co., 621 F.3d 111, 148–49 (2d Cir. 2010); see also John Gibeaut, Shell Gets a Pass on Nigerian Claims, But Tort Law’s Future Still Unclear, A.B.A.J., Jan. 2011 at 14, 15 (Regarding the majority decision, lead plaintiffs’ lawyer Paul L. Hoffman stated: “They issued [the judicial opinion] without a single brief or a single word from either party . . . . I’ve never seen that in 30 years.”).


143. Id.; see also Romero v. Drummond Co., 552 F.3d 1303, 1315 (11th Cir. 2008) (“the law of this Circuit is that [the ATS] grants jurisdiction from complaints of torture against corporate defendants”). But see Flomo v. Firestone Natural Rubber Co., 744 F.Supp.2d 810, 818 (S.D. Ind. 2010) (holding “no corporate liability exists under the ATS”). Both the Holocaust Victims and Flomo courts are within the jurisdiction of the U.S. Court of Appeals for the Seventh Circuit.

War.” Alluding to the ATS and state interest in adjudicating the suit, the Court reasoned:

[Although the events at issue did not take place in California and although the plaintiffs are not California residents, the forum state does have a significant interest in adjudicating the suit. California partakes in the “shared interest of the several States in furthering fundamental substantive social policies.” Here, as the claims are predicated upon the ATS and [Torture Victims Protection Act], that policy is providing a forum to redress violations of international law by defendants who have enough connections with the United States to be brought to trial on our shores, even though the injury is to aliens and occurs outside our borders—“a small but important step in the fulfillment of the ageless dream to free all people from brutal violence.”]

DCAG is also drawing fire in a separate legal battle unfolding in New York following a Second Circuit Appeals Court decision to remand a set of ATS claims filed by dozens of individuals allegedly injured by DCAG’s apartheid era activities in South Africa. Subsequently, the district court ruled against a number of ATS claims but allowed certain others to move forward, including against DCAG, GM, and Ford for aiding and abetting torture, cruel and inhuman treatment, extrajudicial killing, and apartheid based on their provision of military equipment and trucks used by government forces for attacks on protesting citizens and activists. In September 2009, the South African Government announced its support for the lawsuit, withdrawing its previous opposition to the case.

Returning to Kiobel, the U.S. Supreme Court accepted a petition for certiorari and, following initial oral arguments in February 2012, directed the parties to file supplemental briefs addressing the question of “[w]hether and under what circumstances the Alien Tort Statute . . . allows courts to recognize a cause of action for violations of the law of nations occurring within the territory of a sovereign other than the United States.” The case itself, as decided by the Second Circuit Court of Appeals, already comes with its own strongly worded rejection of the majority’s interpretation of prevailing law concerning corporate liability—paradoxically in the form of a concurring opinion:

The majority opinion deals a substantial blow to international law and its undertaking to protect fundamental human rights. According to the rule

145. Bauman v. DaimlerChrysler Corp., 644 F.3d 909, 911 (9th Cir. 2011).
146. Id. at 927 (citation omitted). In November 2011, the Ninth Circuit Court of Appeals unanimously denied a petition for rehearing and a petition for rehearing en banc. Bauman v. DaimlerChrysler Corp. 676 F.3d 774, 774 (9th Cir. 2011).
my colleagues have created, one who earns profits by commercial exploitation of abuse of fundamental human rights can successfully shield those profits from victims’ claims for compensation simply by taking the precaution of conducting the heinous operation in the corporate form. Without any support in either the precedents or the scholarship of international law, the majority take the position that corporations . . . are not subject to international law, and for that reason such violators of fundamental human rights are free to retain any profits so earned without liability to their victims.\(^\text{151}\)

In Canada, the courts of Quebec continue to grapple with a case alleging that an Australian mining company facilitated a massacre of civilians in Kilwa, Democratic Republic of Congo (DRC) by providing logistical support to the Armed Forces of the Democratic Republic of Congo (FARDC).\(^\text{152}\) The court of first instance rejected Anvil Mining Ltd.’s preliminary motion to dismiss in part because of a finding that the plaintiffs—family members of the victims—stood little reasonable chance of judicial consideration in Australia or the DRC and ultimately risked being left without any recourse to justice.\(^\text{153}\) The Quebec Court of Appeals overturned this decision less than a year later, holding that the Superior Court judge erred in law by failing to positively link the dispute in DRC to any of the activities directed out of Anvil’s Montreal office.\(^\text{154}\) In a press release following the ruling, the Association Canadienne contre l’impunite (ACCI) expressed its “deep[] disappoint[ment] that the Court would deprive the victims of what could be their only remaining hope to seek justice” and announced its intention to appeal the decision to the Supreme Court of Canada.\(^\text{155}\)

Against this backdrop of human-rights-NGO pressure and uncertainty within the judicial arena, many corporations have opted to settle claims for human rights violations out of court, often at great financial expense.\(^\text{156}\) Examples include three settlements stemming from Holocaust-era litigation, a settlement for an estimated $20 million by U.S. clothing retailers for alleged sweatshop violations, and over $15 million in compensation to the families of Ken Saro-Wiwa and John Kpuinen, two men whose deaths were linked to Royal Dutch Petroleum’s oil-exploration efforts in the Ogoni region of Nigeria.\(^\text{157}\)

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153. Id. paras. 38–39.
154. Anvil Mining Ltd. v. Association Canadienne contre l’Impunité, 2012 QCCA 117 paras. 91–94 (Can. Que.). The Appeals Court also questioned the plaintiff’s position—and the lower court’s acquiescence—that Australia could not realistically serve as a more appropriate trial venue. Id. paras. 101–03.
156. See, e.g., Doe I v. Unocal Corp., 395 F.3d 932, 937 (9th Cir. 2002) on reh’g en banc sub nom. John Doe I v. Unocal Corp., 403 F.3d 708 (9th Cir. 2005) (highlighting the uncertainty of corporate human rights claims in the first human rights case in which jurisdiction was granted over a corporation). Settlement was subsequently recognized in John Doe I v. Unocal Corp., 403 F.3d 708 (9th Cir. 2005).
Faced with this reality, let’s return to the outstanding question: What, if any, human rights responsibilities are corporations expected to observe? If thirty years ago the usual modus operandi for business was profit without regard for “indigenous rights” or “child labor,” moving forward that standard is necessarily—if slowly—changing. Despite this gradual shift, business enterprises retain the autonomy to determine their individual courses of action. In other words, the answer, for the moment, is that corporations have the freedom to choose. On one hand, they can opt to maintain the “pre-Guiding Principles” status quo and run the risk of being perceived as a pariah falling outside the new “authoritative” corporate responsibility consensus, including accepting any liability that may ensue. Alternatively, they can fulfill the minimum recommendations established under the SRSG’s Guiding Principles. Although this would arguably appear to satisfy current best practices, this latter option still exposes the corporation to potentially costly liability down the road—either in a court of law or the court of public opinion—if and when corporate implementation of the Guiding Principles is deemed inadequate or defective.

By way of conclusion, therefore, this Article ends with a proposal for a third option: that corporations get in front of what, by all indications, is a moving target and take an embracive approach to human rights compliance. In practical terms, this means instead of observing select “lowest common denominator” human rights principles as envisioned by the SRSG, corporations should seek out higher ground by complying with all applicable human rights treaty norms. This approach is premised on an understanding that the notion of minimum standards in human rights law “dialectically entails as well the notion of something more demanding than the minimum—that is, the possible expansion of rights to which people are entitled.”

Importantly, it also promises a variety of value-added benefits for willing business enterprises. In the first instance, positioning a corporation to comply with due diligence standards and other practices based on a more inclusive range of human rights norms will significantly reduce or even potentially eliminate exposure to human rights liability now and in the future. Simply put, aligning business activities with the full spectrum of recognized international human rights norms can more effectively help identify and prevent harmful impacts as well as insulate the corporation from the evolutionary changes inherent in customary international law.

Second, this approach promises to eliminate the uncertainty and inconsistency associated with making corporate human rights responsibilities contingent upon a given host country’s existing treaty obligations and the nature or scope of the company’s activities therein. As U.S. Deputy Assistant Secretary Daniel Baer has observed, “In States that violate human rights, it will be more difficult for businesses to respect those rights—because domestic law may require actions inconsistent with internationally recognized human rights, because State practices encourage businesses to take actions that undermine the enjoyment of human rights, or because States involve businesses in their own human rights violations.”

159. This would require an expanded due diligence process, including sensitivity to relevant emerging international human rights norms expressed outside of treaty regimes. See Giovanni Mantilla, Emerging International Human Rights Norms for Transnational Corporations, 15 GLOBAL GOVERNANCE 279, 292 (2009), available at https://apps.clia.umn.edu/directory/items/publication/300487.pdf (describing a method of increased corporate responsibility through increased due diligence on the part of corporations).
160. Deputy Assistant Secretary Daniel Baer, Businesses and Transnational Corporations Have a Responsibility to Respect Human Rights, HUMANRIGHTS.GOV (June 16, 2011),
single transnational policy expressly aligned with the standards promulgated by the U.N. human rights treaty bodies in place of the SRSG’s mercurial guidelines promises corporations independence from variances derived from host state practices, avoids potential conflicts arising from patchwork policies, and ultimately lends itself to a more reliable process and outcome. \footnote{161} Naturally, in the context of TNC activity that gives rise to cultural, social, political, legal, and economic differences, such a policy becomes even more essential. Moreover, implementing a streamlined due-diligence process around a universally applicable human rights policy also promises the added benefit of being more cost-effective. \footnote{162}

A third benefit of adopting an embracive human rights approach is the likely spike in public goodwill directed at the corporation. This advantage should not be understated. As the U.N. Global Compact demonstrates, businesses already recognize the value of associating their brands with social responsibility and human rights, even if they do not sincerely implement related undertakings. \footnote{163} Boycotts remain a powerful consumer tool, and such actions promise an even greater impact as social awareness, activism, and Internet connectedness become further embedded in global culture. Taking concrete measures to distinguish a corporation’s genuine commitment to human rights from other free riders or generic endorsers of the Guiding Principles therefore promises to go a long way in building a corporate brand as well as consumer— and shareholder—confidence.

Finally, two derivative benefits associated with this “third way” proposal are worth noting here. First, by more actively managing its human rights footprint, a corporation can contribute to halting the larger cycle of human rights violations that the Guiding Principles perpetuate. As noted, the SRSG’s standards enable business enterprises to preserve relationships with human rights violators that may be directly linked to their operations, products, or services. \footnote{164} Rather than allow such relationships to continue, an embracive human rights approach would operate to shut them down. As a consequence, actors identified as human rights abusers would be denied a source of economic oxygen and, more dramatically, as the allegations against Anvil Mining illustrate, would potentially be denied the wherewithal to carry out or continue human rights violations. \footnote{165} This shift to requiring that business

\footnote{161. In the event that a corporate head office is situated in a country enjoying stronger human rights protections than afforded under international law, the domestic norms should govern the corporation’s activities regardless of where they occur. \textit{See}, e.g., Charter of Fundamental Rights of the European Union, art. 53, Dec. 18, 2000, 2000 O.J. (C 364) 5.

162. \textit{See}, e.g., ICMM, \textit{Humna Rights in the Mining and Metals Industry: Integrating Human Rights Due Diligence into Corporate Risk Management Processes} 6 (Mar. 2012), \textit{http://wp.cedha.net/wp-content/uploads/2012/06/Integrating-human-rights-due-diligence.pdf} (discussing human rights due diligence and explaining that the “[f]ailure to effectively address human rights risks can lead to significant costs in terms of the management time required to respond to crises, and may impact a company’s ability to access resources elsewhere or receive funding/insurance from some financial institutions or export credit agencies”).


164. \textit{See supra} notes 92–93 and accompanying text.

relations conform to all international human rights norms can have a transformative effect by prodding other enterprises into an embracive human rights business model through a combination of peer pressure and the promise of potential economic advantage. At the very least, the embracive approach is distinct from the SRSG’s Guiding Principles insofar as it proposes a clear-sighted and principled stance against interactions with recognized human rights violators. Lastly, this “third way” may also operate to reduce or eliminate liability risks for individuals associated with the business entity. Championing a corporate culture that respects and safeguards the full range of international human rights law requires an environment where related decisions are more closely scrutinized for compliance, concerns are identified and resolved earlier, and managers and staff are empowered to act accordingly.

Perlmutter’s musings from half a century ago provide a relevant context for closing. It remains accurate to say that corporations retain a significant potential for positively shaping the world we live in, though this potential remains—at least for the moment—mostly untapped and non-obligatory. If the Guiding Principles demonstrate anything, it is that the international community is increasingly serious about exploring how this potential can be harnessed as a means of minimizing corporate actions that may cause harm to individuals, groups, and our planet’s resources. From this vantage point, the more corporate counsel integrates a robust understanding of existing international human rights into corporate decision-making, the greater the likelihood will be of consistently and predictably minimizing or eliminating conduct likely to trigger deleterious human rights consequences now and into the future. This, coupled with the spillover benefits outlined above, should weigh heavily in favor of adopting an approach that uses the Guiding Principles as a starting point, but moves quickly to enlarge and enhance its reach.

http://www.cbc.ca/news/canada/montreal/story/2012/03/26/congolese-families-look-to-supreme-court-in-bid-to-sue-anvil-cp.html (explaining that if the Supreme Court of Canada decides to hear the case, there could be “major implications on whether Canadian companies can be held accountable for their involvement in human rights violations committed abroad”).

166. See Perlmutter, supra note 10, at 18 (remarking that “the senior executives engaged in building the geocentric enterprise could well be the most important social architects of the last third of the twentieth century”).