Section 1: Introduction

1. In 2016, the IBA issued a Practical Guide for Business Lawyers on Business and Human Rights to assess the implications of the 2011 United Nations Guiding Principles on Business and Human Rights (UNGPs) and related standards for the legal profession. It noted the widespread uptake of the UNGPs, their growing importance to States, businesses, and civil society, and their incorporation into law. It discussed the impact of the UNGPs on legal practice. It was accompanied by a Reference Annex that discussed these issues in further detail.

2. The relevance of the UNGPs to the legal profession has rapidly increased, as evidenced by many factors – such as the enactment of mandatory human rights due diligence and reporting legislation domestically but that also applies to companies extraterritorially, the assertion of duty of care, corporate liability and responsibility legal claims based on the UNGPs and related standards running either locally and/or overseas, and recognition of the severe human rights harm of environmental impacts, such as climate change.

3. States, investors, lenders, consumers, communities and civil society are increasingly assessing business human rights performance and giving greater recognition of the UNGPs as the authoritative global standard.

4. This Guidance note builds upon the 2016 Practical Guide by briefly reprising its key points and providing a snapshot of emerging trends and legislation that are relevant for business lawyers globally.

Section 2: The UN Guiding Principles on Business and Human Rights (UNGPs)

5. In 2005, the then United Nations Secretary General, Kofi Annan, appointed Harvard Kennedy School Professor John Ruggie as his Special Representative on Business and Human Rights (SRSG). He charged Prof. Ruggie with the task of developing a framework that articulated the respective duties and responsibilities of States and business regarding human rights.

6. As a result, following six years of multistakeholder consultations, research, and pilot projects, the United Nations Human Rights Council unanimously endorsed the SRSG’s UNGPs. The UNGPs operationalise the SRSG’s Protect, Respect and Remedy Framework, which the Council had approved in 2008. Under this Framework, the UNGPs articulate the duty of States to protect human rights (Pillar One), the responsibility of businesses to respect human rights in their operations and value chains (Pillar Two) and the need for greater access to remedy by stakeholders (Pillar Three).

7. Under Pillar One, the duty of States to protect human rights is a legal duty imposed by international law. It is discharged by preventing, investigating, punishing and redressing human rights abuse through policies, regulations, and adjudication (UNGP 1).

8. Under Pillar Two, all business enterprises, regardless of their size, sector, operational context, ownership and structure have a responsibility to respect human rights in their operations and value chain (UNGP 14). This means that they should publicly commit to respect human rights and embed that commitment in their governance, leadership, and culture, and exercise human rights due diligence to identify, prevent, or mitigate adverse human rights impacts in which they may be or are involved. Human rights due diligence is an ongoing, stakeholder-centered process through which a business identifies its potential and actual human rights impacts, responds to them in an integrated fashion, and monitors and reports on its performance.

9. Under Pillar Three, States have the primary duty to remedy human rights abuse, but businesses are expected to provide for or cooperate in their remedy through legitimate processes where they have caused or contributed to adverse impacts (UNGP 22). Doing so requires active engagement in remediation, by the business itself or in cooperation with others. Remedy can take many forms and can be judicial or nonjudicial. Businesses are expected to participate in effective operational level grievance mechanisms for communities and individuals to address problems early.
10. Though soft law in and of themselves, the UNGPs are the acknowledged authoritative global standard for the roles of businesses and States vis-à-vis human rights. The business responsibility to respect human rights derives from internationally recognised human rights, as expressed in conventions, treaties, and other international standards (UNGP 12). They have inspired or are reflected in binding laws, as discussed below.

11. The UNGPs are a living document and were intended to trigger dynamic change through an iteration by States, Business and Civil Society. Their interpretation and application should reflect the evolution and articulation of international human rights standards over time. This includes, for example, the UN General Assembly’s overwhelming vote in July 2022 in favor of a resolution recognising the human right to a clean, healthy and sustainable environment, the infringement of which prevents the enjoyment of many other human rights. The severe global human rights impacts of climate change, pollution and the loss of biodiversity, in which businesses are involved, are prominent examples. Although the UN General Assembly’s vote may not be legally binding by itself, it qualifies under the commentary to UNGP 12 as an ‘additional standard’ that requires particular attention for the business responsibility to respect human rights.

12. Since their endorsement, the UNGPs, and particularly the business responsibility to respect human rights, have become increasingly reflected or incorporated in statutes, regulations, judicial and quasi-judicial articulations of legal duties of care, corporate responsibility, multistakeholder norms, the decision-making of investors and banks, the practices and policies of leading companies, and the advocacy of civil society. As such, they become hard law obligations in those contexts.

13. After 2011, States encouraged voluntary business action by promulgating National Action Plans (NAPs) that outline their plans to implement the UNGPs. At the time of writing, approximately 40 countries around the globe have issued NAPs – the most recent being Uganda, Kenya and Japan.

14. As the understanding of UNGPs matured, some States have enacted legislation to mandate human rights due diligence with sanctions for non-compliance and remedies for stakeholders. France introduced a law in 2017, followed by Germany and Norway in 2021, and Switzerland effective in 2023. The French Vigilance Law refers to the UNGPs in the preparatory comments and explicitly includes measures to identify all risks to people, including environmental risks, and to prevent those which are the most serious, including environmental damage. Similar mandatory due diligence legislative proposals are pending in Austria, Belgium, Denmark, Finland, The Netherlands, the UK, and most significantly, in the EU. At the time of writing this update, the EU draft directive on corporate sustainability due diligence (CSDDD) proposes mandatory human rights and environmental due diligence; it would apply to EU companies as well as non-EU companies whose annual sales in the EU single market exceed certain thresholds. Additionally, on 5 January 2023 the Corporate Sustainability Reporting Directive (CSRD) entered into force, modernising and strengthening rules on social and environmental reporting by companies. Pursuant to the CSRD, on 31 July 2023, the European Commission submitted European Sustainability Reporting Standards (ESRS), which if and when approved, will expect covered businesses to consider as material their impacts on the environment and people, including their own workers, value chain workers, affected communities, and consumers and end-users.

15. Separately, domestic laws have emerged concerning human rights abuses such as modern slavery reporting legislation, Magnitsky laws and the customs office seizure or prohibition of imported goods manufactured with forced or child labour.

16. These developments have generated cross-pollination of similar guidance and laws in other countries. For example, Japan issued non-binding guidelines on human rights due diligence in late 2022, citing the emerging due diligence laws in Europe and forced labour laws globally to highlight the need for businesses to respect human rights.

17. Finally, when companies publicly commit to respect human rights, they expect members of their value chain to do the same and incorporate UNGP-related human rights performance standards in their contracts and agreements. This has led to the development of private commercial law of human rights among networks of buyers and suppliers.

Section 3: Access to remedy

18. Judicial decisions. A number of courts have rendered decisions validating the duty of States to protect people and communities from business-related human rights abuse and affirming responsibility of businesses to respect human rights under the UNGPs. For example, but not exhaustively.
a. **SERAP v. Nigeria**: In 2012 the Court of Justice of the Economic Community of West African States (ECOWAS) held that it was incumbent on the State of Nigeria to ‘prevent or tackle’ an oil spill situation ‘by holding accountable those who caused the situation and to ensure that adequate reparation is provided for the victims’.

b. **Vedanta Resources Plc v Lungowe; Okpabi & others v Shell**: In 2019 and 2021 the UK Supreme Court issued two landmark decisions, ruling that a parent company may owe a duty of care to the claimants concerning environmental damages and human rights abuses caused by its foreign subsidiary, at least where the parent undertakes to supervise the company’s actions in question, takes active steps to ensure that the subsidiary implements the parent’s policies, and fails to take active steps to prevent harm.

c. **Nevsun Resources Ltd v Araya**: In 2020, the Canadian Supreme Court recognised that customary international laws, including prohibition of crimes against humanity, forced labour and torture, are part of Canadian law, and that Canadian companies may be liable for the breach of these standards as a result of their overseas operations.

d. **Miskito Divers (Lemoth Morris et al) v Honduras**: In 2021 the Inter-American Court of Human Rights ruled in favour of imposing duties on States to regulate their businesses in accord with the basic concepts of the UNGPs.

e. **In re University of Stellenbosch Legal Aid Clinic, et al (2015)**: In 2015, the High Court of South Africa held that under the UNGPs, States must prevent human rights abuse by business and reduce barriers to remedy. It therefore refused to enforce a South African debt collection law devised by legal counsel to microlenders to implement predatory, unfair and deceptive debt collection practices that denied due process to tens of thousands of poor borrowers. On appeal, the Supreme Court of South Africa concluded that the statute was not unconstitutional because the lenders had misconstrued and misapplied it.

f. **Oguru et al v Shell**: In 2021, the Court of Appeal of The Hague found a Dutch company liable for oil spills caused by its African subsidiary, citing *Vedanta*, above. The appeal is ongoing.

g. **Milieudefensie v Shell**: In 2021, the District Court of The Hague ordered an oil company to reduce its CO2 emissions, applying a rule of unwritten law relating to social conduct under the Dutch Civil Code, and using the UNGPs and other soft and hard law instruments to define the company’s duty of care. The appeal is ongoing.

19. **Judicial claims in process.** Judicial claims by people and communities that reference the UNGPs and/or seek remedy for human rights abuse are pending in various jurisdictions. Examples include:

a. In 2020 a class action was filed in the Johannesburg High Court against a South African mining company on behalf of Zambian communities allegedly affected by a lead mine.

b. In 2023, residents of an Indonesian island threatened by rising sea levels and flooding from a glacial lake caused by climate change sued a Swiss company in Switzerland, following a similar lawsuit filed in Germany against a German electricity provider for damages.

c. In France, several cases are pending in relation to alleged violations of human rights, including environmental damages, by multinationals under the French Vigilance Law in the extractive, agribusiness, energy and banking sectors, including for harm that occurred outside of France.

d. In several European jurisdictions (including Germany and the UK) there are ongoing court cases regarding dam collapses that occurred in Brazil in 2015 (commonly referred to as the ‘Mariana dam collapse’).

e. Multinationals in the apparel sector are facing criminal investigations for alleged complicity in forced labour in several countries.

f. A Bangladeshi union representing workers in the textile industry filed a complaint against several multinationals under the German Due Diligence Act for failing to monitor the safety of its factories.

20. **Nonjudicial grievance mechanisms.** The UNGPs also contemplate that remedy can be provided by nonjudicial grievance mechanisms if they are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning and, in the case of operational level grievance mechanisms, based on engagement and dialogue (UNGP 31).
21. **Arbitration.** Following the collapse of the Rana Plaza garment factory in Bangladesh in 2013, brands and trade unions entered into a multilateral agreement, now known as the International Accord, to improve the safety conditions of factories. It provides for binding arbitration of disputes. At least two arbitrations were commenced and administered by the Permanent Court of Arbitration in the Hague. Normally, commercial arbitrations do not yet meet the effectiveness criteria of nonjudicial grievance mechanisms under UNGP 31. However, a working group of international legal experts published The Hague Rules of Business and Human Rights Arbitration in 2019 with the goal of meeting those criteria and promoting the use of arbitration in resolving business and human rights disputes. 

22. **Bilateral investment treaty disputes.** The UNGPs are also gaining increased traction in international arbitrations arising from bilateral treaty disputes between foreign investors and host states, especially in the infrastructure, development and mining sectors; see, *Urbaser v Argentina* and *David Aven et al v Costa Rica*. International arbitrators are tending to invoke the principles of necessity and proportionality to strike a balance between protecting the rights of foreign investors and the need to protect human rights under the principles of necessity or proportionality. Also, new bilateral investment treaties have also been drafted. For example, in July 2022 the Africa Arbitration Academy launched its model bilateral investment treaty for African States to promote sustainable investment and balance local and cultural sensitivities, based on the principle of Ubuntu.

23. **OECD National Contact Points (NCPs).** Companies and stakeholders have used the voluntary nonjudicial OECD NCP dispute mechanism to resolve business and human rights disputes. The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, updated in 2023, track the human rights due diligence process of the UNGPs. They are voluntary but widely followed. A company’s noncompliance with the OECD Guidelines can result in a complaint to an NCP in one of the (currently) 51 countries that adhere to the OECD Guidelines. The complaints often lead to mediation, settlements, and statements about the company’s compliance, and monitoring by NCPs of their recommendations.

24. **Special Procedures of the United Nations Human Rights Council.** The UN Special Procedures are independent human rights experts who are charged to report on advise on human rights from either thematic or country-specific procedures. In June 2023, the UN Business and Human Rights Working Group, the Special Rapporteur on the human rights obligations relating to a clean, healthy and sustainable environment, and the Special Rapporteur on the human rights to safe drinking water and sanitation, sent a letter to a state-owned oil company requiring it to respond to allegations that its efforts to increase its fossil fuel production was crippling its owner’s commitment to discharge its duties under international law and commitments under the Paris Agreement to remove greenhouse gas emissions.

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**Section 4: How does this fast-changing landscape impact the roles of lawyers?**

25. The law is dynamic; what is considered merely unethical today may be unlawful tomorrow. This is particularly true in the business and human rights context. As companies increasingly see the identification and management of human rights risk as a key strategic goal, they expect that their lawyers will act not only as technical legal experts, but also as wise counselors in identifying and advising on human rights impacts, based on the hard and soft law of human rights.

26. Advice grounded solely on technical compliance with existing law, without regard to the impact on human rights, may unfortunately obscure for clients the larger picture of business risks of involvement in human rights abuse. These may include such factors as reputational harm; lost opportunities; reduced access to capital markets; delay costs; high interest or more expensive debt; top management distraction; and reduced ability to hire and retain talent.

27. As a result, businesses increasingly seek legal advice and services from their lawyers on business and human rights matters that emerge in the context of other legal practice areas. For example:

- **Mandatory human rights due diligence law compliance.** As states increasingly enact human rights due diligence laws, as discussed above, companies will be required to establish and implement appropriate policies, processes and procedures to ensure compliance with those laws. Lawyers will play a critical role in advising companies on these matters.

- **Criminal law.** UNGP 23(c) and its accompanying commentary provide that companies should treat the risk of involvement in gross human rights abuse as a matter of legal compliance, based on the hard and soft law of human rights.
• **Environmental law.** Recognition of the potentially severe human rights impacts of environmental harm, climate change, pollution and loss of biodiversity will fundamentally change the practice of environmental law. Unlike environmental due diligence, human rights due diligence is not limited to technical compliance with environmental regulations but instead focuses on respecting the rights of vulnerable people and communities.

• **Corporate governance.** To be effective, human rights due diligence must be embedded into a company’s corporate governance, even where human rights due diligence is not mandated by law. Lawyers can help companies do so by advising on the proper internal governance structure and enterprise risk management, policies, processes and procedures.

• **Mergers and acquisitions (M&A).** UNGP 17 provides that human rights due diligence should be conducted as early as possible in a business relationship, particularly where companies may inherit the human rights risks of the acquired entity. M&A lawyers play an important role in ensuring that human rights and environmental risks are identified and addressed early in the process.

• **Finance.** Under the UNGPs, financial institutions can be held accountable for the human rights abuses that they cause or contribute to. Lawyers who represent financial institutions and investment banks should understand that their clients have their own responsibility as business enterprises to respect human rights, including in the loans and investments they make and the actions taken by their borrowers and shareholders. Fundamental to this responsibility is the need to exercise human rights diligence.

• **Contracts.** Lawyers play a central role in the formation, drafting and enforcement of contracts. A contract is a key source of leverage through which a company can incentivise both buyers and suppliers to improve their human rights performance.

• **Dispute resolution.** Lawyers help companies manage and resolve disputes of every conceivable nature. These disputes can be addressed in multiple forums, including courts, administrative agencies, investigations by legislatures, arbitration panels, nonjudicial grievance mechanisms such as the OECD National Contact process, as well as collaborative and multi-stakeholder grievance mechanisms, of both general and context-specific application, including operational-level grievance mechanisms under the UNGPs.

• **Antitrust.** In addressing their human rights goals, companies should be aware that certain collaborations among competitors, even if intended to improve human rights performance in their sector, may trigger competition concerns. On the other hand, in Australia, the UK and the EU competition and consumer regulators have taken steps to grant exemptions for climate change and sustainability related conduct, rendering antitrust concern moot.

• **Reporting and disclosure.** Reporting and disclosure lawyers play a critical role in determining what companies report to stakeholders on the risk to companies and stakeholders on the risks of involvement in human rights harm. Reporting on human rights risk is an essential part of a company’s human rights due diligence and should properly reflect the risks of harm to the human rights of specific vulnerable people and communities in context. Trillions of US dollars are invested in assets by firms that factor environmental, social and governance (ESG) factors in their investment decisions. Although the ‘S’ or social impact factor includes human rights impacts, to date there is confusion over what should be reported, and whether it should accurately reflect the results of a company’s identification and response to its human rights risks. Until greater clarity is achieved, ESG reporting should not be viewed as sufficient to satisfy a company’s human rights due diligence responsibilities.

28. The areas listed above are merely illustrative. Business and human rights concerns and implications also emerge in the context of labour and employment matters, governmental relations, tax law, intellectual property, mining law, insurance, and bankruptcy law, among many other legal practice areas.

**Section 5: What challenges do the UNGPs pose concerning the right of access to legal services, or to the professional duties of lawyers?**

29. Under the rules that govern the legal profession in several jurisdictions, and the UN Basic Principles on the Role of Lawyers (UNBPR), lawyers are ‘essential agents of the administration of justice’ and play a fundamental role in establishing the rule of law and promoting the broader interests of justice.
30. Compliance with the law by business is a bedrock requirement of all Pillars of the UNGPs. Access to a lawyer and legal services is a fundamental right and is an essential component of the rule of law and due process. Indeed, Pillar Three of the UNGPs reflects the unfortunate fact that vulnerable persons in particular lack adequate access to legal counsel to protect their human rights. The right of access to legal counsel cannot be undermined even if the client, or the client’s causes or beliefs, are highly unpopular. This applies to clients of every nature, including individuals and businesses. Every person and entity, including businesses, is entitled to seek legal advice and representation to evaluate and respond to claims that implicate it in a human rights issue. The UNGPs do not impair the right to legal representation.

31. Under UNBPRL 18, lawyers must be allowed to act with independence; they are not to be identified with their clients or their clients’ views. Independence also means providing the client with unbiased advice, including risks that the client might prefer not to know.

32. The UNGPs do not abridge the professional responsibilities of lawyers, which include the duty to act, within the limits of the law and professional standards, in their business client’s best interests. This also includes advising businesses on identifying and addressing risks to themselves and society from the client’s involvement in human rights and environmental impacts. This duty should be met notwithstanding expectations and pressures that are external to the lawyer–client relationship, subject to compliance with their professional and legal responsibilities.

Section 6: What do the UNGPs mean for law firms?

33. Law firms, as business enterprises, have their own responsibility to respect human rights. This responsibility applies to businesses ‘regardless of their size, sector, operational context, ownership, and structure’ (UNGP 14). This includes law firms, subject to their unique professional duties. Law firms can provide advice and services that will enable their clients to meet their sustainable business interest in identifying, preventing, mitigating, and where appropriate, remedying their clients’ involvement in human rights abuse. The ability to provide such advisory services represents a major business opportunity for law firms.

34. Law firms are part of a client’s value chain. As clients implement their own business and human rights governance, policies and processes, clients will increasingly expect law firms to show that they also respect human rights and can identify and address the human rights risks that may be linked to their legal services. Larger law firms are already reporting on their value chains under mandatory modern slavery regimes (such as in Australia and the UK) and detailing actions taken and the effectiveness of such actions.

35. At the same time, law firms face the risk of enabling the human rights abuse of their clients. For example, the UN OHCHR recently criticised the growing use by companies of SLAPPs (Strategic Lawsuit Against Public Participation) filed against human rights defenders or journalists for the sole or primary purpose of intimidating and silencing public opposition to, or criticism of, their activities, by overwhelming the civil society actor with burdensome and expensive litigation.

36. Another example is the establishment of anonymous shell corporations designed to enable their beneficial owners to hide their involvement in activities that abuse human rights, such as laundering the sovereign wealth stolen by kleptocrats or the funding of enterprises that engage in illegal arms sales, human trafficking, war crimes and other human rights abuse.

37. Such conduct may be lawful in certain jurisdictions. However, UNGP 23(b) provides that where there are conflicts between national laws and international human rights standards, companies (and law firms, because they are business enterprises with their own responsibility to respect human rights), should ‘[s]eek ways to honour the principles of internationally recognized human rights’. UNGP 23(c), referenced earlier, expects that company should ‘[t]reat the risk of causing or contributing to gross human rights abuses as a legal compliance issue wherever they operate’. Given this compliance risk, law firms can – and some have – chosen not to enter into or to end lawyer–client relationships with clients when the legal services are likely to cause or contribute or be directly linked to such abuse.

38. At a fundamental level, a law firm should be prepared to consider these questions, at the beginning of a client relationship, and during its course, in order to assess the risks of its and its clients’ involvement in human rights harm and manage the firm’s response:

• Will the services and advice it renders likely cause or contribute to human rights abuse by the client in its operations or in its value chain?
• Who are the stakeholders who will be affected?
• What is the severity of the harm from the perspective of the stakeholder?
• What is the likelihood of potential impacts based on the context of the client’s operations, value chain, management system and business model?
• What is the connection between the nature of the lawyer’s advice and services and the likely harm (ie, will the advice or services cause, contribute, or merely be linked to the harm), and similarly, what is the connection between the client’s conduct and the likely harm?
• What steps can the firm reasonably take to prevent or mitigate such harm?
• Is the likely harm so egregious and persistent that the firm should consider not undertaking the representation?24

39. To properly advise and serve clients on human rights issues, law firms should have or develop adequate capacity and expertise to advise on business and human rights soft and hard law. This suggests a dual role for the firm’s internal and external business and human rights experts. One role is to provide explicit advice and services on human rights to clients. Another role is to ensure that those who are not providing such advice directly have adequate access to internal and external resources to understand the human rights implications of their practice areas, such as tax, bankruptcy, transactions, litigation, etc, and to benefit from shared learning across practice areas.

Section 7: Conclusion

40. The late Professor John Ruggie, author of the UNGPs, did not see the UNGPs as static text. Rather, he hoped that the UNGPs ‘would trigger an iterative process of interaction among the three global governance systems’ – States, Business, and Civil Society – ‘producing cumulative changes over time’.25 This has in fact happened. The dynamism of the UNGPs and their ability to generate change in hard law and soft law norms, the practices and policies of businesses (including lawyers and law firms), and the advocacy of civil society, has been demonstrated repeatedly.

41. Given the dynamic nature of the UNGPs, this update is not the end of the story for the UNGPs’ impact on the legal profession. Change continues, and key developments will take place in the future. It would be tempting to wait until developments play out over time, but lawyers have to advise and serve clients in the present. It is therefore useful to view the impact of the UNGPs on the legal profession as an ongoing journey, in which this update is a snapshot in time.

Section 9: Key resources

1. The United Nations Guiding Principles on Business and Human Rights (2011) (UNGPs)
3. The OECD Guidelines for Multinational Enterprises (2011)
7. ISO 26000 – Social Responsibility (first introduced in 2010)
8. The United Nations Global Compact
10. The United Nations Working Group on Business and Human Rights
17. UN General Assembly Resolution A/76/300, adopted on 28 July 2022

18. Accountability and Remedy Project (ARP) Reports

19. Equator Principles

20. UNGP10+ (A Roadmap for the Next Decade of Business and Human Rights) as a reference.

Contributors

Chair: Brabant, Stéphane
Andrade Lima Cardozo, Maria Izabel
Carnegie, Sara
Cassel, Douglass
Douwartzidis, Lara
Groulx Diggs, Elise
Lalani, Shaheeza
Maier, Bernhard
Scheltema, Martijn
Sherman, John

Endnotes


3. UN General Assembly (28 July 2022) A/76/300 (undocs.org).


6. See also Debevoise & Plimpton UNGPs at 10; the Impact of the UNGPs on Courts and Judicial Mechanisms full-report.pdf (Debevoise.com).


10. Inter-American Court of Human Rights, Case Of The Miskito Divers (Lemeth Morris Et AL) v Honduras (31 August 2021)


22. Section 3 of the 2016 Practical Guide lists examples of practice areas where knowledge of business and human rights impacts is important.


24. For further detail, see Section 6.3 of the IBA Reference Annex, document (ibanet.org).