

Human rights in a globalised world: why do companies need to pay more attention? Key Findings

A new Vigeo Eiris study of 4,585 companies headquartered in 60 countries reveals limited scores and progress in the way business is fulfilling its human rights obligations and facing controversies. The study highlights significant discrepancies by topic, sector and geography and provides a list of the best performers.

- **The 4,585 rated companies' overall score on all human rights topics stands at 33/100** on a scale from 0 to 100. This score indicates that companies are failing to meet the minimum requirements outlined by international norms and standards. Individual company scores range from 0/100 to 88/100.
- **Less than 5% of companies appear to** have adopted relevant human rights commitments with explicit objectives and management oversight, supported by efficient means and processes including due diligence, grievance mechanisms, auditing and control, as well as transparent and comprehensive reporting.
- When companies - including those in the first decile - communicate on human rights, they tend to **display their general aims and policies rather than report on the materiality of the efficiency of means** and the details and results of their processes.
- **Most companies fail to provide a narrative and indicators on how they manage specific human rights risks and measure their related impacts.**
- **The discrepancy between human rights topics remains significant:** labour and workers' rights are the least frequently addressed topic, while issues like non-discrimination on the grounds of diversity are becoming more frequently addressed.
- **Reporting on human rights shows** disparities across geographies, countries and sectors. Most non-communicative companies are headquartered in Asia Pacific and North America, while **the most communicative are located in Europe.**



Findings by geographical area, country and sector:

Geographical areas: 90% of the top 30 performers are headquartered in Europe, while only 6.66% are in Asia Pacific and 3.33% are in the Emerging Markets.

Countries: 9 out of the top 10 countries are European, while laggards are mainly South Eastern Asian countries. France ranks first, followed by Spain, Sweden, the Netherlands, Germany, Finland, Italy, Norway, Denmark, and Brazil.

Sectors: Institutional bond issuers have the most advanced performance in the rated universe with an average score of 54/100 for Development Banks and 47/100 for Specific Purpose Banks & Agencies. Telecommunications (41/100) is the top performer among equity issuers.

Findings on controversies:

- Vigeo Eiris has identified **1,308** controversies related to Human Rights, representing **17.2% of all controversies** within our Equitics© database (**7,605** in total):
 - o **57% are linked to violations of fundamental human rights** (i.e. the right to privacy, tenure rights, freedom of expression, rights of indigenous populations etc.);
 - o **9% relate to violations of labour rights** (e.g. 'union busting' practices or union discrimination);
 - o **16% relate to employee discrimination** (based on gender, medical conditions, ethnicity etc.);
 - o **3% are linked to cases of forced or child labour**
 - o **15% are related to human rights violations in the supply chain** (i.e. child or forced labour and poor working conditions etc.).
- In **47.6%** of controversy cases, companies did not respond to the allegations. A minor response or settlement was observed in **44%** of cases, while **7%** took remedial action, and only **1.4%** were proactive (i.e. consulting with stakeholders in addition to undertaking permanent corrective measures).

The Diversified Banks sector faces the highest number of controversies related to violations of human rights (173), mainly because of its involvement in the financing of controversial projects. The Mining & Metals sector ranks second with 103 controversies, followed by the Food sector with 99 controversies, which is regularly exposed to allegations concerning the rights of indigenous peoples, tenure rights, discrimination of workers, and the respect of human and labour rights in the supply chain.

Controversies breakdown by geography



Top 1% rated companies on human rights (all topics)

| Title | Country | Sector |
|--------------------------------|-------------|---------------------------------|
| Carrefour | France | Supermarkets |
| Amundi | France | Financial Services - General |
| Norsk Hydro | Norway | Mining & Metals |
| Energias de Portugal | Portugal | Electric & Gas Utilities |
| Orange | France | Telecommunications |
| Peugeot | France | Automobiles |
| Endesa | Spain | Electric & Gas Utilities |
| Infineon Technologies | Germany | Technology-Hardware |
| Naturgy Energy Group | Spain | Electric & Gas Utilities |
| Telefonica | Spain | Telecommunications |
| Telecom Italia | Italy | Telecommunications |
| NEC Corporation | Japan | Technology-Hardware |
| Nokia Corporation | Finland | Technology-Hardware |
| L'Oréal | France | Luxury Goods & Cosmetics |
| Crédit Foncier | France | Retail & Specialised Banks |
| Engie | France | Electric & Gas Utilities |
| La Banque Postale | France | Retail & Specialised Banks |
| Vallourec | France | Mining & Metals |
| Red Electrica | Spain | Electric & Gas Utilities |
| Societe Generale | France | Diversified Banks |
| Eurazeo | France | Financial Services - General |
| SEB | France | Technology-Hardware |
| Veolia Environnement | France | Waste & Water Utilities |
| Groupe Casino | France | Supermarkets |
| Ajinomoto Company | Japan | Food |
| BNP Paribas | France | Diversified Banks |
| Enel | Italy | Electric & Gas Utilities |
| Sodexo | France | Hotel, Leisure Goods & Services |
| STMicroelectronics | Netherlands | Technology-Hardware |
| Vivendi | France | Broadcasting & Advertising |
| Electricite de France | France | Electric & Gas Utilities |
| Commonwealth Bank of Australia | Australia | Diversified Banks |
| KDDI Corporation | Japan | Telecommunications |
| Michelin | France | Automobiles |
| TF1 | France | Broadcasting & Advertising |
| Pirelli | Italy | Automobiles |
| Kesko | Finland | Supermarkets |
| Grupo Iberdrola | Spain | Electric & Gas Utilities |
| ING Groep | Netherlands | Diversified Banks |
| SNCF Réseau | France | Transport & Logistics |
| Solvay | Belgium | Chemicals |
| Technicolor | France | Software & IT Services |
| ThyssenKrupp | Germany | Mining & Metals |
| Umicore | Belgium | Chemicals |