THE DANISH INSTITUTE FOR HUMAN RIGHTS

DOING WELL BY DOING RIGHT?

EXPLORING THE POTENTIALS AND LIMITATIONS OF A BUSINESS CASE FOR HUMAN RIGHTS

KRISTOFFER MARSLEV

DOING WELL BY DOING RIGHT? EXPLORING THE POTENTIALS AND LIMITATIONS OF A BUSINESS CASE FOR HUMAN RIGHTS

Report Prepared by Kristoffer Marslev, PhD

ISBN: 978-87-93893-81-8
E-ISBN: 978-87-93893-78-8

Layout: Hedda Bank

© 2020 The Danish Institute for Human Rights
Denmark's National Human Rights Institution
Wilders Plads 8K, DK-1403 Copenhagen K
Phone +45 3269 8888
www.humanrights.dk

Provided such reproduction is for non-commercial use, this publication, or parts of it, may be reproduced if authors and source are quoted.

At the Danish Institute for Human Rights we aim to make our publications as accessible as possible. We use large font size, short (hyphen-free) lines, left-aligned text and strong contrast for maximum legibility. For further information about accessibility please click www.humanrights.dk/accessibility

CONTENTS

CHAPTER 1 – INTRODUCTION **4**

CHAPTER 2 – DRIVERS OF BUSINESS AND HUMAN RIGHTS: TOWARDS SOCIALLY RESPONSIBLE BUSINESS MODELS? **8**
2.1 TIGHTENING REGULATION: THE UNGPS AND BEYOND 8
2.2 GROWING STAKEHOLDER EXPECTATIONS 9
2.3 A LOOMING THE LEGITIMACY CRISIS 11
2.4 TOWARDS RESPONSIBLE BUSINESS CENTRED ON HUMAN RIGHTS? 12

CHAPTER 3 – DOING WELL BY DOING RIGHT? PRELIMINARY INSIGHTS FROM EMPIRICAL RESEARCH **13**
3.1 A FIRST LOOK AT THE EVIDENCE 13
3.2 FOUR QUALIFYING CONCLUSIONS 14
3.3 A BUSINESS CASE FOR HUMAN RIGHTS? 16

CHAPTER 4 – FOUR CAUSAL PATHWAYS: WHAT ROLE FOR HUMAN RIGHTS? **18**
4.1 MITIGATING RISK AND REPUTATIONAL DAMAGE 18
4.2 BUILDING CONSUMER LOYALTY AND TRUST, IMPROVING SALES 20
4.3 EASING INVESTORS AND CHEAPENING COSTS OF CAPITAL 23
4.4 ENHANCING HUMAN CAPITAL 25

CHAPTER 5 – LIMITATIONS AND GAPS **28**
5.1 FINANCIAL RETURNS ARE MODEST 28
5.2 REWARDS ARE HIGHLY CONTEXT-DEPENDENT 29
5.3 A BUSINESS CASE FOR RESPECTING OR PRETENDING? 31
5.4 THE BUSINESS CASE AS A TRANSITORY PHENOMENON? 32

CHAPTER 6 – CONCLUSIONS **33**

CHAPTER 7 – REFERENCES **36**

NOTES **49**

CHAPTER 1

INTRODUCTION

In the last decade, the pressure on companies to address their human rights impacts has gained momentum. The launch of the UN Guiding Principles on Business and Human Rights (UNGPs) in 2011, unanimously endorsed by the Human Rights Council, made it clear that companies have a responsibility to respect human rights; and expectations heightened, when the UN 2030 Agenda, grounded in international human rights norms, awarded the private sector a lead role in financing and implementing the Sustainable Development Goals. The ongoing COVID-19 crisis may prove a further catalyst. In April 2020, as part its recovery plan, the EU committed to drafting new regulation on mandatory human rights due diligence by 2021. Later that month, UN Secretary-General Guterres called on decision-makers to "build back better", presenting a vision with human rights at its heart, in order to foster "more inclusive and sustainable economies and societies" (UN 2020). Following his lead, in June, the UN High Commissioner for Human Rights, Bachelet, urged businesses leaders to look to the UNGPs for guidance on how to remake their companies, depicting the crisis as "an opportunity to build a better future for all, where human rights are at the centre of our business models and where prosperity is shared" (OHCHR 2020a).

Under growing regulatory and stakeholder pressure, still more businesses have taken up the challenge. In a 2015 poll, 83% of more than 850 executives from across the world agreed that human rights are a matter for business as well as governments (EIU 2015). Another survey found that nine in ten of the world's 250 largest companies recognize human rights as a business issue (KPMG 2017). Notwithstanding these positive signs, however, implementation is lagging. The 2020 progress report on the UN Global Compact, ten social responsibility principles adopted by more than 10,000 companies, shows that while nine in ten have adopted human rights policies, less than a third monitor their human rights performance, and just a fifth conduct human rights impact assessments (DNV GL 2020). Similarly, in the 2019 Corporate Human Rights Benchmark, assessing 200 of the world's largest listed companies in four high-risk sectors, half failed to show **any** evidence of human rights due diligence (CHRB 2019).

Despite the nascent move towards binding instruments, the corporate responsibility to respect human rights remains a predominantly soft-law terrain: generally, companies are expected to, rather than obliged to, respect human rights. In light of the lacking implementation, this raises the question of how firms can be encouraged to devote the time and resources needed to comprehensively integrate

human rights into their business models. According to High-Commissioner Bachelet, “there are enormous benefits to both companies and investors that adopt a principles-based approach” (OHCHR 2020). Yet, in a global survey of CEOs, just a fifth recognized a clear business case as a driver for their commitments to human rights (EIU 2015). To gain further knowledge on the feasibility of leveraging financial drivers in moving forward the business and human rights agenda, this report explores the potentials and limitations of a business case for respecting human rights. It should be stressed from the outset that this in no way serves to justify a narrowly economistic approach. Human rights should be respected whether or not benefits outweigh costs. Nevertheless, it is not implausible to expect that companies will show greater respect for human rights, if there are sound economic arguments to do so. Against this backdrop, this report interrogates the empirical foundation of the claim that business can be “doing well by doing right”.

The report draws on three sources of data. First, it is based on an extensive review of the academic literature on corporate social responsibility (CSR) and adjacent fields such as business ethics, management studies, organisational psychology and consumer research. Unlike the human rights field, which has paid little attention to its own nexus with economics, hundreds of empirical studies have since the 1970s investigated the relationship between CSR, or corporate social performance, and corporate financial performance. For an exploration into a potential business case for human rights, this vast body of work offers a useful point of departure; but it obviously raises the question of whether conclusions pertaining to CSR are applicable to human rights – a question that is discussed throughout the report. As the second source of data, the report uses of great number of opinion polls and surveys by private firms. These are valuable for capturing the shifting attitudes of corporate executives, consumers, investors and employees, but also provide up-to-date data to assess the relevance of research findings. Third, the report draws on interviews with the staff in charge of human rights initiatives at three of the companies that the Danish Institute for Human Rights is currently working with: Nestlé, L’Oréal and RB. These companies operate in the market segment for fast-moving consumer goods, which has been chosen, as it – due to its visibility and proximity to consumers – is the most likely to be affected by rising stakeholder expectations. Also, the companies were selected, as they have adopted proactive approaches to human rights, which makes them interesting cases for exploring if, and in what ways, they experience “returns on investment”. In addition, an interview was conducted with a representative of AIM Progress, a global initiative supported and sponsored by AIM – the European Brands Association, with the purpose of enabling and promoting responsible sourcing practices and sustainable supply chains in fast-moving consumer goods. These interviews revolved, among other things, around the drivers of human rights engagements, the feasibility of a business case and its key components, and any perceived gaps and limitations.

Whether the findings from the CSR literature can be extended to human rights to a large extent hinges on conceptual similarities and differences. Traditionally, CSR refers to **voluntary** activities of firms to address social, environmental and

wider societal issues, based on their own **self-guided** decisions. In contrast, the business and human rights framework defines a **universal** yardstick, rooted in internationally recognized human rights standards, against which corporate conduct is benchmarked. Whereas CSR is **selective** and **discretionary**, therefore, human rights are – at the conceptual level, at least – **universal**, **indivisible** and **interrelated**, and priorities cannot be freely chosen **a la carte** (Ramasastry 2015). The UNGPs represent the authoritative interpretation of what the corporate responsibility to respect human rights means for both states and businesses. Regardless of size, ownership and context, companies should avoid causing or contributing to adverse human rights impacts, in their own operations and through their business relationships. To do so, they should have in place appropriate policies and processes and carry out ongoing human rights due diligence: identifying impacts through human rights impact assessments, integrating and acting upon the findings, tracking the effectiveness of their responses, and communicating how issues are addressed. Where companies have caused or contributed to adverse human rights impacts, they should actively engage in remediation. States, in turn, have a duty to adopt the necessary regulatory steps to protect human rights from corporate abuse within their jurisdictions. Despite these differences, however, the responsibility to respect human rights remains a soft law domain, and its distinctiveness from traditional CSR may be less pronounced in practice than in theory.

The evidence reviewed in the report lends **some** support to the notion of a business case for human rights, but also warns of severe gaps and limitations. More than four decades of research into the financial impacts of CSR point to a positive link between corporate social and financial performance, and there are good reasons to expect it to apply to the corporate responsibility to respect for human rights, too. Not only does the finding that negative effects of "doing harm" are stronger than positive effects of "doing good" give credence to an approach that – as the UNGPs – chiefly seeks avoid adverse impacts on human rights. Further, the case can be made that integrating human rights can unleash benefits like those observed for CSR: mitigating operational, reputational and legal risks; boosting consumer loyalty, trust and sales; cheapening costs of capital charged by investors; and enhancing human capital by attracting more talented, engaged and productive employees. In fact, the report argues that, from a financial perspective, an approach rooted in the UNGPs may hold certain advantages over "traditional" CSR – facilitating a focus on the long term, where studies suggest rewards are more likely to materialize; and encouraging a consistent, systemic and principled strategy, which has been shown to enforce the beneficial effects.

While these conclusions indicate that firms can indeed be "doing well by doing right", there are also grounds for caution. Among other things, the returns to CSR have been found to be modest and inconsistent across industries, social dimensions and other moderating factors. Though these limitations are hardly surprising, they serve as a reminder that the search for a universal business case for

human rights is a futile endeavour – and that to fill the gaps, effective regulation is indispensable. This also warns against overstating the generalizability of the beneficial effects discussed in the report. Despite irregularities, the empirical evidence seems to suggest that a business case for human rights is most likely to exist for highly visible firms in consumer-facing sectors, where public scrutiny is more intense and the costs of failing high stakeholder expectations are heavier.

The report is organized in six chapters. Following this introduction, chapter 2 explores the drivers underpinning the movement towards a more socially responsible economy, including calls for putting respect for human rights at the heart of business models. Against this backdrop, chapter 3 provides an overview of the key take-aways from CSR research, including four qualifying findings of particular relevance to human rights. Next, chapter 4 investigates the four "pathways" through which CSR has been found to contribute to financial performance and discusses whether efforts to respect human rights can activate similar causal mechanisms. Chapter 5 addresses some of the main weaknesses pertaining to the evidence, while the final chapter concludes.

CHAPTER 2

DRIVERS OF BUSINESS AND HUMAN RIGHTS: TOWARDS SOCIALLY RESPONSIBLE BUSINESS MODELS?

As a background to the remainder of the report, this chapter charts the drivers underpinning the business and human rights movement. Interview and surveys suggest that companies' human rights commitments are driven both by tightening regulation and by rising expectations from key stakeholders – consumers, investors and employees. Together, these trends reflect a growing dissatisfaction with "business as usual" and a rising demand for socially responsible business models.

2.1 TIGHTENING REGULATION: THE UNGPS AND BEYOND

A first driver of companies' human rights commitments is the gradual tightening of regulation and growing pressure to conform to international standards (KPMG 2016, 5). Since the launch of the UNGPs in 2011, a series of regulatory initiatives on business and human rights have been adopted, from sub-national to supranational levels. In the US, the Dodd-Frank Act (2010) committed listed companies to trace and disclose the use of "conflict minerals" in their products, while the California Supply Chain Transparency Act (2011) required large retailers and manufacturers to disclose efforts to eradicate slavery and human trafficking. In the EU, the Non-Financial Reporting Directive (2014) required "public-interest companies" to publish reports on their social responsibility and human rights policies. In the UK, the Modern Slavery Act (2015) committed large firms to issue annual reports on the steps taken to prevent modern slavery. In France, a ground-breaking Duty of Vigilance Act (2017) established a legally binding obligation of the largest French companies to practice human rights due diligence. And as the latest example, the Dutch Senate in May 2019 adopted a Child Labour Due Diligence Law, which introduces a duty of care to prevent child labour in the supply of goods or services (HRW 2020). Similar moves towards mandatory human rights due diligence ("mHRDD") may be underway in Finland, Germany and Switzerland, among others (ECCJ 2019). In addition, an open-ended working group under the UN Human Rights Council has since 2014 been in the process of negotiating an "international legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises" (OHCHR 2020). And perhaps more significantly, in April 2020, after massive pressure from civil society, the European Commissioner for Justice, Didier Reynders, proposed a new legislative plan to introduce binding human rights due diligence in the EU by 2021. The new regulation, which is expected to include sanctions and a strong liability framework, is part of the EU's recovery plan against the COVID-19 pandemic (EurActiv 2020).

As all these steps illustrate, the corporate responsibility to respect human rights is in a process of "hardening", evolving from "soft", voluntary and unenforceable guidelines into legally-binding and -sanctioned obligations. Surveys and interviews suggest that this regulatory pressure is a key driver of change. In a 2015 report, asking more than 850 companies about the biggest drivers of their human rights commitments, "legislative changes" came out as the sixth most important, mentioned by 23% (Economist Intelligence Unit 2015). Similarly, a recent global survey of more than 1,000 top executives ranked governments and regulators as the stakeholder groups (out of 13) that will have the third- and fourth-greatest impact on how firms "manage sustainability" in the next five years, only behind consumers and employees (Accenture Strategy 2019). Corroborating this, the human rights staff interviewed for the report noted that especially in the last couple of years, the desire to stay ahead of the evolving regulatory curve has been an important motivation for their human rights efforts (see also WBCSD 2019).

2.2 GROWING STAKEHOLDER EXPECTATIONS

Perhaps more than tightening regulation, the push towards more socially responsible business models is catalysed by pressure from consumers, investors and employees. A recent survey, based on responses from 400 CEOs and investors worldwide, showed that CEOs find themselves under substantial pressure to address global challenges. "High or extreme pressure" to "become more active in addressing global challenges" was felt by 28%, while 39% felt under "moderate pressure"; and the greatest push was seen as coming from customers (52%), shareholders (40%), employees (40%) and the public (39%) (EY 2019, 4). Likewise, in the global poll of top executives mentioned above, consumers and employees were perceived as two stakeholder groups with the greatest impact on how companies will "manage sustainability" on a 5-year horizon (cited by 53% and 40%), with investors a bit further down the list, mentioned by 20% (Accenture Strategy 2019).

The pressure from consumers, evident in growing expectations and shifting purchasing habits, is supported by a host of consultancy reports. A 2018 survey with almost 30,000 respondents in 35 countries found that 62% of consumers "want companies to take a stand on current and broadly relevant issues like sustainability, transparency or fair employment practices" (Accenture Strategy 2018). A similar survey from 2020, collecting the views of more than 34,000 individuals in 28 countries (across continents), indicates that three-fourths of all consumers think "CEOs should take the lead on change rather than waiting for government to impose it", up from 65% in 2018 (Edelman 2020, 8). Market research also shows that consumers are still more prone to reflect these attitudes in their purchasing decisions. Surveys indicate that two-thirds of all consumers are willing to pay extra for products from companies committed to positive social and environmental impacts (Nielsen 2015), and that half of those, who are disappointed with a brand's words or actions on a social issue, will complain about it or boycott the brand, while one in six will abandon it for good (Accenture Strategy 2018). Against this backdrop,

two-thirds of global consumers can now be classified as “belief-driven buyers” (Edelman 2020, 29).

Second, numerous reports suggest that investors increasingly care about environmental, social and governance factors (“ESG”) when deciding where to put their money. A 2017 survey of 475 institutional investors in Europe and Asia, including some of the world’s largest pension funds and endowments, found that 80% have included explicit ESG components in their strategies, three-quarters of which did so within the past five years (State Street Global Advisors 2018, 6). The trend extends to individual investors. In a US survey from 2017, 85% of 800 individual investors declared to be very or somewhat interested in sustainable investing, up from 71% in 2015, with the share being “very interested” rising from 19% to 49% (Morgan Stanley 2019, 4). Testifying to these shifts, the market for sustainable investment has seen a drastic expansion, especially since the 2008 financial crisis (Ruggie 2019, 145). According to the Global Sustainable Investment Alliance (GSIA), the estimated pool of assets under sustainable management[1] more than doubled from 2012 to 2018, reaching $30.7 trillion or roughly a quarter of total managed assets (GSIA 2018); and by 2020, the number of subscribers to the UN Principles of Responsible Investment, originally adopted by 63 signatories in 2006, had reached 3,038, managing a total of $ 103.4 trillion (UNPRI 2020). Currently, many observers expect the ongoing COVID-19 pandemic to become a tipping point, greatly accelerating ESG investing (JP Morgan 2020). While the role of human rights in investors’ decision-making is explored in chapter 4, it is already here worth noting that the rise of “ESG” is not solely driven by climate change concerns. A survey of 115 institutional investors in 21 countries revealed that although climate change and environmental sustainability are the factors most likely to be considered by investors (selected by 78% and 62%, respectively), human rights ranked 6 out of 20, considered by a bit more than half (51%) (Franklin Templeton 2020).

Thirdly, companies experience growing pressure from (prospective) employees. As one of the human rights staff noted, “still more people want to work for responsible companies, so if we look at it from our future talent pipeline, we have to be a purpose-led organization and practice what we preach”. Again, this is supported by surveys. In a 2014 survey, two-thirds of 30,000 respondents in 60 countries said that they prefer to work for a socially responsible company (Nielsen 2014, 3), while another poll in 2018 showed that a similar share expects their employer to have “a greater purpose” and that their job to have “meaningful societal impact”; 25% even considered it a deal breaker and would “never work for an organization that does not offer this“ (Edelman 2019). Growing employee pressure is also evident in a surge of workplace activism that – in contrast to traditional union organizing – goes beyond issues of pay and conditions to target wider societal aspects of their employers’ conduct. Although such activism is most common in the tech industry, it reflects a broader trend. In a survey of 1,000 US employees, 71% said they believe they “can make a difference by speaking out on controversial issues that affect

society", and 38% had actually "spoken up to support or criticize their employer's actions" (Weber Shandwick 2019). What is more, a recent survey of 375 firms worldwide suggested that four out of five expect a future rise in employee activism (Herbert Smith Freehills 2019). In light of these trends, it is not surprising that a poll of more than 800 corporate executives identified "employees' expectations about company values and actions" as the third-most important driver for committing to respect human rights (Economist Intelligence Unit 2015).

Within this overall picture of climbing stakeholder expectations, two sub-trends are notable. First, social and environmental responsibility is more important to younger generations of consumers, investors and employees. According to a global poll in 2018, 69% of consumers aged 18-34 are "belief-driven buyers", compared to 67% for consumers aged 35-54 and 56% for consumers above 55 (Edelman 2018a). Similarly, a survey of individual investors found that the interest in sustainable investing is stronger for Millennials, aged 18-37, for whom the share declaring to be "very interested" jumped from 28% in 2015 to 71% in 2019 (Morgan Stanley 2019). A poll of US employees, in turn, showed that younger workers are the most likely to engage in employee activism (Weber Shandwick 2019). The second point is that rising stakeholder pressure is not confined to developed countries. For instance, a 2015 survey of consumer attitudes to CSR, based on 10,000 respondents in nine countries, found that Indians (95%), Chinese (94%) and Brazilians (93%) are more likely to seek out responsible products than the global average (84%) (Cone Communications and Ebiquity 2015).

2.3 A LOOMING THE LEGITIMACY CRISIS

The mounting pressure from governments, consumers, investors and employees can be viewed as exposing a deeper legitimacy crisis of the "economic system". Since the 2008 global financial crisis, the ability of free-market principles to deliver sustainable and equitable outcomes has increasingly been called into question, accompanied by a backlash against "the 1%" and growing distrust of political elites and multinational corporations. A global survey released in 2020 supports the notion of a legitimacy crisis: Of 34,000 respondents, almost half (48%) reported that "the system" is failing them (up three percentage-points from 2019), and even more (56%) agreed that "capitalism as it exists today does more harm than good in the world" (Edelman 2020). In this light, corporations may have seen an erosion of their "social license to operate", the critical mass of legitimacy in the eyes of key social groups that is needed for them to thrive (Demuijnck and Fasterling 2016).

Relatedly, the idea that the **only** responsibility of companies is to maximize profits and shareholder value – originally proposed by Milton Friedman in the 1960s and a cornerstone of corporate governance since the 1980s – seems to enjoy little support. A poll of 10,000 respondents in 10 countries found that just 6% believe that "businesses exist to make money for shareholders", the vast majority assigning them some degree of social responsibility; and a third (31%) think "businesses should change the way they operate to align with greater social and environmental

needs" (Cone Communications and Ebiquity 2015). In a 2018 opinion poll in the UK, likewise, "building shareholder value" was rated the least favourable strategy for business to repair trust (picked by just 3%), while "fair treatment of others (e.g. suppliers, employees, customers and the environment)" was ranked as the best (chosen by 61%) (YouGov 2018). The past decade has, in other words, seen the support for established business models dwindle, and the demand for socially responsible business models intensify.

2.4 TOWARDS RESPONSIBLE BUSINESS CENTRED ON HUMAN RIGHTS?

In this light, the recent string of promises that corporations **are** ready to redefine their role and take on greater social and environmental responsibilities may be viewed as attempts to restore their social license to operate. In his annual letters to CEOs, Larry Fink – chairman of BlackRock, the world's largest asset manager – has stressed that "companies must benefit all of their stakeholders" (Blackrock 2018), that "profits and purpose are inextricably linked" (2019), and that "purpose is the engine of long-term profitability" (2020a). In August 2019, the Business Roundtable, the most influential lobby group of US corporations, redefined the purpose of the corporation. In a statement, 181 CEOs declared that they all "share a fundamental commitment to all of our stakeholders"; a step that – at least on paper – marked a break with the primacy of shareholder value discussed above (Business Roundtable 2019). Later that year, the World Economic Forum issued a "Davos Manifesto for a better kind of capitalism", asserting that "a company serves not only its shareholders, but all its stakeholders – employees, customers, suppliers, local communities and society at large" (World Economic Forum 2019a; 2019b). Whether these statements are more than publicity stunts, as doubted by Joseph Stiglitz and others, remains to be seen (Stiglitz 2019). At the discursive level, at least, they represent a new vision of the economy and the role of business in it.

Since the outbreak of the COVID-19 pandemic, and the ensuing economic downturn, the push towards a socially responsible economy has gained further momentum. In April 2020, UN Secretary-General Antonio Guterres called on world leaders to "build back better" in order to foster "more inclusive and sustainable economies and societies" (UN 2020); a vision that placed human rights at the heart of the response to, and recovery from, the pandemic. Following his lead, in June 2020, the UN High Commissioner for Human Rights, Michelle Bachelet, urged business leaders to look to the UNGPs for guidance on how to remake their companies, depicting the crisis as "an opportunity to build a better future for all, where human rights are at the centre of our business models and where prosperity is shared" (OHCHR 2020). Whether a post-Corona economy will indeed see human rights take centre stage is obviously an open question. The remainder of the report explores whether businesses that integrate the corporate responsibility to respect human rights, in line with the UNGPs, are likely to rewarded from doing so.

CHAPTER 3

DOING WELL BY DOING RIGHT? PRELIMINARY INSIGHTS FROM EMPIRICAL RESEARCH

As a first cut into a potential business case for human rights, this chapter provides a brief overview of the overall conclusions arising from more than four decades of research into the financial effects of CSR. The chapter reviews four qualifying conclusions that are particularly relevant for our purposes, and discusses how these insights can help understanding how the corporate responsibility to respect human rights is likely to affect the bottom line.

3.1 A FIRST LOOK AT THE EVIDENCE

Since the early 1970s, hundreds of studies have explored the links between corporate social performance (CSP) and corporate financial performance (CFP) (Margolis and Walsh 2001). To measure social performance, these studies rely on a range of indicators, from CSR policies and disclosures to the revelation of misdeeds (such as scandals, fines and lawsuits) and reputation ratings, third-party audits and proxy-variables such as philanthropic donations. As a measure of financial performance, either market-based indicators (share prices or market value) or accounting-based indicators (various kinds of profitability measures) are used. Although, as discussed in the introduction, human rights cannot simply be equated with CSR, this literature offers a useful starting point for probing into the potentials and limitations of a business case for human rights.

While the literature on the CSR-CFP link is too extensive to review here, a number of meta-reviews and meta-analyses have summarized and synthetized the main conclusions from this vast body of work. One study, a statistical meta-analysis of 52 studies published between 1970 and 1997, finds that social performance is positively related to financial performance across industries and study contexts. Challenging the common assumption that "in the aggregate, results are inconclusive", the authors conclude that "managers can afford to be socially responsible" and that "corporate virtue in the form of social responsibility [...] is likely to pay off" (Orlitzky et al. 2003, 403). A similar finding emerges from a qualitative meta-review, in which 23 out of 31 studies were found to establish a significant and positive relationship between CSP and CFP, and just two found a negative relationship (van Beurden and Gössling (2008). Likewise, a review of 84 studies published between 2002 and 2011 observes that "a positive causal relationship between CSP and CFP is confirmed by the majority" (Lu et al. 2014), while another meta-analysis of 42 studies between 2003 and 2012 "endorses the prevalent argument that CSR enhances CFP" (Wang et al. 2016).

These conclusions are supported by what is, according to the authors themselves, "the most comprehensive review of this research to date", a meta-analysis of 251 studies published between 1972 and 2007 (Margolis et al. 2009). Based on their analysis, the scholars point out that "after 35 years of research and over 200 studies, there is a conclusive if perhaps unsatisfying answer to the question of whether companies benefit financially from social performance. The effect of CSP on CFP is small, positive, and significant". While social performance "does not appear to penalize companies financially nor impair their economic functioning", it is equally unlikely to "deliver financial windfalls". Although some studies fail to establish a significantly positive relationship, and some even find it to be negative, the overarching conclusion from the literature on the link between corporate social and financial performance, therefore, is that firms can indeed "do well by doing good", even if the positive effects are modest.

3.2 FOUR QUALIFYING CONCLUSIONS

Before moving on to discuss whether these a positive relationship between corporate social and financial performance may also apply to respecting human rights, the following sections flesh out four qualifying conclusions that are particularly relevant: that the financial effects of CSR are (1) asymmetric, (2) long-term, (3) contingent on strategy and implementation, and (4) U-shaped.

Firstly, studies suggest that the **financial effects of CSR are asymmetric**, in that irresponsible behaviour is punished harder than responsible behaviour is rewarded. For instance, an analysis of more than 700 firms over a timeframe of up to six years (1997-2002) found the negative effect of poor social performance on accounting-based performance measures to be larger than the positive effect of good social performance (Van der Laan et al. 2008). Another study, drawing on data for 562 firms over the period 2000-2010, showed that the negative influence of social irresponsibility on market value and risk is both stronger and more enduring than the positive effect of social responsibility (Price and Sun 2017). Similarly, research has shown that consumers react more strongly to negative than to positive CSR information (Mohr and Webb 2005). Indeed, in their comprehensive meta-analysis, Margolis et al. (2009) conclude that "doing bad, if discovered, has a more pronounced effect on financial performance than doing good", and that "it may well make financial sense to minimize the likelihood of costly misdeeds" (2009, 24).

Secondly, research points to the conclusion that financial returns to investments in CSR take time to develop and are, therefore, more likely to arise in the **medium to long term** (Lu et al. 2014). An analysis of philanthropic donations found that while unusually socially responsible firms do not differ from – or even tend to underperform – unusually irresponsible ones in the short term, they earn significantly higher financial returns in the long term (five- and ten-year timeframes) (Brammer and Millington 2008). By the same token, Wang and Bansal (2012) analyse data for 149 new ventures and identify the time horizon as a key moderator, showing that a long-term horizon – a strategic perspective of at least five years – magnifies the financial benefits of CSR (see also Shank et al. 2005).

A third, and related, cluster of findings shows that the extent to which CSR pays off depends on how it is implemented; and that it takes **consistent and ambitious efforts** for social responsibility to pay off. One study found that US firms with high scores on both social responsibility and **irresponsibility** fare worse than firms with low scores on both, showing that "good" behaviour in one area cannot make up for "bad" behaviour in another (Price and Sun 2017; Morgan and Minor 2011). Another revealed that the returns to **current** CSR activities are contingent upon the reputation for **past** CSR, as firms with negative – or even just inconsistent – social records were shown to experience lower returns (Brower et al. 2017). In fact, supporting the above point on time horizons, the analysis found that firms need to sustain a consistently positive path for 3-5 years to reap the financial rewards of CSR – and that firms who already have positive reputations "cannot afford to lose their focus, as a single reversal [...] can haunt them for several years and significantly reduce the positive outcomes" (Brower et al. 2017, 93; Wang and Choi 2013). Finally, Tang et al. (2012) analyse data for 130 US companies over a 13-year period and confirm that financial returns are amplified when CSR is implemented consistently over time, as it allows firms to accumulate knowledge and assures stakeholders that commitments are serious. The implication, according to the authors, is that "managers seeking to help their bottom line should grasp the nettle firmly and engage full-throttle and constantly in CSR" (2012, 1296).

As will be clear from the next chapter, these conclusions are confirmed by research on each of the four causal pathways. For instance, some studies have shown that the insurance mechanism only works if firms have a continuous and long-term engagement in CSR (Godfrey 2005; Vanhamme and Grobben 2008), while others have shown that consumers react negatively to CSR initiatives that are seen as self-serving and narrowly profit-motivated, and more positively to **proactive** initiatives than to **reactive** ones (Sen et al. 2016, 71; Sen and Bhattacharya, 2001; Chernev and Blair 2015; Yoon et al. 2006).

Lastly – in concordance with the above points – more recent studies indicate that the relationship between corporate social performance and financial performance may not but linear, but **U-shaped**. An analysis of a panel of more than 1,200 US firms over the period 1998-2006 found that up to a certain level, investments in social responsibility represent a net cost; only after this tipping point has been reached do financial returns turn positive (Barnett and Salomon 2012). Why is this the case? According to the authors, social investments by companies with a poor CSR history are easily seen as self-serving and opportunistic by stakeholders, whereas companies that have reached a certain level of CSR have gained enough trust and credibility to elicit positive stakeholder reactions. Evidence of a U-shaped relationship has also been found in studies of charitable giving by a panel of 500 large UK companies (Brammer and Millington 2008), of the social performance of S&P500 firms from 2007 to 2011 (Nollet et al. 2016), and of 30 international construction companies from 2007 to 2013 (Wang et al. 2016)[2]. Some have reached the opposite conclusion, suggesting an **inverted** U, so that CSR returns

turn **negative** after a point (Sun et al. 2019). In a certain respect, however, this analysis yields supports to the studies cited above: diminishing returns are found to only apply to firms with low marketing capabilities, suggesting that it can be overcome through targeted communication.

3.3 A BUSINESS CASE FOR HUMAN RIGHTS?

According to the human rights staff interviewed for the report, there is – so far – little concrete evidence of a business case for human rights, not necessarily because it does not exist but due to a lack of data and analysis. "Yes, I think there is a theoretical business case for human rights", one informant said – "we just need to have more experience with implementing it in order to be able to prove it". How can the above insights help unpacking a potential business case? Considering the evidence, two arguments can be made. Firstly, the conclusion that the financial punishment of "doing harm" is likely greater than the rewards from "doing good" gives credence to an approach, which – as the UNGPs – chiefly commits businesses to prevent and address adverse human rights impacts. Although ensuring that human rights are fully respected may, in a context where violations are frequent and severe, be difficult to distinguish from "doing good", the asymmetry of effects seems to support the aim of avoiding negative impacts throughout firms' operations rather than selectively "doing good". As will be argued later, there are good reasons to assume that the asymmetry will persist or even intensify, as growing stakeholder expectations and the "hardening" of human rights regulation are likely to amplify the costs of breaching norms.

Secondly, it can be argued that an approach rooted in the UNGPs may facilitate some of the strategic priorities that CSR research has identified as conducive to financial rewards. The very idea of due diligence is to ensure that human rights concerns are addressed **proactively**; and the conduct of regular impact assessments against the full spectrum of human rights, acting upon findings and tracking effectiveness may ensure that issues are addressed **consistently** and **systematically**. Further, taking on the most salient issues, i.e. those that carry the greatest human rights risks – rather than those that are easier to address or communicate – is likely to build **credibility** and **trust** among stakeholders. Along similar lines, directly engaging with affected stakeholders and providing remedy to possible victims may act as strong signals that commitments are **genuine** and **ambitious**. Of course, none of these outcomes are inevitable. Nevertheless, it can be argued that the UNGPs – unlike traditional CSR – offer a template that prevents firms from pursuing social responsibility in a reactive, ad hoc, superficial, short-sighted and, in the eyes of stakeholders, hypocritical manner. Integrating the UNGPs, therefore, is likely to support the strategic choices that, according to CSR research, are needed for socially responsible business conduct to pay off in financial terms.

At the same time, the U-shaped relationship provides empirical backing to the quite intuitive idea that there are business cases both **for** and **against** respecting human

rights. Indeed, it may often be perceived as profitable, at least in the short term, to violate human rights; a fact mentioned in all interviews. The evidence reviewed above, however, indicates that for companies that are consistent, ambitious and patient in their efforts, there may very well be financial rewards to be reaped from implementing the UNGPs. To further flesh out how this might be so, the next chapter discusses four causal pathways that the CSR literature has found to mediate the relationship between corporate social and financial performance; and whether respecting human rights is likely to carry similar benefits.

CHAPTER 4

FOUR CAUSAL PATHWAYS: WHAT ROLE FOR HUMAN RIGHTS?

Research has reached a fair degree of convergence around four ways in which CSR contributes to financial performance: (1) by mitigating risk and reputational damage; (2) by building consumer loyalty and trust, thus improving sales; (3) by cheapening costs of capital by communicating risk to (and increasingly promising higher returns to) investors; and (4) by enhancing human capital by allowing companies to attract and retain a more talented, motivated and productive workforce. As seen in chapter 2, some of these stakeholder relations are important drivers of corporate efforts to respect human rights. As will be argued in this chapter, they also represent economic opportunities for firms that are able to meet the rising expectations. The following sections review the research findings pertaining to each of these four causal pathways and discuss whether they are likely to apply to respecting human rights.

4.1 MITIGATING RISK AND REPUTATIONAL DAMAGE

The first causal pathway through which CSR has been found to support financial performance relate to its risk-mitigating and insurance-like functions. A well-established finding from CSR research is that a firm's stakeholders – consumers, investors, employees etc. – react negatively to the exposure of irresponsible behaviour. Poor social performance, therefore, has been found to be risk-generating. Testifying to this, an analysis of 539 firms (2008-2013) found that media coverage of social irresponsibility **increases firms' financial risk** (Kölbel et al. 2017), while other studies have found that a positive social performance reduces financial risk (Sassen et al. 2016; Chollet and Sandwidi 2018).

A main reason why CSR serves as an effective risk management tool is that is works as a kind of insurance against reputational risk. This is supported by several empirical studies. An analysis of 178 negative legal-regulatory actions against firms over the period 1993-2003 demonstrated that firms that participate in CSR suffer smaller declines in shareholder value than firms that do not (Godfrey et al. 2009). Such insurance-like function of CSR has also been shown for other negative events, including violations of health, safety and environmental laws (Williams and Barrett 2000), product recalls (Morgan and Minor 2011), ecologically harmful events (Flammer 2013), and the exposure of financial misconduct (Janney and Gove 2011; Bae et al. 2020). One study even concluded that "socially responsible firms receive lower sanctions from prosecutors" when caught in bribing foreign officials in violation of the US Foreign Corrupt Practices Act (Hong 2019, 1). Moreover, research

suggests that CSR can cushion firms against macroeconomic shocks. Analysing the effect of CSR on firm performance during the 2008-2009 global financial crisis, one study found that high-CSR firms not only had significantly higher stock returns, but also outperformed low-CSR firms in terms of profitability, sales growth and productivity (Lins et al. 2017). Corroborating these findings, early analyses suggest that ESG stocks are more resilient in the downturn caused by the COVID-19 pandemic (BlackRock 2020b; MSCI 2020; Morningstar 2020). The insurance effect of CSR is also confirmed by consumer research. One experimental study, for instance, found that consumers' CSR perceptions influence their brand evaluations during product-harm crises (Klein and Dawar 2004), while another concluded that "failing to demonstrate CSR can intensify serious reputational damage inflicted by crises" (Kim and Woo 2018, 39; Vanhamme and Grobben 2009).

Although some have observed a "backfire" effect, in which wrongdoing inflicts greater damage on firms that have committed to doing good, overall evidence supports a "buffer" effect (Bae et al. 2020; Peloza 2006). By investing in CSR, firms can build trust, moral capital and reputation, acting as a cushion "that tempers punitive sanctions by stakeholders during a negative event" (Godfrey et al. 2009, 426). In sum, therefore, research suggests that "although the returns to CSR during 'normal times' might be insignificant, the financial benefits of CSR during adverse events could be substantial" (Kang et al. 2016, 63).

Does respecting human rights offer companies similar risk-mitigating benefits? In the interviews with human rights staff, the failure to prevent human rights violations was depicted as carrying several risks, all of which have financial implications. First, socially irresponsible companies expose themselves to **operational risks**, as frustrated workers, community members or other activists may engage in collective action that disrupt production, productivity and supply chains, potentially causing heavy losses (referred to as "cost of conflict"). Second, the failure to prevent adverse human rights impacts entails **reputational risks**. As will be fleshed out in the following sections, when corporate human rights violations are revealed, it tends to inflict serious reputational damage and may provoke consumer boycotts and lost sales revenues, lead to higher costs of capital and compromise employee performance.

Thirdly, the failure to prevent human rights abuse comes with **legal risks**, as rights-holders (or others on their behalf) may take legal action against firms. The past two decades have witnessed a growing trend in lawsuits filed over alleged corporate human rights violations (Baglayan 2018). For instance, Walmart has faced court cases over gender discrimination; Shell has been accused of causing pesticide contamination and health problems for Brazilian workers; and Vinci, a French construction firm, is under investigation for violating the rights of migrant workers employed on its construction sites for the 2022 FIFA World Cup in Qatar (BHRRC 2020). As with the other types of risk, legal risks can be costly. While rulings against corporations remain relatively rare, they increasingly opt for out-

of-court settlements to avoid litigation costs and minimize reputational damage. A review of 151 cases profiled by the Business and Human Rights Resource Centre since 1994 showed that a fourth ended in settlements, a share that has grown in recent years (Baglayan 2018). Likewise, an analysis of US court records since 2000 found that 99% of all Fortune 500 companies have made payments to plaintiffs in employment discrimination or harassment lawsuits, the majority ending in confidential settlements (Good Jobs First 2019). Such outcomes are often expensive. In 2001, for instance, Coca-Cola paid $192 million in a case on racial discrimination; in 2015, BP agreed on a record $19 billion in damages to US authorities for water pollution caused by the Deepwater Horizon oil spill; and in 2018, six mining companies in South Africa decided to compensate all silicosis-suffering workers who worked at their mines at any point since 1965, a total amount of around $400 million (BHRRC 2020). Hence, the legal risks associated with the failure to prevent human rights violations are substantial and have grown over time – and with the "hardening" of corporate human rights expectations, as discussed above, they may be expected to intensify further in the near future.

It can be argued that insofar as implementing due diligence mechanisms in line with the UNGPs is an effective way to identify, prevent and mitigate the above risks, it helps preventing reputational damage and punitive stakeholder actions. All human rights staff confirmed that efforts by their companies to respect human rights are valuable from a risk management perspective. According to one informant, "there are three primary risk areas: reputational risks, operational or supply chain risks and legal risks. Getting the respect for human rights embedded in your organization addresses all these risks".

4.2 BUILDING CONSUMER LOYALTY AND TRUST, IMPROVING SALES

The second causal pathway between social and financial performance consists in the capacity of CSR to foster trust and loyalty among consumers, thereby boosting sales. In the field of consumer psychology, "findings of recent research coalesce around a fairly clear sense that consumers are more likely, in a range of consumption contexts, to not just like products they perceive to be socially responsible, but actually choose them in both experimental settings and in the field" (Sen et al. 2016, 70; Brown and Dacin, 1997; Sen and Bhattacharya 2001). Experimental studies have demonstrated that the same wine was rated as tasting better, when participants were told that the winery donates parts of its revenues to charities; that the same hair loss treatment was perceived as more successful, when participants were told that the company donates medicine to disadvantaged groups; and that the same teeth-whitening product was seen as more effective, when participants were told that the company supports UNICEF (Chernev and Blair 2015). Given such positive effects on consumers' product evaluations, CSR has been shown to increase purchase intent (Mohr and Webb 2005; Du et al. 2007; Lee and Shin 2010).

Some studies, in addition, suggest that consumers are willing to pay a premium for products that are made in socially responsible ways. One experiment found

that consumers were ready to pay a reward for fair trade coffee and demanded a discount for coffee made under unethical conditions (Trudel and Cotte 2009), while another showed that when shoppers on eBay were informed that a polo shirt carried a SA8000 certification of fair labour standards, they placed, on average, bids that were 45% higher for identical items (Hiscox et al. 2011; Hainmueller and Hiscox 2012; Hainmueller et al. 2015). Supporting these results, a meta-analysis of 80 studies found that, on average, 60% of the consumers were willing to pay more for socially responsible products, with an average price premium of 17%. Interestingly, the paper also found that the willingness to pay was higher for products promoting fair labour practices or other benefits targeting people than for products targeting the environment (Tully and Winer 2014). As mentioned in chapter 2, these conclusions are corroborated by several consumer surveys by private firms. For instance, in a recent poll by Ipsos, collecting the views of 22,000 consumers in 33 countries, three-fifth said they “try to buy products from brands that act responsibly, even if it means spending more” (Ipsos 2020).

Furthermore, consumer research has shown that CSR can contribute to building loyalty, trust and advocacy behaviour, as well as a stronger consumer-company identification (Du et al. 2007; Marin et al. 2008; Sen and Bhattacharya. 2001, Sen et al. 2016). This is also supported by a 2015 survey of almost 10,000 consumers in nine countries, where the vast majority stated that they “have a more positive image (93%), are more likely to trust (90%) and are more loyal to (88%) companies that support social and environmental issues” (Cone Communications and Ebiquity 2015, 8).

Do companies that invest in respecting human rights enjoy such positive consumer reactions? A decisive question is whether consumers attribute value to human rights and will, therefore, punish firms who are caught in causing or contributing to violations and reward those who prevent and mitigate them. According to the human rights staff interviewed for the report, this is increasingly the case. One informant explained that “it all comes back to what the consumer requires: more transparent, authentic, purposeful and sustainable brands. From a purely financial perspective, customers and consumers are demanding it, so if we don’t do it, they will start taking our products off shelves and stop buying them, which will of course impact the bottom line”. This conviction is backed up by several consumer surveys. For instance, a 2015 poll revealed that two-thirds of UK consumers would switch brands if they learned that their favourite product was made involving modern slavery, and half declared willing to pay more to avoid it[3] (Walk Free Foundation 2015). A 2018 consumer poll in the UK, the US, Australia and China found that 70% were willing to pay more for products that don’t infringe on human rights (J. Walter Thompson Intelligence 2018); and in a 2019 survey asking US consumers how different factors would affect their decisions, 76% attributed influence to “supplier relationships that protect [the] organization against exposure to violations of human rights or compensation laws”, which also recorded the sharpest increase from the previous year (G&S 2019). Furthermore, surveys commissioned by Oxfam indicate that four-fifths of Dutch consumers want supermarkets to ensure that living wages

are paid in their supply chains, and that the vast majority of ALDI costumers in the UK believe it is important for the retailer to prevent inhumane working conditions (88%) and make sure that workers earn enough for at least a basic standard of living (87%)(Oxfam 2019). That consumers care about human rights is supported by a content analysis of more than 1,400 boycott messages on Twitter, which found that "human rights issues are the leading cause of consumer boycotts", subject of 35% of the tweets (Makarem and Jae 2016). All this evidence, hence, supports the argument that consumers are willing to factor human rights into their purchasing decisions.

However, there are also signs that point in the opposite direction. Above all, there is little reason to believe that human rights can avoid the 'attitude-behaviour gap' that scholars have discussed in relation to ethical consumption for years (e.g. Bray et al. 2011). A key reason for the persistence of the gap is that while consumers seem to care about social and environmental issues, these concerns are, ultimately, often trumped by traditional purchasing criteria such as price and functionality. Recent surveys, including a poll of more than 30,000 respondents in 60 countries, suggest that the price premium is the leading barrier deterring consumers from buying responsible products (The Conference Board 2020; Ipsos/Innovation Forum 2019). Hence, to the extent products made with respect for human rights will require significantly higher prices, it may deter large consumer segments. This is not an implausible assumption, as the human rights framework prohibits companies from cherry-picking interventions based on cost-effectiveness, and many issues, e.g. non-liveable wages, are costly to address. Consumers have become "habitually accustomed to low-priced goods", as put by an informant; and if respect for human rights entails markedly higher prices, it can be questioned whether they are willing (and able) to bear the costs. This issue seems all the more pressing, when it is considered that large segments of the major consumer markets in the global North – as in the US (Mishel et al. 2015) and Germany (Bosch and Kalina 2018) – have seen a decade-long stagnation of real wages.

A second cause for caution relates to the second-largest barrier to sustainable consumption: lack of information about the social and environmental footprints of products (The Conference Board 2020; Ipsos/Innovation Forum 2019). Some would argue that the human rights and business framework is more complex, technical and process-oriented than traditional CSR, and therefore lends itself less easily to compelling consumer arguments. Against this, surveys indicate that consumers want more information on how companies address human rights. For instance, in a 2018 survey of 5000 consumers in the five largest European markets, 61% declared to be "interested in learning about what fashion brands do to protect their workers' human rights", while 59% want to know what they "do to improve the lives of people in the societies where they manufacture their products" (Fashion Revolution 2018; see Fairtrade International 2019 for similar findings for food and cosmetics).

In light of the research findings reviewed here, therefore, it can be argued that insofar as companies can address their human rights impacts without charging excessive price premia, and they communicate transparently about their efforts, they may be well-positioned to reap the consumer-related benefits identified in the CSR literature.

4.3 EASING INVESTORS AND CHEAPENING COSTS OF CAPITAL

A third pathway through which CSR has been demonstrated to contribute to the bottom line is by lowering costs of equity and debt. Echoing the finding that CSR can help firms mitigate risks, as discussed above, research also suggests that socially responsible companies are perceived as less risky by investors and lenders (Cheng et al. 2014). As corollary, numerous studies have concluded that companies who address their social and environmental impacts enjoy lower risk premia, placing them in a better position in raising new capital. A review of more than 200 studies observed that "90% of the cost of capital studies show that sound ESG standards lower the cost of capital" (Clark et al. 2015). This conclusion is supported by analyses of more than 2,300 US companies in the period 2003-2010 (Cajias et al. 2014), 750 Taiwanese firms from 2005 to 2011 (Chang et al. 2014), almost 300 listed Chinese firms (both SOEs and non-SOEs) (Xu et al. 2015), and an international sample of more than 2,000 companies in 25 countries (Feng et al., 2015). Conversely, studies show that "investors ask for an additional risk premium when they accept to hold non-socially responsible stocks" (Girerd-Potin et al. 2014, 559).

By the same token, CSR has been shown to lower the cost of debt. Analysing more than 2,000 bond issues by US firms between 2006 and 2013, one study found that firms with higher CSR ratings enjoy lower yield spreads[4], while another study of 350 European non-financial firms over the period 2003-2012 demonstrated that firms with higher CSR ratings tend to pay lower interest rates and have higher debt ratings (La Rosa et al. 2018; see also Goss and Roberts 2011, and Magnanelli and Izzo 2017 for a negative conclusion).

In addition to lower risk, several studies indicate that investments in ESG stocks perform at least as good, and often outperform, non-ESG stocks. In their review of 200 studies, Clark et al. (2015) found 80% to support the conclusion that "stock price performance of companies is positively influenced by good sustainability practices" (2015, 9). Similarly, a 2015 meta-analysis by Deutsche Bank and the University of Hamburg, combining the findings of 2200 individual studies – according to the authors, "by far the most exhaustive overview of academic research on this topic" – concluded that the "business case for ESG investing is empirically very well founded" (Friede et al. 2015, 210). As mentioned earlier, moreover, ESG stocks seem to outperform non-ESG stocks during economic downturns, including the ongoing COVID-19 crisis.

Against this backdrop, it is not surprising that investors increasingly see strong ESG performance as mitigating risk and delivering higher returns. For instance, in a 2018 survey of 500 investment professionals, 90% reported that their ESG-integrated portfolios are likely to perform as well as, or better than, traditional portfolios, while two-thirds (67%) agreed that integrating ESG factors can mitigate risk (RBC Global Asset Management 2018). Similarly, in a 2019 poll of individual investors, 86% agreed that "ESG practices can potentially lead to higher profitability and may be better long-term investments" (Morgan Stanley 2019). As argued above, these favourable investor perceptions translate into a key advantage for socially responsible firms: lower costs of capital. In this way, socially responsible companies tend to experience a series of capital market benefits, including lower costs of equity and debt.

Do investors perceive corporate involvement in human rights violations as an investment risk and, hence, are willing to pay a premium to firms that systematically prevent such violations? Although the rise of ESG investing indicates that investors increasingly view companies' social performance as part of their risk profile, the 'S' in ESG has traditionally been loosely defined and not fully aligned with human rights. As already noted, however, recent investor surveys point to some notable conclusions. When a 2018 survey of more than 9,000 individual investors asked "what matters most when it comes to the E, the S and the G"?, human rights turned out as the most important social factor, cited by more than half (54%) (Natixis Investment Managers 2019, 7). Moreover, when a poll of institutional investors asked how different disclosures about prospective investments would affect decisions, the "risk or history of poor human rights practices" was in 2018 ranked third in terms of negative responses, with half (49%) saying they would "immediately rule out the investment", up from 22% five years before; and in parallel, the share for whom it would lead to "no change in investment plan" dropped from 21% to 7%[5] (EY 2014; 2018). Given such growing investor sensitivity to corporate human rights performance, the capital market effects identified by the CSR literature can plausibly be extended to human rights.

There are two reasons for doubt, however. First, investors can only reward corporate human rights performance, if they are able to adequately assess it. Surveys show that the "S" is the most difficult pillar to analyse for investors (BNP Paribas 2019). The core of the problem is a lack of consensus about what constitutes the "S" and how to measure it, resulting in poor standardization and low comparability. In the case of human rights, common social metrics are particularly confusing. Though most elements found under the "S" are well-known human rights issues, "human rights" are often assigned to a separate and vaguely defined sub-component. Against this, John Ruggie and Emily Middleton have recently proposed that an effective way to assist investors in valuing human rights would be to entirely re-formulate the "S" based on the UNGPs. This would not only strengthen its conceptual foundation and establish a common measurement standard, but also complement ongoing legal-regulatory trends towards mandatory human rights due diligence (Ruggie and Middleton 2019).

Secondly, there are reasons to doubt whether shareholders – despite growing expectations – are willing to adopt sufficiently long-term investment horizons. Some informants worried that as financial returns are likely to materialize in the long run (supported by research, as discussed above), the short-termism still dominating the investment community is a barrier to reaping the rewards from investing in human rights. As one human rights officer put it, "investors still expect short-term, year-on-year growth in revenues, share prices and so on. And because investors still expect short-term returns, it's challenging for companies to do these things that have short-term costs but long-term benefits. That's not really the system we need to drive companies to be more long-term and sustainable". While there is certainly substance to this, it may be the case – as indicated in chapter 2 – that a longer-term investment outlook is gaining traction. In a 2018 poll of 500 investors in five countries, 93% said they believe that "long-term value hinges on both financial performance and ESG features" (Edelman 2018b, 17); and in a 2019 survey of 100 institutional investors from across the globe, 60% declared to be "supportive of long-term investments that could improve long-term business prospects even if they diminish near-term financial performance" (EY 2019, 5). If the trend continues, arguably, it will make it easier for companies to realise the investor-related benefits from respecting human rights, discussed above.

4.4 ENHANCING HUMAN CAPITAL

The fourth causal pathway between responsible business conduct and financial performance runs through its impact on human capital. Research shows that companies with strong CSR profiles can attract a better-skilled, more satisfied, productive and engaged workforce. In the field of organizational psychology, scholars have over the past decade paid more attention to the effects of CSR from a micro-level perspective, including how job seekers and employees perceive and react to CSR practices (Jones et al., 2017). In so doing, they have established positive relationships between CSR and a range of beneficial employee outcomes, including job satisfaction, performance, organizational commitment and identification and work engagement (Barakat et al. 2016; Caligiuri 2013; Glavas and Kelley 2014; Glavas and Piderit, 2009; Glavas 2016; Jones 2010; Rupp et al., 2018). A statistical analysis of 381 Brazilian companies with more than 85,000 employees, for instance, found that CSR efforts are positively related to employee satisfaction (Barakat et al. 2016). Drawing on 347 survey responses, another suggested that positive employee perceptions of the CSR performance of their employer is associated with greater work engagement, greater creative involvement in their work, and higher-quality relations at the workplace (Glavas and Piderit 2009). Yet another analysis of data on more than 15,000 employees in a large US service firm found a "positive and significant relationship between employee perceptions of CSR and employee engagement" (Glavas 2016). Probing into the reasons for such positive link, a study of more than 800 employees in 18 organizations found that perceived CSR is positively related to job satisfaction and organizational commitment, because it gives employees a sense of social purpose and meaningfulness in their jobs (Glavas and Kelley 2014).

Moreover, some studies have demonstrated that CSR affects recruitment and retention (Greening and Turban 2000; Turban and Greening 1997; Jones 2010). A consistent conclusion in organizational psychology, for instance, is that companies with stronger social performance are viewed as more attractive by prospective employees (Jones et al. 2014). One study, for instance, showed that higher CSR ratings are associated with lower quit rates (Vitaliano 2010). Against this backdrop, it has been suggested that CSR may contribute positively to financial performance by enhancing human capital; attracting and retaining a better-skilled, more talented, productive, creative and engaged workforce (Jones et al. 2017).

As earlier, these research findings are supported by surveys and opinion polls. A survey from 2015, involving 10,000 respondents in nine countries, indicated that four out of five (79%) employees consider the CSR commitments of a potential employer, when deciding where to work; and 62% "would choose to work for a socially responsible company, even if the salary would be less than at other companies" (Cone Communications and Ebiquity 2015). Pointing in the same direction, a poll of 9,000 US employees in 2018 showed that 76% would accept a job for a "just company"[6] even if it paid less – and 71% were willing to take a 20% wage cut (Just Capital 2018). Finally, in a poll on employee activism and engagement in large US firms, 62% of employees said they would be more likely to recommend the company as a place to work if the CEO made a real effort to make a difference on an important societal issue, 58% would be more likely to stay with the company in the long run, and 53% more likely to increase their level of engagement (Povaddo 2017).

There are good reasons to assume that efforts to respect human rights may offer similar employee-related benefits. To begin with, it can be argued that if people in the role of employees attribute the same value to human rights as they do as consumers, they are likely to react positively to companies' human rights performance. In fact, the impact on recruitment and retention was recognized in the interviews as a key benefit of integrating the UNGPs. One informant observed that "because more and more employees, especially Millennials, want to work for purpose-led organizations, there is a huge opportunity for attracting the right people and driving down job turnover". That they are not alone in this view is shown by a global survey of CEOs, in which "attracting best talent" was rated as **the** top growth opportunity arising from "addressing global challenges", cited by half the respondents (47%) (EY 2019).

Moreover, working towards respecting human rights can, arguably, reduce employee activism and prevent reputational damage. Some of the most prominent cases of employee activism in recent years have targeted human rights issues. Examples include a protest by 20,000 Google workers against sexual harassment in the workplace (New York Times 1 Nov 2018); a petition by 1,500 employees, also from Google, asking the company not to bid for a contract with US government agencies involved in the detention and separation of immigrants at the Southern border

"until they stop engaging in human rights abuses" (The Guardian 23 Aug 2019); and a letter from Amazon workers to CEO Jeff Bezos, in which they "refuse to contribute to tools that violate human rights" and urge the company to stop selling its facial recognition software to law enforcement (The Hill 21 Jun 2018). Reducing such incidents can protect companies from heavy financial losses. According to a recent global survey of 375 executives, employee activism is perceived as the third-largest risk to corporate reputation, only behind cyber threats and economic recession (Herbert Smith Freehills 2019).

CHAPTER 5

LIMITATIONS AND GAPS

The previous chapters have shown how the CSR literature, backed by interviews and surveys, gives some credence to the idea of a business case for human rights. This chapter discusses four limitations pertaining to the evidence: that the financial returns are only modest; that rewards are highly context-dependent; that most studies rely on "superficial" social indicators; and that a business case might not persist over time. None of these problems are fatal, but they imply that economic arguments – unsurprisingly – cannot stand alone. As clarified by the UNGPs, companies are expected to respect all human rights irrespective of the existence of a business case; where the economic incentives for doing so are insufficient, stronger regulation is needed.

5.1 FINANCIAL RETURNS ARE MODEST

The first problem stems from the fact that while most academic studies find that CSR **does** enhance firm performance, they also suggest that the effect is small and only mildly positive. Though pursuing social goals is unlikely to harm the bottom line, on average, it will not make anyone rich neither. According to the most extensive meta-analysis on the subject, the overall conclusion of more than three decades of research, "while not discouraging managers from doing good, seems to provide no pressing financial imperative to do good" (Margolis et al. 2009, 24). In light of this modesty, the authors warn that "advocates might do well to temper any enthusiasm to use an empirical CSP-CFP link as a primary rationale or justification for CSP investments" (2009, 29). If respecting human rights produces financial effects of similar magnitude, there may be little grounds for making a business case the primary sales pitch for human rights. While this is hardly surprising, it nevertheless brings attention to the critical role of regulation in enhancing corporate respect for human rights. As the same authors conclude in light of the evidence that CSR is "unlikely to exact financial penalties or deliver financial windfalls, it is time to consider systematically the normative grounds that, respectively, prohibit, permit, and sometimes even require companies to engage in CSP" (2009, 30). The UNGPs offer exactly such normative framework, grounding corporate social performance in an internationally recognized set of standards. In this perspective, it can be argued that the prospect of financial rewards should not be seen as a primary selling point for human rights, but rather as a potentially beneficial side-effect of doing what is normatively expected – and that a continuous development of the regulatory framework is needed to drive forward the business and human rights agenda. At the same time, as will discussed below, it

is obvious that “effect sizes” are dynamic, and that tightening regulation and rising stakeholder expectations are likely to make it more costly for firms to violate human rights in the future.

5.2 REWARDS ARE HIGHLY CONTEXT-DEPENDENT

Another limitation is that financial returns to CSR have been found to be highly context-dependent. While early research sought to demonstrate a **universal** link between social and financial performance, scholars gradually realized that such endeavour is futile. Over the past decade, a contingency perspective has gained ground; and reflecting this shift in focus, research has shown that the financial effects of CSR are moderated by a host of factors at both the contextual-institutional level and the firm level (the importance of firm strategies was discussed in section 3.2).

At the contextual level, financial returns to CSR have been found to depend on industry dynamics and institutional factors. A study on the industry-specific effects of CSR only found positive relationships for 10 out of 58 industrial classes (corresponding to 17%); negative relationship for another 10, and insignificant relationships for the rest (Baird et al. 2012). This variation is likely linked to differences in competitive conditions and stakeholder expectations. One analysis found that CSR is rewarded greater in undifferentiated industries (such as commodities, basic foodstuffs and simple household goods), where a strong CSR profile can help firms stand out from competitors (Hull and Rothenberg 2008). In a similar vein, a recent study shows that returns to CSR are higher in resource-scarce and high-tech industries, where it is rarer and, hence, a more effective differentiation strategy. Partly contradicting this, a stronger effect was also seen in socially oriented sectors, where stakeholders have higher expectations and lagging high-performing rivals is more severely penalized (Gras and Krause 2020). Summing up, a review article on relevant moderators observes that “the relationship varies across industries, because each industry operates in a different context with distinct environmental, social, and financial concerns” (Grewatsch and Kleindienst 2017, 402). Further, research suggests that the social-financial link is stronger in advanced economies with more mature institutional systems than in emerging economies (Wang et al. 2016); and that it is weaker in countries that favour individualism and flexibility, indicating that CSR is more likely to pay off, when it is congruent with the cultural context, in which stakeholders form their reactions (Shi and Veenstra 2020; Sun et al. 2019).

At the firm level, rewards to CSR are shown to be moderated by characteristics such as size, age, ownership structure, R&D investment and public visibility, although the exact role of these variables is not always clear (Grewatsch and Kleindienst 2017; Javed et al. 2016). Some studies suggest that larger firms are better able to reap the financial benefits of CSR, as they are more visible and have more financial resources (Godfrey et al. 2009); others conclude that size does not matter (Orlitzky 2001). Some have shown that less innovative firms benefit more from

CSR, as it allows them to differentiate (Hull and Rothenberg 2008); others suggest that innovation plays the opposite role (Aquinas and Glavas 2012). Research also indicates that financial returns to CSR depend on the level of public visibility. An analysis of US firms over the period 1991-2005 found that firms with higher customer awareness (proxied by advertisement expenditure) benefit from their CSR activities (but are also punished harder when they fail), while low-awareness firms have no or negative effects (Servaes and Tamayo 2013). Similarly, a study of US restaurants demonstrated that positive media coverage amplifies returns to CSR, while negative coverage magnifies the damage from poor CSR (Rhou et al. 2016).

At the same time, researchers who have disaggregated social performance have found the financial effects to vary for different sub-components (Baird et al. 2012; Brammer and Pavelin 2006; Inoue and Lee 2011; Wang and Berens 2015). According to one study, some CSR dimensions (e.g. corporate governance) have positive financial effects, while others (e.g. community involvement) have negative effects (Rathner 2013). Another found that CSR targeting firms' secondary stakeholders or society at large – e.g. community involvement or diversity initiatives – produce an insurance-like protection against negative events, whereas initiatives targeting primary stakeholders – e.g. employees or business partners – do not (Godfrey et al. 2009; see Van Der Laan et al. 2008 for the opposite conclusion). Moreover, extending the above point, the effects of different CSR dimensions have been shown to vary significantly across industries (Baird et al. 2012), so that some initiatives are beneficial in some industrial contexts but damaging in others.

Taken together, all these findings highlight a point that is almost self-evident: There is no universal business case for socially responsible business conduct – "the big picture is that returns to CSR are **contingent, not universal" (Galbraeth and Shum 2012, 214). Respecting human rights is without doubt no different. As competitive conditions, stakeholder expectations and institutional features differ vastly across industries and localities, and as business operations affect multiple human rights in complex ways, the business case for human rights inevitably has severe gaps and grey areas. In many cases, economic rationality will tilt towards violation rather than respect, as firms can cut costs and boost profitability, at least in the short term, by disrespecting human rights**, e.g. by paying below-living wages or violating rules on working time or occupational health and safety. Also this conclusion is expected. If a business case were fully there, "the market" would automatically shy away from human rights abuses; an image that obviously flies in the face of reality.

A sceptic may argue that these gaps are damning to the idea of a business case; that it exposes a fundamental incompatibility between the very concept of human rights – which are, by definition, universal, indivisible and interdependent – and the utilitarian logic underpinning economics. Such view was hinted at by one informant: "From a human rights perspective, I think it is a very dangerous territory. As soon as

you go into the financial arena, you **always** have to justify the returns on investment. But what happens when there is no business case, or when it is negative? We tend to forget about the difficult cases, for which there is no real business case, or – at least – it is difficult to quantify". Against this, it can be argued that human rights do not exist in an economic vacuum; that they are more likely to be respected when there are economic incentives for doing so; and that the "clash of logics" is an inevitable premise for even thinking about the relationship between economics and human rights. In addition, it may well be that even in situations where there are gains from violating human rights, companies run severe reputational risks by doing so. Another informant noted that "if we are communicating to stakeholders that we are responsible company, we just have to do it. It may be a short-term cost, but it falls back into the bucket of risk management – what is the risk if we don't?". In any case, the incompleteness of the business case underscores the need for effective regulation: to fill the gaps, in which human rights and profits collide, stronger regulation is needed to ensure that companies respect human rights.

5.3 A BUSINESS CASE FOR RESPECTING OR PRETENDING?

As a third limitation, it is somewhat unclear from the CSR literature whether the beneficial effects arise from the actual **implementation** of social standards or from **communicating** about and **reporting** on them. This is so, because most studies on the social-financial link rely on policies, disclosures, reputation ratings or the like as measures of social performance (Wang et al. 2016). Tellingly, an analysis of more than 1,700 indicators in reporting frameworks used by investors for assessing the "S" – some of which are commonly used in empirical studies – found that 92% of the indicators target "efforts" such as issuing commitments, conducting audits or allocating resources, whereas just 8% measure "effects", i.e. outcomes and long-term impacts (O'Connor and Labowitz 2017). While this choice is obviously based on data availability, it means that the CSR literature has mainly investigated the financial effects of giving stakeholders the **impression** of doing good, leaving out the critical question of how **actual** social improvements within firms, suppliers, communities etc. affect financial performance. Put differently, research has a hard time ruling out the possibility that the business case for CSR exists merely at the level of branding. In terms of investors' ability to value human rights, the above study concludes that "social measurement evaluates what is most convenient, not what is most meaningful" and that "this effectively rewards companies for generating policies and procedures that relate to social issues, not for the outcomes of those efforts" (O'Connor and Labowitz 2017, 25).

For our purpose, it may be equally uncertain whether there is a business case for **respecting** human rights or for simply **pretending** to do so. Indeed, most of the causal mechanisms discussed in chapter 4 operate at the level of stakeholder **perceptions**; and the company representatives interviewed for the report also acknowledge that human rights initiatives are valuable from a branding and communication perspective. Nevertheless, it was also argued that in the context of growing public scrutiny and the proliferation of internet-leveraged communication,

it is becoming still more costly for firms to **not** "practice what they preach". As observed by one informant, "previously, no one was really aware of what happened at the plantation- or factory level, because no one had mobiles and social media – so you could largely operate in the dark. But now, because of increased visibility and transparency, you can no longer do that". In this way, the spread of mobile technology, and the risk it generates for companies that cause or contribute to human rights violations, may render "pretending" a less viable option.

5.4 THE BUSINESS CASE AS A TRANSITORY PHENOMENON?

Finally, a business case for doing good might be transitory. A recent study examines how the financial effects of CSR have evolved in the course of its institutionalization as a business practice. Based on data on Fortune 500 firms 1991 to 2008, the authors show that the higher profitability and market evaluations enjoyed by early adopters have gradually weakened (Brower and Dacin 2020). This indicates that as CSR diffused during the 1990s and 2000s, it became harder for firms to differentiate and realize its "wealth-enhancing" effects. Pointing in the same direction, a meta-analysis found the financial effects of CSR to be weaker in the period 1997-2007 than in the first 25 years of research, 1972-1996 (Margolis et al. 2009). Against this backdrop, it can be argued that insofar as the corporate responsibility to respect human rights goes fully mainstream, financial gains are likely to decline. Whether or not this may hold, however, research also gives reason to expect that the risk-mitigating benefits of being socially responsible – protecting against reputational damage and punitive stakeholder actions – will strengthen. In fact, the above analysis found some evidence that in parallel to the diffusion of CSR and ensuing weakening of its "wealth-enhancing effects", it became more damaging for firms to breach the new norms, thus enhancing the "wealth-protecting", insurance-like effects of CSR (Brower and Dacin 2020). Similar dynamics have been observed for environmental responsibility. An analysis of investor reactions to news about firms' environmental footprints from 1980 to 2009 found that as the external pressure on firms to behave responsibly has increased, "the negative stock market reaction to eco-harmful behaviour has increased, while the positive reaction to eco-friendly initiatives has decreased" (Flammer 2013).

Rather than predicting its breakdown, therefore, these studies serve as a reminder that a business case for socially responsible business conduct is never static or fixed, as it is ultimately shaped by the evolving institutional context, in which firms operate. This, again, points to the crucial role of regulatory and institutional development to ensure that appropriate incentive structures are in place. At the same time, these findings provide some clues as to how financial effects are likely to develop, if the human rights and business movement gains further traction: Although rewards to frontrunners may erode, the costs of failing rising expectations are likely to rise. For some of the human rights staff interviewed for the report, the latter was a key reason for anticipating the economic case for human rights to gain further strength in the near future.

CHAPTER 6

CONCLUSIONS

The evidence reviewed in this report – the vast literature on the financial effects of CSR, as well as surveys and interviews with human rights staff – lends some support to the notion of a business case for human rights. Although findings remain somewhat inconsistent, the overriding conclusion emerging from more than four decades' research into the relationship between corporate social and financial performance, counting hundreds if not thousands of empirical analyses, is that investments in CSR tend to pay off in financial terms.

Against this evidence, the report argues that companies who thoroughly implement the UNGPs to improve their respect for human rights can activate several of the causal pathways, through which CSR has been shown to contribute to financial performance. First, putting in place sound human rights due diligence procedures may not just limit exposure to scandals and punitive stakeholder reactions such as consumer boycotts or investor activism, but can also cushion financial losses when negative events do occur, self-inflicted or not. Second, human rights engagements are likely to build up consumer loyalty and trust and, unless firms have to charge excessively higher prices, boost sales. Third, companies that invest in respecting human rights can satisfy the booming market for socially responsible investments, reduce investment risk and improve performance and, for these reasons, enjoy lower costs of capital, equity and debt. And fourth, integrating human rights may allow firms to attract and retain a better-skilled workforce and improve job satisfaction, work engagement and productivity.

In fact, there are good reasons to believe that a human rights-based approach rooted in the UNGPs may hold certain advantages over "traditional" approaches to CSR. Research shows that financial returns to CSR are more likely to arise in the medium and long term, and that it takes consistent efforts to build the credibility and trust among stakeholders that are needed for the causal mechanisms to work. Central elements of the UNGPs, including the systematic mapping of adverse impacts against the full range of human rights, stakeholder engagement and remediation of victims, can – if done right – ensure that responsible practices become embedded rather than superficial, systematic rather than ad hoc and perceived as genuine and sincere rather than hypocritical and self-serving. In this perspective, a human rights-based approach is likely to reinforce the positive links between social and financial performance, discussed in this report. In the context of growing public scrutiny and rising stakeholder expectations, therefore, companies

who choose the human rights path may be well-positioned to realize the financial rewards identified in the academic literature. Together, these points suggest that firms can indeed be "doing well by doing right".

At the same time, however, it is equally clear that the empirical foundations of a business case for human rights suffer from substantial gaps and limitations. Research has demonstrated that the link between CSR and financial performance is highly context-specific, contingent upon firm-level characteristics (such as size, ownership structure and public visibility), and contextual-institutional factors (e.g. industrial and competitive dynamics). Along similar lines, research suggests that financial effects are far from uniform across different dimensions of CSR. While these conclusions are hardly surprising, they serve as a reminder that the search for a universal business case is a futile endeavour. These points also warn against stretching generalizability too far. These and other limitations point to the conclusion that financial drivers can only be relied upon as a supplementary justification for human rights. Moreover, it stresses the need for effective regulation to fill the gaps. The trend towards mandatory human rights due diligence is promising in this regard, though it remains to be seen whether companies are willing to accept enforceable obligations and liability.

Although binding obligations is an important step in the right direction, nevertheless, the human rights and business agenda is unlikely to become a truly transformative force if it fails to address the structural barriers that inhibit firms from prioritising human rights. While it is beyond the scope of the report to provide definite answers in this regard, it does point to some potential interventions. Above all, a longer-term vision of value-creation in the private sector should be cultivated. To achieve this, the remuneration of senior managers could be linked to social metrics, and quarterly earnings guidance scrapped to discourage short-termism. To lessen negative pressures from financial markets, human rights could be incorporated into the fiduciary duty of institutional investors, and dividend pay-outs and stock repurchases regulated to alleviate pressures to maximize shareholder value. On the consumer side, it could be recognised that sustainable mass consumption might be hampered by rising income inequality and real wage stagnation for large consumer segments. Even if merely illustrative, these points remind that it takes a leap far beyond "business as usual" to foster a human rights-respecting economy. They also underline the need for beefing up the "state pillar" of the UNGP framework: If respect for human rights is to become more than a niche market, governments need to go beyond mandatory human rights due diligence and make sure that other policies and laws governing the private sector do not constrain but enable business respect for human rights.

In modern history, economic and financial crises have often sparked profound societal changes, with capitalism re-emerging from the ashes in new forms. Whether a post-Corona economy will move towards a more socially responsible system – with human rights at centre stage – is uncertain. However, the extensive

evidence discussed in this report gives grounds for expecting that implementing respect for human rights in line with the UNGPs is – for most companies – unlikely to harm performance; and for many, there may even be financial rewards to be realized by doing so.

CHAPTER 7

REFERENCES

Accenture Strategy (2018). To Affinity and Beyond: From me to we, the rise of the purpose-led brand. Available online.

Accenture Strategy (2019). The Decade to Deliver: A Call to Business Action. The United Nations Global Compact – Accenture Strategy CEO Study on Sustainability 2019. Available online.

Aguinis, H., & Glavas, A. (2012). What we know and don't know about corporate social responsibility: A review and research agenda. *Journal of management, 38*(4), 932-968.

Bae, J., Choi, W., & Lim, J. (2020). Corporate social responsibility: An umbrella or a puddle on a rainy day? Evidence surrounding corporate financial misconduct. *European Financial Management*, *26*(1), 77-117.

Bağlayan, B., Landau, I., McVey, M., & Wodajo, K. (2018). Good Business: The Economic Case for Protecting Human Rights. BHR, Frank Bold and ICAR. Available online.

Baird, P. L., Geylani, P. C., & Roberts, J. A. (2012). Corporate social and financial performance re-examined: Industry effects in a linear mixed model analysis. *Journal of Business Ethics, 109*(3), 367-388.

Barakat, S. R., Isabella, G., Boaventura, J. M. G., & Mazzon, J. A. (2016). The influence of corporate social responsibility on employee satisfaction. *Management Decision, 54*(9), 2325-2339.

Barnett, M. L., & Salomon, R. M. (2012). Does it pay to be really good? Addressing the shape of the relationship between social and financial performance. *Strategic Management Journal*, *33*(11), 1304-1320.

BHRRC, Business and Human Rights Resource Centre (2020). Complete list of cases profiled. Available online.

BlackRock (2018). A Sense of Purpose (Larry Fink's letter to CEOs). Available online.

BlackRock (2019). Purpose & Profit (Larry Fink's letter to CEOs). Available online.

BlackRock (2020a). A Fundamental Reshaping of Finance (Larry Fink's letter to CEOs). Available online.

BlackRock (2020b). Sustainable investing: resilience amid uncertainty. Available online.

BNP Paribas (2019). The ESG Global Survey 2019: Asset Owners and Managers Determine Their ESG Integration Strategies. Available online.

Brammer, S. J., & Pavelin, S. (2006). Corporate reputation and social performance: The importance of fit. *Journal of management studies*, *43*(3), 435-455.

Brammer, S., and Millington, A. (2008). Does it pay to be different? An analysis of the relationship between corporate social and financial performance. *Strategic Management Journal*, *29*(12), 1325-1343.

Bray, J., Johns, N., & Kilburn, D. (2011). An exploratory study into the factors impeding ethical consumption. *Journal of Business Ethics*, *98*(4), 597-608.

Brower, J., & Dacin, P. A. (2020). An Institutional Theory Approach to the Evolution of the Corporate Social Performance–Corporate Financial Performance Relationship. *Journal of Management Studies*, *57*(4), 805-836.

Brower, J., Kashmiri, S., & Mahajan, V. (2017). Signalling virtue: Does firm corporate social performance trajectory moderate the social performance–financial performance relationship? *Journal of Business Research, 8*1, 86-95.

Brown, T. J., & Dacin, P. A. (1997). The company and the product: Corporate associations and consumer product responses. *Journal of Marketing, 61*(1), 68-84.

Business Roundtable (2019). Statement on the Purpose of the Corporation, released 19 Aug 2019. Available online.

Cajias, M., Fuerst, F., & Bienert, S. (2014). Can investing in corporate social responsibility lower a company's cost of capital?. *Studies in Economics and Finance***.**

Caligiuri, P., Mencin, A., & Jiang, K. (2013). Win–win–win: The influence of company-sponsored volunteerism programs on employees, NGOs, and business units. *Personnel Psychology, 66*(4), 825-860.

Chang, Y., Hsieh, C. H., Wang, T. C., & Hsieh, T. Y. (2014). Corporate Social Responsibility, Cost of Equity and Cost of Bank Loans. *International Review of Accounting, Banking & Finance, 6***.**

Cheng, B., Ioannou, I., & Serafeim, G. (2014). Corporate social responsibility and access to finance. *Strategic Management Journal, 35*(1), 1-23.

Chernev, A., & Blair, S. (2015). Doing well by doing good: The benevolent halo of corporate social responsibility. *Journal of Consumer Research, 41*(6), 1412-1425.

Chollet, P., & Sandwidi, B. W. (2018). CSR engagement and financial risk: A virtuous circle? International evidence. *Global Finance Journal, 38*, 65-81.

CHRB (2020). Corporate Human Rights Benchmark: 2019 Key Findings. Available online.

Clark, G. L., Feiner, A., & Viehs, M. (2015). From the stockholder to the stakeholder: How sustainability can drive financial outperformance. University of Oxford and Arabesque Partners. Available online.

Cone Communications and Ebiquity (2015). 2015 Cone Communications/Ebiquity Global CSR Study. Available online.

Demuijnck, G., and Fasterling, B. 2016). The Social License to Operate. *Journal of Business Ethics, 136*, 4, 675-685.

DNV GL (2020). Uniting Business in the Decade of Action: Building on 20 Years of Progress. Available online.

Du, S., Bhattacharya, C. B., & Sen, S. (2007). Reaping relational rewards from corporate social responsibility: The role of competitive positioning. *International Journal of Research in Marketing, 24*(3), 224-241.

ECCJ (2019). Mandatory human rights due diligence: an issue whose time has come, 28 Oct 2019. Available online.

Economist Intelligence Unit (2015). The road from principles to practice: Today’s challenges for business in respecting human rights. Available online.

Edelman (2018a). 2018 Edelman Earned Brand: Brands Take a Stand. Available online.

Edelman (2018b). Edelman Trust Barometer. Special Report: Institutional Investors (US). Available online.

Edelman (2019). Edelman Trust Barometer 2019. Available online.

Edelman (2020). Edelman Trust Barometer 2020. Available online.

EurActiv (2020). New human rights laws in 2021, promises EU justice chief, 30 Apr 2020. Available online.

EY (2014). Tomorrow's investment rules: Global survey of institutional investors on non-financial performance. Available online.

EY (2018). Does your nonfinancial reporting tell your value creation story? Available online.

EY (2019). EY CEO Imperative Study 2019: For CEOs, are the days of sidelining global challenges numbered? Available online.

Fairtrade International (2019). How does sustainability influence consumer choices? Results from a consumer survey in five European countries. Available online.

Fashion Revolution (2018). Consumer Survey Report: A baseline survey on EU consumer attitudes to sustainability and supply chain transparency in the fashion industry". Available online.

Feng, Z. Y., Wang, M. L., & Huang, H. W. (2015). Equity financing and social responsibility: further international evidence. *The International Journal of Accounting, 50*(3), 247-280.

Flammer, C. (2013). Corporate social responsibility and shareholder reaction: The environmental awareness of investors. *Academy of Management Journal, 56*(3), 758-781.

Franklin Templeton (2020). ESG Study: How Institutional Investors Embrace Responsible Investing. Available online.

Friede, G., Busch, T., & Bassen, A. (2015). ESG and financial performance: aggregated evidence from more than 2000 empirical studies. **Journal of Sustainable Finance & Investment, 5(4), 210-233.**

G&S (2019). 2019 Sense & Sustainability Study Public Perspectives on Corporate Social Responsibility, Environmental Stewardship & Institutional Accountability. Available online.

Galbreath, J., & Shum, P. (2012). Do customer satisfaction and reputation mediate the CSR–FP link? Evidence from Australia. *Australian Journal of Management, 37*(2), 211-229.

Girerd-Potin, I., Jimenez-Garcès, S., & Louvet, P. (2014). Which dimensions of social responsibility concern financial investors?. *Journal of Business Ethics, 121*(4), 559-576.

Glavas, A. (2016). Corporate social responsibility and employee engagement: Enabling employees to employ more of their whole selves at work. *Frontiers in Psychology, 7*, 796.

Glavas, A., & Kelley, K. (2014). The effects of perceived corporate social responsibility on employee attitudes. *Business Ethics Quarterly, 24*(2), 165-202.

Glavas, A., & Piderit, S. K. (2009). How Does Doing Good Matter? Effects of Corporate Citizenship on Employees. *Journal of Corporate Citizenship, 36*(3), 51-70.

Godfrey, P. C. (2005). The relationship between corporate philanthropy and shareholder wealth: A risk management perspective. *Academy of Management Review, 30*(4), 777-798.

Godfrey, P. C., Merrill, C. B., & Hansen, J. M. (2009). The relationship between corporate social responsibility and shareholder value: An empirical test of the risk management hypothesis. *Strategic Management Journal, 30*(4), 425-445.

Good Jobs First (2019). Big Business Bias: Employment Discrimination and Sexual Harassment at Large Corporations. Available online.

Goss, A., & Roberts, G. S. (2011). The impact of corporate social responsibility on the cost of bank loans. *Journal of Banking & Finance, 35*(7), 1794-1810.

Gras, D., & Krause, R. (2020). When does it pay to stand out as stand-up? Competitive contingencies in the corporate social performance–corporate financial performance relationship. *Strategic Organization, 18*(3), 448-471.

Greening, D. W., & Turban, D. B. (2000). Corporate social performance as a competitive advantage in attracting a quality workforce. *Business & Society, 39*(3), 254-280.

Grewatsch, S., & Kleindienst, I. (2017). When does it pay to be good? Moderators and mediators in the corporate sustainability–corporate financial performance relationship: A critical review. *Journal of Business Ethics, 145*(2), 383-416.

GSIA (2018). 2018 Global Sustainable Investment Review. Available online.

Hainmueller, J., & Hiscox, M. J. (2012). The socially conscious consumer? Field experimental tests of consumer support for fair labor standards. MIT Political Science Department Research Paper No. 2012-15. Available online.

Hainmueller, J., Hiscox, M. J., & Sequeira, S. (2015). Consumer demand for fair trade: Evidence from a multistore field experiment. *Review of Economics and Statistics, 97*(2), 242-256.

Herbert Smith Freehills (2019). Future of Work: Adapting to the Democratised Workplace. Available online.

Hiscox, M., Broukhim, M., Litwin, C. S., and Woloski, A. (2011). Consumer demand for fair labor standards: Evidence from a field experiment on eBay [unpublished manuscript]. Available online.

Hong, H. G., Kubik, J. D., Liskovich, I., & Scheinkman, J. (2019). Crime, punishment and the value of corporate social responsibility [unpublished manuscript]. Available online.

HRW (2020). Netherlands Takes Big Step Toward Tackling Child Labor, 4 Jun 2019. Available online.

Hull, C. E., & Rothenberg, S. (2008). Firm performance: The interactions of corporate social performance with innovation and industry differentiation. *Strategic Management Journal, 29*(7), 781-789.

Inoue, Y., & Lee, S. (2011). Effects of different dimensions of corporate social responsibility on corporate financial performance in tourism-related industries. *Tourism Management, 32*(4), 790-804.

Ipsos (2020). Global Trends 2020: Understanding Complexity. Available online.

Ipsos/Innovation Forum (2019). Sustainability: The Next Generation of Consumers. Available online.

J. Walter Thompson Intelligence (2018). The new sustainability: Regeneration. Available online.

Janney, J. J., & Gove, S. (2011). Reputation and corporate social responsibility aberrations, trends, and hypocrisy: Reactions to firm choices in the stock option backdating scandal. *Journal of Management Studies, 48*(7), 1562-1585.

Javed, M., Rashid, M. A., & Hussain, G. (2016). When does it pay to be good–A contingency perspective on corporate social and financial performance: would it work?. *Journal of Cleaner Production, 133,* 1062-1073.

Jones, D. A. (2010). Does serving the community also serve the company? Using organizational identification and social exchange theories to understand employee responses to a volunteerism programme. *Journal of Occupational and Organizational Psychology, 83*(4), 857-878.

Jones, D. A., Willness, C. R., & Glavas, A. (2017). When corporate social responsibility (CSR) meets organizational psychology: New frontiers in micro-CSR research, and fulfilling a quid pro quo through multilevel insights. *Frontiers in Psychology, 8*, 520.

Jones, D. A., Willness, C. R., & Madey, S. (2014). Why are job seekers attracted by corporate social performance? Experimental and field tests of three signal-based mechanisms. *Academy of Management Journal, 57*(2), 383-404.

JPMorgan (2020). Why COVID-19 Could Prove to Be a Major Turning Point for ESG Investing. Available online.

Just Capital (2018). From Insight to Action: Just Capital's 2018 Survey Results & Roadmap for Corporate America. Available online.

Bosch, G., & Kalina, T. (2018). Understanding Rising Income Inequality and Stagnating Ordinary Living Standards in Germany. In B. Nolan (Ed.), Inequality and inclusive Growth in Rich Countries: *Shared challenges and contrasting fortunes.* Oxford University Press.

Kang, C., Germann, F., & Grewal, R. (2016). Washing away your sins? Corporate social responsibility, corporate social irresponsibility, and firm performance. *Journal of Marketing, 80*(2), 59-79.

Kim, Y., & Woo, C. W. (2019). The buffering effects of CSR reputation in times of product-harm crisis. *Corporate Communications: An International Journal.*

Klein, J., & Dawar, N. (2004). Corporate social responsibility and consumers' attributions and brand evaluations in a product–harm crisis. *International Journal of Research in Marketing, 21*(3), 203-217.

Kölbel, J. F., Busch, T., & Jancso, L. M. (2017). How media coverage of corporate social irresponsibility increases financial risk. *Strategic Management Journal, 38*(11), 2266-2284.

KPMG (2016). Addressing Human Rights in Business: Executive Perspectives. Available online.

KPMG (2017). The Road Ahead: The KPMG Survey of Corporate Responsibility Report 2017. Available online.

La Rosa, F., Liberatore, G., Mazzi, F., & Terzani, S. (2018). The impact of corporate social performance on the cost of debt and access to debt financing for listed European non-financial firms. *European Management Journal, 36*(4), 519-529.

Lee, K. H., & Shin, D. (2010). Consumers' responses to CSR activities: The linkage between increased awareness and purchase intention. *Public Relations Review, 36*(2), 193-195.

Lins, K. V., Servaes, H., & Tamayo, A. (2017). Social capital, trust, and firm performance: The value of corporate social responsibility during the financial crisis. *The Journal of Finance, 72*(4), 1785-1824.

Lu, W., Chau, K. W., Wang, H., and Pan, W. (2014). A decade's debate on the nexus between corporate social and corporate financial performance: a critical review of empirical studies 2002–2011. *Journal of Cleaner Production, 79*, 195-206.

Magnanelli, B. S., & Izzo, M. F. (2017). Corporate social performance and cost of debt: the relationship. *Social Responsibility Journal, 13*(2), 250-265·

Makarem, S. C., & Jae, H. (2016). Consumer boycott behavior: An exploratory analysis of twitter feeds. *Journal of Consumer Affairs, 50*(1), 193-223.

Margolis, J. D., and Walsh, J. P. (2009). *People and profits?: The search for a link between a company's social and financial performance*. New York: Psychology Press.

Margolis, J. D., Elfenbein, H. A., and Walsh, J. P. (2009). Does it pay to be good... and does it matter? A meta-analysis of the relationship between corporate social and financial performance [unpublished manuscript], available online.

Marin, L., Ruiz, S., & Rubio, A. (2009). The role of identity salience in the effects of corporate social responsibility on consumer behavior. *Journal of Business Ethics, 84*(1), 65-78.

Minor, D., & Morgan, J. (2011). CSR as reputation insurance: Primum non nocere. *California Management Review, 53*(3), 40-59.

Mishel, L., Gould, E., & Bivens, J. (2015). Wage stagnation in nine charts. Economic Policy Institute. Available online.

Mohr, L. A., and Webb, D. J. (2005). The effects of corporate social responsibility and price on consumer responses. *Journal of Consumer Affairs, 39*(1), 121-147.

Morgan Stanley (2019). Sustainable Signals: Individual Investor Interest Driven by Impact, Conviction and Choice. Morgan Stanley Institute for Sustainable Investing. Available online.

Morningstar (2020). Sustainable Funds Weather the First Quarter Better Than Conventional Funds. Available online.

MSCI (2020). MSCI ESG Indexes during the coronavirus crisis. Available online.

Natixis Investment Managers (2019). Looking for the Best of Both Worlds: Investors Turn to ESG to Fulfil Personal Values and Performance Expectations. Available online.

New York Times (2018). Google Walkout: Employees Stage Protest Over Handling of Sexual Harassment, 1 Nov 2018. Available online.

Nielsen (2014). Doing Well by Doing Good: Increasingly, Consumers Care About Corporate Social Responsibility, But Does Concern Convert to Consumption? Available online.

Nielsen (2015). The Sustainability Imperative: New Insights on Consumer Expectations. Available online.

Nollet, J., Filis, G., & Mitrokostas, E. (2016). Corporate social responsibility and financial performance: A non-linear and disaggregated approach. *Economic Modelling, 52*, 400-407.

O'Connor, C., & Labowitz, S. (2017). Putting the "S" in ESG: measuring human rights performance for investors. NYU Center for Business and Human Rights, New York. Available online.

OHCHR (2020a). HC tells business leaders: build back better by focusing on the vulnerable, 18 Jun 2020. Available online.

OHCHR (2020b). "Open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights". Available online.

Orlitzky, M. (2001). Does firm size confound the relationship between corporate social performance and firm financial performance?. *Journal of Business Ethics, 33*(2), 167-180.

Orlitzky, M., Schmidt, F. L., and Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. *Organization Studies, 24*(3), 403-441.

Oxfam (2019). Workers' Rights in Supermarket Supply Chains: New Evidence on the Need for Action. Available online.

Peloza, J. (2006). Using corporate social responsibility as insurance for financial performance. *California Management Review, 48*(2), 52-72.

Povaddo (2017). Corporate America's POV: A Povaddo Survey Examining Corporate Activism and Employee Engagement Inside Fortune 1000 Companies. Available online.

Price, J. M., and Sun, W. (2017). Doing good and doing bad: The impact of corporate social responsibility and irresponsibility on firm performance. *Journal of Business Research, 80*, 82-97.

Ramasastry, A. (2015). Corporate Social Responsibility Versus Business and Human Rights: Bridging the Gap Between Responsibility and Accountability. *Journal of Human Rights, 14*, 2, 237-259.

Rathner, S. (2013). The industry-specific relationships between corporate financial performance and 11 corporate social performance dimensions: Taking a more nuanced perspective. Working Papers in Economics and Finance (No. 2013-02), University of Salzburg, Department of Social Sciences and Economics, Salzburg.

RBC Global Asset Management (2018). 2018 Responsible Investment Survey. Available online.

Rhou, Y., Singal, M., & Koh, Y. (2016). CSR and financial performance: The role of CSR awareness in the restaurant industry. *International Journal of Hospitality Management, 57*, 30-39.

Ruggie, J. G., and Middleton, E. K. (2019). Money, Millennials and Human Rights: Sustaining 'Sustainable Investing'. *Global Policy, 10*, 1, 144-150.

Rupp, D. E., Shao, R., Skarlicki, D. P., Paddock, E. L., Kim, T. Y., & Nadisic, T. (2018). Corporate social responsibility and employee engagement: The moderating role of CSR-specific relative autonomy and individualism. *Journal of Organizational Behavior, 39*(5), 559-579.

Sassen, R., Hinze, A. K., & Hardeck, I. (2016). Impact of ESG factors on firm risk in Europe. *Journal of Business Economics, 86*(8), 867-904.

Sen, S., & Bhattacharya, C. B. (2001). Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. *Journal of Marketing Research, 38*(2), 225-243.

Sen, S., Du, S., & Bhattacharya, C. B. (2016). Corporate social responsibility: A consumer psychology perspective. *Current Opinion in Psychology, 10*, 70-75.

Servaes, H., & Tamayo, A. (2013). The impact of corporate social responsibility on firm value: The role of customer awareness. *Management Science, 59*(5), 1045-1061.

Shank, T., Manullang, D., & Hill, R. (2005). “Doing Well While Doing Good” Revisited: A Study of Socially Responsible Firms’ Short-Term versus Long-term Performance. *Managerial Finance, 31*(8), 33-46.

Shi, W., & Veenstra, K. (2020). The Moderating Effect of Cultural Values on the Relationship Between Corporate Social Performance and Firm Performance. *Journal of Business Ethics*, 1-19.

State Street Global Advisors (2017). Performing for the Future: ESG Institutional Investor Survey. Available online.

Stiglitz, J. (2019). Is Stakeholder Capitalism Really Back?, Project Syndicate, Aug 27 2019. Available online.

Sun, W., Yao, S., & Govind, R. (2019). Reexamining corporate social responsibility and shareholder value: the inverted-U-shaped relationship and the moderation of marketing capability. *Journal of Business Ethics, 160*(4), 1001-1017.

Tang, Z., Hull, C. E., & Rothenberg, S. (2012). How corporate social responsibility engagement strategy moderates the CSR–financial performance relationship. *Journal of Management Studies, 49*(7), 1274-1303.

The Conference Board (2020). Press Release: Global Survey Asks 30,000+ Consumers About Views on Sustainability. Available online.

The Guardian (2019). Google the latest company to face worker revolt over immigration policy, 23 Aug 2019. Available online.

The Hill (2018). Amazon employees protest sale of facial recognition tech to law enforcement, 21 Jun 2018. Available online.

Tully, S. M., & Winer, R. S. (2014). The role of the beneficiary in willingness to pay for socially responsible products: a meta-analysis. *Journal of Retailing, 90*(2), 255-274.

Turban, D. B., & Greening, D. W. (1997). Corporate social performance and organizational attractiveness to prospective employees. *Academy of Management Journal, 40*(3), 658-672.

UN (2020). We are all in this Together: Human Rights and COVID-19 Response and Recovery. Available online.

UNPRI (2020). About the PRI. Available online.

Van Beurden, P., and Gössling, T. (2008). The worth of values–a literature review on the relation between corporate social and financial performance. *Journal of Business Ethics, 82*(2), 407.

Van der Laan, G., Van Ees, H., and Van Witteloostuijn, A. (2008). Corporate social and financial performance: An extended stakeholder theory, and empirical test with accounting measures. *Journal of Business Ethics, 79*(3), 299-310.

Vanhamme, J., & Grobben, B. (2009). "Too good to be true!". The effectiveness of CSR history in countering negative publicity. *Journal of Business Ethics, 85*(2), 273.

Vitaliano, D. F. (2010). Corporate Social Responsibility and Labor Turnover. *Corporate Governance, 10*(5), 563-573.

Walk Free Foundation (2015). Press release: The majority of UK consumers would stop buying a product if its manufacture involved modern slavery. Available online.

Wang, H., & Choi, J. (2013). A new look at the corporate social–financial performance relationship: The moderating roles of temporal and interdomain consistency in corporate social performance. *Journal of Management, 39*(2), 416-441.

Wang, H., Lu, W., Ye, M., Chau, K. W., & Zhang, X. (2016). The curvilinear relationship between corporate social performance and corporate financial performance: Evidence from the international construction industry. *Journal of Cleaner Production, 137*, 1313-1322.

Wang, Q., Dou, J., and Jia, S. (2016). A meta-analytic review of corporate social responsibility and corporate financial performance: The moderating effect of contextual factors. *Business & Society, 55*(8), 1083-1121.

Wang, T., & Bansal, P. (2012). Social responsibility in new ventures: profiting from a long-term orientation. *Strategic Management Journal, 33*(10), 1135-1153.

Wang, Y., & Berens, G. (2015). The impact of four types of corporate social performance on reputation and financial performance. *Journal of Business Ethics, 131*(2), 337-359.

WBCSD (2019). CEO Guide to Human Rights. Available online.

Weber Shandwick (2019). Employee Activism in the Age of Purpose: Employees (Up)Rising. Available online.

Williams, R. J., & Barrett, J. D. (2000). Corporate philanthropy, criminal activity, and firm reputation: Is there a link?. *Journal of Business Ethics, 26*(4), 341-350.

World Economic Forum (2019a). Davos Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution, 2 Dec 2019. Available online.

World Economic Forum (2019b). Why we need the 'Davos Manifesto' for a better kind of capitalism, 1 Dec 2019. Available online.

Xu, S., Liu, D., & Huang, J. (2015). Corporate social responsibility, the cost of equity capital and ownership structure: An analysis of Chinese listed firms. *Australian Journal of Management, 40*(2), 245-276.

Yoon, Y., Gürhan-Canli, Z., & Schwarz, N. (2006). The effect of corporate social responsibility (CSR) activities on companies with bad reputations. *Journal of Consumer Psychology, 16*(4), 377-390.

YouGov (2018). How can large businesses behave to increase trust?, 13 Mar 2018. Available online.

NOTES

1 The GSIA defines sustainable investment in an inclusive way, as encompassing (1) negative/exclusionary screening, (2) positive/best-in-class screening, (3) norm-based screening, (4) ESG integration, (5) sustainability themed investing, (6) impact/community investing, and (7) corporate engagement and shareholder action. See GSIA (2018, 7) for further details.
2 It has also been established in the case of environmental performance (Trumpp and Guenther 2017).
3 Similar surveys found that 78% of Brazilians, 66% of Americans and 54% of Indian consumers would switch products if they learned that their brand was made by a company that had modern slavery in its supply chains
4 ... "to measure the cost of debt we use yield spread. This is the difference (in percentage) between the corporate bond yield at issuance and a Treasury bond yield with comparable maturity"
5 Note that the questions on human rights disclosures are slightly differently worded in the 2014 and 2018 reports.
6 A "just company is ethical, honest, and fair and behaves this way when it comes to its employees, customers, shareholders, and the environment, as well as the communities it impacts locally and around the world".

THE DANISH
INSTITUTE FOR
HUMAN RIGHTS