



Integrating human rights into company climate action: Insights from business practitioners



Contents

Introduction	2
Executive summary	3
The business case for integrating human rights and climate action	5
Part 1: Embedding human rights into climate action	6
Part 2: Human Rights Due Diligence across climate action: Examples from practice	12
Transition to renewable energy	12
Scaling up the circular economy	14
Moving to regenerative agriculture	16
Implementing nature-based solutions	18
Cross-cutting insights	21
Looking forward	23

Introduction

This resource has been developed to support companies seeking to approach their climate action with respect for human rights.

Climate action describes activities and decisions taken to respond to climate change and its impacts. It includes the reduction of greenhouse gas (GHG) emissions, or climate mitigation, and efforts to adapt to the current and future impacts of the climate crisis, or climate adaptation. Globally, a growing number of companies are accelerating their climate action to meet targets to reduce GHG emissions.

This resource offers guidance to business practitioners on how companies can identify and address adverse human rights risks and impacts in their climate action – in line with the UN Guiding Principles on Business and Human Rights (UNGPs) – and by doing so, ensure they respect human rights and contribute to a just transition.

Recent developments in law and policy are driving a rapid transition, whilst also highlighting the imperative to view climate and human rights holistically. The European Union (EU) Corporate Sustainability Due Diligence Directive will require large EU companies to develop climate transition plans.¹ The agreement reached at COP28 calls for a transition away from fossil fuels in a just, orderly, and equitable manner.²

As companies prioritise developing and implementing their strategies to combat climate change and its impacts, there are growing expectations that their climate action should be rights respecting.

This document provides examples and insights for business practitioners on:

- **Mapping the intersections between climate action and human rights**, and how companies can better identify and understand those connections as they seek to mitigate climate change.
- **Developing approaches and governance structures** that integrate human rights into climate-related decision-making processes.
- **Raising internal awareness** about the intersections between climate action and human rights to build capacity and prevent and mitigate adverse human rights impacts.
- **Understanding and addressing human rights impacts** through examples of company practice in relation to the transition to renewable energy, scaling up circular economy, moving to regenerative agriculture, and implementing nature-based solutions.

By sharing examples of insights, the Global Business Initiative on Human Rights (GBI) seeks to support business practitioners to accelerate their efforts in this challenging area of practice.

These insights and examples stem from conversations with GBI members through our internal climate and human rights working group and discussions in GBI's broader member peer learning programme. Beyond the membership, GBI has also engaged with a considerable number of business practitioners in different parts of the world, as well as business organisations in Southeast Asia, Brazil, and southern Africa.³

¹ [Council of the EU, Press Release, Corporate sustainability due diligence: Council and Parliament strike deal to protect environment and human rights](#), 14 Dec 2023.

² [UN FCCC, Outcome of the First Global Stocktake](#), 13 Dec 2023.

³ This report should not be construed as representing the views of GBI's member companies. Nothing in this document constitutes legal or commercial advice and it should not be relied upon as such. Instead, all information, content, and materials contained and linked in this publication are for general informational purposes only. If you require professional advice, please seek support from a legal or commercial advisor.

Executive summary

Companies have a normative responsibility to identify and address the human rights impacts of their climate action.

There is also a business case for companies to take a more integrated approach to climate action and human rights. This includes:

- To manage legal risks created by emerging legislation and increased litigation that is driving companies to take a more integrated approach to human rights due diligence (HRDD).
- To meet growing expectations from business partners, government authorities, financial institutions, trade unions, civil society organisations, local communities, and employees that companies will respect human rights as they carry out their climate action and contribute to a just transition.
- To meet increased investor expectations supported by data-driven benchmarks that are connecting environmental (including climate-related) and human rights impacts.
- To manage reputational risks associated with, among other things, civil society advocacy, media coverage and calls for accountability for companies which fail to address risks to people in their climate action.

To embed a more integrated approach to climate action and human rights, GBI has identified several measures for business practitioners based on practice:

- Map the potential touchpoints between climate action and human rights to understand potential entry points.
- Align policy commitments to help clarify the company's vision for climate and human rights and ensure policy coherence.
- Conduct human rights and environmental due diligence across all activities underpinning climate action. In conflict-affected areas, conduct heightened HRDD.
- Ensure HRDD is informed by meaningful stakeholder engagement, to ensure the context and potential vulnerabilities of affected stakeholders in climate action is understood.
- Ensure company grievance mechanisms cover human rights impacts related to the company's climate action.
- Develop integrated governance structures that can assist the company to approach climate action and human rights holistically.
- Raise internal awareness and coordinate internally to help bridge silos between colleagues working on climate, other areas of environment and human rights.

Human Rights Due Diligence across climate action: Examples of company practice

This section examines some of the specific human rights risks that may be associated with four examples of climate action: **transition into renewable energy, scaling up circular economy, moving to regenerative agriculture, and implementing nature-based solutions.** Potential challenges to conducting HRDD in each climate action have been highlighted alongside considerations on how business practitioners may approach HRDD. Case studies also serve as examples of how companies are approaching rights-respecting climate action.

Cross-cutting insights

The following cross-cutting insights from business practitioners apply across diverse areas of climate action and provide additional considerations for companies:

- Climate action may require changes in the way a company normally does business. Companies should conduct HRDD early and continuously to identify and address the impacts of these changes.
- If transitioning out of assets or markets is necessary to meet climate targets, consider the human rights implications of leaving and exit responsibly.
- A company's climate action may include partnerships or other collaborations, such as with Indigenous Peoples; in such cases companies should approach the partnership or collaboration with respect for human rights.
- Since systems transformations are needed to ensure global climate targets are met, business may need to collaborate more closely with government and civil society to ensure that people are not left behind.

The business case for integrating human rights and climate action

There is a growing expectation from stakeholders for business to address human rights and environment, including climate, more holistically. This trend is evidenced by emerging legislative initiatives, the revised OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (the OECD Guidelines), and various benchmarking initiatives. Such expectations of a more holistic approach may give rise to the following risks to business:

Legal risks

Legislatures at the European Union and national levels are introducing mandatory human rights and environmental due diligence and reporting requirements. Increased litigation against companies has also contributed to calls for a more holistic approach to climate and human rights, with a number of courts around the world hearing cases related to companies' climate action activities and their impacts on human rights.⁴

Financial risks

Investors increasingly expect companies to address climate and human rights holistically. The EU's Taxonomy Regulation includes the UNGPs and the OECD Guidelines as minimum safeguards required for activities considered sustainable.⁵ Various corporate benchmarks, including the World Benchmarking Alliance's just transitions, nature, and food and agriculture benchmarks draw the links between climate and human rights and can be used by investors to evaluate company performance.

Reputational risks

Civil society, including human rights and environmental defenders, are increasingly focussing on the human rights risks of climate action. Through reports, engagement and advocacy, civil society is working to hold companies accountable for the impacts on people associated with their climate action. Reputational risks can also have commercial implications; customers and business partners increasingly expect a company to address climate and human rights more holistically.

Other stakeholders, ranging from business partners to communities, media and company employees, also expect the transition to decarbonised economies to be just, and that companies should play a carefully assessed role in supporting just transitions.

⁴ Gobierno Regional de Atacama con Ministerio de Minería y Otro and FOCSIV and others v. FCA Italy, Statness SF v Sør-Fosen sjite et al, Unión Hidalgo, ProDESC & ECCHR v EDF, and County Government of Turkana v National Land Commission et al.

⁵ [EU Sustainable Finance Platform, Final Report on Minimum Safeguards](#), October 2022.

Part 1: Embedding human rights into climate action

Companies can take the following initial steps to ensure a more embedded approach to human rights and climate action:

Map the intersections between climate action and human rights

Mapping is a necessary first step in understanding the touchpoints between climate action and human rights across the company. Ways of approaching mapping may vary from business to business and there is no single, right approach. Business practitioners should design their approach based on what would work best for their company.

Insights from business practice include:

- It is helpful to review the company's climate commitments or transition strategy as a starting point for considering where the risks to people associated with the company's climate action might be.
- Actions to reduce scope 1, 2, and 3 emissions can also offer a valuable starting point – for example, looking across the company's value chain to understand the actions taken to reduce emissions.
- It may also be worthwhile understanding the broader ecosystem where the company is implementing key areas of climate action – for example, consider relevant sectors, business partners, governments and civil society organisations.

Identifying human rights risks in reducing scope 1, 2, and 3 emissions

As part of their emissions reduction strategies, companies in nearly every sector are setting science-based targets to reduce their scope 1, 2, and 3 emissions. Mapping the actions that are being taken to reduce scope 1, 2, and 3 emissions may inform efforts to identify potential touchpoints with human rights.

Scope	Example
Scope 1 emissions Direct emissions-owned or controlled by the company.	To reduce scope 1 emissions, a company may work to electrify its transport fleet. The human rights risks of doing so may include, for example, child and forced labour associated with the batteries value chain.
Scope 2 emissions Indirect emissions from the generation of purchased energy.	To reduce scope 2 emissions, companies may turn to renewable energy to power offices, factories and mine sites. The human rights risks of doing so may include impacts to Indigenous Peoples and traditional communities located near or on renewable energy sites.

Scope 3 emissions

Emissions in the value chain, both upstream and downstream.

For many companies reducing scope 3 emissions can be the most challenging since it requires collecting robust data across complex supply chains.

In reducing scope 3 emissions in their supply chains, procurement teams may decide to prioritise suppliers which will help them meet climate targets, which may cause loss of livelihoods for the suppliers left behind. Prioritising climate targets, may also lead to retaining suppliers regardless of whether they respect human rights.

Align policy commitments

Policy commitments clarify a company's vision for and approach to climate and human rights. Under the UNGPs, companies should strive for alignment in their policy statements, and policies and procedures that govern their wider business relationships and activities.

Companies should consider:

- Raising awareness among colleagues about the intersections between climate action and human rights – this may kickstart policy conversations.
- Revising existing human rights policy statements to include climate as a salient human rights risk or to link their HRDD to their climate actions.
- Choosing to align policy commitments with the just transition and consider the implications for their business.
- Aligning different policies, such as those on transition, Indigenous communities, and climate.
- Including climate and environmental colleagues in reviewing their human rights policies to gather their inputs and co-design potential revisions.

Conduct human rights and environmental due diligence across all activities

Climate action may occur throughout a company's operations, activities and value chain. Companies in all sectors should conduct HRDD across their climate action.

Mandatory HRDD legislative initiatives are calling for companies to conduct human rights and environmental due diligence to identify and address risks to human rights and the environment. This may also create opportunities for business practitioners to leverage changes already occurring within companies in response to legislation to conduct HRDD on climate action.

Some companies may choose to start with the climate action they have been pursuing the longest or where they have already identified human rights risks. However, companies should conduct HRDD on all activities underpinning their climate strategies. If it is not possible to address adverse human rights impacts simultaneously, companies should prioritise based on the UNGPs' guidance on prioritisation.

Lastly, companies should be prepared to conduct heightened HRDD⁶ if their climate action involves operations or activities in conflict-affected areas.

Insights from companies include:

- Adapt existing human rights impact assessment processes to be more responsive to the operating context and realities of climate action.
- Link up human rights and climate teams to identify and address human rights risks. For example, a company seeking to scale up its recycling activities to decrease emissions had already identified the impacts on informal waste workers as part of earlier HRDD. The company's challenge was to ensure that its approach to circular economy was formally linked to its approach to human rights.
- Engage in a joined-up approach to human rights and environmental due diligence to identify and address environmental risks holistically.

⁶ [UNDP and the UN Working Group on Business and Human Rights, Heightened Human Rights Due Diligence for Business in Conflict Affected Contexts: A Guide, June 2022.](#)

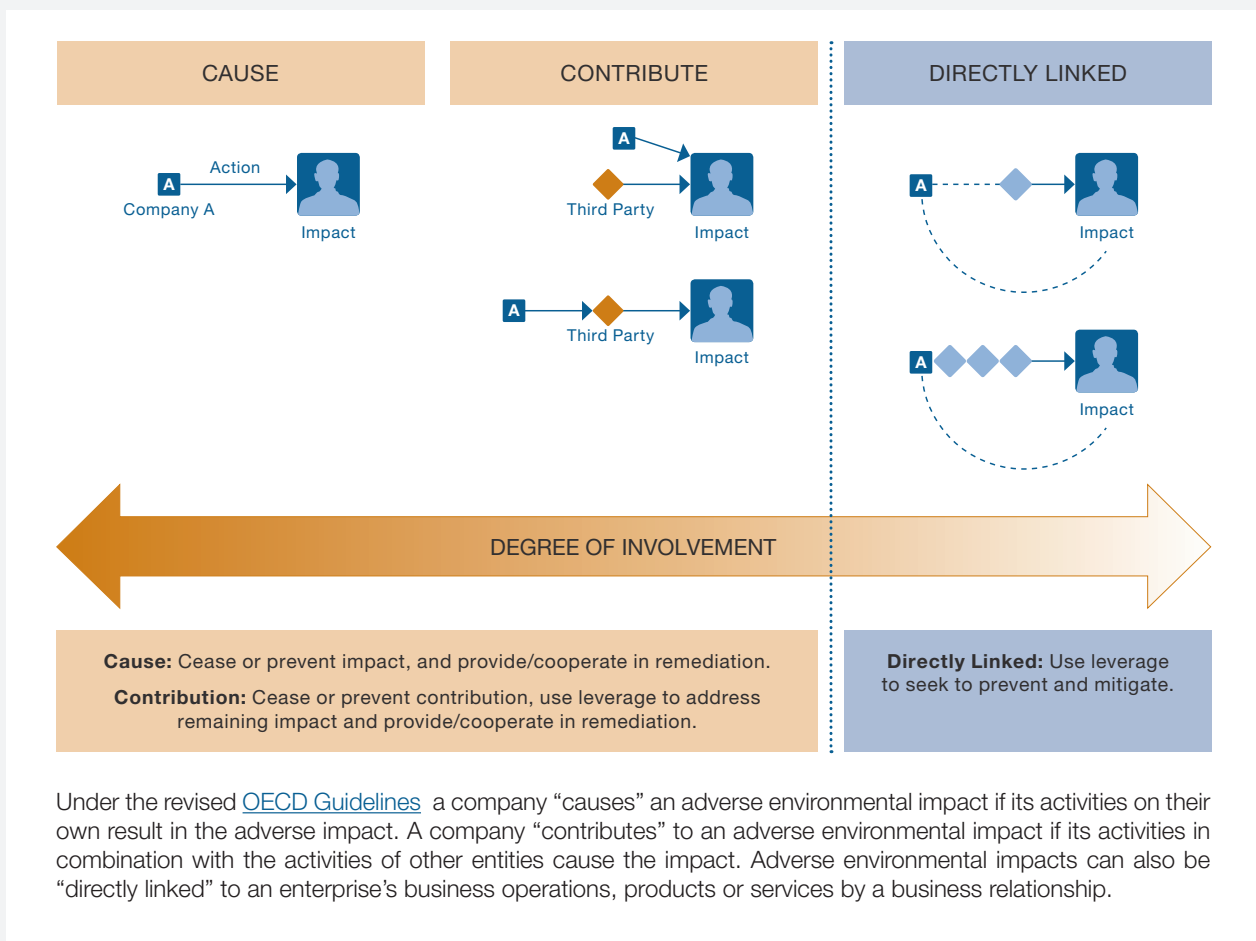
Human rights due diligence: A continuous, dynamic and reactive process

In line with the UNGPs, companies have a responsibility to respect human rights across their business operations and relationships by taking steps to identify and address their adverse human rights impacts.

Companies should:

- 1) make a policy commitment to meet their responsibility to respect human rights
- 2) implement ongoing human rights due diligence to identify and address their potential and actual adverse impacts; and
- 3) facilitate access to remedy including by establishing grievance mechanisms

Companies' responsibility to respect human rights encompasses three types of involvement in adverse impacts: causation, contribution and direct linkage.



It may not be possible for companies to address all adverse human rights impacts simultaneously. In those situations, companies should seek to prioritise based on scale, scope and the irremediability of the adverse human rights impact.

Companies should seek to safely and meaningfully engage with affected people or their representatives in order to inform their human rights due diligence and to facilitate access to remedy. The [GBI Business Practice Portal](#) has additional insights for companies on getting started on the UNGPs.

Engage meaningfully with stakeholders

Under the UNGPs, companies are expected to engage meaningfully with stakeholders to inform their HRDD and their grievance mechanisms. Meaningful stakeholder engagement can build trust among stakeholders and help to flag potential adverse human rights impacts early in the process.

Meaningful stakeholder engagement can also inform HRDD to be responsive to the context and vulnerabilities of communities. As a result of climate action, communities may be impacted in a range of ways, including the following examples:

- A significant increase in mining will be needed as part of the transition to renewable energy. Critical mineral mines are often located in areas with limited opportunity for economic development which can lead to disproportionate human rights impacts, including child labour and hazardous working conditions.
- The transition to regenerative agriculture will have impacts on smallholder farmers and agricultural communities in company supply chains. These farmers and communities can be more vulnerable than large scale commercial farms.
- For some companies, moving to a circular economy will have significant impacts on informal waste workers. These workers are particularly vulnerable due to their informality and are often migrant workers, refugees or children.

Given the complexity and severity of potential human rights risks associated with climate action, companies should consider reviewing their processes for meaningful stakeholder engagement to ensure they are fit for purpose and, if necessary, revise them.

Ensure company grievance mechanisms include climate action

Companies should ensure the human rights impacts of their climate action activities are included in their existing grievance mechanisms and can be accessed by affected peoples, including communities located near the activities, as well as employees.

Principle 31 of the UNGPs sets out criteria to ensure the effectiveness of grievance mechanisms.

A challenge for many business practitioners is the multitude of different grievance mechanisms across supply chains, which can make it difficult for affected peoples to access the correct grievance mechanism and for a specific company to be informed of particular adverse impacts in their value chain. Sector collaboration may help to harmonise the inclusion of climate action into grievance mechanisms and streamline grievance mechanisms across supply chains.

Companies engaged in new activities due to their climate action may need to design new grievance mechanisms to cover these activities. For example, one company interviewed for this report recognised the need to work with their partners to co-create a grievance mechanism at a new project site to ensure it would be effective.

Develop more integrated governance structures

Companies often have different structures in place governing their human rights, climate, and environment functions. Even in companies where climate, human rights and environment fall under the sustainability function, internal silos continue to exist, hampering communication across teams.

A few examples of company practice include:

- An example of a potential governance structure from an energy company seeking to address climate and human rights more holistically placed human rights and climate in the sustainability function with a reporting line to compliance.
- Within its sustainability function, another energy company's human rights practitioners worked in close proximity to the company's nature team. This facilitated conversations between teams and internal de-siloing.
- Another company's human rights team sat with their strategy team, which allowed them to be involved in early decision-making regarding projects and investments related to climate action.

The tone from the top, through buy-in from the Board of Directors and executive management, is also an important step to ensure that human rights is embedded in climate action. Although many Boards and managements are clear on the importance of reducing emissions, the connection with human rights can be less clear. Raising awareness among Board members and executive management to understand the links between climate and human rights can help drive a more holistic approach.

As part of its efforts to ensure the appropriate tone from the top, a company in the mining sector shares regular updates with the Board regarding litigation that increasingly recognises the need for climate and human rights to be addressed together.

Performance bonuses and other incentives at senior management level and within individual teams, functions and business units that are tied to climate Key Performance Indicators (KPIs) risk prioritising those targets at the expense of human rights. Speeding up strategic decisions around climate to meet KPI's may also further worsen the human rights impacts. KPIs highlight an additional challenge in connecting human rights and climate, as climate KPIs are usually quantitative while human rights KPIs are more often qualitative. Companies may need to think about different approaches to goal setting in these areas.

Raise awareness to strengthen internal coordination

It can be challenging to raise internal awareness among colleagues to identify the human rights risks of activities intended to reduce emissions. However, companies are developing such awareness-raising activities.

Examples of emerging company practice include:

- Developing human rights initiatives that are directly tailored to climate and environmental colleagues.
- Training climate and human rights colleagues together can help strengthen their ability to spot issues and join the dots between climate action and human rights.
- Using the term just transition to describe the human rights risks associated with climate action can be an effective way to gain internal traction and to draw the link between climate and human rights for some companies. Other companies may prefer to alternate between human rights and just transition depending on the context.
- Including a human rights specialist on the climate team.
- Establishing cross-functional committees or working groups to focus on climate action and human rights may also be an effective way to coordinate internally.

One company found that drivers included both internal and external developments. Internally, developing the company's net zero strategy created an opportunity to engage with colleagues to push human rights considerations. Externally, policy developments led the company to address climate action and human rights together.

Part 2: Human Rights Due Diligence across climate action: Examples from practice

The following section examines some of the specific human rights risks that may be associated with four examples of climate action. Potential challenges with conducting HRDD in each climate action have been highlighted alongside considerations on how business practitioners may approach HRDD. Case studies also serve as examples of how companies are approaching human rights-respecting climate action.



Transition to renewable energy

Renewable energy is energy derived from natural sources that are replenished at a higher rate than they are consumed, including wind and solar energy.⁷ The transition out of fossil fuels and into renewable energies is necessary and urgent to meet global GHG reduction targets. However, human rights risks are present throughout the renewable value chain.

Set out below are illustrative examples of potential human rights impacts and where they might occur in value chains.

Metals and minerals

Mining the **cobalt**, **lithium**, **nickel**, **graphite**, and **copper** needed for batteries and wind turbines will require drastic increases in mining globally.

Human rights risks associated with the mining of the minerals needed to fuel the transition to renewable energy include:

- child labour in mining operations
- hazardous working conditions in mining and processing operations
- threats to livelihoods for communities around mine sites
- exposure to environmental degradation related to land and biodiversity loss
- water shortages for communities
- violations of human rights by security forces
- exacerbating human rights violations in conflict affected or high-risk areas
- mine sites located on or near Indigenous Peoples' land

In the Democratic Republic of Congo, 15-30% of the **cobalt** needed to produce batteries for electric vehicles is sourced from artisanal miners, often working in hazardous conditions. The Democratic Republic of Congo produces most of the world's cobalt.

Source: [World Economic Forum](#)

Examples of risks further along the value chain

- **Polysilicon** is a material commonly used in solar panels and is linked to alleged state-sponsored forced labour in half of the locations where it is manufactured.
- **Transport and logistics** can be linked to worker exploitation, the payment of recruitment fees, hazardous working conditions, gender discrimination and discrimination against minority groups.
- **Deployment** of renewable energy projects has also been linked to land “grabs” and the acquisition of Indigenous Peoples' lands without free, prior, and informed consent (FPIC), interference with sacred and traditional sites, environmental destruction, and biodiversity loss.
- **Decommissioning** renewable project sites can lead to adverse impacts on Indigenous and other communities due to failure to properly restore land rights or dispose of project waste.

⁷ [United Nations, Climate Action](#)

Identifying and addressing human rights risks and impacts

To limit global warming to well below 2°C (and ideally to 1.5°C), the transition to renewable energy needs to happen quickly and at scale – and significant progress needs to be achieved within this decade. The rapid pace of change needed presents a number of challenges for business practitioners working to identify and address any human rights impacts their company may be involved in through its efforts to transition to renewable energy.

For example:

- Demand for critical minerals is growing rapidly with some minerals, such as lithium, seeing demand forecast to surge to sevenfold by 2030⁸. As a result, rapid expansion of mining and processing of critical minerals is needed – with significant potential impacts on affected local communities and workers. Both the scale and speed of the growth of these markets may compromise upstream companies' ability to implement rigorous and effective HRDD, and limit the leverage of downstream companies.
- The growth and expansion of renewable energy projects requires project sites to be identified, and licenses and permits to be issued. There is a significant overlap between potentially suitable sites and land belonging to or under the custodianship of Indigenous Peoples and other traditional communities, leading to impacts on them. The typically slow pace of existing licensing and approvals processes (which include engagement with local communities and other affected stakeholders) presents a challenge in light of the rapid pace of transition needed.
- Internally, businesses may need to navigate perceived tensions between the desire to transition to renewable energy quickly to meet climate targets and their responsibility to respect human rights. Efforts to ensure effective HRDD is undertaken may lead to internal pushback from colleagues who see decarbonisation as the priority and perceive human rights as slowing or interfering with the transition process.

The following insights can assist business practitioners in addressing these challenges:

- Build the human rights lens into processes involving renewable energy projects to help companies to identify and address the human rights risks associated with each stage of the renewable energy project.
- Engage colleagues early to raise awareness about the potential human rights risks and to avoid the perception that those risks are delaying projects. Continue engaging with colleagues during the project to better integrate human rights and climate action.
- Engage in FPIC processes to anticipate and resolve any emerging issues with communities impacted by mining activities or renewable energy sites. In-depth and early engagement with communities can help to build trust with communities, and support seamless delivery of the project.



An energy company was expanding its renewable energy business, which required the company to adapt its existing human rights impact assessment processes to fit the context of renewable energy projects. The company was also maintaining its learnings from previous projects along with the principles on human rights it had developed along the way. The company recognised that building a human rights lens into the processes surrounding its renewable energy projects helped it to identify and address the human rights risks associated with each stage of the renewable energy project. For a particular renewable energy project, the company realised that the communities' concerns were based on misinformation and misunderstandings. By engaging and collaborating with communities, the company was able to build trust in the project.

⁸ [BNEF, Race to Net Zero: The Pressures of the Battery Boom in Five Charts, 21, July 2022.](#)



Scaling up the circular economy

The circular economy is a model of production and consumption which involves sharing, leasing, reusing, repairing, refurbishing, and recycling existing materials and products as long as possible.⁹

In some sectors, scaling up the circular economy is a key activity in company strategies to reduce GHG emissions, protect against biodiversity loss, and adapt to a warmer world. Circular economy is also becoming increasingly important to meet demand in the energy transition for minerals and metals which can be reused.

Examples of human rights risks

Scaling up the circular economy will pose human rights risks, including:

- hazardous labour conditions in recycling factories
- loss of livelihoods due to automation or artificial intelligence
- loss of livelihoods due to production or manufacturing centres shifting or closing
- impacts on Indigenous Peoples due to use of land and forests to scale up recyclable packaging
- unequal access to circular products and services, and privacy concerns for customers due to tech-enabled circular models
- loss of livelihoods for workers who currently rely on the extraction and export of fossil fuels and other minerals and metals

New approaches to waste management, including formalising waste management and automation sorting processes, can lead to the following impacts on waste workers, particularly informal waste workers:

- displacement of informal waste workers
- loss of livelihoods, particularly for women
- health risks to workers and communities due to the chemicals present in recycling and reuse of products
- increased child labour

In Turkey, informal waste workers include some of the most marginalised communities including child workers, migrants and refugees. Some of the plastic recycling facility workers and residents living near a facility described experiencing respiratory problems, severe headaches and skin ailments. Those working in the factory had little access to protective equipment and little to no access to medical treatment for occupational illnesses. Additionally, residents reported strong odours and pollution which prevented them from sleeping and spending time outside.

⁹ [European Parliament, Circular Economy: definition, importance, and benefits](#), 24 May 2023.

Identifying and addressing human rights risks and impacts

HRDD in scaling up the circular economy will require a particular focus on informal waste workers who will be significantly impacted by the increase in recycling. The conditions of informal waste workers are context specific and will vary significantly depending on the geography and waste management ecosystem for materials. HRDD should be particularly sensitive to the risks to often marginalised groups, including refugees, children, minorities and women.

Additionally, companies will need to evaluate the potential human rights impacts of redesigning value chains from linear to circular. This may result in shifts away from suppliers and geographies. For example, in the fashion industry, a focus on circular fashion will cause significant disruption to clothing manufacturing sites. Product design and decisions around use of products may also create challenges for business practitioners needing to balance respecting human rights with climate mitigation.



A company in the food and beverage sector has identified that one-third of its GHG emissions comes from product packaging. As part of its efforts to meet its science-based targets, the company has decided to significantly expand its circular economy model for packaging, which includes design changes to existing packaging and increased recovery of packaging.

The company had already identified some of the human rights risks for waste workers as part of its existing recycling activities. It recognised that the collection process varied according to individual companies and that often the sector was highly informal, leaving waste workers particularly vulnerable.

In response to its increased focus on circular economy, the company linked its commitment to reduce packaging emissions to its existing HRDD on informal waste workers.

The company is now working with other businesses, civil society organisations and local governments to address some of the root causes of adverse human rights impacts associated with informal waste workers. The company recognises that there are also lessons to be learned in other sectors where circularity may increasingly be prioritised to reduce emissions, including fast-moving consumer goods, automotive and apparel.

The following are insights that can assist business practitioners in addressing the challenges of HRDD in scaling up the circular economy:

- Product design is a critical opportunity for companies to identify human rights risks early, enabling companies to take steps to mitigate these risks before they develop.
- Because the human rights impacts to informal workers may be different for women, consider gender responsive HRDD to identify and address the human rights impacts to women of the scaling up of the circular economy.
- Consider ways in which workers can be re-skilled to respond to changes in production and manufacturing.
- Collective action among companies in the same sector can help them to identify and address some of the root causes of adverse impacts to informal waste workers.



Moving to regenerative agriculture

Regenerative agriculture is an approach to farming that seeks to restore and renew natural resources through a range of practices. Moving to regenerative agriculture systems can help companies to reduce GHG emissions, adapt to a warmer world, and assist in efforts to prevent biodiversity loss.

Examples of human rights risks

Some of the human rights risks associated with the transition to regenerative agriculture include:

- hazardous working conditions because of longer hours of farming and less industrialised processes
- child labour, particularly in smallholder farms due to increased yield expectations
- loss of livelihood for smallholder farmers who are replaced by large-scale farms to meet company climate targets
- reduced crop yields, crop failure or vulnerabilities, and low profit margins can impact farmers' incomes and livelihoods
- environmental risks due to continued use of pesticides
- threats against environmental human rights defenders

Identifying and addressing human rights risks and impacts

Significant transformations of agricultural and food systems will pose challenges to effective HRDD. Failure to address human rights impacts associated with regenerative agriculture practices can lead to increased marginalisation and exacerbate inequalities.

The transition to regenerative agriculture will require significant changes in agricultural systems, which can have major impacts on people, particularly smallholder farmers and agricultural communities. For example, the transition to regenerative agriculture may lead to shorter, more controlled, supply chains and a preference for large-scale farmers, leaving behind smallholder farmers.

Shifting agricultural supply chains due to increased temperatures will also have considerable impacts on people in geographies where supply chains are shifted into and the geographies that are left behind.

The following are additional insights that can assist business practitioners in addressing the challenges of HRDD in the transition to regenerative agriculture:

- Impacts to all potentially affected groups should be considered in HRDD, including farmers and agricultural communities, workers along the agricultural supply chain, Indigenous People as stewards of knowledge on biodiversity, and consumers.
- Effective supply chain management may require working closely with suppliers to build their capacity to transition to regenerative agricultural practices and respect human rights.
- Engage with environmental specialists to holistically identify and address the risks to the environment and to human rights associated with regenerative agriculture.
- The poverty levels associated with smallholder farmers may be exacerbated by a transformation to regenerative agriculture, which may require companies to use their influence in communities to explore and address root causes.



For one company, substantially reducing its GHG emissions meant working with its supply chain to support a transition to regenerative agriculture. The company identified early on that smallholder farmers were central to the transition.

To promote resilient and fair livelihoods and dignified work for farmers, the company is collaborating and consulting with farmers and other stakeholders in its supply chain to facilitate their transition. The company is also offering financial incentives to farmers who implement regenerative agricultural practices.

The company found that using the just transition as a narrative helped to integrate human rights and climate to gain internal buy-in.

Additionally, through HRDD on its transition to regenerative agriculture, the company has identified additional potential adverse human rights impacts, including forced labour, child labour, and impacts on Indigenous Peoples' rights.

The company is putting measures in place in line with its existing human rights programme to mitigate and address the adverse human rights impacts on additional stakeholder groups.



Implementing nature-based solutions

Nature-based solutions can be defined as actions taken to protect, sustainably manage or restore natural environments and ecosystems. They can contribute significantly to addressing climate change and biodiversity loss. The climate and biodiversity crises are closely interconnected, and efforts to restore biodiversity are needed to limit global warming and address climate change.¹⁰

Nature-based solutions, net zero and carbon credits

Companies are increasingly setting targets to reach net zero carbon emissions by 2050 or sooner. Upon reaching net zero, current guidance requires companies to neutralise their residual emissions through the removal of carbon from the atmosphere and its permanent storage. This neutralisation may include the purchase of carbon credits.

Carbon credits derived from nature-based solutions are not generally considered suitable for this purpose, due to concerns about the permanence of the carbon removal activity. Nevertheless, nature-based solutions can be used to avoid or reduce emissions, and to remove and store GHGs from the atmosphere over short to medium time horizons. Net zero target-setting guidance does not discourage this use but views these solutions as an additional investment by companies, beyond their net zero targets.¹¹ These investments may be through direct involvement in nature-based solutions project development or through the purchase of carbon credits from such projects.

There are a variety of reasons why companies might still choose to make an investment in nature-based solutions. This includes making green claims, such as product or service carbon neutrality claims. Regulations and voluntary initiatives are emerging to provide requirements and guidance on how companies can make credible environmental product and service claims.

Given they are additional to the efforts required to mitigate corporate emissions to net zero, carbon offset programmes have been criticised as a "dangerous distraction" from climate actions that are needed to reach net zero targets.¹² Despite this, nature-based carbon credits continue to feature in many corporate climate strategies,¹³ and so it is important to understand the human rights risks that arise through their use.

¹⁰ [United Nations, Biodiversity](#) – our strongest natural defense against climate change.

¹¹ [Friends of the Earth, A dangerous distraction](#) – the offsetting con, October 2021

¹² Science Based Targets, [Beyond Value Chain Mitigation](#), October 2021.

¹³ [OECD, Guidelines for Multinational Enterprises on Responsible Business Conduct](#), 2011 edition, OECD Publishing, Paris.

Examples of human rights risks

Despite their positive impact on mitigating climate change and biodiversity loss, nature-based solutions can have clear adverse human rights impacts on communities, including:

- violations of customary land and carbon rights of local peoples, including Indigenous Peoples and traditional communities
- lack of meaningful consultation with communities about land use and benefit sharing
- inadequate compensation and exploitation of communities participating in nature-based solutions
- displacement of communities through land grabs and exclusions
- loss of land used for grazing and farming leading to loss of livelihoods
- violence by security forces
- sexual harassment and gender-based violence at project sites
- threats to environmental human rights defenders

Identifying and addressing human rights risks and impacts

Conducting HRDD on nature-based solutions can be challenging as there can be a “green haze” surrounding these projects due to their positive impacts to the environment. Often such projects are also managed by third-party suppliers and in the case of carbon offsets, they are purchased from suppliers who may be one or two tiers removed from the projects themselves. If companies are managing nature-based solution projects themselves, they may represent a new business activity for the company. Impacts on biodiversity and human rights can be highly complex and context specific, which may create challenges in identifying and addressing the human rights impacts associated with nature-based solutions.

The following insights may be helpful to companies conducting HRDD on nature-based solutions:

- Clarify expectations at an early stage regarding respect for human rights with partners implementing nature-based solutions and suppliers of carbon offsets.
- Consider capacity building and raising awareness on potential human rights issues among implementing partners, including environmental NGOs.
- Consider the role of security forces in nature-based solution projects and refer to the Voluntary Principles on Security and Human Rights.¹⁴
- Since Indigenous Peoples’ lands are often linked to nature-based solutions, seek to engage meaningfully with Indigenous Peoples in HRDD. Adequate compensation should be offered to Indigenous Peoples’ whose lands are being used for offsets, particularly if this use requires them to forego other cultural practices and land use.
- Be transparent in reporting how carbon offsets relate to overall carbon emission reduction strategies.

¹⁴ [Voluntary Principles on Security and Human Rights](#)



A company involved in a tree planting project identified the need to conduct HRDD from the development of the project through to its implementation. This particular project was a new activity for the company.

The company had in place principles for approaching nature-based solutions that included avoiding social and environmental harm and conducting meaningful stakeholder engagement. They also developed a guidance for benefit sharing.

Because the project was being implemented by an environmental NGO, the company recognised the need to build capacity and raise awareness in terms of respect for human rights.

The company also reviewed its processes and protocols for effective grievance mechanisms at the project site, recognising that it may need to modify existing processes to reflect a new context.

Throughout the lifetime of the project, the company engaged with stakeholders, including the communities located near the project.

Cross-cutting insights

The following insights from emerging business practice and approaches may be relevant across different areas of climate action and provide additional considerations to approach human rights-respecting climate action effectively.

Climate action may require changes in the way a company normally does business so companies should conduct HRDD early and continuously to identify and address the impacts of these changes.

HRDD should also be conducted early in the process of developing or investing in a new activity or project. Many business practitioners express frustration at being brought in too late and viewed as potential “dealbreakers” when expressing concerns about human rights issues that could – and should - have been considered earlier in the process.

For companies in the mining or energy sectors, the transition to renewable energy may require entering into more joint ventures. Conducting HRDD early and clearly articulating the company’s human rights expectations before entering into a contract will lay the foundation to identify issues at an early stage and increase leverage opportunities.

A mining company in southern Africa explained that renewable energy projects created new business opportunities for the company, often resulting in increased joint ventures. The company found that it was better to identify and clarify risks early in the negotiation process and to include relevant provisions in joint venture agreements rather than having to clarify human rights risks post contracting.

If transitioning out of assets or markets is necessary to meet climate targets, consider the human rights implications of leaving and exit responsibly.

Climate action may require companies to make hard choices in transitioning out of assets or markets because they are not aligned with the company’s GHG emission reduction targets or global climate targets. The energy transition will require a transition out of fossil fuels, requiring companies to close or leave assets. Scaling up the circular economy may lead companies to close the loops on certain materials, subsequently shifting out of some markets and geographies. Some companies may also choose to leave markets or geographies if the market is not able or willing to decarbonise rapidly enough.

For a company in the garment industry, electrifying supplier factories was identified as essential to reduce its scope 3 emissions. The company included considerations for human rights and climate in its decisions regarding the regions from which it sources materials. However, in practice, it has found it needs to strike a balance between human rights and climate considerations when focusing on electrification. The company has been using its leverage to encourage suppliers to decarbonise and, in some cases, to encourage governments to facilitate electrification. However, the company has also recognised that it may need to shift away from some regions where government authorities are not supporting electrification in line with the company’s climate targets. The company acknowledged the potential human rights implications of a decision to shift sections of its supply chain to new geographies due to electrification challenges, and was working to strengthen its existing relationships with key governments to help to identify and mitigate these risks.

When necessary and appropriate to transition out or exit, companies should do so responsibly and seek to identify and mitigate the impacts to people and communities that are left behind.

A company’s climate action may include partnerships or other collaborations with Indigenous Peoples; in such cases companies should approach the partnership or collaboration with respect for human rights.

Companies implementing climate action may seek to partner with Indigenous Peoples due to their unique knowledge and roles as stewards or custodians of land. For example, Indigenous Peoples may collaborate with companies to support management of forests for nature-based solutions or rehabilitation of soil in the move to regenerative agriculture.

In their partnerships or collaborations with Indigenous Peoples, companies should respect human rights, including avoiding additional harm to Indigenous Peoples, respecting cultural traditions and land rights. Companies should meaningfully and respectfully engage with Indigenous Peoples in a manner that is sensitive to power dynamics and potential ongoing impacts of colonial practices.

Operationalising a just transition

For the purposes of this report, the just transition is understood as the broader transformation States, institutions, economies and companies will need to undergo to respond to the climate crisis – a transformation that should respect human rights, while promoting sustainable development, the eradication of poverty, and the creation of decent work and quality jobs.¹⁵

A just transition encompasses the full spectrum of human rights and is relevant to all companies regardless of sector. Many companies are already attempting to understand how to implement a just transition in the context of their operating environment and sector. Some insights drawn from those practices include:

- While there is not a clear standard for just transition, there are a number of principles that have been applied to consider what is "just". Despite this, many companies will negotiate projects on a local level where there may be a different definition of what is just. Companies will need to listen to different stakeholder views in determining what is just.
- In some regions, the term has been politicised and it is not helpful in discussions. However, many companies find it a useful term to use internally to gain traction on human rights and climate-related projects.
- Just transition benchmarks can help provide a roadmap with a common language that ensures companies understand what is being asked of them.
- For companies in different sectors and geographies, the just transition can be operationalised in different ways. Relevant sector guidance can clarify how companies can approach the just transition.

Since systems transformations are needed to ensure global climate targets are met, business may need to collaborate more closely with government and civil society to ensure that people are not left behind.

Companies are recognising that their climate action may necessitate multi-stakeholder collaboration to address the adverse human rights impacts on people and communities.

For example, extractive companies that are mining the minerals needed to fuel the energy transition recognise the need to collaborate with government and civil society to facilitate the development aims of communities near mine sites, including access to energy. Many companies focussed on circular economy recognise the need to collaborate with other companies, government and civil society to address the human rights impacts on informal waste workers.

Collaboration with other stakeholders can help to strengthen a company's leverage to prevent or mitigate an adverse impact. However, governments will also need to be active in supporting collective approaches to tackling challenging human rights issues.

¹⁵ [Institute for Human Rights and Business, Just Transitions Dialogue: Exploring the Need for International Rules Based on Local Realities](#), 2 February 2023.

Looking forward

Companies are accelerating their climate action as a matter of urgency to reach global climate targets. However, companies should strive to meet their responsibility to respect human rights throughout their climate action and by doing so, contribute to a just transition. Recognising that practice in this area is still developing, GBI will continue to engage with business practitioners on more integrated approaches to climate action and human rights.¹⁶

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Global Business Initiative on Human Rights

19c Commercial Road, Eastbourne, East Sussex, BN21 3XE, UK

engage@gbih.org www.gbih.org