

Human Rights Committee

Research Reports

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Forum: Human Rights Committee

Issue: Holding Transnational Corporations (TNCs) Accountable for Violations of Human Rights

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Introduction

Multinational Corporations (MNCs) are major drivers of the global economy, catalyzing economic growth, technological advancement, and improving employment opportunities. Their activities have not been controversy-free. Indeed, the pursuit of profit maximization is at times known to transcend human rights concerns and has been a serious challenge for policy thinkers, business, and civil society.

Some developing nations may find it beneficial to provide incentives such as tax breaks and less labor regulation in order to attract foreign investment and jumpstart economic growth. While such a policy move will bring in some benefits in terms of economic gain in the short run, it can also open up ways for exploitation. Cost reduction would always become the focus of MNCs while putting ethical issues on the back burner. This leads to poor working conditions, low wages, and environmental degradation. Child labor, forced labor, and lethal workplaces are very rampant in some industries and countries.

What is more concerning about the matter is that MNCs can affect government policies and legal systems. Businesses, particularly huge ones, can create favorable regulatory environments for themselves through lobbying, campaign finance, and threats to remove capital. Frequently, deteriorating labor and environmental protection, hence making it hard to hold an MNC responsible for its action. Again, the structure of supply chains is what lines of responsibility get obscured, particularly in human rights violations at far tiers of production.

The negative impacts of MNCs call for multi-pronged intervention: the enactment and enforcement of robust labor and environmental regulations by governments, paired with incentives for firms to practice sustainability. Much would have to be done on the part of the MNCs themselves in terms of ensuring ethical standards all along the supply chains and engaging stakeholders at all levels, such as workers, communities, and human rights organizations. It is important that international cooperation creates global standards and mechanisms for accountability. The level playing field and responsible business practice can therefore help capture the benefits of globalization while minimizing its negative consequences.

Definition of Key Terms

Transnational Corporation (TNC): A large company that operates in multiple countries, often with significant economic power and influence.

Human Rights Violations: Actions that infringe upon the basic rights and freedoms to which all humans are entitled, such as safe working conditions and fair wages.

Accountability: The obligation of individuals or organizations to account for their activities, accept responsibility, and disclose results transparently.

Corporate Social Responsibility (CSR): A self-regulating business model where companies incorporate social and environmental concerns in their operations and interactions.

Exploitation: Taking unfair advantage of someone, often through low wages and poor working conditions, especially in developing countries.

Environmental Degradation: The deterioration of the environment through depletion of resources, destruction of ecosystems, and pollution, often caused by industrial activities.

International Labour Organization (ILO): A UN agency that sets international labor standards and promotes rights at work.

Supply Chain: The network of all the individuals, organizations, resources, activities, and technology involved in the creation and sale of a product.

Due Diligence: The investigation or exercise of care that a reasonable business or person is normally expected to take before entering into an agreement or contract.

Multilateral Agreement: A treaty or agreement signed by multiple countries to address a common issue or to regulate certain activities.

Ethical Sourcing: The process of ensuring that the products being sourced are obtained in a responsible and sustainable way, taking into account the workers' rights and environmental impact.

Major Countries and Organizations Involved

United States: Home to many of the world's largest TNCs, which have significant influence over global economic policies.

Bangladesh: An example of a country where TNCs have been accused of poor labor practices, particularly in the garment industry.

International Labour Organization (ILO): Works to promote decent work conditions globally and has set international labor standards.

United Nations Human Rights Council (UNHRC): A UN body responsible for promoting and protecting human rights around the world.

Timeline of Events

Date Event

1948 Universal Declaration of Human Rights adopted by the UN.

1976 Establishment of the OECD Guidelines for Multinational Enterprises.

1998 ILO Declaration on Fundamental Principles and Rights at Work adopted.

2000 UN Global Compact launched to encourage businesses worldwide to adopt sustainable and socially responsible policies.

2011 UN Guiding Principles on Business and Human Rights endorsed.

2013 Rana Plaza building collapse in Bangladesh highlights severe labor abuses in the garment industry.

2014 UNHRC establishes an intergovernmental working group to create a legally binding instrument on transnational corporations and human rights.

2017 French Duty of Vigilance Law enacted, requiring large companies to identify and prevent human rights abuses in their supply chains.

2020 The EU initiates a process to draft legislation on mandatory human rights and environmental due diligence for companies.

2021 German Supply Chain Due Diligence Act adopted, obliging companies to ensure human rights standards are met in their supply chain

UN Treaties and Events

Universal Declaration of Human Rights (1948): Establishes fundamental human rights to be universally protected.

Article 1: All human beings are born free and equal in dignity and rights.

Article 23: Everyone has the right to work, to free choice of employment, to just and favorable conditions of work, and to protection against unemployment.

Article 25: Everyone has the right to a standard of living adequate for health and well-being.

UN Guiding Principles on Business and Human Rights (2011): Provides a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity.

Principle 1: States must protect against human rights abuse within their territory and/or jurisdiction by third parties, including business enterprises.

Principle 11: Business enterprises should respect human rights, avoid infringing on the human rights of others, and address adverse human rights impacts with which they are involved.

Principle 15: In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances.

OECD Guidelines for Multinational Enterprises (1976): Recommendations providing principles and standards for responsible business conduct in a global context.

Chapter IV (Human Rights): Enterprises should respect human rights, which means they should avoid infringing on the human rights of others and address adverse human rights impacts with which they are involved.

Chapter V (Employment and Industrial Relations): Enterprises should respect the right of their

employees to be represented by trade unions and other bona fide representatives of employees, and engage in constructive negotiations.

Chapter VI (Environment): Enterprises should establish and maintain a system of environmental management appropriate to the enterprise, including collection and evaluation of adequate and timely information regarding the environmental, health, and safety impacts of their activities.

ILO Declaration on Fundamental Principles and Rights at Work (1998): Commits member states to respect and promote principles and rights in four categories: freedom of association and the right to collective bargaining, the elimination of forced labor, the abolition of child labor, and the elimination of discrimination in respect of employment and occupation.

Principle 1: Freedom of association and the effective recognition of the right to collective bargaining.

Principle 2: The elimination of all forms of forced or compulsory labor.

Principle 3: The effective abolition of child labor.

Principle 4: The elimination of discrimination in respect of employment and occupation.

Previous Attempts to Solve This Issue

June 16, 2011: UNHRC endorses the UN Guiding Principles on Business and Human Rights, establishing a framework for addressing human rights impacts of businesses.

November 25, 2013: Rana Plaza Arrangement signed to provide compensation to victims of the Rana Plaza building collapse in Bangladesh.

June 23, 2014: UNHRC establishes an intergovernmental working group to create a legally binding instrument on transnational corporations and human rights.

March 27, 2017: France enacts the Duty of Vigilance Law, requiring large companies to prevent human rights abuses and environmental damage throughout their supply chains.

July 10, 2020: The EU announces plans to draft legislation on mandatory human rights and environmental due diligence for companies.

Possible Solutions

To ensure that transnational corporations (TNCs) are held responsible for any violations of rights there are several effective strategies that can be put into action. It is crucial to establish a binding treaty that would require TNCs to adhere to human rights standards by implementing regular monitoring and reporting systems. This treaty would play a role in addressing and correcting violations in a systematic

manner. Moreover, encouraging TNCs to embrace Corporate Social Responsibility (CSR) policies that prioritize human rights and environmental sustainability can bring about significant positive changes in their practices. Transparency is key; enforcing stricter guidelines for public disclosure of labor practices, environmental impacts and compliance with human rights standards would make TNCs more accountable to the public. Setting up international monitoring bodies would further ensure compliance with these standards by offering impartial oversight of TNC activities. Lastly, promoting ethical consumerism empowers individuals to patronize companies dedicated to conduct and human rights protection creating market pressure for TNCs to enhance their operations. Together these actions can greatly improve the accountability of TNCs. Safeguard human rights, on a global scale.

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