How can the UN Guiding Principles help companies to respect human rights when taking climate action?

Companies are increasingly recognizing that climate change is integrally related not only to other ‘environmental’ issues – but also to a whole range of social factors, which have human rights at their core. Yet, when it comes to managing climate change and human rights risks, many businesses find it challenging to develop an integrated approach.

At Shift’s 2022 Business Learning Program workshop, we explored how the UN Guiding Principles can provide a framework for companies to bring these critical aspects of risk management together. In a new report, Climate Action and Human Rights: How the UN Guiding Principles can help companies respect human rights when responding to climate change, Shift offers a practical overview of how the UNGPs can help companies ensure that their climate change strategies are also addressing the negative impacts on people that can result from:
- business operations, products or services that increase the vulnerability of people to climate change and reduce their resilience;
- mitigation actions that minimize future climate change and respond to transition risk; and
- adaptation actions that respond to the physical risks and impacts of climate change.

For those of you looking for more information on key climate change concepts, check out this handy Climate Change Background document.

We’re looking forward to continuing to work at the nexus between climate change, environmental impacts and human rights with our partners in 2023.

---

**NEW**

**EXECUTIVE SUMMARY:**

Principles for Corporate Engagement on Human Rights with the Informal Waste Sector

---

‘Fair Circularity Principles’ on rights of informal waste sector workers launched

Informal waste sector workers play a vital role in plastics recycling value chains, collecting as much as 60% of the plastic waste for recycling globally. In spite of their significant contributions to waste management and recycling – and public health and the environment more widely – waste pickers are vulnerable to a broad range of human rights impacts.

In November 2022, a group of consumer goods companies, together with the NGO Tearfund, launched the Fair Circularity Initiative, which aims to ensure the human rights of these workers are respected and their critical role in circular value chains is recognized. The initiative is based on a set of 10 Principles for
Corporate Engagement with the Informal Waste Sector that Shift worked with the founding organizations to develop. These principles apply the expectations of the UNGPs to the informal waste sector, with a focus on plastics recycling value chains. The principles were informed by direct input from informal waste sector workers and are accompanied by a description of common – and often severe – human rights impacts experienced by waste pickers.

Going forward, it’s critical that the expectations of the UNGPs are brought into discussions about how companies meet their environmental responsibilities. You can read the executive summary of our report that informed the principles here.

- READ | Executive Summary of the Principles for Corporate Engagement with the Informal Waste Sector.

What data do investors need to manage human rights risks?

Working together, Shift and UN PRI, the UN-supported network of investors that promotes sustainable investment, set out to identify the challenges facing investors seeking to understand and address how portfolio companies manage human rights risks within their operations and value chains. This report reveals the key findings, including four critical areas for improving the quantity and quality of information accessible to investors:

1. Companies’ inherent human rights risks, including those based in their business model
2. How the board and leadership help embed commitments in company culture and practice
3. The quality of companies’ Human Rights Due Diligence
4. Quantitative information about positive human rights outcomes to which companies have contributed
1. Companies’ **inherent human rights risks**, including those based in their business model

2. How the **board and leadership help embed commitments** in company culture and practice

3. The quality of companies’ **Human Rights Due Diligence**

4. Quantitative information about **positive human rights outcomes** to which companies have contributed

**Read the full report** to learn more about how these gaps can be addressed, and how they relate to the latest developments in reporting standards.

We will be publishing more on design principles for good social indicators and metrics, as well as research into the quality of existing metrics in this space – so stay tuned.

**UPDATE | Reporting Standards**

Reporting standards on ‘social’ issues are gathering steam. After frenetic months of work, we are delighted that the EFRAG Sustainability Reporting Board, of which Shift’s David Vermijs is a member, delivered a **first set of draft EU sustainability reporting standards** in November 2022. Key achievements include:

- full alignment with the UNGPs and their articulation of human rights due diligence (HRDD);
- clarity that assessments of material impacts should use the same prioritization process required in HRDD;
- a clear construct for the social standards, based on the four affected stakeholder groups of ‘own workforce’, ‘value chain workers’, ‘affected communities’ and ‘consumers and end-users’; and
- alignment with the Taskforce for Climate-related Financial Disclosures (TCFD)/International Sustainability Standards Board (ISSB) four-part framework of governance, strategy, risk management and targets and metrics

In December Shift published a **short paper** setting out the rationale for the ISSB to develop a thematic standard on social-related issues as a matter of priority. As the ISSB formally considers its future workplan, we hope that many voices will join to support both the integration of ‘just transition’ disclosures into ISSB’s climate standard, and the urgency of progressing a general ISSB standard for disclosures on material social issues.
The need for these disclosures is well evidenced in the new report highlighted above, *What data do investors need to manage human rights risks?*, which Shift developed with Principles for Responsible Investment.

**Learn more** | Read Shift's comments on the ISSB Sustainability Reporting Standards [here](#).

---

**NEW | Meet our new board members**

Shift is delighted to welcome three new members to its Board of Trustees:

**Maria Anne van Dijk** is an independent business and human rights strategist, who brings with her extensive expertise in sustainable banking practices. Maria Anne has worked in the financial services industry for over 30 years, including as Global Head of Environmental and Social Risk Advisory and Monitoring at ABN AMRO Bank, where she developed their human rights program.

[Read her full bio here.](#)

**John Knox** is the Henry C. Lauerman Professor of International Law at Wake Forest University, where he has taught since 2006. John brings vast experience working on human rights and the environment, including as the first UN Special Rapporteur on the issue of human rights obligations relating to the enjoyment of a safe, clean, healthy and sustainable environment.

[Read her full bio here.](#)
Alexandra Haas is the Executive Director of Oxfam Mexico. In 2020, she was a guest researcher at the Centro de Investigación y Docencia Económicas and advisor on gender and inclusion at the Coordinación de Difusión Cultural de la UNAM. Alexandra has participated in developing and implementing legislative and public policy initiatives with a human rights perspective in international organizations, government institutions and social organizations in Mexico, the United States, Guatemala and Argentina.

Read her full bio here.