Disruptions and Corporate Human Rights Responsibility: A Flashback to the COVID-19

Winibaldus Stefanus Mere Nanzan University, Japan Email: merestef@nanzan-u.ac.jp

Otto Gusti Ndegong Madung Ledalero Institute of Philoshopy and Creative Technology Email: ottomadung@gmail.com

Abstract

This article aims to examine the question of how and to what extent business entities can balance the necessities of making business profits and performing social responsibilities in spite of various disruptions encountered in a pandemic. How and to what extent should their social and human rights responsibilities be managed during the COVID-19 pandemic or a similar crisis? The relevance of these questions arises from the fact that while the main purpose of business is to make profits while providing goods, services, jobs and sources of income to many people, various disruptions arising from policy responses to the COVID-19 pandemic have been posing very serious challenges to business management practices, profitability and sustainability. These challenges may force businesses to compromise on their social and human rights responsibilities to affected stakeholders for the sake of preserving their commercial responsibilities to their shareholders. This article argues that efforts to ensure effective performance for a balanced approach between commercial responsibilities and human rights responsibilities require a corporate organizational culture that takes human rights risks as seriously as commercial risks. This means there must be an organizational attitude that maintains an unwavering commitment to respect human rights while doing business. In practice this organizational attitude should be manifested through a clear indicator of its commitment to both "know" and "show" human rights responsibilities by way of embedding human rights policy and due diligence procedures into corporate culture.

Keywords: Corporate human rights due diligence, disruptions, COVID-19, Pandemic, Business dilemma

I. INTRODUCTION

While businesses play a crucial role in providing goods, services, jobs and sources of income to most people in a society, the COVID-19 pandemic has been posing very serious challenges to their business management practices. This is mainly because business entities need to adjust not only business decisions and practices in accord with government policies in response to COVID-19 pandemic, but they must also balance the continuity and productivity of their business operations with the safety and health of their customers, workers, and business partners. The former concerns the commercial profitability that should be the main purpose and priority of business operations. The latter concerns fundamental human rights, particularly social and economic rights, of people who are directly or indirectly involved in or impacted by business operations. Efforts to maintain business continuity and productivity suddenly encountered various disruptions due to government restrictions of movement through social distancing and lockdown policies. This led to a sharp decline in the production and distribution of goods and services and had a widespread negative impact on sales across firms. It also crippled business productivity and created uncertainty for business plans and operations. Most corporations had to suspend their in-person operation. The decrease or loss of corporate revenue also forced some corporations to furlough their workers or stop business operations all together, resulting in job and income losses for many workers.² Even if corporations do not suspend them, many workers have had to work in unsafe and unhealthy conditions in situations in which they may be prone to infection with COVID-19³, thus posing serious threats to their rights to health and life. For some business sectors, in particular financial sectors, such as banking enterprises, the impacts of COVID-19 disruptions may last long after the pandemic, even years after, due to, for

¹ Maria Christine Apedo-Amah, et al., "Unmasking the Impact of COVID-19 on Businesses: Firm Level Evidence from Across the World", Policy Research Working Paper 9434 (October 2020) at 7, online: World Bank Group https://openknowledge.worldbank.org/server/api/core/bitsreams/b26d46b1-969 d-59f8 -9c03-554e94e7a1a1/content>.

² Katharine Jones, et al., "Lock Down and In Limbo: The Global Impact of COVID-19 on Migrant Worker Rights and Recruitment", Report prepared by REFRAME (Geneva: ILO Publication, 2021), online: https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---ilo-ankara/documents/ publication/wcms_829614.pdf>; International Labour Organization, "A global survey of enterprises: Managing the business disruptions of COVID-19: Second quarter 2020 situational analysis" (2020), online: ILO https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/">https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/ publication/wcms 760306.pdf>.

³ International Labor Organization and World Health Organization, "COVID-19: Occupational Health and safety for Health Workers" (2 February 2021) Interim Guidance, online: < https://www.who.int/publications/i/item/WHO-2019-nCoV-HCW_advice-2021-1>.

instance, "losses on non-performing loans and policy implementation." These lasting impacts may affect customers' enjoyment of human rights until the post period of the COVID-19 pandemic.

Facing challenges brought on by government policy measures created in response to an unprecedented global health crisis, the questions remain as to how and to what extent can business entities keep a balanced approach between making business profits and performing social responsibilities despite various disruptions in the middle of a pandemic. How and to what extent should businesses' social and human rights responsibilities be managed and performed during the COVID-19 pandemic or a similar crisis? These are the questions this paper tries to answer. It begins in part II with a general overview of the business disruptions that can pose serious challenges to business objectives and priorities during a pandemic, with a particular focus on the COVID-19 pandemic. This is followed in Part III with potential business dilemmas and their impacts on human rights. Part IV then examines the relevance of corporate responsibility for human rights due diligence (HRDD) in the context of corporate organizational culture to ensure the balance between both commercial profit objectives and human rights responsibilities to stakeholders and society in general. The article ends with a conclusion in part V.

II. BUSINESS DISRUPTIONS DUE TO MEASURES AGAINST COVID-19

The COVID-19 pandemic brought unprecedented consequences to all aspects of human life around the world. As a global health crisis, in general, most nations around the world perceived movement restrictions through social distancing and lockdown measures to be the most effective non-pharmaceutical approach to controlling the spread of the virus, particularly in the absence of medication that could prevent and cure the disease. In practice, these practices can be seen in measures to shut down borders, close institutional (school, business, office) activities, ban public gatherings and restrict access to public transportation. Research conducted in 30 countries by the International Labour Organization (ILO) indicates that 93 percent of countries closed their borders to control the entry of potentially infected people, 77 percent imposed strict lockdowns on affected

⁴ OECD, "The COVID-19 crisis and banking system resilience: Simulation of losses on non-performing loans and policy implications" (2021), online: https://www.oecd.org/daf/fin/financial-markets/COVID-19-crisis-and-banking-system-resilience.pdf.

⁵ Annelies Wilder-smith and David Freedman, "Isolation, quarantine, social distancing and community containment: pivotal role for old-style public health measures in the novel coronavirus (2019-nCoV) outbreak" (2020) 27:2 J. Travel Med. 1.

areas, cities or even the entire country, and 60 percent declared a state of emergency.⁶ Adding to these, there were also other original policies designed and implemented by governments of certain countries, such as the *san mitsu* policy (which aimed to avoid the so-called "Three Cs": closed spaces, crowds, and close-contact situations) which was put in place by the Japanese government to slow down the spread of COVID-19.⁷

In business sectors, government responses to the threats of COVID-19 on public health were accompanied by economic and social disruptions that threatened the continuity of business operations and the long-term livelihood and wellbeing of millions of people. In addressing the potential risks and impacts of such social and economic disruptions, governments in many countries also adopted various measures to support business entities and working people potentially affected by policies to curb the virus. As indicated in the ILO report, many countries 1) took measures to defer, reduce or exempt workers from social security and tax payments, 2) provided business enterprises with access to grants through stimulus packages and free or low-interest loans, 3) improved the repayment conditions of existing loans by decreasing interest rates, waiving penalties and deferring loan payments and 4) offered financial support to pay for employees' wages. Concrete interventions and rescue packages were also provided for various micro, small and medium size enterprises which may not have survived due to their small size and financial condition yet accounted for the vast majority of employment. For instance, the Japanese government through its Ministry of Economy, Trade and Industry introduced a package of measures in support of small and medium size enterprises in the form of a subsidy program for sustainability, monotsukuri (manufacturing) and the introduction of information technology (IT). This subsidy program was issued with an expectation that corporations would be able to avoid adverse impacts of government policies against COVID-19 by 1) taking appropriate actions in "response to damage to supply chains", 2) "shifting to non-face-to-face business models" and 3) initiating the "development of teleworking environments". There were also instances in which the governments and agencies of some countries provided contradictory instructions and

⁶ International Labour Organization, *supra* note 2 at 2.

Ministry of Health, Labor and Welfare, "Avoid the "Three Cs"!: Important Notice to Prevent COVID-19 Outbreaks" (2020) online: https://www.mhlw.go.jp/content/3CS.pdf.

⁸ Generally see, Maria Christine Apedo-Amah, et al., *supra* note 1.

⁹ International Labour Organization, "COVID-19 and the world of work" (2020), online: Country policy responses, https://www.ilo.org/global/topics/coronavirus/regional-country/ country-responses/lang--en/index.htm>.

¹⁰ Ministry of Economic, Trade and Industry, "Package of Measures for Supporting Businesses in Resuming their Business Operations Formulated" (22 May 2020), online: SME & Regional Economic Policy https://www.meti.go.jp/english/press/2020/0522_004.html.

policy measures that prompted corporations to act on their own with uncertainty regarding the prospects of their business operations and the extent to which their social responsibility should be managed.¹¹

While corporations - in close cooperation with government and employees - played a very crucial role in combating the spread of COVID-19, it was a very challenging role because at the same time they need to ensure the safety of individuals (human rights risks) and the sustainability of businesses and jobs. An inability to manage the impact of general economic and social disruptions can lead to widespread business disruptions. This cause-effect relation can be seen, for instance, in the fact that the lack of access to financial sources, decrease in production and distribution of goods and services, and the absence of in-person business activities due to social distancing policies brought about new problems for most corporations in maintaining business continuity and preserving the jobs of their workers. ¹² Even if financial resources were available through government subsidies as in the case of Japan mentioned above and even if innovative IT solutions enabled non-face-to-face or teleworking environments that helped protect the continuity of business activities to some extent, in-person business activities through personal contacts are still inevitable for most industries. 13 The absence of in-person business activities in these industries may decrease or even terminate the production and distribution of goods and services that result in job and income lost among their workers.

From the perspective of financial cost and productivity, in-person business activities may have more productive results and lower financial costs than non-face-to-face business activities. Therefore, even though government subsidies may have helped corporations to develop innovative non-face-to-face business practices or to initiate teleworking environments through IT system upgrades, these may have only helped to some limited extent as corporations had to shoulder new financial burdens associated with an increase in both production and distribution costs. A study by Koren and Peto indicated that in normal conditions where there are no restrictions or requirements of social distancing, effective and efficient production processes rely on workers' specialization in a narrow range of tasks and intensive interactions with other workers to complete the tasks. This division of labor and interactions leads to a more productive

¹¹ Institute for Human Rights and Business, "Respecting Human Rights in the Time of the COVID-19 Pandemic: Examining Companies' Responsibilities for Workers and Affected Communities" (April 2020), at 5-6, online: IHRB https://www.ihrb.org/focus-areas/covid-19/report-respecting-human-rights-in-the-time-of-covid-19.

¹² International Labour Organization, *supra* note 2.

¹³ Jonathan I. Dingel and Brent Neiman, "How Many Jobs Can be Done at Home" (2020), 189 J. Public Econ. 1.

outcome with lower production costs. Limiting the division of labour and collegial interactions for a process of production that typically required face-to-face business activities meant limiting the conditions for an efficient and effective process of production. Replacing the existing procedures with innovative non-face-to-face means of production to reach the same outcome as in face-to-face production ultimately increased production costs.¹⁴

Accommodation, food services, entertainment, recreation, manufacturing, healthcare, public transportation, consultation services, retail, and electronic equipment makers are some of business activities that require intensive or frequent physical presence and face-to-face interactions. For these types of commercial activities, social distancing and lockdown policies that limited the division of labour and collegial interactions created business disruptions. In this instance, Koren and Peto indicated that when the division of labour decreases along with worker interactions, production costs also increase. The government subsidies in some countries may have helped to cover labour costs and allow firms not to fire their workers. However, the problem is that the insufficient division of labour and the lack of physical presence for essential interactions posed additional risks to the continuity and productivity of business operations.

III. BUSINESS DILEMMAS AND HUMAN RIGHTS IMPACTS OF COVID-19

The above-mentioned conditions create serious dilemmas for most corporations as they aim to maintain business productivity and profits while keeping workers, customers, and partners healthy and safe from COVID-19. In countries that had no subsidies or insufficient subsidies from the government, the above-mentioned disruptions put significant pressure on corporations. They did not have much choice but to dismiss their workers. As indicated in a 2020 ILO survey, at the time the survey was carried out, more than one third of corporations around the world had dismissed, or planned to dismiss, between 1 and 10 percent of their employees, about 40 percent had dismissed, or planned to dismiss, between 11 and 40 percent of their employees, and about a quarter had dismissed, or planned to dismiss, over 41 percent of their employees. Micro and small enterprises dismissed or planned to dismiss higher shares of workers compared to medium and large enterprises. Five out of every 10 micro enterprises and 4 out of every

¹⁴ Miklós Koren and Rita Pető, "Business disruptions from social distancing" (2020), 15:9 PLoS ONE 1, at 2,14-15; Michael Storper and Anthony J. Venables, "Buzz: Face-to-face contacts and the urban economy" (2004), 4:4 J. Econ. Geogr 351, at 351-370.

¹⁵ Miklós Koren and Rita Pető, supra note 14, at 8-9.

10 small enterprises dismissed or planned to dismiss over 31 percent of their workers. By comparison, only 2 of every 10 medium and large enterprises said that they had dismissed or planned to dismiss more than 31 percent of their employees.¹⁶

As for specific cases, reports from major garment-producing countries, such as Bangladesh, Cambodia, India, Indonesia, Myanmar, Sri Lanka and Vietnam, indicated that Ready Made Garment (RGM) industries in these countries laid off millions of workers without pay due to order cancelations by clothing retailers who had experienced drastic drops in sales amid lockdown policies during the COVID-19 pandemic.¹⁷ The dismissal of workers posed significant threats to basic human rights as it may have violated the rights to work and enjoy just and favourable conditions of work.¹⁸ Some retailers did not cancel orders but lowered the prices of orders and extended payment terms. Accordingly, this forced garment manufacturing companies to lower the wages and extend the payment terms for their workers as well.¹⁹ In this situation, workers were left in vulnerable conditions as they received lower wages (wages below minimum wage) with late payment.²⁰ This of course violated the right to just conditions of work and fair wages.²¹

In some countries, the demand for in-person business activities forced corporations to allow their employees to work in unsafe and unhealthy conditions. At the beginning of 2020, the meatpacking and processing industry in the United States (US)²² and the European Union (EU)²³ made headlines and were under increasing scrutiny due to the

¹⁶ International Labour Organization, supra note 2, at 19.

¹⁷ Hinrich Voss, "Implications of the COVID-19 Pandemic for Human Rights and Modern Slavery Vulnerabilities in Global Value Chains" (2020), 27:2 Transnatl. Corp 133; International Labour Organization, "Recommendations for garment manufactures on how to address the COVID-19 pandemic" (2020), online: ILO Report on Decent Work in the Garment Sector Supply chains in Asia, https://www.ilo.org/wcmsp5/groups/public/---asia/---robangkok/documents/briefingnote/wcms_741642.pdf.

¹⁸ International Covenant on Economic, Social and Cultural Rights (16 December 1966), A/RES/2200 Art. 6-7 [ICESCR]

¹⁹ International Labour Organization, *supra* note 17.

²⁰ Jasmin Malik Chua, "Fashion's \$40 Billion Cancellation Spree Leaves Suppliers Footing the Bill" (14 December 2021), online: Sourcing Journal https://sourcingjournal.com/topics/labor/ order-cancel ations-pandemic-buying-practices-remake-worker-rights-consortium-318669/>.

²¹ ICESCR, supra note 18, Art. 7.

²² Josh Funk, "Government Data: At Least 59K Meat Plant Workers Caught COVID, 269 Died" (27 October 2021), online: Food Manufacturing Newslette r < https://www.foodmanufacturing.com/safety/news/21796667/government-data-at-least-59k-meat-plant-workers-caught-covid-269-died>.

²³ European Federation of Food Agriculture and Tourism Trade Union, COVID-19 outbreaks in slaughterhouses and meet processing plants: State of affairs and demands for action at EU level (7 September 2020), online: EFFAT Report https://effat.org/wp-content/uploads/2020/09/COVID-19-outbreaks-in-slaughterhouses-and-meat-processing-plants-State-of-affairs-and-demands-for-action-at-EU-level-7.09.2020.pdf.

lack of occupational safety and health that turned working places into epicenters of COVID-19 outbreaks. The meat processing and packing industry, among others, is a labor-intensive business sector that requires the physical presence of and interaction of its workers. In the US, it was reported that insufficient occupational safety and health allowed for the infection of at least 59,000 meatpacking and processing workers in 59 distinct firms, at least 269 of whom died from the infection. ²⁴ Similarly, meat packaging and processing plants in most countries within the EU became hotspots for the COVID-19 infection of thousands of workers due to unsafe and unhealthy working conditions. Among them, Germany, for instance, confirmed that in one of its biggest slaughterhouses (the biggest in the EU as well), 1,550 of its 7000 workers were infected by COVID-19 at one point. 25 Most workers (mainly migrants) who were employed through subcontracting companies commuted to and from working places and carried out meat processing activities with insufficient safety and health protection. While the use of subcontracting companies allows meat companies to cut costs, avoid potential liability in the case of workers' rights violations, and limit social security contributions and corporate taxations, ²⁶ this business practice puts workers' rights to health, to life and to decent working conditions in jeopardy.

For these workers, there was no other option but to work and risk their safety and health. Although there were workers who refused to work and filed complaints to relevant authorities for occupational safety and health concerns in the US, ²⁷ a recent survey found that over 300 million workers from 142 countries felt that they could not report safety issues to their employers without fear of punishment and retaliation by the companies where they are working. ²⁸ An absence of appropriate mediums for expression of opinions and concerns can lead to serious safety and health risks. Consequently, this did not only violate workers' rights to health and decent working conditions as mentioned above but also infringed on their rights to freedom of expression and assembly. ²⁹ The fact that the expression of their personal health and safety concerns may have been met with fear of retaliation indicates that there was no mechanism to ensure the protection of

²⁴ Josh Funk, supra note 22.

²⁵ European Federation of Food Agriculture and Tourism Trade Union, supra note 23, at 7-8.

²⁶ *Ibid*.

²⁷ In the US, this has become the subject of legal litigation as well. See Kerri S. Reisdorff. et al., "Triaging Employee Refusals to Work Due to COVID-19: A Legal Update for Healthcare Employers" (19 May 2020), 2020, online: Ogletree Deakinshttps://ogletree.com/insights/triaging-employee-refusals-to-work-due-to-covid-19-a-legal-update-for-healthcare-employers/.

²⁸ Lloyd's Register Foundation, "The Lloyd's Register Foundation World Risk Poll" (2020), online: Full report and analysis of the 2019 poll https://wrp.lrfoundation.org.uk>.

²⁹ ICESCR, *supra* note 18, Art. 18, 19, 20,21.

personal information for those voicing their concerns, leading to a violation of the right to privacy³⁰ and confidentiality. As is often the case for low-wage and migrant workers (not exclusive to during the COVID-19 pandemic), they may not even know that they have such rights,³¹ and consequently they are forced to live in vulnerable conditions.

In addition, since most low-wage and migrant workers are in great need of their jobs and live without social welfare protection, their employers may take advantage of their vulnerability and treat them as forced or slave labour.³² An example of this case that made international headlines in 2019 and 2020 was the practice of forced labour in the Malaysian medical gloves producing firms during the COVID-19 pandemic. In response to drastically growing demand in the United Kingdom (UK), parallel supply chains coordinated by the UK National Health Services (NHS)'s supply chains grew rapidly in Malaysia to manufacture medical gloves, thus increasing the demand for workers to meet the increasing production needs. However, due to COVID-19 restrictions, it was difficult to get new workers. Therefore, the supply chains relied on local workers or migrant workers from neighboring countries, such as Nepal, Myanmar and Bangladesh, who were recruited through exploitative, deceptive and intimidating procedures.³³ Since they were limited in quantity, the drastic increase in demand for production was not accompanied by a comparable increase in the number of workers. The workers were then forced to work in unhealthy and unsafe conditions where there were restrictions on movements, holding of wages, excessive overtime requirements, and even isolation.³⁴ This created new burdens for workers who were already vulnerable and prone to exploitation and slave labour practices.

In this way, the medical gloves that aimed to protect the safety and health of people against COVID-19 in the UK were in fact manufactured in a supply chain that exploited workers of other countries who were treated as forced labour without sufficient occupational safety and health protections. An effort to protect the right to health and safety of people in a certain country or area through the provision of medical gloves was

³⁰ ICESCR, supra note 18, Art. 17.

³¹ Kristina Touzenis and Ryszard Cholwinski, "Human Rights of Migrants - Editorial Introduction" (2009), 11:1 IJMS 1, at 11.

³² International Labour Organization, "COVID-19 impact on child labour and forced labour: The response of the IPEC+ Flagship Programme" (20 May 2020), online: COVID-19 < https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_745287.pdf>.

³³ Mahmood Bhutta, et al, "Forced Labour in the Malaysian Medical Gloves Supply Chain before and during the COVID-19 Pandemic: Evidence, Scale and Solutions" (July 2021), at 5-8, online: Joint Research Report, Modern Slavery & Human Rights Policy and Evidence Centre https://modern slaverypec.org/assets/downloads/Malaysia-research-summary.pdf.

³⁴ *Ibid*.

ultimately carried out at the cost of undermining and infringing on that same right to health and on other rights of workers in other countries or areas who are working to produce those medical gloves. Such human rights concerns are not new and have often happened even in normal conditions. But, as indicted earlier, the COVID-19 pandemic made the situation worse because business dilemmas due to unprecedented business disruptions brought about by COVID-19 forced some corporations to abandon human rights protections and other social responsibilities simply to maintain the continuity, productivity and profitability of their business operations.

Any effort to protect the health and safety of people in a certain country by risking workers in other countries may not be driven purely by desires for business profit alone. Corporations may have intended to help people in other countries by providing them with jobs and sources of income in the most difficult time. Even in normal times, this can be seen as a common practice of a meritocratic economic system. However, since workers' vulnerability due to the lack of power and resources do not have a significant impact on business decisions, corporations often manage business operations in a way that results in unintended, discriminatory practices. Without significant bargaining power, vulnerable workers are more likely to become the victims of these discriminatory practices, particularly when corporations that have multiple supply chains are trying to maintain sufficient labour to meet an increased demand for products. 35 Of course, the protection of workers' rights in this condition is primarily the duty of the State. Through the ratification of human rights treaties or the enactment of labour laws concerning workers' rights, States can guarantee non-discriminatory practices toward workers, including vulnerable groups, in business activities. When corporations exploit workers' vulnerability, by, for instance, withholding wages or lowering the payment of wages simply because the workers are women, disabled, foreigners or children, the company may threaten legally protected rights to fair wages.³⁶

IV. A CORPORATE CULTURE THAT IS READY FOR PANDEMICS

Aside from creating wealth and profits, corporations play a crucial role in creating prosperity and well-being for mankind. This means that corporations do not only have

³⁵ Isabelle Solal, et al., "COVID-19, inequality, and gig economy workers" (1 April 2020), online: VOXEU/CEPR Research-based policy analysis and commentary from leading economists https://cepr.org/voxeu/columns/covid-19-inequality-and-gig-economy-workers.

³⁶ ICESCR, Art. 7 (a) (1), Convention on the Rights of the Child, (1989), E/CN.4/RES/1990/74, Art. 2 (2), Art. 30, International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990), A/RES/45/158, Art. 7.

commercial responsibilities but also social and human rights responsibilities within their sphere of influence. In this regard, the unprecedented challenges created by business disruptions during the COVID-19 pandemic required corporations 1) to think with clarity and outside the box of their business objectives, 2) to refocus their business goals, and 3) to reaffirm their commitments to adhering to national and international norms.³⁷ While the survival and profitability of corporations remained the core goal of businesses, the COVID-19 pandemic whose impacts hit very hard on the business sector also reminded them that business survival and profit were only a tiny subset of the survival of our common future of humanity as a whole. It is precisely for this very reason that companies have the responsibility 1) to respect the human rights of all workers directly employed by them, and 2) to use their influence and leverage to safeguard the rights of those who work for their suppliers, partners, and associates. Beyond that, companies have responsibilities to communities directly affected by their business activities, as well as users and consumers of their goods and services.³⁸ The relevance of this social responsibility became even more urgent during the COVID-19 pandemic because unprecedented business disruptions due to the COVID-19 pandemic created difficult dilemmas and challenges that forced some corporations to compromise social responsibilities to stakeholders for the sake of continuing their commercial responsibility to shareholders.

This is precisely why corporations needed moral and human rights principles and norms to guide their behaviour in the most difficult time created by the COVID-19 pandemic. The most widely recognized and latest moral and human rights norms to which corporations can refer to as guidance for their business activities is the United Nations Guiding Principles on Business and Human Rights (GPBHR). The GPBHR consists of three main pillars: the State's duty to protect human rights (pillar I), the corporate responsibility to respect human rights (pillar II) and guaranteed access to effective remedies (pillar III). Recognizing the State as the main duty bearer of human rights protection under international law, Pillar I requires the State to "protect against human rights abuses within their territory and/or jurisdiction by third parties, including

³⁷ Institute for Human Rights and Business, "Respecting Human Rights in the Time of the COVID-19 Pandemic: Examining Companies' Responsibilities for Workers and Affected Communities" (April 2020), at 6, online: IHRB https://www.ihrb.org/uploads/reports/Respecting_Human_Rights_in_the_Time_of_the_COVID-19_Pandemic_alternate_-_IHRB.pdf.

³⁸ *Ibid*.

³⁹ Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework (21 March 2011) UN. Doc A/HRC/17/31 [GPBHR].

⁴⁰ *Ibid.*, Principles 1-10.

⁴¹ *Ibid.*, Principles 1-24.

⁴² *Ibid.*, Principles 25-31.

business enterprises" by "taking appropriate steps to prevent, investigate, punish and redress such abuse through effective policies, legislation, regulations and adjudication." This includes policies that support business enterprises in performing their human rights obligations in difficult and emergency times of conflict, war or widespread pandemic, such as during the COVID-19 pandemic. In other words, on the basis of international and national human rights norms, States should create regulatory and policy frameworks and mechanisms of accountability that help corporations to perform their human rights responsibilities during times of crisis.

While the main duty bearer of human rights protection remains with the State, the GPBHR requires corporations to perform their own responsibility to respect (not duty to protect) human rights in their sphere of influence by setting up policy commitments and conducting human rights due diligence "to identify, prevent, mitigate and account for how they address their adverse human rights impacts." As elaborated further below. these efforts include "assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed."46 The scope of this process is dependent of the size of the corporation and should be ongoing, covering both direct and indirect impacts of corporate conduct. The former refers to corporate conduct that has direct adverse human rights impacts. The latter pertains to corporate contribution to adverse human rights impacts through business relationships with third parties or through products. 47 Here, companies are expected carry out "broader enterprise risk management systems, provided that it goes beyond simply identifying and managing material risks to the company itself, to include risks to rights-holders." For large corporations that have complex business structures and operate internationally, this is a difficult process. In this instance, "business enterprises should identify general areas where the risk of adverse human rights impacts is most significant, whether due to certain suppliers' or clients' operating context, the particular operations, products or services involved, or other relevant considerations, and prioritize these for human rights due diligence."49

If, despite human rights policies being in place and human rights due diligence having been carried out, adverse human rights impacts still occur, both the State and the involved corporations should ensure remediation. As the main duty bearer of human

⁴³ Ibid., Principles 1-3

⁴⁴ *Ibid.*, Principle 7.

⁴⁵ Ibid., Principle 17.

⁴⁶ Ibid., Principle 17.

⁴⁷ *Ibid.*, Principle 17 (a)-(c).

⁴⁸ *Ibid.*, Principle 17, Commentary.

⁴⁹ Ibid., Principle 17, Commentary.

rights protection, the State must pursue both legal or administrative and judicial or non-judicial grievance mechanisms to guarantee remediation. ⁵⁰ Based on government non-judicial grievance guidelines, corporations set up their own remediation policies and practices, and their responsibility to respect human rights requires active engagement in remediation, either by themselves or in cooperation with other actors. ⁵¹

Although the GPBHR does not specifically make reference to corporate human rights responsibilities concerning the right to health and its implementation during the emergency of a pandemic, it does require corporations to "know and show" that they respect all human rights (including the right to health) at all times in the course of their business operations (including during a pandemic). This is because "business enterprises can have an impact on virtually the entire spectrum of internationally recognized human rights" although during a pandemic "some human rights may be at greater risk than others in particular industries or contexts, and therefore will be the focus of heightened attention."

As indicated earlier, to "know and show" that corporations respect human rights during an unprecedented pandemic, they should have in place 1) a business policy commitment to respect human rights, 2) a mechanism of human rights due diligence to identify, prevent, mitigate, and address the human rights risks and impacts of their business operations, and 3) a process of remediation for adverse human rights impacts that have occurred.⁵⁴ Additionally, a business policy commitment to human rights must be made known to all levels of corporations' structures, branches, subsidiaries and partners so that the corporate culture becomes one that emphasizes human rightsfriendly business activities. This policy must be manifested in the commitment to implement the due diligence measures, which include 1) identifying and assessing actual and potential impacts of business activities on human rights due to disruptions during and after a pandemic, 2) integrating and acting on the findings to prevent human rights risks of business policy responses and changes, 3) tracking the effectiveness of the measures taken to address the potential and actual human rights impacts, and 4) communicating to stakeholders about the approach and progress of addressing those human rights impacts to ensure transparency and accountability. 55 These are very important during a pandemic because abnormal conditions due to disruptions may

⁵⁰ *Ibid.*, Principles 25-31.

⁵¹ *Ibid.*, Principle 23, Commentary.

⁵² Ibid., Principle 15, Commentary.

⁵³ Ibid., Principle 12, Commentary.

⁵⁴ *Ibid.*, Principle 15-24.

⁵⁵ Institute for Human Rights and Business, *supra* note 37, at 18-19.

create difficulties in keeping the balance between human rights responsibilities and commercial duties in business operation.

Having these human rights commitments and due diligence practices in place will certainly help corporations to create a corporate culture that respect human rights throughout the corporate organizational structure and emphasises as much in doing business, both in normal and unprecedented times. Intentions and promises (through commitments on paper) without concrete procedures to implement them is insufficient to ensure that human rights are respected throughout the course of business operation. The absence of concrete human rights policies and procedures will only make corporations unprepared and unable to perform their social and moral responsibilities, in particular when an unprecedented pandemic that poses risks to various human rights (as mentioned earlier) occurs. Trying to develop new human rights policy and procedures after a pandemic has already begun is already too late. Thus, a good and effective code of conduct and human rights due diligence policy for business operation during emergency situations should be anticipated and prepared during normal times.

The fact that some corporations abandoned their human rights responsibilities during the COVID-19 pandemic as mentioned earlier highlights the unpreparedness of corporations to respect human rights during a pandemic. This is a result of the absence of a concrete commitment to human rights policies and due diligence practices in doing business. Despite some corporations having policy commitment to human rights, the absence of actual due diligence mechanisms for the implementation of such human rights policies allows the occurrence of human rights abuses in the process of business operations. Concerning wage policies for instance, a study of about 16 brand companies by the Human Rights Resource Centre found that most companies have stated clearly in their human rights policy commitments that they will provide living wages for their workers as minimum wages alone are insufficient to support their workers' livelihoods. However, due to the lack of a concrete strategy and mechanism to implement them, most failed to meet their own human right policy commitments.⁵⁶

Of course, rapid changes and uncertainties during COVID-19 affected normal business plans and forced corporations to face difficult choices among various competing business priorities in response to the pandemic. In this condition, leadership and corporate culture based on a commitment to human rights policy and the

⁵⁶ Alysha Khambay & Thulsi Narayanasamy, "Wage theft and pandemic profits: The right to a living wage for garment workers" (2021), online: Business and Human Rights Resource Centre Report, < https://media.business-humanrights.org/media/documents/Unpaid_wages_v9.pdf>.

implementation of due diligence was needed to maintain business resilience and sustainability in ways that respected human rights. Having commitments to human rights policies and due diligence measures in doing business can enable corporations to adjust to the requirements set out by laws and regulations concerning the respect and protection of human rights during a pandemic while trying to maintain the sustainability of their business. In addition, they can also ensure proper responses to human rights concerns that are raised by their own employees, customers, investors and wider society (shareholders and stakeholders) during a pandemic. Even in the absence of regulations and guidance from the government or demand from shareholder and stakeholders, having a commitment to human rights policy and a due diligence mechanism in place enables corporations to take voluntary action to perform their social responsibility to respect and protect human rights during a pandemic. In this way, corporations are able to maintain not only their commercial activities but also maintain their good reputation by delivering concrete implementation of their commitments to human rights.

While business disruptions due to commercial risks brought by COVID-19 forced some corporations to abandon their human rights responsibilities as mentioned earlier, other corporations demonstrated good business practices that tried to keep the balance between business profits and human rights concerns. For these companies, emergency conditions during a pandemic and business disruptions that followed were not a barrier to providing a meaningful approach to business decisions and practices that respected human rights. They "know" and "show" that no matter what the unprecedented pandemic might have been, they stuck to their human rights policies and due diligence practices. These companies were able to do as much because, as indicated by the Corporate Human Rights Benchmark (CHRB) in its assessment of 229 global companies across five sectors (agricultural products, apparel, automotive manufacturing, extractives and ICT manufacturing), companies with robust human rights policies and due diligence processes already in place were most likely better equipped to respond to human rights risks in spite of the various, unexpected business disruptions during the COVID-19 pandemic. The CHRB's assessment revealed that 60% of global companies that have due diligence processes in place took necessary measures to protect the health and safety of their workers. These included facilitating remote working where possible, implementing physical distancing protocols and providing personal protective

⁵⁷ Corporate Human Rights Benchmark, "COVID-19 and human rights: Assessing the private sector's response to the pandemic across five sectors" (2021), online: World Benchmarking Alliance, 2021, online: https://assets.worldbenchmarkingalliance.org/app/uploads/2021/02/CHBR-COVID-Study_110221_FINAL.pdf.

equipment and hand-washing facilities.⁵⁸ Although these companies prioritized human rights risks and impacts on their own workers rather than the human rights of their consumers, business partners and local communities, ⁵⁹ this trend indicates that companies that have human rights due diligence policies and processes in place also tend to be more responsive and adept in performing their human rights responsibilities compared to companies that do not have such policies.

In this regard, the unprecedented COVID-19 pandemic reminds business entities of the urgency for embedding human rights policy and due diligence practices into their corporate organizational culture. It is a culture of "knowing" and "showing" their human rights responsibility throughout their business operations, including at various levels and throughout the structure of the organization from parent organization all the way down the supply chains. It requires corporate agents to be, as concisely summarized by Rick Relinger, "aware of the human rights risks related to their functional responsibilities, be empowered and incentivized to conduct their work in a manner that respects human rights, and accept respecting human rights as a core element of company values." Of course, this is not without implementational challenges because any transformation of organizational culture through the incorporation of new values, including human rights values, on behalf of a business requires both commitment and skillful management to ensure corporate performance in achieving commercial profitability.

Therefore, having a clear indicator that a company "knows" their responsibility is the first concrete step for embedding respect for human rights in their corporate organizational culture. This includes being aware of and avoiding some common barriers, such as 1) framing human rights in abstract language that creates inconsistencies and confusion, 2) ungrounded communication of human rights performance that does not mirror the recognition of human rights risks at operational levels, 3) the delegation of human rights due diligence process to a group of experts who do not have control or command over relations in the corporate structure, and 4) the absence of cross-functional

⁵⁸ *Ibid.*, at 4.

⁵⁹ This is demonstrated in the CHRB's finding as well, in which only less than 10% of the companies assessed considered the human rights risks and impacts of COVID-19 on local communities and vulnerable groups in their own operations and supply chains. Only 6% of companies consulted with workers' representatives, communities and vulnerable groups in their own operations when identifying and assessing COVID-19 risks and impacts. *Ibid*.

⁶⁰ For summary and full Report, see Shift, Rick Relinger, "Embedding the Corporate Responsibility to Respect Human Rights within Company Culture" (May 2014), at 3, online: Commission Research Report Series https://shiftproject.org/resource/embedding-the-corporate-responsibility-to-respect-human-rights-within-company-culture/.

working group among business unit management to facilitate the coordinated implementation of human rights policies and due diligence practices. 61 Recognizing these gaps will allow corporate agents to claim ownership over human rights policy and due diligence practices and take concrete action to "show" such ownership of values and practices that respect human rights throughout business operations. These actions may include 1) having consistency in communicating human rights internally and externally in accessible and business-friendly terms (human rights as a necessary value for business), 2) coordinating relevant functions to craft concrete plans for implementation and supervision over performance, 3) creating operational level guidelines to implement human rights policy and due diligence practices into each function within the corporate structure and to identify and evaluate human rights risks and impacts that need to be avoided, and 4) developing a system of thorough performance evaluation criteria for due diligence practices. ⁶² With an organizational culture arising from a corporate agent's attitude of "knowing" and "showing" their responsibility to respect human rights, corporations will be able to seriously and effectively address human rights risks and impacts despite various business disruptions created by unprecedented difficult conditions, such as that of the COVID-19 pandemic.

V. CONCLUSION

As social entities, corporations and their agents are assumed to do business in ways that can keep the balance between commercial profits and human rights responsibilities in their scope of business activities and sphere of influence. An effective performance of such a balanced approach needs to be rooted in a corporate organizational culture that takes human rights risks as seriously as commercial and business risks. Given that even in normal times such a balanced approach of an organizational culture poses very serious challenges for corporations and their agents, it becomes even more difficult during an unprecedented crisis or pandemic, as demonstrated during the COVID-19 pandemic. Without this balanced approach already embedded in an organizational structure, disruptions due to government and corporate responses to a pandemic may force corporations and their agents to abandon their human rights responsibilities, in particular when such approaches pose risks to commercial profits. Therefore, a basic attitude for ensuring an unwavering commitment to human rights is required. This basic attitude should be manifested through a clear indication of their commitment to both "know"

⁶¹ These common barriers were identified though twelve interviews by Shift with company representatives and corporate advisors spanning four continents. *Ibid.*, at 3-4.

⁶² *Ibid.* at 4-5.

and "show" their human rights responsibilities by way of embedding human rights policy and due diligence processes into their corporate organizational culture. How this organizational culture of "knowing" and "showing" is implemented will be dependent on the size, scope, type and condition of activities and relationships of business. These will also affect how human rights policies and due diligence practices should be elaborated and which business aspects and affected parties must be prioritized. In the condition of a global health crisis due to COVID-19, for instance, safe and healthy working conditions might be one of business aspects that need particular attention while workers, customers and partners can become parties that needs to be prioritized in human rights policies and due diligence practices. Detailed elaborations of the necessary policies and implementation are beyond the scope of this writing as they vary from corporation to corporation, and corporate agents and the expertise of each corporation are the main actors able to formulate the suitable policies and best practices of human rights due diligence for the given conditions of their business operations.

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Winibaldus Stefanus Mere holds an LLM in International Law with International Relations from the University of Kent, Canterbury, and a PhD in Law (Human Rights Law) from SOAS, University of London, UK. He is currently an Associate Professor in the Faculty of Law and Senior Research Fellow at the Institute for Social Ethics, Nanzan University in Nagoya, Japan. While his recent research projects have been focusing on the legal, social, and spiritual responsibility of business enterprises with regard to human rights and the environment, he writes about a wide range of political and human rights-related issues as well.

Otto Gusti Madung is a Rector (2018 present) of Ledalero Institute of Philosophy and Creative Technology in Maumere, Flores, Nusa Tenggara Timur, Indonesia. He has been teaching philosophy at the Institute since 2009. He obtained his bachelors degree and his master's degree of theology from Institute of Philosophy and Theology, St. Gabriel, Mődling bei Wien, Austria. He completed his PhD at the Institute of Philosophy, Munich, Germany, with thesis titled "Politik und Gewalt: Giorgio Agamben und Juergen Habermas im Vergleich" (Politics and Violence: A Comparative Study of Giorgio Agamben and Juergen Habermas). His teaching courses include political philosophy, human rights, and history of contemporary philosophy. He has published several scholarly articles and books in the areas of human rights, political philosophy, and democracy.