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Webinar Series on Business and Human Rights Developments in Southern Europe

First Episode: Business and Human Developments in Portugal

15 September 12: to 13:30 Lisbon time

Business and Human Rights in Portugal: Key Findings of the First National Survey on Responsible Business Conduct and Human Rights

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Introduction

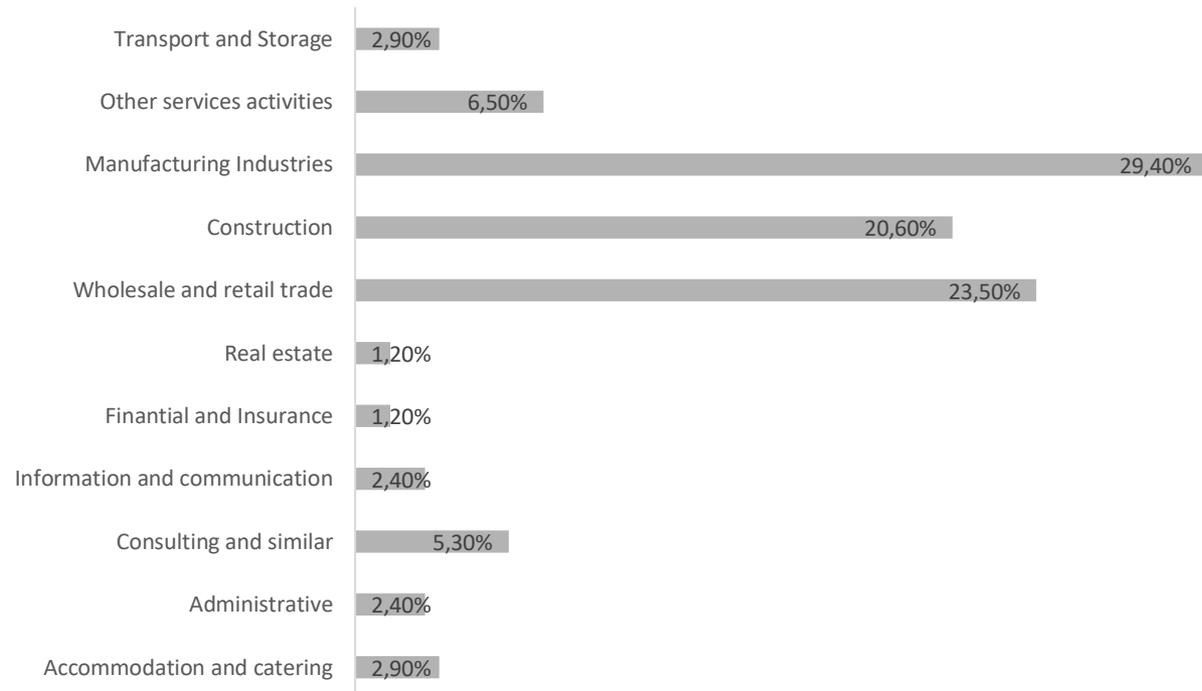
- The **Survey** was the result of a **joint initiative** of the research team of the Business and Human Rights Project in Portugal (1 June 2016-31 December 2019) and the DGAE-Direção-Geral das Atividades Económicas of the Portuguese Government.
- The creation of the Survey was **based** on the Draft of the Portuguese National Action Plan on Responsible Business Conduct and Human Rights (2017-2020), and on the new European and national framework on non-financial reporting that requires *certain* large companies and groups to include non-financial statements in their annual reports from 2018 onwards.
- The Survey had **68** questions and was sent by DGAE in early February 2018 to **239 employers' organisations**, which in turn send it to their associated companies.
- In addition to a few questions about the company, **the Survey was divided into the four different areas of the responsible business conduct (RBC)**: 1) Human Rights, 2) Treatment of employees, 3) Environmental Protection, and 4) Corruption Prevention.
- The Survey was designed **to be relaunched at a future 3-year stage** to assess the impact of the new legal framework.

Overall Sample Characterization

- The Survey involved a total of **246 companies**, but only **170 responses** were properly validated (69% of valid responses).
- The Companies were distributed over 11 economic sectors by their Code of Economic Activity (CAE). The largest sectors were **manufacturing (29%)**, **wholesale and retail trade (24%)**, and **construction (21%)** (Graph 1).
- In terms of size of the companies, the Survey considers the number of employees and the turnover. In this presentation, however, we shall consider only the **number of employees**, as the National Institute of Statistics (INE) does; based on the number of employees **89%** of the companies were **micro, small, and medium-sized enterprises (SMEs)**, and **11%** were **large companies** (Graph 2).
- 61% of the companies were created after 1986, i.e. since Portugal is a member of the European Union.
- 79% of the companies operate in Portugal only, 10% in up to 5 countries, and 11% in more than 5 countries.



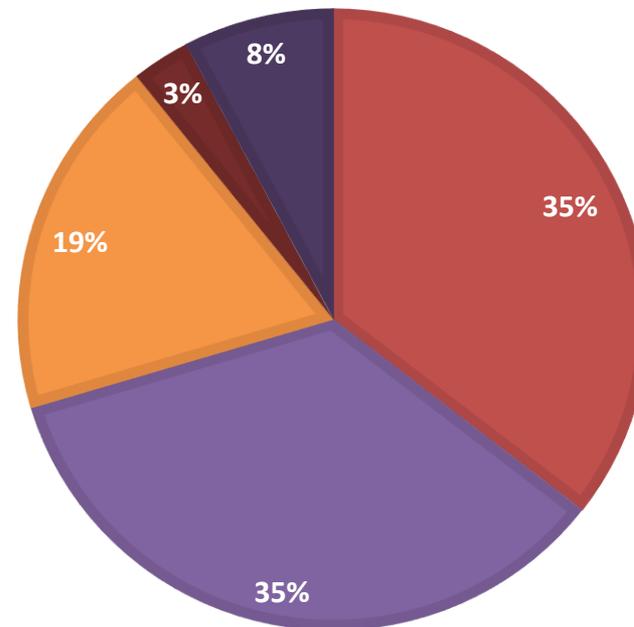
Graph 1: Distribution of the companies by sectors of economic activity





Graph 2: Distribution of the companies by the number of employees

■ Up to 10 ■ 10 to 50 ■ 50 to 250 ■ 250 to 500 ■ More 500



Objectives of the Survey in the area of Human Rights

Collect national information on the **perception** of companies domiciled in the Portuguese territory/jurisdiction on the following matters:

- I. Awareness of the UN Guiding Principles on Business and Human Rights
- II. Companies practices to respect human rights
- III. Role of the Portuguese Government in promoting and ensuring an environment that enables responsible business conduct on human rights



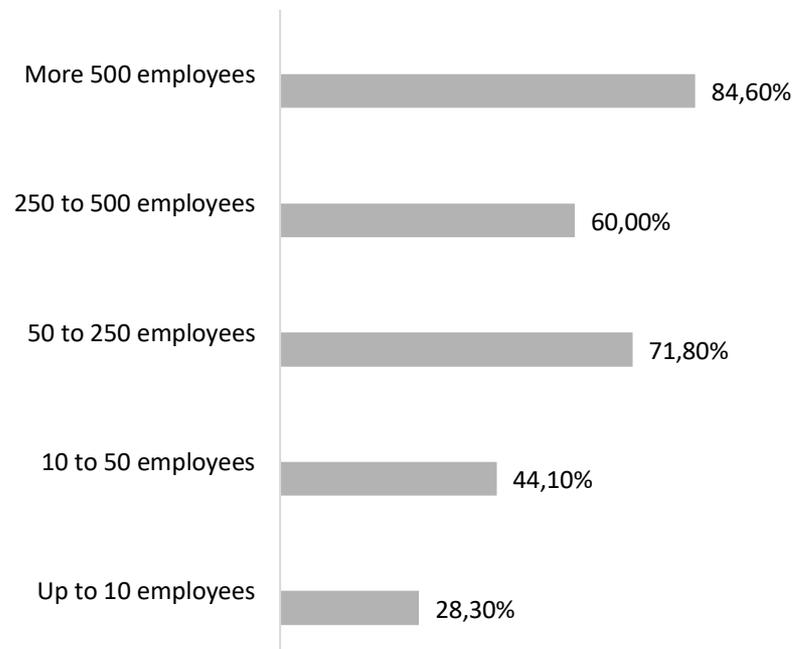
Methodology

The Survey included **17 questions** in the area of business and human rights and followed the methodology recommended in the Guide:

Van Huijstee, M, Ricco, V. & Ceresna-Chaturvedi, L. (2012). *How to Use the UN Guiding Principles on Business and Human Rights in Company Research and Advocacy, A Guide for Civil Society Organisations*. SOMO, CEDHA, Cividep India.

I. Key findings on the companies' awareness of the UN Guiding Principles on Business and Human Rights

UN Guiding Principles on Business and Human Rights



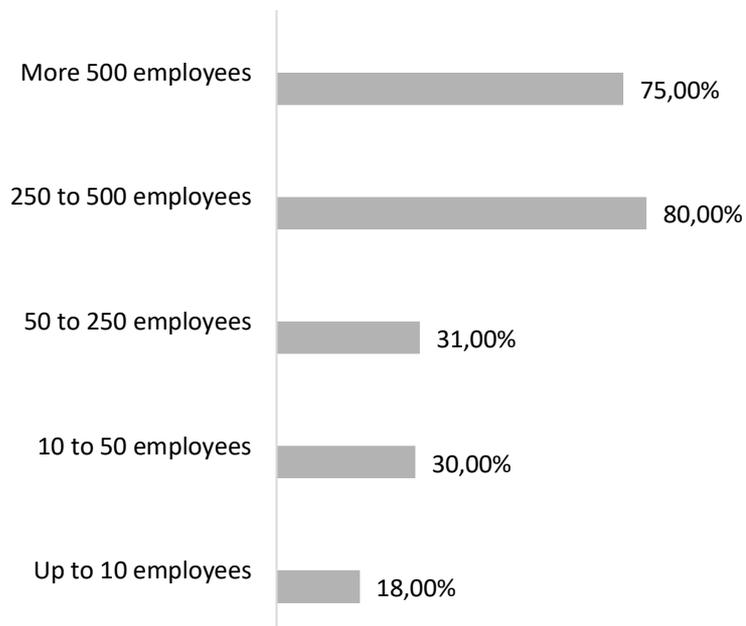
Only companies with more than 50 employees revealed a reasonable awareness of the UN Guiding Principles on Business and Human Rights.

In small, and particularly in micro companies, the level of awareness was very low.

Overall, less than half (47%) of the companies have answered YES.

II. Key findings on companies practices to respect human rights

Public commitment on human rights



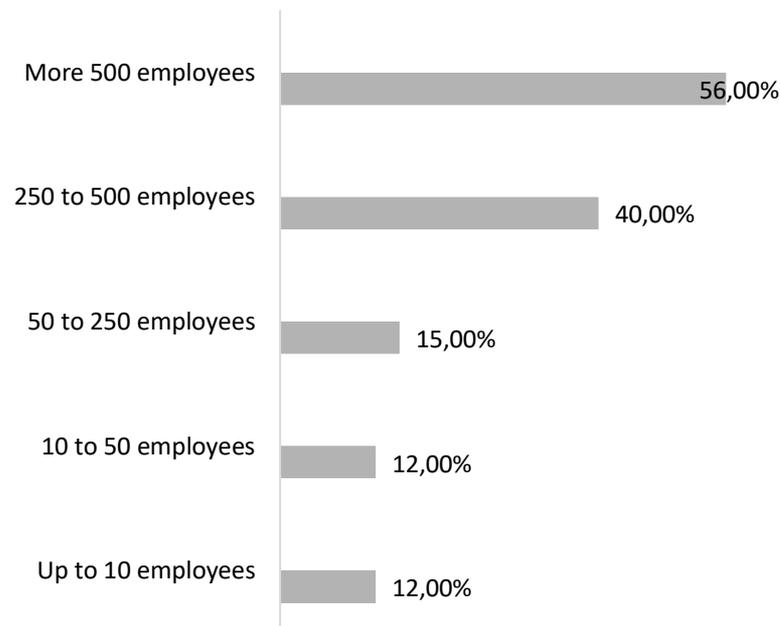
Only large companies (more than 250 employees) show a reasonable result about having a public commitment:

- a) in the form of a single statement in their website or included in a broader document, such as a code of conduct,
- b) that address all internationally recognized human rights,
- and
- c) that is shared with employees, company's contractors and suppliers, and consumers.

Overall, less than half (31%) of the companies have answered YES.

II. Key findings on companies practices to respect human rights

Human rights due diligence



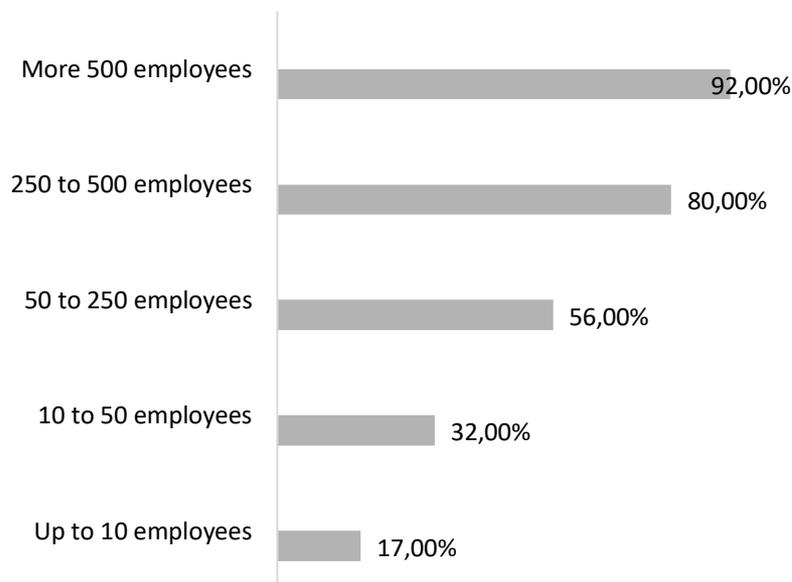
Only in the group of companies with more than 500 employees more than half (56%) declared to have processes in place to identify and assess actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships.

The results in SMEs on human rights diligence processes were very low.

Overall, less than one in five (17%) of the companies have answered YES.

II. Key findings on companies practices to respect human rights

Specific policies on salient human rights issues

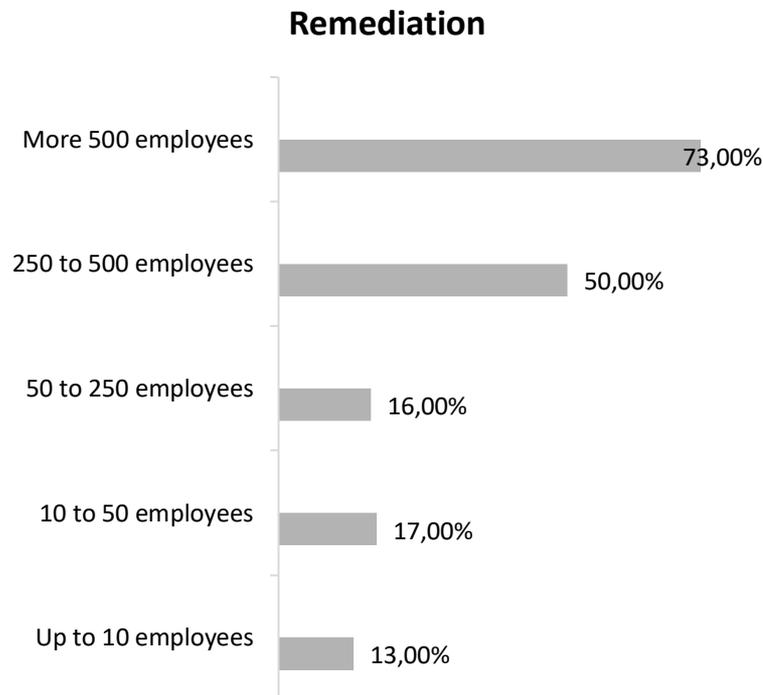


Most companies with more than 50 employees declared to have specific policies that address salient human rights issues (for example, a policy on non-discrimination or on data privacy).

In small, and particularly in micro companies, the results about specific policies were very low .

Overall, less than half (37%) of the companies have answered YES.

II. Key findings on companies practices to respect human rights



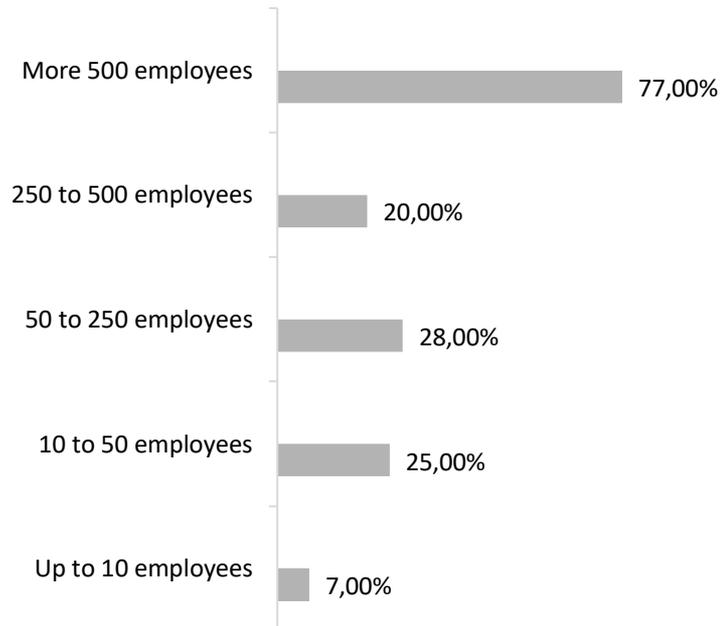
Only in large companies the majority has showed that have created mechanisms for those potentially impacted by the company's activities to enable an effective remedy.

The results in SMEs on remediation are very low.

Overall, less than one in five (20%) of the companies have answered YES.

II. Key findings on companies practices to respect human rights

Tracking Performance

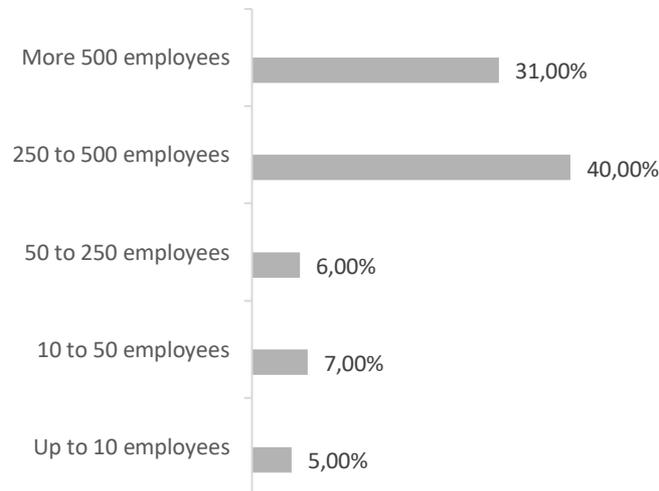


Only certain large companies (more than 500 employees) have showed that have processes in place to verify whether adverse human rights impacts are being addressed in practice.

Overall, less than one in four (23%) of the companies answered YES. So, the vast majority of the companies are unable to assess the company's success in reducing risks in relation to human rights, and also fail to improve their success in this area.

II. Key findings on companies practices to respect human rights

Checking compliance of human rights wherever they operate to ensure they are not involved with gross human rights abuses



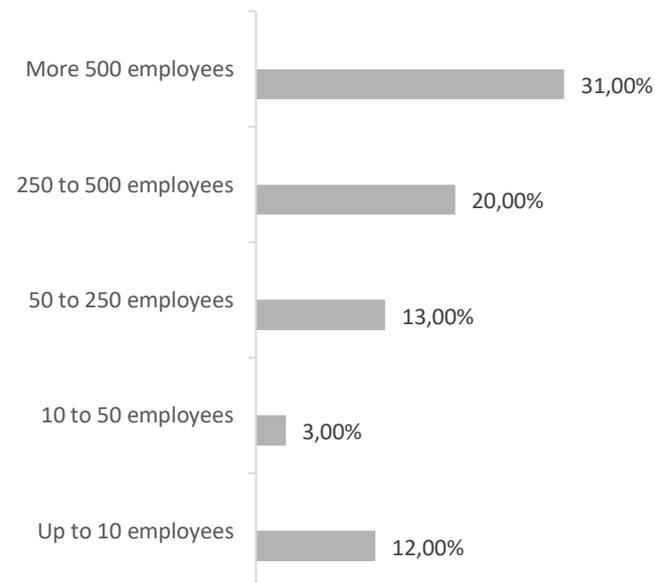
The overall average of this question, was the lowest (9%) of this section of the Survey.

Even large companies have very low averages on this topic.

This can be partly explained by the fact that most of the companies (79%) only operate in Portugal.

II. Key findings on companies practices to respect human rights

Partnering with national and international authorities

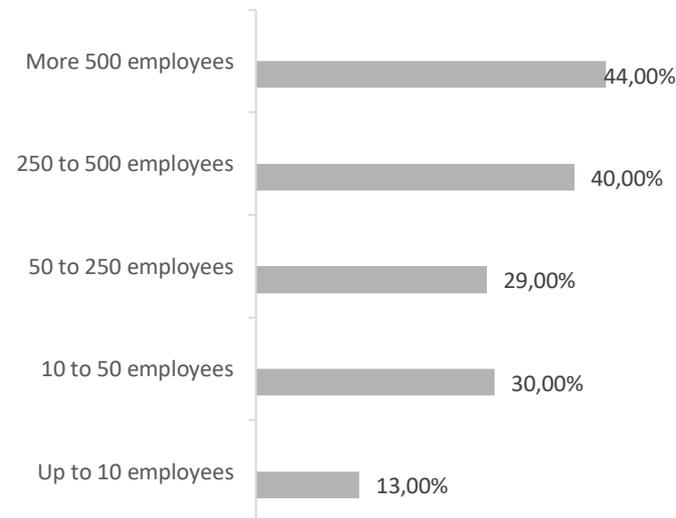


The results shows that most companies *regardless of size* think that they are not cooperating with national and international authorities in the promotion of new human rights policies and practices.

Overall, only 11% of the companies have answered YES.

III. Key findings on the companies' perception of the role of the Portuguese Government in promoting and ensuring an environment that enables responsible business conduct on human rights

Role of the Portuguese Government in the promotion of an enabling environment for responsible business conduct on human rights



The results shows that most companies *regardless of size* think that the Government does not ensure **adequate**

- a) access to effective remedy for the victims of business-related human rights abuses,
- b) cannot set an example in business and human rights practices,
- c) nor can facilitate and support business initiatives for responsible business conduct on human rights.

Overall, only one quarter of the companies (25%) found that the role of the Portuguese Government in responsible business conduct in human rights is adequate.



Final Conclusions

- i. Less than half (47%) of the companies know the UN Guiding Principles on Business and Human Rights;
- ii. The overall average of the companies practices to respect human rights was very low (23%);
- iii. Only one quarter of the companies (25%) think that the role of the Government is suitable to provide an enabling environment for responsible business conduct on human rights.



Final Conclusions

Therefore, given the fact that companies have the responsibility to respect human rights wherever they operate and whatever their size, **there is still a lot of work to be done in the area of Business and Human Rights, by both companies and the Government in Portugal.**

Companies must know and show that they know their actual or potential impacts on human rights, prevent and mitigate abuses, and address adverse impacts in which they are involved.

The Government must provide an enabling environment for responsible business conduct on human rights.

The roles of companies and Government are complementary and interdependent in these matters.



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