

# Human Rights Outlook 2023



## About Verisk Maplecroft

Verisk Maplecroft is a global risk intelligence company, providing unparalleled insight into sustainability, resilience and ESG issues, underpinned by best-in-class geospatial data and analytics.

As organisations strive to understand and adapt to a fast-moving world, we empower them to put the environment, human rights and political risk at the heart of their decision-making. We do this by providing unparalleled intelligence on sustainability, resilience and ESG – stitching together these disparate issues into an interconnected global view, built upon objective insight and data.

By thinking 'big picture' we capture what matters most to our partners; making positive outcomes possible in a time of change; helping people, business and societies become stronger; creating value with values.

Verisk Maplecroft is a Verisk business.

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# Executive Summary



**Matt Moshiri**  
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The backdrop to the current global human rights situation is cause for concern. According to our data, political risk is at the highest level we've seen in the last five years, driven by rising levels of civil unrest in populations reacting to socio-economic pressures that are, in turn, the result of inflamed geopolitical tensions, increases in armed conflict and ongoing financial instability. Add in the climate crisis and the impacts of weather-related events on economies, societies and food production and it's difficult to reach any other conclusion than the world is facing a period of prolonged instability.

Our portfolio of 26 labour, civil and political rights indices reveals a very slight increase in risk for human rights globally over the last five years. However, we haven't yet seen the impacts of the issues laid out above materialise to their full extent. This leaves the trajectory of human rights in a precarious place.

The upshot for business and investors is that managing these issues is becoming a more complex challenge, especially in the face of hardening regulations governing the disclosure of human rights risks in supply chains and investment portfolios. In this year's Human Rights Outlook, our experts delve into five issues sitting at the intersection of Environmental, Social, Geopolitical and Political risk, which are key to understanding how the human rights landscape will develop in the months and years ahead, and where organisations need to focus their attention.

Bridging these interconnections of risk, our analysis dissects issues as diverse as China's ambitions to rewrite global human rights norms via the UN, to rollbacks in civil, political and labour rights across key emerging markets. From the megacities where heavy-handed state responses to rising civil unrest are creating security and reputational risks, to the emerging regulatory and the legal challenges companies will face from the aggregation of environmental and human rights harms in litigation and laws.

While society and business continue to navigate an unsettled global risk environment, the future human rights situation is not all bleak. Social risks are no longer being drowned out by the historically larger E-focus on emissions and climate change. Instead, the Outlook highlights that these issues are converging in many ways.

This presents an opportunity for investors and business, allowing for a sustained and impact-driven revival that has the potential to improve the lives of billions and protect businesses' most important assets. As pressure grows on companies to improve their ESG performance, those grasping that opportunity will also be better placed to ride out the wave of current instability.

# 70% of UN Human Rights Council pose threats to freedoms, China's influence growing

UNHRC body increasingly conflicted in face of China's attempts to weaken global human rights standards



**Sofia Nazalya**  
Senior Human Rights Analyst



“ The UNHRC features a selection of the world’s most oppressive countries, including Sudan, Eritrea and Pakistan

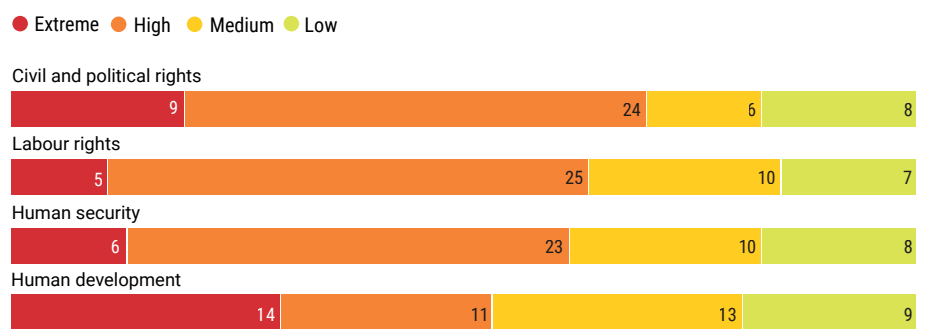
Xi Jinping’s unprecedented third term as China’s leader has enshrined his position as the country’s most powerful politician since Mao Zedong. Under Xi, Beijing has shifted from passively defending against global criticism of its rights record, to not just forming, but advocating its own brand of human rights. A key vehicle for this has emerged as the UN Human Rights Council (UNHRC), the intergovernmental body charged with the promotion and protection of global human rights, whose members feature a selection of the world’s most oppressive countries, including Sudan, Eritrea and Pakistan.

The effectiveness and credibility of the UNHRC has been called into question on numerous occasions, and not without reason. Our data shows that nearly three quarters of the UNHRC member countries are categorised as high or extreme risk for civil and political rights, revealing a potential shared advantage in the watering down of international action on human rights. But China is also using its economic power to sway council votes.

Beijing’s increasingly active role in the international human rights system comes at a precarious period of global democratic deterioration, economic slowdown and severe political polarisation – all with knock-on effects on human rights. The upshot is that international human rights norms may weaken at the expense of vulnerable populations. This has implications for business. Companies contending with an increasingly complex due diligence landscape, also now face the challenge of navigating and balancing competing, and often conflicting, human rights standards.

**Figure 1: More than half of UNHRC members rated high or extreme risk across Verisk Maplecroft’s four human rights categories**

Number of 2023 UNHRC members in each risk category across Verisk Maplecroft’s thematic human rights issues



Source: Verisk Maplecroft

© Verisk Maplecroft 2023

**Figure 2: China's performance across key human rights issues**

Index	Risk category
Freedom of Assembly	Extreme risk
Judicial Independence	Extreme risk
Arbitrary Arrest and Detention	Extreme risk
Right to Privacy	Extreme risk
Freedom of Opinion and Expression	Extreme risk
Forced Labour	Extreme risk

■ Extreme risk 
 ■ High risk 
 ■ Medium risk 
 ■ Low risk

Source: Verisk Maplecroft © Verisk Maplecroft 2023

## Human rights performance of member states undercuts credibility

Beijing's illiberal vision of human rights has gained traction with states dependent on Chinese investment through its Belt and Road Initiative (BRI), or with similarly repressive regimes. At least 35 of the 47 member states of the UNHRC belong to the BRI – most of which are Asian or African countries with similarly poor – and in some cases, worse – scores across our human rights indices.

Figure 1 shows that more than half of the 47 members of the UNHRC are rated as high or extreme risk in all four of our human rights categories: labour rights, civil and political rights, human development and human security. The worst performing category is in civil and political rights where 33 states, or 70% of the Council, are high or extreme risk, followed by labour rights 64%, human security at 62% and human development at 53%.

The poor rights record of UNHRC members clearly shows that merely ratifying human rights treaties does not equate to action. A closer look at our data reveals that the poor enforcement of laws is a key driver of the frequent and severe violations that take place on the ground.

### For China, some human rights are more equal than others

Xi's desire to export a revisionist view of human rights has turned the UNHRC into a geopolitical battleground for competing standards. Beijing's statist, 'development first' human rights framework undermines individual freedoms and emphasizes economic development above all other rights. This provides a smokescreen for illiberal states to appear engaged on human rights, but effectively eludes accountability and scrutiny of rights abuses – particularly those perpetrated by the state.

Increasingly sophisticated Chinese political maneuvering of key UNHRC mechanisms has seen global criticism contained, with states increasingly partaking in the whitewash of Beijing's rights record. Its most astounding diplomatic victory at the Council came with the rejection of a US-proposed draft resolution on holding a debate on Xinjiang in October 2022. Perhaps the most surprising votes came from Muslim-majority states such as Indonesia, the UAE and Qatar, pointing to Beijing's sizable leverage on states, and in particular, Belt and Road Initiative (BRI) signatories.

(Cont...)

**Figure 3: Top 20 worst performers in the Civil and Political Rights Index**

Rank	Country	UNHRC Member
1	North Korea	No
2	Yemen	No
3	Afghanistan	No
4	Eritrea	Yes
5	Somalia	Yes
6	Syria	No
7	South Sudan	No
8	Sudan	Yes
9	Myanmar	No
10	Iran	No
11	Pakistan	Yes
12	Central African Republic	No
13	Brunei	No
14	China	Yes
15	Turkmenistan	No
16	Equatorial Guinea	No
17	Cambodia	No
18	Bangladesh	Yes
19	Libya	No
20	DR Congo	No

UNHRC Member: ■ No ■ Yes

Source: Verisk Maplecroft © Verisk Maplecroft 2023

### Democratic backsliding puts civil and political rights at risk

The most notable divergence of the Chinese view on human rights is its disregard for civil and political rights, particularly to free speech and expression. This brand of authoritarianism is echoed by the nine other extreme risk countries in this category. Our data shows that six of the top 20 worst performers in our Civil and Political Rights Index are current UNHRC members – Eritrea (ranked 4<sup>th</sup> highest risk out of 198 countries), Somalia (5<sup>th</sup>), Sudan (8<sup>th</sup>), Pakistan (11<sup>th</sup>), China (14<sup>th</sup>) and Bangladesh (18<sup>th</sup>) (see Figure 3).

Furthermore, as seen in Figure 4, our data shows a trend of democratic regression among Council members, most of whom belong to the global South. In total, 26 states saw their scores worsen in our Democratic Governance Index since 2017-Q1, with significant shifts in scores for Kyrgyzstan, Benin, Côte d’Ivoire, Cameroon, United States, Paraguay, Sudan, Nepal, Honduras, Pakistan and Chile. Unsurprisingly, seven out of 11 of these countries also saw their scores in Civil and Political rights decline, demonstrating how curbs on free speech and assembly drive democratic backsliding.

### Without adequate human rights due diligence, BRI will fuel human rights violations

Civil and political rights are not the only human rights at risk. Most UNHRC members are lagging in labour rights, with our data categorising five members as ‘extreme’ risk and 25 as ‘high’ risk. Of those, 18 recorded a drop in their score for labour rights since 2017. Except for India, Mexico and Honduras, all 16 other countries in this list are BRI signatories, fueling concerns of a further deterioration in labour rights in the implementation of BRI projects.

Problematic labour rights practices have been widely reported in BRI projects, many of which are taking place in countries with weak governance and endemic corruption. Emerging markets drawn to China’s lack of demands when it comes to human rights due diligence are likely to see an uptick in labour rights violations as the BRI expands.

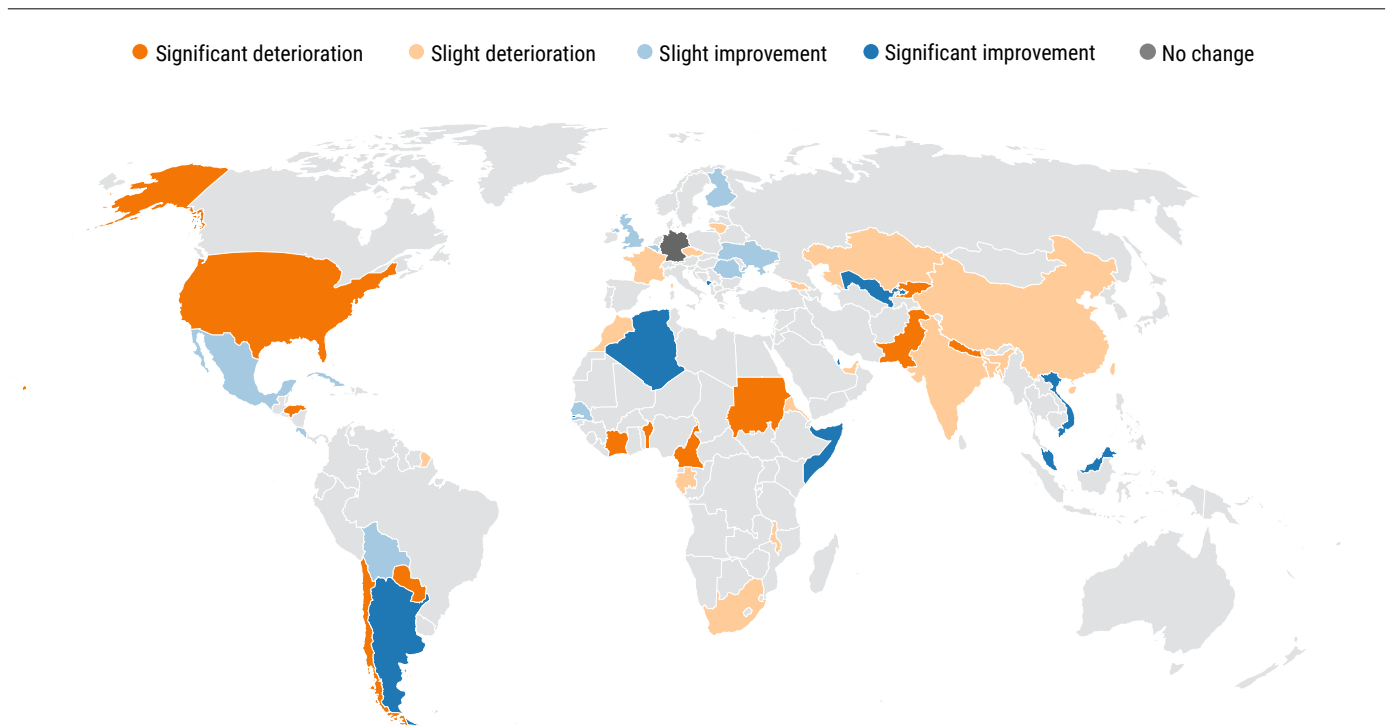
With the threat of a global recession hanging in the balance, UNHRC members dependent on Chinese investments (and loans), such as Pakistan, Bangladesh and Cameroon, to name a few, are not only likely to back Beijing at the UN, but to turn a blind eye to violations that occur as a result of BRI projects.

(Cont...)



**Figure 4: Several council members have experienced a significant increase in risk on Verisk Maplecroft’s Democratic Governance Index**

Democratic Governance Index, UNHRC members’ score change since 2017-Q1



Source: Verisk Maplecroft

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“ China’s growing influence at the UNHRC will create greater polarisation

**Businesses must be careful not to partake in whitewashing**

Businesses are not exempt from China’s ‘normfare’ on human rights. As friction continues to grow between China and the West, companies will find it increasingly challenging to maintain a balance between two competing human rights views. While China encourages businesses to abide by the UN Guiding Principles on Business and Human Rights (UNGPs), it is likely to use this framework as a human rights mouthpiece to demonstrate commitment to social issues, while in turn censoring companies on reporting on politically sensitive subjects.

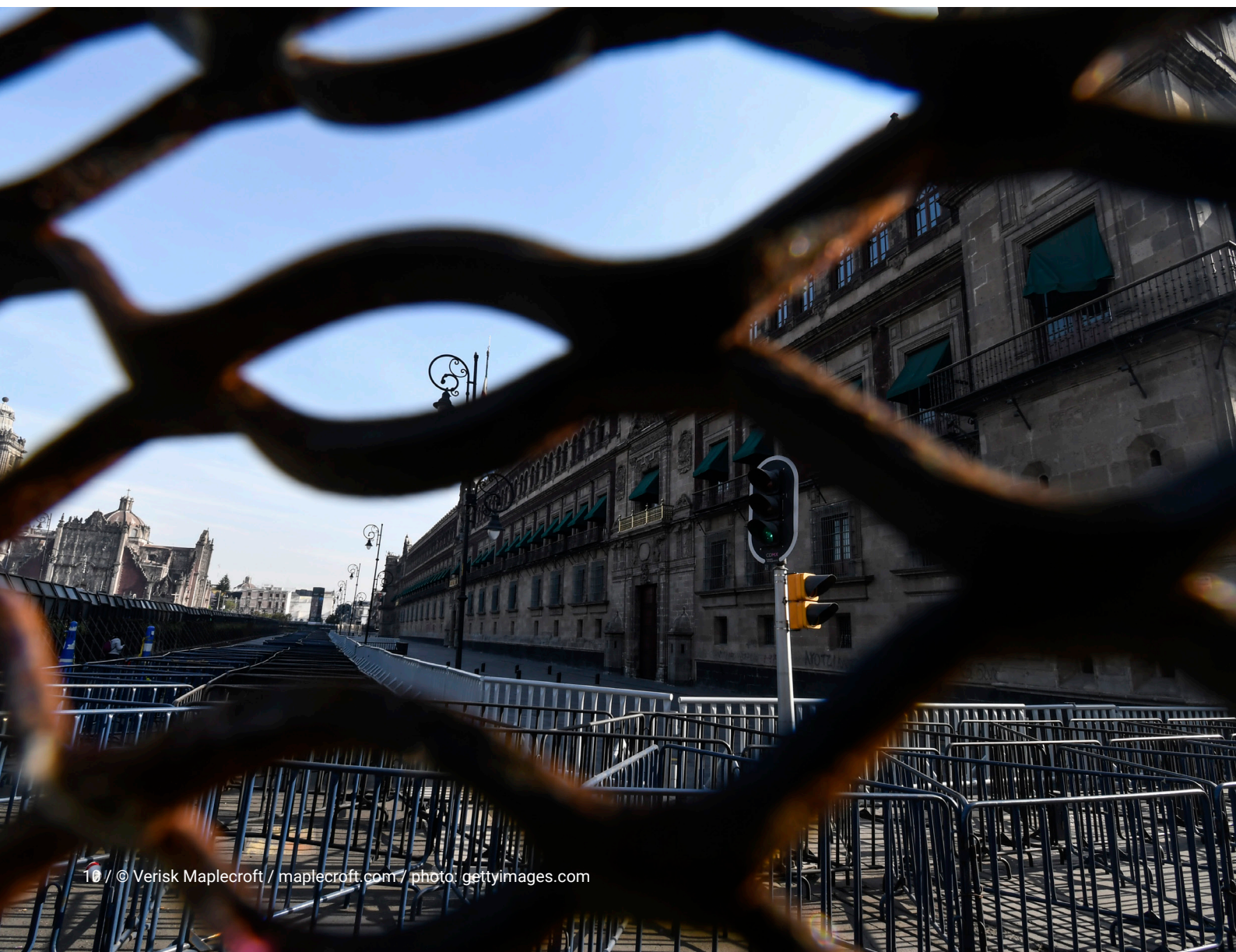
Ultimately, while we expect that China will not be successful at the wholesale rewriting of international human rights norms, its growing influence at the UNHRC will create greater polarisation, and therefore weaken the capacity of the body to shine a light on human rights abuses. Beijing’s attempts to obscure its human rights record also hinders the ability of businesses to gain a transparent picture of the situation on the ground. This makes it more vital than ever for companies to access independent and objective sources of risk intelligence to gain a true picture of the global human rights risk landscape.

# Human rights deteriorating across largest emerging market bond issuers

Brazil, Indonesia, Mexico, South Africa among key sovereigns for ESG bond investors to watch



**James Lockhart Smith**  
Vice President, Markets



“ Human rights have taken a hit across the middle of the income spectrum since the decade began

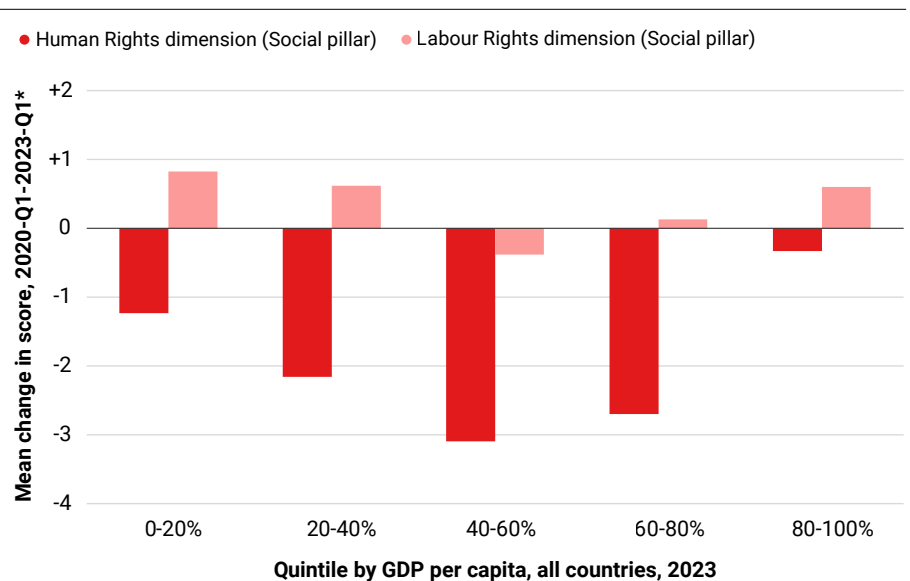
Think about the S in emerging and frontier market sovereign ESG in 2023, and a host of external economic and geopolitical risk drivers probably come to mind. But our Sovereign ESG Ratings reveal that human rights are deteriorating across a swathe of middle-income countries, including several key government debt portfolio constituents that investors are going to have to watch closely. The emerging market heavyweights of Brazil, Colombia, Indonesia, Malaysia, Mexico, Peru, the Philippines and South Africa all fall into this category.

The human rights indicators from the Ratings offer a window into exactly what has gone wrong. Tighter economic conditions and a lack of political bandwidth have seen human rights put on the backburner. This is significant, as worsening human rights can be an early warning sign for widening risks in the future, including instability. But in the immediate term, it provides sovereign investors with a clear opportunity to press governments on policy areas that have unravelled and bring human rights back up the agenda as part of their ESG incorporation strategies.

### Recent drop in middle-income human rights protections may have further to run

As shown in Figure 1, human rights have taken a hit across the middle of the income spectrum since the decade began. Rights protections were already weak in the very poorest countries. The developed world has mostly proved resilient. But in many countries in the middle – including those issuers that make up the investable emerging and frontier market universe – institutions have become less effective and violations are becoming more severe and widespread.

**Figure 1: Human rights have weakened most in middle-income countries since 2020**  
Sovereign ESG Ratings, Human Rights and Labour Rights score change by income group, 2020-2023



\*Dimension changes normalised onto 0-100 score

# 10 →

emerging markets close to tipping points

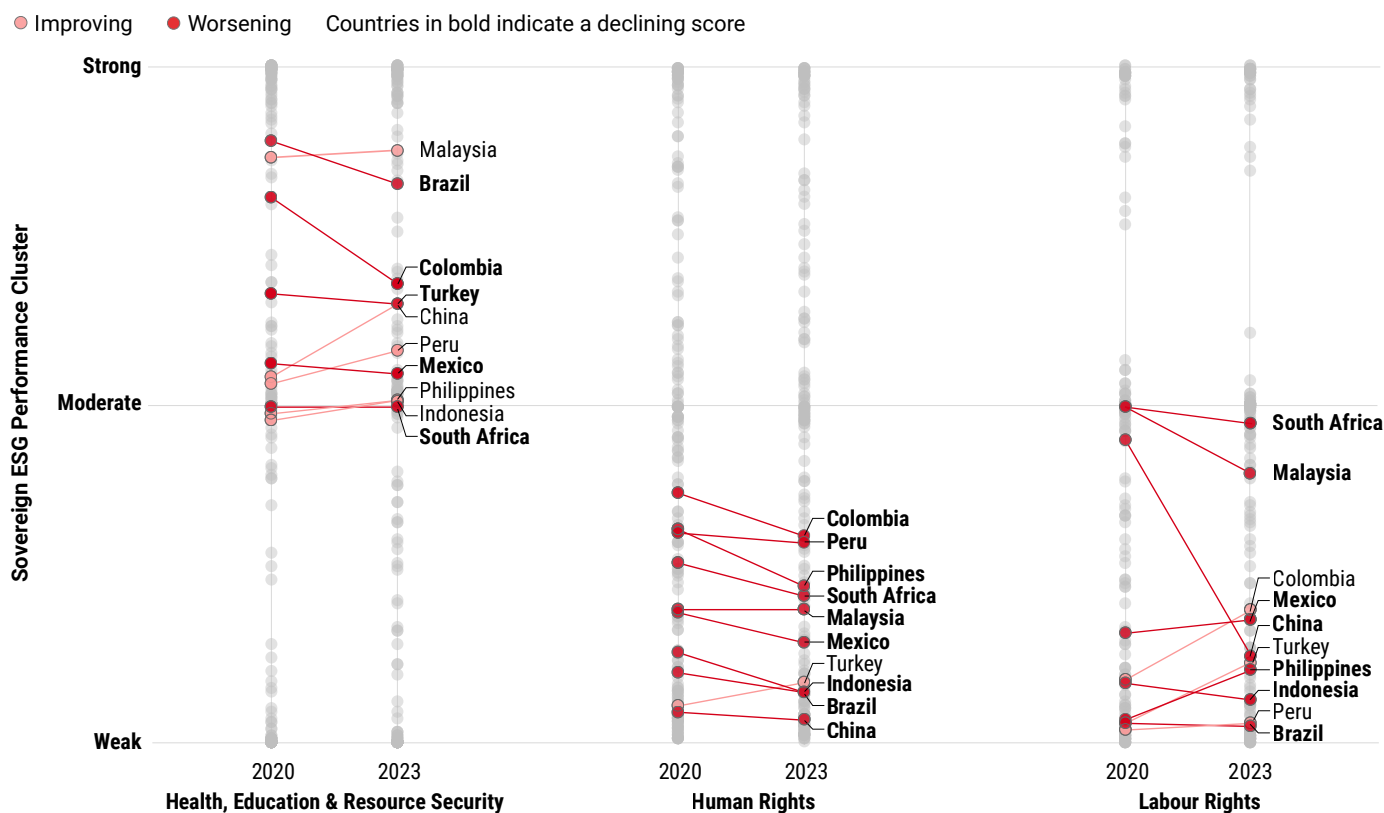
The analytics underpinning our Sovereign ESG Ratings suggest this could be more than a post-pandemic blip. Many countries whose social risk profile has declined since 2020 are close to tipping points that would see them downgraded from 'Moderate' to 'Weak' performers in the Ratings' human rights category. And should countries cross these thresholds, our previous research suggests it could be material for the market pricing of their bonds.

Figure 2 spotlights 10 emerging markets for investors to watch this year that are both heavily traded and relatively close to tipping points between clusters (see feature box at end).

These countries' human rights profiles started the decade badly and have largely worsened since. China was already firmly in the Weak cluster and looks to be going nowhere but backward. Turkey has improved somewhat, though only from a similarly low base, while Malaysia is flatlining in the middle of the pack. The other seven are all en route from the Moderate to Weak cluster – an extraordinary situation for a group of major middle-income democracies.

**Figure 2: Human rights risks becoming more acute in key sovereign debt markets**

Sovereign ESG Ratings performance cluster analysis, 2020 vs 2023, key emerging markets



The y axis shows where countries are located relative to Weak, Moderate and Strong clusters in each dimension, reflecting the probabilities associated with each country and each cluster. For example, a country that is 100% associated with the Strong cluster will be at the top of the scale, and a country that is 100% associated with the Weak cluster will be at the bottom of the scale.

“ Violations still have plenty of room to get worse as citizens bear the costs of their governments’ recent backpedalling

## Human rights taking second place to economic and political instability

Digging into the underlying data shows that a range of issues are driving deteriorations in their performance, but a unifying trend is that the institutions and processes protecting human rights are becoming weaker. As expected, where government spending or attention on protecting rights has decreased, violations during the 2020-2023 period have become more severe and frequent. Key examples include Brazil, Mexico, the Philippines, Indonesia and Colombia where rollbacks on freedom of assembly have occurred, and with South Africa and Colombia on human rights abuses committed by security forces.

While the current economic situation is partly to blame, the attention issuers pay to human and labour rights, and the steps they take to protect them, are equally a matter of bandwidth and political will. In essence, fighting domestic fires on the home front means action on human rights has stalled.

Worryingly, this means violations still have plenty of room to get worse as citizens bear the costs of their governments’ recent backpedalling. Political and economic instability may also translate into further deterioration in these sovereigns’ human rights profiles as governments resort to security force violence to clamp down on unrest driven by the cost-of-living crisis and political polarisation. Recent events in Peru serve as a stark warning.

## Sovereign ESG investors should engage on implementation

The short-term outlook for human rights in these countries is unfortunately challenging. But if a mix of political and economic crises is to blame, rather than a coordinated strategy to deliberately roll back rights guarantees, then there is plenty for sovereign investors to work with.

Despite Beijing’s increasing global influence, Western capital remains important – even more so now in a context of tighter financing conditions and mounting debt distress. Investors may therefore be able to make headway this year by being very clear about what they are looking for in terms of policy action, including where recommendations become conditions attached to specific transactions.

While investors should be frank about violations when engaging with governments, driving implementation of processes in key institutions to facilitate change should be a key area of focus. Our Sovereign ESG Ratings and their underlying human rights risk data show these are exactly the aspects that have recently begun to fray. If they remain unchecked the risks could become material.

## Verisk Maplecroft's Sovereign ESG Ratings

Verisk Maplecroft's award-winning Sovereign ESG Ratings dataset offers investors a standard-setting method for measuring and tracking environmental, social and governance (ESG) risks for government debt issuers. Built on a foundation of 35 of Verisk Maplecroft's proprietary risk indices, the Ratings employ a novel quantitative scoring methodology, based on cluster analysis, that accurately identifies material changes in an issuer's sustainability profile.

The Ratings assess 198 countries across nine dimensions of ESG risk, with a quarterly time series beginning in 2017. For each quarter and dimension the clustering algorithm assigns each country a probability that it belongs in Weak, Moderate or Strong clusters, based on that country's performance on the underlying indices within that dimension. The clustering results are used to calculate an overall 0-100 ESG score per country, in addition to E, S and G pillar scores. Those scores are then converted to ESG and pillar Ratings on a 15-notch scale, ranging from 1- to 5+ (worst to best performing).



# Heavy-handed protest crackdowns a red flag in Asia's megacities

Mumbai, Manila, Shanghai highest risk for state violence



**Jess Middleton**  
Data Journalist



# >50%

of the world's megacities face high or extreme civil unrest risks in the year ahead

Civil unrest is on the rise globally, and the risks to businesses operating in the world's commercial centres are increasing in tandem. But disruption to operations, physical damage to property and the associated rise in insurance costs are only one side of the coin. Our research shows that heavy-handed crackdowns on protestors mean employees face a significant threat of being caught up in state-sanctioned violence at the hands of police and armed forces in a third of the world's megacities.

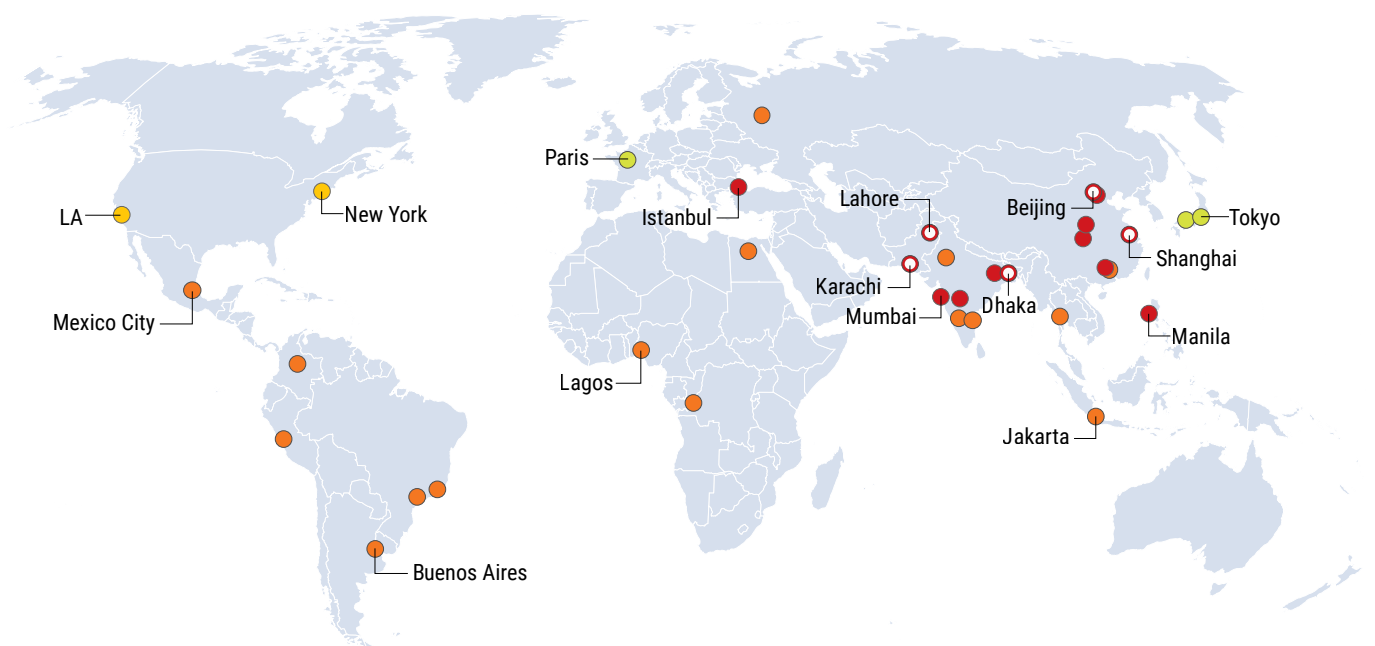
Our subnational Security Forces and Human Rights Index uses geospatial data to assess the risk of violations perpetrated by state and private security personnel in the world's urban hubs. Honing in on the 35 cities with a population over 10 million, the index identifies 14 megacities – home to some 241 million people – within its highest risk category, including key commercial locations such as Beijing, Shanghai, Istanbul, Manila and Mumbai.

The data adds a new lens to our previous research warning of a new era of civil unrest. Indeed, data from our Strikes Riots and Civil Commotion Model shows that unrest will pose a high or extreme risk to the personal safety of protestors, citizens and employees in more than half (19) of the world's major cities in the year ahead, including the likes of Rio de Janeiro, Lagos and Los Angeles.

**Figure 1: 14 of the world's 35 megacities rated extreme risk for state violence**

World cities with a population >10m, mapped against Verisk Maplecroft's Security Forces and Human Rights Index

**Risk category:** ● Extreme ● High ● Medium ● Low    **Highest risk:** ① Lahore ② Karachi ③ Beijing ④ Shanghai ⑤ Dhaka





# 9/10

of the world's highest risk megacities are located within Asia

"The frequency and magnitude of urban unrest will remain near boiling point throughout 2023 as protracted economic hardship erodes the social fabric and discontent ferments," says Jimena Blanco, Chief Analyst at Verisk Maplecroft. "In large cities with restricted freedoms, the inevitably harsh response from local security forces will leave businesses and their staff at risk of being caught up in abuses against protestors."

## Asian protestors most exposed to violence

The SFHRI also measures the risk posed to businesses by possible association with human rights violations committed by private security forces, ranging from extrajudicial killings and torture to arbitrary arrests and detentions. This leaves companies servicing government contracts and using security forces to guard assets and properties exposed to potential reputational risks from complicity with their actions.

The data reveals that Asia accounts for nine of the world's 10 highest risk megacities. Pakistan's Karachi (ranked 1<sup>st</sup>) and Lahore (2<sup>nd</sup>) occupy the two highest risk spots, while six Chinese cities feature, including Beijing (3<sup>rd</sup>), Shanghai (4<sup>th</sup>), Guangzhou (7<sup>th</sup>), Xi'an (8<sup>th</sup>), Chongqing (9<sup>th</sup>) and Tianjin (10<sup>th</sup>). Bangladesh's Dhaka ranks 5<sup>th</sup>, while MENA's Istanbul – where police attacked and arrested hundreds of people at a June 2022 Pride march - comes in at 6<sup>th</sup>.

Asian cities perform similarly poorly when the index is expanded to include the 573 global cities with a population of over a million. The region accounts for 85 of the 100 highest risk cities in this dataset, with North Korea's Pyongyang and Myanmar's Yangon and Mandalay occupying the three highest risk spots.

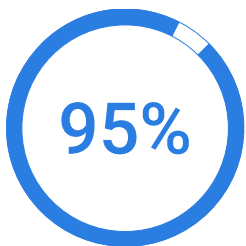
## Global cities exposed to human rights violations

While Asia dominates the top end of the risk rankings, looking at specific regions in isolation reveals that abuses linked to security forces present a challenge to businesses around the globe.

Take sub-Saharan Africa, where 95% of the cities with a population of more than a million are rated high or extreme risk on the index, including major regional business hubs such as Lagos, Cape Town and Nairobi. In MENA this figure stands at 84%, and includes the likes of Riyadh, Ankara and Cairo.

Peru, meanwhile, experienced its worst bout of political violence in decades across December 2022 and January 2023, when at least 60 civilians protesting the resignation of former leader Pedro Castillo were killed by state security forces. While this event occurred after the index was last updated, Lima - the only Peruvian city to feature in the index - has fallen 26 positions in the rankings since 2020, down to 429<sup>th</sup> highest risk. We expect it's ranking to plummet in the next edition of the index.

Elsewhere in the Americas, five of the region's cities fall within the highest risk category of the index: Havana, Cuba; Managua, Nicaragua; Port-au-Prince, Haiti; Manaus, Brazil; and Tegucigalpa, Honduras.

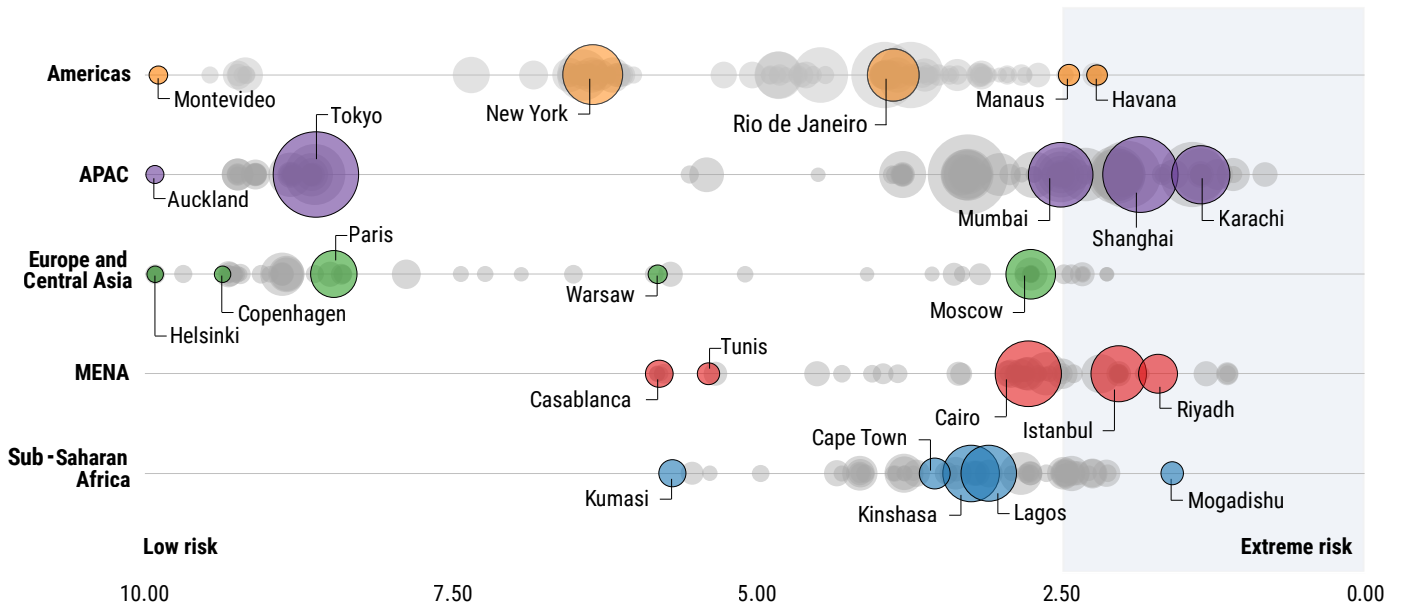


of sub-Saharan Africa's cities are rated high or extreme risk for state violence

**Figure 2: Abuses linked to security forces a global challenge**

World cities with a population >1m, Security Forces and Human Rights Index score

Bubble size = population (2020)



Risk scores are allocated on a scale running from 0 to 10, with 0 indicating highest risk

Source: Verisk Maplecroft; Geonames

© Verisk Maplecroft 2023

## ↓ 56

Warsaw has fallen 56 positions in the rankings to 450<sup>th</sup> highest risk

### European cities safest, but the region isn't immune

European cities dominate at the lower end of the risk scale, with Dublin, Vienna, Rotterdam, Oslo, Amsterdam, Helsinki, Stockholm and Copenhagen making up the 10 safest urban centres, alongside Auckland and Montevideo.

But this isn't to say that any given region can claim to be risk-free. Indeed, when looking at the 10 cities that have seen the largest increase in risk in their index score since 2020 – indicating a worsening risk trajectory – two are located within Europe.

This includes Warsaw, where the forceful targeting of protestors, particularly those advocating for LGBTQ+ and abortion rights, has driven a 56-position downgrade in the index, down to 450<sup>th</sup> highest risk. This fits into a broader trend seen across Poland, whereby political safeguards have been rolled back under the ruling Law and Justice Party, in turn driving a deterioration in social rights.

It is a similar situation in Belgrade (ranked 435<sup>th</sup>, down from 498<sup>th</sup>), where clashes between security forces and protestors – like those seen at September 2022's EuroPride rally – are becoming increasingly common.

Armenia's Yerevan and Haiti's Port-au-Prince also make this list, alongside Colombia's Cartagena, Barranquilla, Medellin, Cali and Bucaramanga.

## Social risks a key consideration in the age of unrest

As socioeconomic pressures continue to fuel global unrest, the immediate focus for companies located in the world's major cities will be the protection of employees, assets and supply chains. But our analysis shows that in doing so, they run the risk of becoming unknowingly complicit in human rights violations at the hands of state security forces.

"As the scale of protests intensify in the year ahead, businesses will increasingly rely on local security forces to protect their assets and operations," adds Blanco. "Screening for social risks and strengthening Voluntary Principles implementation are crucial steps for those looking to avoid the financial, legal and reputational damage that will come if their investments are tied to escalating human rights violations."

# Adding the E into HRDD – European legislators target interconnected risks

LkSG and CSDD require new risk management approach to human rights and environmental issues



**Dr James Sinclair**  
Director of Human Rights



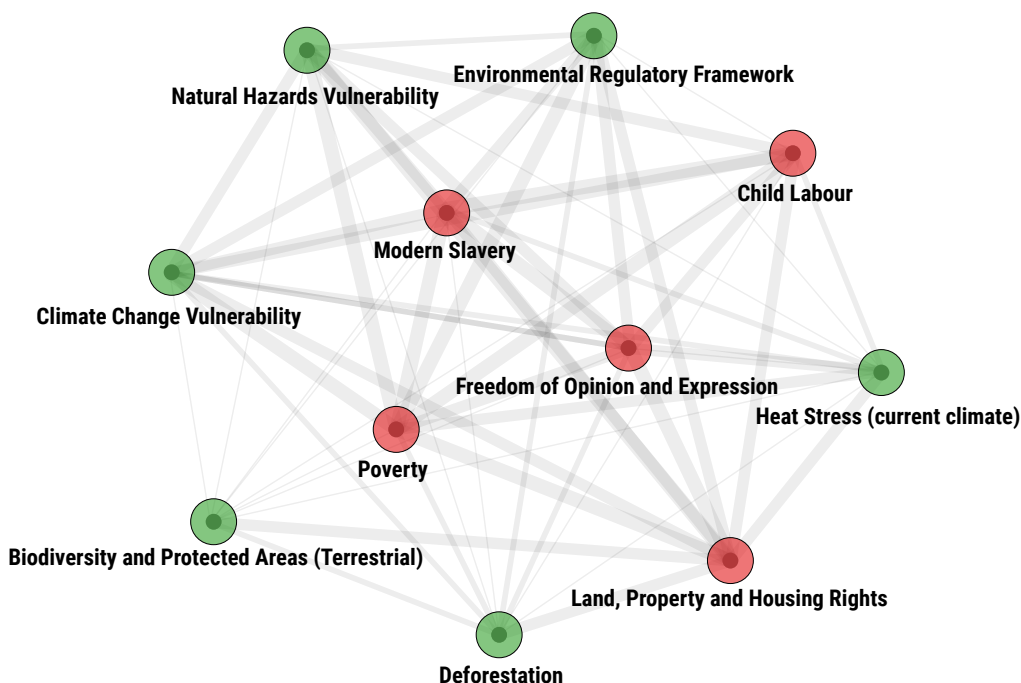
“Regulators are increasingly demanding that companies take a more holistic approach to social and environmental risk

The fabric of the global risk landscape has become so interwoven that issues such as climate change, human rights and political risk can no longer be viewed as individual threads. We’ve been thinking about risk in this way for over a decade, but the interconnectedness of these issues has now moved firmly into the sights of regulators, who are increasingly demanding that companies take a more holistic and systematic approach to the way they assess, manage, remediate and report on social and environmental risk.

The first signs of this shift have already taken place. New laws, such as the German Supply Chain Due Diligence Act (LkSG) and the EU’s Directive on Corporate Sustainability Due Diligence (CSDD), require organisations with global footprints to expand their human rights due diligence (HRDD) efforts to also encompass environmental factors (HREDD). Creating a new HREDD risk assessment framework creates critical challenges for multinationals that have traditionally disaggregated human rights and environmental issues. We explore what this means in practice and lay out how companies can get ahead of new and emerging legislation.

**Figure 1: Human rights and environmental risks are tightly interwoven**

Relative connections between select indices from Verisk Maplecroft’s human rights and environmental datasets



**Legend**

Index category  
 ● Human rights and development  
 ● Environment

Links  
 ■ Very high  
 — High  
 — Moderate

Links are based on statistical analysis looking at the correlation between countries rated 'extreme risk' in corresponding indices. This analysis was then weighted based on the expert judgment of our in house analysts.



Finding a common language that bridges both the human rights and environmental disciplines is a challenge for many organisations

## The HREDD data challenge

One of the primary challenges of implementing a successful HREDD programme is the alignment of datasets, due diligence methodologies and reporting practices. This is because historically, human rights and environmental risks have been assessed using different methodological frameworks.

Data collected in the process of undertaking human rights due diligence tend to have three qualities:

- They are largely qualitative in nature, often gathered via interviews or surveys, even if they are subsequently assigned scores for the purpose of analysis
- They tend to involve harms that manifest themselves immediately or in the short term, such as workers' rights violations or infringements on the rights of indigenous people or other vulnerable groups
- The harms observed are often localised in nature, impacting individuals or community groups rather than cities, countries or continents as a whole

By contrast, environmental compliance data are inherently quantitative in nature. This can include short term metrics that are in a company's power to influence, such as litres of water used or tonnes of Co<sub>2</sub> emitted. It can also refer to more consequential factors, including exposure to the physical impacts of climate change, which will manifest over a longer time horizon and a much wider geographical area.

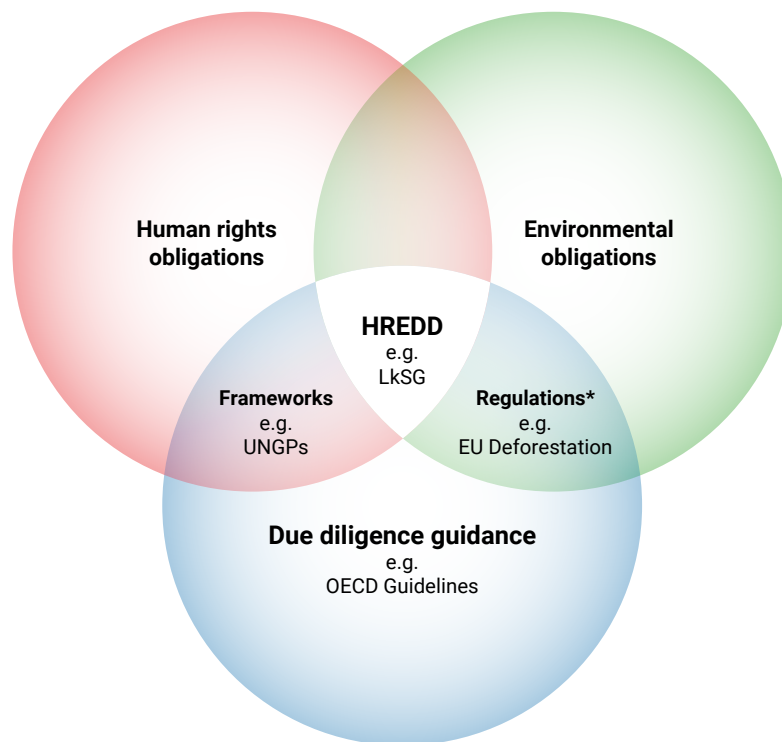
The key word here is 'exposure.' One of the first steps towards compliance with new and emerging supply chain legislation, as well as frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD), is the identification of risk exposures. But as we've just highlighted, finding a common language that bridges both the human rights and environmental disciplines is a challenge for many organisations.

This is where geospatial risk data can help. A comparative dataset that measures both human rights and environmental risks at the global level enables companies with international footprints to quickly identify their most salient risks across their operations, supply chains and investments. Moreover, when that dataset includes a consistent scoring framework for both sets of issues it allows companies to think and talk about these risks in the same way. Resources can then be more effectively targeted when mitigating or remedying human rights or environmental harms.

*(Cont...)*

**Figure 2: How environmental issues fit into existing HRDD frameworks**

The LkSG incorporates both human rights and environmental due diligence within a single legal instrument



\*refers to a large number of highly issue-specific environmental regulations across multiple jurisdictions

Source: Verisk Maplecroft

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**How the law is adopting HREDD**

Turning to the granular detail, the new German Supply Chain Due Diligence Act (LkSG) is a concrete example of a law that seeks to incorporate human rights and environmental due diligence within a single legal instrument.

The LkSG makes reference to certain environmental actions (water, air, soil, noise pollution) that could result in harms to the health of people through impacts such as food production and clean water availability. This underscores the causal link that often exists between environmental harms and human rights violations.

The law also includes three standalone environmental references covering persistent organic pollutants, mercury use and hazardous waste, and provides a set of requirements to meet the provisions of the various international conventions governing these specific areas.

Taken together these measures represent a smart, targeted approach to the integration of a few key environmental issues into an existing human rights framework and they should help companies navigate these increasingly interconnected risks.

“ While processes are important, positive substantive outcomes and remedies are vital

However, they are a long way from a singular, overarching, integrated approach to HREDD. There is nothing in the LkSG on biodiversity loss or deforestation or the destruction of the marine environment, for example, and the law otherwise sticks closely to a UNGP inspired human rights due diligence framework. It is true that the OECD Guidelines for Multinational Enterprises and the related Due Diligence Guidance on Responsible Business Conduct have incorporated environmental elements for some time, but these are non-binding (if influential) documents.

But this isn't to say that this will be the case for all future HREDD related legislation. The forthcoming EU Corporate Sustainability Due Diligence Directive (CSDD) is likely to come into force in 2025/6 and is also seeking to integrate both human rights and environmental due diligence for larger companies operating in or through the EU and may yet involve more comprehensive integration of the two elements.

One way in which companies can navigate these complexities is through the creation of singular 'sustainability departments' to replace distinct human rights and environmental units. There could be merit in this approach if the intention is to more efficiently share overlapping data and resources (for example on site visits or legal/compliance capacity). It should also speed up the reporting process, for example in relation to the Corporate Sustainability Reporting Directive (CSRD).

However, companies need to ensure that both human rights and environmental elements are properly considered. There is currently a primary focus on climate and natural capital issues among many corporates and investors, not least because of the plethora of environmental metrics and reporting standards in recent years. This could mean that important human rights considerations are marginalised within a singular sustainability department. With human rights legislation becoming more demanding and consequential, it is important that social issues are afforded parity with those of an environmental nature.

### Outcomes, not processes

There is a final, critical point to note when thinking about how to approach HREDD. Getting the process right is an important first step, and should include the use of external, credible and independent risk data in order to identify salient risk exposures, track progress and prioritise actions. However, while processes are important, positive substantive outcomes and remedies, in particular, are vital. Going forward, organisations looking to comply with HREDD laws will need to demonstrate investment and commitment to a process of change, but they will also have to ensure that the harms they discover are mitigated, remedied or avoided.



# Human rights become new battleground in fight for environmental justice

Right to a healthy environment opens new pathway for corporate litigation



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“ India, Nigeria and Indonesia are just some of the nations likely to see an increase in cases

>1,400

climate lawsuits globally since 2015

An upswing in climate litigation using breaches of human rights as their basis is just the beginning of what could be a new era of legal woes for companies in high-emitting and polluting sectors, with energy, mining, agriculture, and manufacturing companies in the firing line.

Activists using human rights-based litigation to advance environmental claims involving a range of issues, such as air, water and noise pollution, and man-made or natural disasters have enjoyed varying degrees of success to date. But, with the UN General Assembly resolution declaring the right to a healthy environment a human right in July 2022 – and then in March adopting a further resolution asking the International Court of Justice to define a country’s legal responsibilities to protect citizens from climate change – momentum is building as a diverse range of stakeholders rally behind the strategy. India, Nigeria, and Indonesia are just some of the nations likely to see a significant increase in cases, according to our data.

For companies already grappling with investor and regulatory demands to show how growing physical risks and declining natural capital threaten investments and strategy, litigation is the next hurdle to clear.

### Legal arguments on environmental harms harness human rights to move beyond climate

Climate litigation remains the most pronounced avenue for environmental cases pivoting towards human rights to appear. It has rapidly become a key mechanism for affected groups to force states to abide by their international pledges and keep companies faithful to their emissions commitments. The *Milieudefensie v. Royal Dutch Shell* landmark 2021 case, which sided with Dutch citizens’ assertions that Shell’s contribution to climate change was in violation of its duty of care under Dutch law and human rights obligations, is a case in point.

Since 2015, climate lawsuits have more than doubled, totalling just over 1,400 cases globally. But, as cases have foundered in the courts, litigants have increasingly turned to a burgeoning body of human rights law to seek recourse. Between 2015 and 2020, 40 cases were brought before national and international bodies on such grounds, aided by a host of countries that have guaranteed rights to a healthy environment in their constitutions or national laws. The European Court of Human Rights will hear three separate cases this year, which in concert put over 30 European countries in the dock accused of infringing citizens’ rights by failing to act on climate.

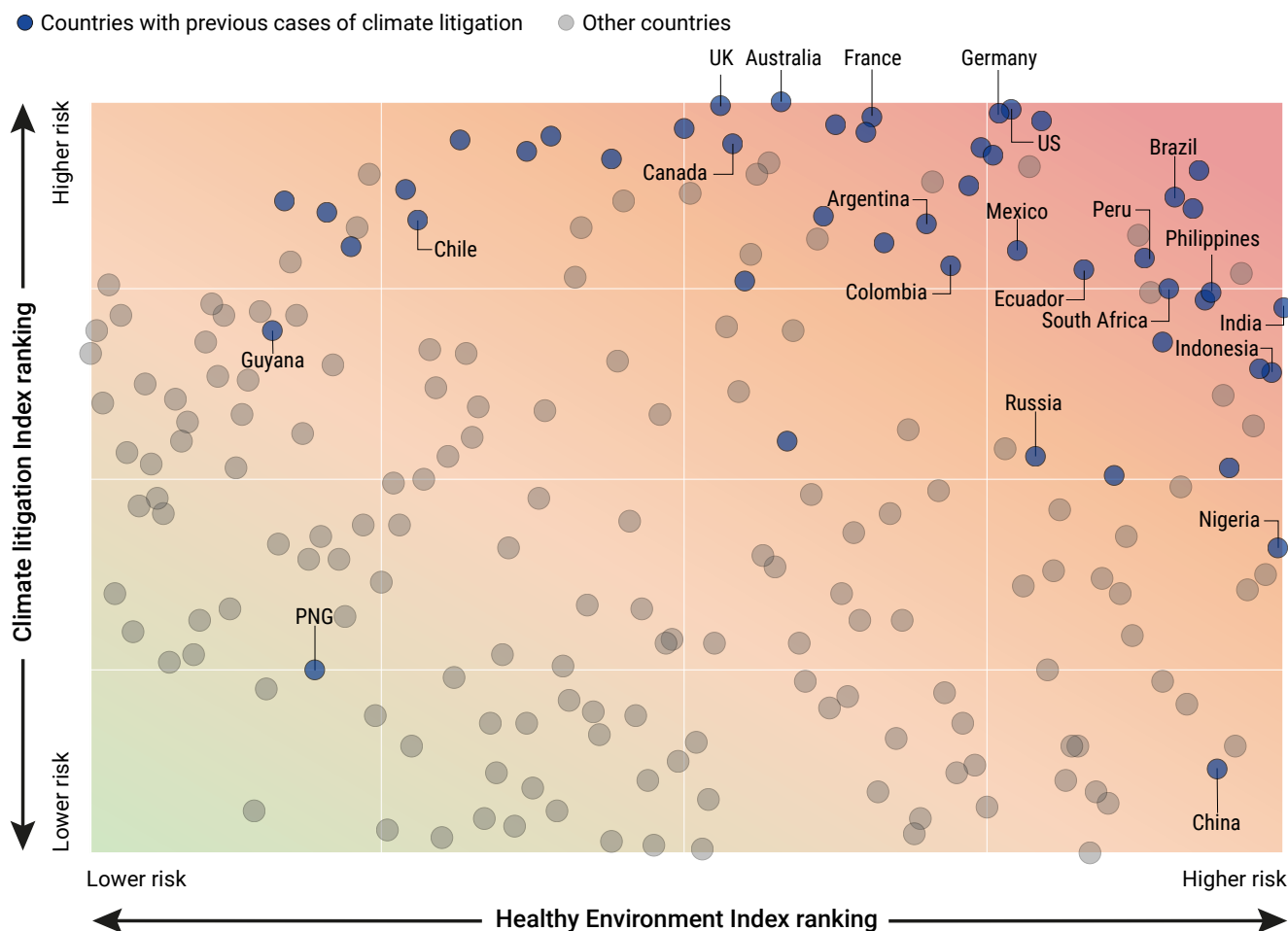
Indeed, the argument is simple – a healthy environment is fundamental to the well-being of humans, and it is a right everyone should enjoy. From protecting populations of crop-pollinating insects and wild fish that are central to nourishing millions, to the air we breathe and the water we drink: activists are beginning to make the case that environmental and human rights harms are impossible to separate.

These links have reinforced legal arguments around clean air, healthy and sustainably produced food, access to safe water, non-toxic environments, intact ecosystems and biodiversity, as well as a stable climate. Human rights have been useful to litigate environmental damage and to open the door to regional and international human rights tribunals. But wider recognition of the right to a healthy environment, as heralded by the UN resolution, will streamline the reasoning and increase the chances of success for claimants. They will no longer have to indirectly argue that their right to health, for instance, is affected by environmental destruction or increasing GHG emissions.

### India, Nigeria, Indonesia worst performers on Healthy Environment Index, ripe for cases

Understanding where environmental harms affect populations the most and in which locations cases of this kind are most likely to appear offers a window into how and where this new litigation battleground will develop for companies.

**Figure 1: New human rights cases likely in countries with high environmental risks and a history of climate litigation**  
Country rankings, Climate Litigation Index vs Healthy Environment Index



Source: Verisk Maplecroft

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India is the worst performing nation on Verisk Maplecroft’s Healthy Environment Index

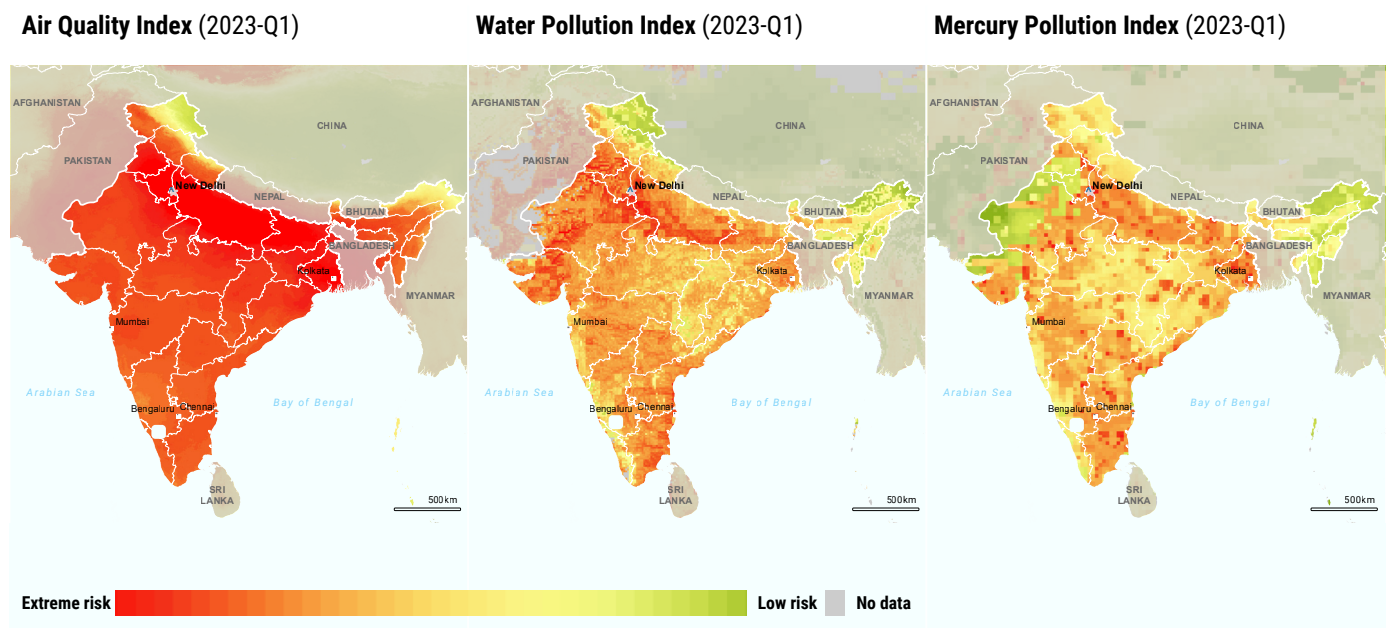
To do this, we mapped our Climate Litigation Index, which assesses 198 countries on the risk of lawsuits being filed and pursued against corporations in relation to climate change, against a new Healthy Environment Index, which combines our data covering Air Quality, Biodiversity, CO<sub>2</sub> Emissions, Climate Change Exposure, Deforestation, Food Security, Water Pollution, Hazardous Waste, Mercury Pollution and Persistent Organic Pollution.

In Figure 1, we can see a host of countries in the risky top right of the graphic where conditions are conducive to cases coming forward.

The maps below provide a snapshot as to why India is the worst performing nation on our Healthy Environment Index. Not far behind are Nigeria, Indonesia, the Philippines, South Africa and a host of major Latin American economies. The Asian countries in this group have a record of climate litigation, making it more likely that we will see a rising number of rights-related cases in the future. Likewise, Latin American countries, such as Colombia, Brazil, Ecuador, and Argentina, with a long trajectory on economic, social, and cultural rights litigation, as well as baked-in constitutional rights to a healthy environment, will prove fertile ground.

**Figure 2: India highest risk country for Air Quality and Water Pollution, 14<sup>th</sup> worst for Mercury Pollution**

India, subnational risk scores across select environmental indices



Source: Verisk Maplecroft

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“ Mining companies have been targeted by human rights movements for environmental damages in India, Brazil and South Africa

Litigating extraterritorially in jurisdictions with better access to justice can also make them appealing to claimants. As the case against Vedanta Resources in the UK brought by Zambian citizens affected by water pollution from the Nchanga copper mine shows, victims of environmental damage caused by businesses across the developing world are increasingly resorting to tribunals in a company’s home country to argue human rights violations. This brings the private sector to the fore of the discussion on the link between environmental harm and human rights. Extraterritorial litigation hubs, including the UK, France, Germany, Canada, the Netherlands and Australia, rank at the top of our Climate Litigation Index. French companies are a particular target because of the 2017 Duty of Vigilance Act that requires them to draft environmental damage vigilance plans, although no court has yet forced a company to change strategic direction.

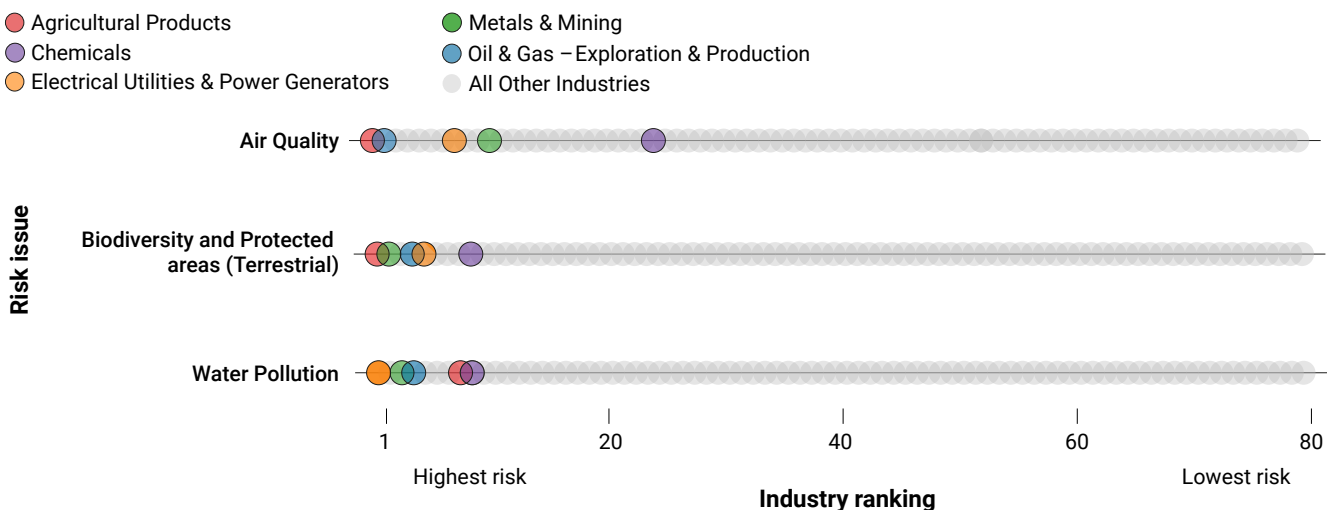
**Legal jeopardy transcends natural resources – agriculture, chemicals, utilities at risk**

With expansive global footprints, intrinsic operational risks, high emissions and the potential for large-scale, damaging industrial accidents, the oil and gas and mining sectors will remain the main focus of potential lawsuits marrying the E of environmental with the S of social risk.

Mining companies have already been targeted by human rights movements for environmental damages caused by tailings dam failures and water and air pollution incidents in tribunals in India, Colombia, Brazil, Peru, South Africa, and extraterritorially in the UK and Australia. Oil and gas companies have also been sued in Nigeria for spills in the Niger Delta, and activists have used transnational litigation to bring the same case to the Netherlands when justice proved slow at national level.

**Figure 3: High-impact industries at frontline of new rights-based environmental litigation**

Verisk Maplecroft Industry Risk Analytics, industry rankings across key environmental issues



Source: Verisk Maplecroft

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Litigation is likely to expand into other polluting sectors, including agriculture, chemicals production and manufacturing

But as we see cases linking environmental degradation and human rights accelerate, we will likely see an expansion into other sectors, such as agriculture, chemicals production and some areas of manufacturing, which, as shown in Figure 3, can have damaging polluting impacts on air, soil and water quality.

### **LkSG supply chain law signals legislators beginning to connect E and S dots**

Litigation is, however, not the only legal pitfall facing companies when it comes to connecting the E with the S. Compounding the mounting threat is the advent of new laws, such as the German Supply Chain Due Diligence Act (LkSG) and the EU's Directive on Corporate Sustainability Due Diligence (CSDD), which ask organisations to consider environmental factors alongside their human rights due diligence.

This legislation trend will not only amplify the risk of new jurisdictions entertaining claims of victims of human rights violations caused by environmental harms in a third party, but will also open the door to hefty fines and even administrative penalties against senior executives and mid-level managers.

The LkSG, in particular, links aspects like water pollution and soil contamination to human rights violations regarding access to food and clean water. A cohort of countries in the top right quadrant of Figure 1 perform poorly in our data measuring both Mercury Pollution and Persistent Organic Pollutants, including India, Japan, Peru, Germany, and a host of other European nations.

### **Litigation risks 'rapidly accelerating'**

The trajectory of human rights-based litigation for environmental damage will be reinforced and expanded thanks to the growing recognition of the right to a healthy environment. In countries with a long-standing tradition on marrying these issues it will help advance more complex cases. And in those countries which have yet to recognise it, a more seamless argumentation will push for judicial interpretations accepting this link with greater chances of favourable outcomes for plaintiffs.

Globally, the rate of cases coming forward will vary considerably, but there can be no doubt that the litigation risks to companies within polluting sectors are rapidly accelerating.



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