



Global business sector must step up to climate change obligations

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Abstract: The UN Guiding Principles on Business and Human Rights remain relevant in terms of addressing business responsibilities regarding climate change. However, the private sector should be obligated to contribute towards climate financing, given the urgent need in the Pacific.

The UN Guiding Principles on Business and Human Rights ([UNGPs](#)) have been widely endorsed by international, regional, and local organisations, businesses, trade unions, supply chain networks and States. It has been a little more than 10 years since their inception and there is yet to be a formal adoption of obligations and responsibilities at the international level.

The urgency and need for private sector engagement in climate financing, mitigation and adaptation is strongly felt and recognised. It is an [important ally](#) in

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global efforts in climate mitigation, given that public finance is [under strain](#), and more so in the Pacific context. Businesses and large private corporations in addition to States should be duty-bound to contribute to climate adaptation and mitigation efforts. The UNGPs [do not explicitly address](#) disaster management, climate change or adaptation. That does not however reduce their relevance to climate mitigation efforts, as there is a broad expectation that businesses and other stakeholders should fulfil responsibilities in relation to all internationally recognised human rights. While a Working Group on Business and Human Rights is engaged in developing an [Information Note](#) in relation to climate change, it is pertinent to note the 'soft law' form of the UNGPs.

Handful of corporate giants responsible for majority of global emissions

Pacific Island Countries (PICs) are the most [exposed and vulnerable](#) to natural disasters and climate change. They have contributed the least towards factors inducing climate change. They are also among the least equipped to handle the consequences, leaving their survival in jeopardy. With more clarity on the [failure of limiting](#) global warming to 1.5 degrees Celsius, we are already witnessing accelerating changes. The human rights of the most vulnerable people in the PICs are being placed at grave risk.

To achieve sustainable development goals, including climate goals, the Pacific Islands need financing and human capital. The International Monetary Fund's [study](#) concluded that the Small Island Developing States, including the Pacific Islands cannot fund themselves on their own without external financial support.

[Industrialised countries failed](#) in their commitment to mobilise US\$100 billion a year by 2020 to address the needs of countries facing effects of climate change.

The Carbon Majors Report has found that more than half of the global emissions since 1988 - the year the Intergovernmental Panel on Climate Change was established - and 2017 could be traced to just 25 corporate and State-owned entities. It has also discovered that just 100 companies were the source of 70 percent of all the world's emissions in that period. Most of these companies are backed by public investment, therefore it is also the responsibility of investors to engage with businesses in an effort to encourage them not just to disclose climate risk but also contribute to mitigation funds. Most Pacific Island Countries do not have ease of access to international financial institutions. Climate financing today relies largely on voluntary pledging by countries. Direct contributions by businesses towards countries in the frontline of risk could ease multiple barriers in access to existing climate funds.

Voluntary mitigation efforts too little, too late

There is [mounting pressure](#) on businesses to fulfil their environmental responsibilities, yet they are not moving fast enough. For example, it is becoming more and more relevant for companies to show that their supply chains are free of human rights and environmental abuses. On the one hand, some businesses see this as an economic advantage, while on the other, some may not. This is simply because the UNGPs are not binding nor is there any incentive for the private sector to spend on this while compromising on their profits.

In the Pacific and elsewhere, businesses are [already working](#) with governments on a range of adaptation and mitigation initiatives such as infrastructure, renewable energy and sustainable transport. For example, the Fiji Rural Electrification Fund, a public-private partnership, provides for the delivery of affordable clean energy to rural communities in Fiji. There are opportunities for businesses to access the [Green Climate Fund](#) (GCF), set up by the United Nations Framework Convention on Climate Change (UNFCCC) in 2010. Although mechanisms such as the GCF promote [private sector engagement](#) in climate projects, they are in no way mandatory. In addition, the fund itself is formed by contributions from states, international organisations, banks, and civil society organisations. In some other mechanisms, such as the Framework for Resilient Development in the Pacific (FRDP), the private sector has a seat on the Pacific Resilience Taskforce to advise on project development and implementation. That is a positive way ahead, however, most of these are voluntary, and businesses do not have access to financing projects directly. The absence of a framework, monitoring mechanisms, lack of incentives and lack of information contribute to the barriers around their effective engagement. As businesses are duty-bound under international law to protect human rights, should they not also be liable to contribute to such funds?

Businesses contribute to international efforts to combat climate change through sponsorship and climate reporting. Sometimes, these appear to be [greenwashing](#), and lack the credibility to be considered [meaningful](#).

States, international human rights law must press business on climate change responsibilities

The increasing global nature of the world with multinational corporations also contributing to climate change calls for a rethink of the international business and human rights framework. The UNGPs should no longer remain 'soft law', rather they should be adopted into binding treaty form. Explicit climate responsibility of corporations and businesses must be included into the business and human rights framework. States, while taking primary responsibility under international law, must force businesses within their jurisdictions to comply with strategies to mitigate climate change. As allies, businesses and the private sector should be invited to participate in international negotiations on climate, finance and responsibility

sharing. Just as industrialised countries are more responsible for emissions than others and therefore have a common but differentiated responsibility towards climate mitigation and adaptation efforts, so should businesses and the private sector. Climate emergency is a reality and mandated direct contribution from the private sector towards financing projects in the Pacific will strengthen the resilience of the people and their economies.

The UN Climate talks at COP28 placed the private sector at its centre unlike its predecessors, and in doing so, has also pressured participants to engage with questions around how corporations can and should fit into international negotiations and dialogues. To meet our emission targets, we need the private sector to invest in climate resilience and adaptation to catalyse the real economy. We need businesses to decarbonize, and support government climate policies and push others to do the same. The engagement with corporations at COP28 has resulted in a range of initiatives and partnerships including a [climate fund](#) with top financial services companies to invest in clean technology.

The private sector is keen to engage in policy conversation, meet their counterparts, and show their commitment to the climate issue. This could potentially change the otherwise pessimistic outlook on increasing global temperature.