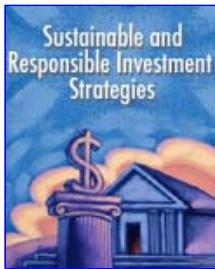


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News

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Investors Support UN Business and Human Rights Mandate

by Anne Moore Odell

Coalition of socially responsible investors sends a letter to the United Nations Human Rights Council supporting businesses' responsibility for human rights.

Three years after being appointed by then United Nations Secretary-General Kofi Annan as a special representative on the issue of human rights and transnational corporations and other business enterprises, Professor John Ruggie presented his findings on business and human rights to the [United Nations Human Rights Council](#) last week. His third report on the subject, entitled "Protect, Respect and Remedy: a Framework for Business and Human Rights," provides a framework for corporations to be held responsible for global human rights.

A coalition of socially responsible investors, led by the Social Investment Forum ([SIF](#)), showed their support of Ruggie's framework in a letter sent to the Eighth Session of the United Nations Human Rights Council, asking it to extend Ruggie's mandate. The International Chamber of Commerce and the Business Leaders Initiative on Human Rights support Ruggie's work as well.

[Professor Ruggie](#) is the Kirkpatrick Professor of International Affairs and Weil Director of the Sharmin and Bijan Mossavar Rahmani Center for Business and Government at Harvard University. In 2005, the UN Commission on Human Rights charged Ruggie with the Herculean task of identifying corporations' responsibilities on human rights and also the role states should play in regulating international companies' human rights records. He was likewise asked to create materials and methodologies assessing companies' human rights impact along with a list of best practices by states and corporations.

The SRSG report (which is short for Special Representative of the Secretary-General) points to the "governance gaps created by globalization" which allow companies to act largely without consequence: "How to narrow and ultimately bridge the gaps in relation to human rights is our fundamental challenge."

Ruggie's framework rests on three principles: "the State duty to protect against human rights abuses by third parties, including business; the corporate responsibility to respect human rights; and the need for more effective access to remedies."

The framework lays out the due diligence companies should extend to protect human rights, both labor rights such as freedom of association and the abolition of slavery, and non-labor rights such as the right to life, liberty, and security of the person, and the right to marry and form families. Companies should then look at three factors to perform this due diligence. The first factor is to consider the country in which their company is working; the second factor is to examine their own impact on human rights in that area. Thirdly, companies must then look at their business relationships to see if they are contributing indirectly to human rights abuses.

Due diligence must include company-wide, detailed human rights policies. The policies need to be assessed, integrated, and tracked everywhere the company does business. As companies work to expand human rights policies, Ruggie suggests companies and industries share information and assessment tools. The UN's Global Compact could help provide a platform for helping these exchanges, Ruggie offers.

In their letter to the Human Rights Council, the investors wrote "we believe that significant and urgent work must be undertaken by companies to scrutinize their own operations to minimize the possibility of complicity in human rights abuses. We also believe that greater disclosure of corporate information related to human rights policy and performance will enable investors to correlate the financial performance of companies with prudent management of human rights-related risks in general and to assess the possibility of human rights-related corporate liability in particular."

"We believe that socially responsible investors have played and continue to play a critical role in identifying early warnings signs for companies related to human rights and potential

reputational risks through their social screening and shareholder advocacy work," said Lauren Compere, director of shareholder advocacy for [Boston Common Asset Management](#) and one of the letter's signers.

Compere continued, "There has been a history of this through our work on sweatshops, Burma, Sudan, global supply chain issues, project finance (Three Gorges Dam is a great example of this), indigenous rights, FPIC [Free, Prior and Informed Consent] and large extractive sector projects."

The mandate would offer investors greater transparency into the companies they own, the letter states. Although more companies are releasing information on their environmental and social performances, only a select few release similar information on their human rights records. Ruggie's mandate further points to the need for companies to perform due diligence on human rights.

The need for companies to have effective human rights policies and programs is especially important in some parts of the world. "In absence of the rule of law in some countries and to avoid direct culpability for human rights abuses committed by the government or some faction, companies need to have higher standards related to human rights, such as seen by such protocols as [Publish What you Pay](#) or Voluntary Principles for Security Forces," added Compere.

The investors make the business case for companies embracing their responsibility for human rights, stating in the letter "given the rapid growth of shareholder-driven activity, risk-conscious corporations may benefit from an affirmative approach to human rights issues. As suggested in the SRSG Report, such an approach may mitigate shareholder resolutions and campaigns."

Compere signals out [BP](#) for their Human Rights Impact Assessment process that was first used comprehensively with the Tangguh liquefied natural gas plant in Indonesia. In the 1990's natural gas was found in a remote area of the island Papua, a province of Indonesia by ACRO. In 2000, BP acquired ACRO and is now a 37% owner of the site. BP has worked over the past eight years to protect the environment and the population in the area. BP reports studying the villages directly and indirectly impacted by the project, offering health services, and employment to the native population. An independent panel on the project, lead by former US Senator George Mitchell, has worked to address human rights concerns as well.

"Both NGOs and social investors play an important accountability role for companies on human rights," explained Compere. "I think the critical role that social investors play is having a more balanced perspective on human rights issues. We usually come somewhere in the middle - while we understand the NGOs perspective on a certain issue like FPIC, we also understand the companies need to operate on a global basis."

The thirty plus signers included religious investors, foundations, asset managers, and other socially and environmentally concerned stakeholders.