

Principles for Responsible Investment – Why and how investors should act on human rights

1. Is the “How investors can respect human rights section”, including the six-step framework, (a) clear and (b) useful?

Step 1 (page 11): IOSH believes that the six-step framework needs to include the setting of targets for increasing positive outcomes relating to UN Sustainable Development Goals (SDGs), such as for human rights issues and labour provisions, including occupational safety and health (OSH) as a fundamental right. We also believe there should be mapping of stewardship activities relating to SDGs.

Steps 2–5 (page 11): IOSH suggests that where it refers to “*identify actual and potential negative outcomes for people*” this should include a risk assessment and management process, so that contributing factors can be identified and preventive measures implemented. In the section on ‘Investment decisions’, for post-investment, the paper needs to explain what action is required from investors where it says that they “*should regularly assess and manage negative human rights outcomes*”. This should include establishing what went wrong and how further harm can be prevented; whether and what remediation and mitigation can be deployed; and whether any of their other investments are similarly affected. In the section on ‘Dialogue with policy makers and key stakeholders’, we recommend that the wording is stronger, so that instead of saying that investors can work with others, it says that they should work with others.

2. Are there aspects of respecting human rights in investment activities that you think are important that the paper did not cover (at all, or sufficiently)?

DRAFT RESPONSE (not for circulation or publication – subject to change)

IOSH notes from the draft paper that “...many institutional investors are either unaware or unclear on how to fulfil their responsibility to respect human rights”. IOSH therefore believes that it will be essential to provide investors with guidance on what the potential consequences can be for workers, if investees fail to uphold human rights and OSH as a fundamental right, and appreciation that fear and intimidation can mean that this is a hidden and neglected problem. They also need to understand the problems of unauthorised sub-contracting, insufficient regulation and poor working conditions in the informal sector.

It will be important to highlight the serious and potentially life-threatening consequences for workers from breaches of human and labour rights. These can include slavery and human trafficking, excessive working hours, harassment and discrimination, gender-based harassment and violence, and physical and mental harm, including fatal work-related injury and illness. For investees, there will be risks to the delivery of funded-projects and their social license to operate. For investors, there will be risks to their investment-value and also associated reputational damage from unintentionally funding unethical practice which, in the case of failing to manage the risk of communicable diseases such as Covid-19, can lead to community transmission, public health emergencies and severe economic downturn.

On the other hand, effectively managing OSH and human rights risks can increase productivity, profitability and worker and customer loyalty. This saves lives and livelihoods, supports project delivery, and protects social licence to operate.

3. What are the most significant challenges for institutional investors in meeting the responsibilities set out in the paper? (e.g. limited human rights expertise in the financial industry; lack of quality data; lack of practical guidance; regulatory barriers; lack of implementation by companies/investment managers/service providers.)

IOSH believes that institutional investors should be aware that they will need to obtain and carefully scrutinise corporate performance data on OSH and human rights. This may include modern slavery disclosure statements, recognising that, unfortunately, such statements have been criticised by human rights watchdogs as too often being ‘generic’ (see https://media.businesshumanrights.org/media/documents/files/FTSE_100_Briefing_2018.pdf), so may need to be challenged. IOSH has recently supported the need for non-financial reporting data to be reliable, meaningful and comparable and also for it to be verifiable.

Noting the paper's point that institutional investors are unclear on their human rights responsibilities, IOSH advocates specific requirements for training and competence on this important subject, supported by ongoing professional development schemes.

4. What additional guidance and/or case studies from the PRI would you find most useful in helping you to implement the UN Guiding Principles on Business and Human Rights and/or the OECD Guidelines for Multinational Enterprises?

IOSH notes that this question is aimed at institutional investors and their requirements. As an advocate of a safe and healthy world of work, we would support the provision of specific guidance, case studies and training, in human and labour rights, including OSH, in order to build capacity and competence within this group.

Investors should be aware of reporting initiatives that cover human and labour rights, including OSH, such as the Global Reporting Initiative <https://www.globalreporting.org/Pages/default.aspx> and of the material provided by the Business and Human Rights Resource Centre <https://www.business-humanrights.org/en/>. In addition, they may find the environmental and social criteria used by investment banks, such as the European Bank for Reconstruction and Development, to be informative.

In addition, for further information, PRI may also wish to consider IOSH's policy positions on *Performance Reporting* which can be found at <https://iosh.com/more/our-influence/our-policy-positions/iosh-reporting-performance-policy-position/> and on *Sustainability and OSH* which can be found at <https://iosh.com/more/our-influence/our-policy-positions/iosh-sustainability-policy-position/>.

Other relevant IOSH publications include:

- *The business case for engineering in health and safety*, which makes the case for investing in designing-in OSH at the concept stage of infrastructure and other major projects at www.iosh.com/bus_case_eng
- Manifesto: *Towards a safe and healthy world of work*, at www.iosh.com/manifesto
- *The healthy profit – How investments in safety, health and wellbeing are giving businesses the edge*, at <https://iosh.com/more/iosh-means-business/healthy-profit/>

5. What are your thoughts on the PRI's plans outlined in the Next Steps section, thinking about the ambition level, the specific activities suggested, the most appropriate way to approach them, or any other factor?

IOSH believes that the five-year agenda should be far more ambitious, given the urgent and serious consequences of investors failing to act on human rights issues and that the UN Office of the High Commissioner for Human Rights clarified that the UNGPs applied to institutional investors back in 2013. Any investors who are signatories to the Principles for Responsible Investment, and are not already implementing the UNGPs, should do so as soon as possible after the launch of this PRI awareness-raising initiative.

Education, training and competence requirements need to be prioritised and specified in this plan.

6. Do you have any other comments?

IOSH welcomes the Principles for Responsible Investment's initiative on how and why investors should act on human rights. We would be pleased to work with PRI to help raise awareness of the serious consequences of failing to conduct due diligence and importantly, the actions investors can take to help ensure investees manage their risks and improve human and labour rights across supply chains around the world.

IOSH believes that human and labour rights issues, including OSH, should be included in the 'core' (mandatory) sections of the PRI framework and should be made public. Meaningful transparency is important so that stakeholders and those involved in stewardship can make informed decisions and help drive improvements.

IOSH is currently highlighting the importance of socially responsible investment as part of a worldwide movement to revitalise and build back better and healthier following Covid-19. Please see our Policy Brief '*Revitalising 2.0: Building back better and healthier*' published on the UN-WTO Policy Hackathon online repository (C135) at <https://www.unescap.org/resources/online-repository-contributions-policy-hackathon-model-provisions-trade-times-crisis-and#Building%20back%20better>.

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