

# UNEP FI STRATEGY ON SOCIAL ISSUES AND HUMAN RIGHTS

UNEP FI Roundtable for Latin America & the Caribbean  
Buenos Aires  
6 September 2017



# UNEP FI STRATEGY BUILDING ON 10 YEARS WORK ON HUMAN RIGHTS

- **Social pillar & human rights integral to sustainable finance**
- **Evolving focus in a fast-moving agenda**
  - ✓ Members discuss human rights since early GRTs
  - ✓ Online Guidance Tool on Human Rights for finance (2007-today)
  - ✓ Legal analysis on Banks and Human Rights (2015)
  - ✓ Increasing engagement on human rights with peer initiatives
- UNEP FI embarks on a **new strategy on social issues (2017- 2019)**
  - ✓ Human rights and social needs – more critical than ever for the sustainability agenda
  - ✓ Available – request copy!



# HUMAN RIGHTS & SOCIAL ISSUES IN UNEP FI PARTNERSHIP

## FINANCIAL INSTITUTIONS

- \* **Responsibility to respect human rights**

*The UN Guiding Principles on Business and Human Rights*

- \* **Ability to promote human rights and positive social impact**

## UNEP / UN

- \* **Human rights & equity: a pillar in pursuing the SDGs**

- \* **The ‘inclusive’ green economy**

*Enabling a ‘fair’, equal opportunity economy*

**LANDSCAPE** Initiatives working on finance and human rights, and social finance → avoid duplication, connect with peers to build common ground



### 3 STRATEGIC PRIORITIES (2017-2019)

Achieving a *rights-based, inclusive* sustainable finance

Preventing &  
addressing adverse  
human rights impacts

UNEP FI Guidance  
Tool on Human Rights  
Risks

‘Mainstreaming’  
human rights in  
finance

From fragmentation  
to integration across  
the board in FIs, and  
UNEP FI sustainability  
agenda

Building alliances/  
synergies with peers  
for enhanced  
coherence and impact

Industry benefits from  
bridges with human  
rights community

Members are able to **embed human rights and wider social considerations from both ‘preventing harm’ and ‘doing good’ perspectives, in an integrated manner**



# INTEGRATED ACTION: BANKING

## RISK / DUE DILIGENCE

### Human Rights Guidance Tool

- ✓ Covers human rights risks by topics, sector & standards
- ✓ Resources to FIs policies and other resources

#### **Regional application:**

- Embed regional **case studies**
- **Links** to regional members' human rights policies & reports
- **User feedback:** signal missing or key topics for the region
- **Fund** tool improvement: ex. translation in regional language.  
*So far tool funded by membership & UNEP FI. Potential to do more!*

## OPPORTUNITY

### Positive Impact Finance

- ✓ Principles, Manifesto, Roadmap, Working Groups
- ✓ 'Positive impact' contributes to one or more of the three pillars of sustainable development once the negative impacts in all 3 are addressed.
- ✓ Social themes and indicators to be identified for impact analysis

#### **Regional application:**

- Impact analysis experience? **We want to learn from you!**
- Do you want to be part of the initiative ? **Explore the options with us and fellow members in the region**



## KEY ISSUES AND QUESTIONS

Basic Questions Core Operations Supply Chain Communities Society and Governments Key Questions Geographical Context

### HUMAN RIGHTS AND BUSINESS: BASIC QUESTIONS

Below are some questions which will provide an initial indication of a company's awareness of human rights.

#### Does the company have a written human rights policy?

There may be a specific human rights policy or position statement, or human rights may be covered in a number of other policies (for example, a code of conduct, sustainability/corporate social responsibility policy and policies relating to recruitment, employment, health and safety or community relations).

### A set of basic questions to consider

- Internal policy ?
- Integration in business processes?
- Due diligence system?
- Public commitment / communication?

### Issues by sphere of influence / source of impact

- Core Operations
- Supply Chains
- Communities
- Society and Governments

### Key questions & geography

- Recap on key indicators from core operations to government-issues
- Human rights concerns associated with country / region



## HUMAN RIGHTS ISSUES BY SECTOR

Agriculture & Fisheries	Chemicals & Pharmaceuticals	Forestry & Logging	General Manufacturing	Infrastructure	<b>Mining &amp; Metals</b>	Oil & Gas	Power Generation	Services	Utilities & Waste Management
-------------------------	-----------------------------	--------------------	-----------------------	----------------	----------------------------	-----------	------------------	----------	------------------------------

## MINING AND METALS

### Core products and processes

Products include metals and minerals, coal, precious and semi-precious gemstones, building and road materials and industrial non-metal products. The mining and metals sector (which includes quarrying) covers the key life-cycle phases:

- exploration (geological surveying, mapping)
- mine planning (modelling the ore reserve, mine layout, scheduling)
- mine development and operation (construction of mining infrastructure, extraction of ore, waste management)
- processing (smelting, refining, casting and finishing, electroplating)

## HUMAN RIGHTS ISSUES BY TOPIC

<b>Abuse of human rights by host governments</b>	Child Labour	Forced or Compulsory Labour	Health & Safety	Impact of migrant population	Livelihood & standard of living	Local & indigenous peoples' rights	Revenue transparency & capital flight	Security of operations	Workplace conditions
--	--------------	-----------------------------	-----------------	------------------------------	---------------------------------	------------------------------------	---------------------------------------	------------------------	----------------------

## ABUSE OF HUMAN RIGHTS BY HOST GOVERNMENTS

This covers human rights abuses carried out by or on behalf of the government. A company may have a relationship with the government in the region where operations are carried out. Issues to consider include:

- Any benefits derived (directly or indirectly) from abuses perpetrated by the government may result in the company being perceived as complicit in the abuse
- In operations with a large footprint involving natural resources there may be potential for government use of forced or bonded labour to extract and realise the resources
- The violent removal, severe repression or arrest of protestors and resisting indigenous groups by governments or their agents.

## Controls and mitigants



# INTEGRATED ACTION: INVESTMENT

## RISK / DUE DILIGENCE

### Fiduciary Duty in 21st century

- ✓ Human rights core to ESG
- ✓ Research and country tools

### Sustainable Stock Exchanges Ring the Bell for Gender Equality

- ✓ Practice-sharing, focus on inclusion
- ✓ Cross-cutting: risk & opportunity

### Labour rights in supply chains

- ✓ Planned guidance in real estate development and management
- ✓ Global survey for now to identify existing practice, gaps and needs!

## OPPORTUNITY

### Positive Impact Finance

- ✓ Principles, Manifesto, Roadmap, Working Groups
- ✓ 'Positive impact' contributes to one or more of the three pillars of sustainable development once the negative impacts in all 3 are addressed.
- ✓ Social themes and indicators to be identified for impact analysis

### **Regional application:**

- Impact analysis experience? **We want to learn from you!**
- Do you want to be part of the initiative ? **Explore the options with us and fellow members in the region**





# INTEGRATED ACTION: INSURANCE



## RISK / DUE DILIGENCE

Planned ESG Industry Standard, to build on [PSI](#) framework

- ✓ Recognized as a key topic in pre-PSI consultations
- ✓ Human rights to be included in ESG standard for underwriting (starting phase)

### Regional application:

- **Participate in consultations** leading to ESG standard (through PSI)
- Share **links** to your work on human rights; or **how you approach the issue (challenges included!)**

## OPPORTUNITY

PSI-ILO '[Making Inclusive Insurance Work](#)' webinar series

- ✓ Clients & metrics, distribution & technology, SMEs, agriculture and climate risk, health, regulation

### Regional application:

- Do you work on inclusive insurance? Contact us to **share your experience (challenges included)!**

# CONNECTING THE REGIONS WITH GLOBAL INITIATIVES

- Fast evolving agenda, **multiple initiatives, trends and expectations**
- **UNEP FI connects** to peer initiatives working to clarify the role of finance regarding human rights and social needs
- Key **relevant initiatives** members should be aware of (non-exhaustive)
  - ✓ Implementing the UN Guiding Principles on Human Rights:  
UN Working Group on Business and Human Rights (cross-cutting);  
OECD project on responsible business conduct (investment, lending);  
Dutch banks covenant on human rights, Thun Group of Banks (lending);  
Corporate Human Rights Benchmark (call to investors, and finance!).
  - ✓ Breaking silos between human rights and climate commitments:  
UN Office of the High Commissioner for Human Rights, Geneva Pledge  
of the Paris Agreement



# STRATEGY IMPLEMENTATION

## REGIONAL MEMBERS ENGAGEMENT

- We're **building a network of members committed to champion** human rights and social issues in finance:
  - ✓ Preventing negative human rights impacts (due diligence ); and
  - ✓ Enabling positive social impact (product development)
- The Latin America & the Caribbean region has a wealth of experience in social risks management, yet not fully explored in UNEP FI network
- Starting dialogue to identify specific experiences, needs & challenges:
  - bilateral (UNEP FI – members and stakeholders)
  - regional (calls, meetings, webinars – through LAC group)
  - global (bringing region in global standard-setting fora)



Do FIs feel there is enough dialogue on human rights in the region?  
From your company, country and regional experience, what works best to establish dialogue on human rights ? What are the hurdles ?



# FROM GLOBAL TO REGIONAL TOPICS

- UNEP FI produces **global guidance & standards**

Ex. UNEP FI Online Human Rights Guidance Tool – introductory, proposing 10 sectors and 10 topics.



## **What are the key topics relevant for the region?**

Identified in global strategy and through discussion with members – currently not addressed through a dedicated project!

- ✓ Gender inclusion / empowerment (addressing inequality)
- ✓ Financial inclusion (addressing the financially unserved/underserved)
- ✓ Vulnerable groups (children, indigenous peoples, migrant workers, people with disabilities)
- ✓ Fintech disruption (opportunities & risks)
- ✓ Free, prior and informed consent & community engagement



# FROM GLOBAL TO REGIONAL TOPICS

- **Options to integrate specific topics:**
  - ✓ Expand UNEP FI Online Guidance Tool: add new section (dedicated to identifying, avoiding and addressing adverse impact)
  - ✓ Include module in UNEP FI ESRA training: ex. FPIC (currently very Latin America-focused; also focused on risks)
  - ✓ Collect peer practice on easy-to-access online platform (not a static publication, but an evolving ‘pool’ of knowledge – potentially with means to contact and interact with members submitting practice)
- **What would it entail resource-wise:**
  - ✓ Mostly engagement with UNEP FI Secretariat: sharing your experience – we also want to know what doesn’t work!
  - ✓ Partial funding (Online Guidance Tool expansion)



# CONCLUSION: WHAT NEXT?(2017 - 2018)

- ✓ Reviewed & potentially expanded Online Human Rights Guidance Tool

**Regional application:** 1) Case studies 2) New Topics 3) Translation

- ✓ Social themes and indicators identified / developed in impact analysis for Positive Impact Finance Principles implementation

**Regional application:** members /stakeholders from the region join Positive Impact community; practice-sharing on impact analysis

- ✓ Engage with key initiatives on finance and human rights (OECD, Corporate Human Rights Benchmark, Dutch Banks on Human Rights, Thun Group)

**Regional application:** 1) bring experience to, and learn from, global standard-setting processes; 2) recommend regional platforms to approach

- ✓ Build a network of champions on human rights and social issues

**Regional application:** connect with UNEP FI about your experience



## REACH OUT TO US

- Sabina Timco Iacazzi,  
Human Rights and Social Issues  
[sabina.timco@unep.org](mailto:sabina.timco@unep.org)  
+41 22 917 8147
- Matias Gaillard  
Latin America & Caribbean Region  
[matias.gallardo.affiliate@pnuma.org](mailto:matias.gallardo.affiliate@pnuma.org)  
+ 507 305 3119

<http://www.unepfi.org/>

