



PRI Human Rights Framework Consultation

18 September 2020

LAPFF Response

It is important to clarify the legal standards and the voluntary standards relevant to investors and human rights. For example, the UN Guiding Principles, SDGs, and OECD Guidelines are voluntary, while the Conventions and Covenants on which they are premised are legally binding on states, and to an extent, arguably private sector actors including institutional investors.

There is reference to the French human rights due diligence law, which has been enacted. It is also worth referencing the range of proposed human rights due diligence laws under consideration in a range of other countries, including the UK.

To this end, there needs to be more of a focus on the need for human rights due diligence, both as a concept and an emerging legal trend.

An explanation of why human rights are important material considerations for investors is missing from the current paper. A reference to the PRI engagement with Vale and the investor initiative on tailings dam safety would be useful to illustrate why failing to consider human rights in an appropriate manner can lead not only to loss of life and environmental destruction but also to poor corporate performance and loss of shareholder value.

This 'why' component can be done through a more detailed discussion of the 'cause, contribute, linked' framework set out in the UNGPs.

There needs to be more of a focus on the fact that the UNGPs call for business enterprises (including institutional investors) to assess impact, not business risk, in determining what salient human rights outcomes are and in deciding how to use their leverage. This impact assessment will then affect the financial materiality determination.