

**CORE Coalition fringe event, Labour Party conference, Manchester, 2014**

**Just Business: Labour Leadership on Business and Human Rights**

**Sunday 21 September 2014**

**Summary of speeches by panellists**

**Video Part 1 of 2**

<http://youtu.be/gt-Wxop2QNo?list=UUQAYTXv4TMTua63SgAnQAxQ>

**Louise Haigh (Chair): Welcome and introduction**

Summary of the issues, the APPG on International Corporate Responsibility and CORE.

**Peter Frankental, Amnesty UK (1 min 20)**

The CORE Coalition provides a platform for NGOs, such as Amnesty, to campaign together as one voice.

It's important to have a vision of business and human rights and responsible capitalism. We need a vision from Labour if they are to lead in Westminster.

Increasingly, financial analysts and people within the industry are looking beyond short-termism. Financial commentators, analysts and journalists agree it doesn't serve the purposes of society – we need to look again at the purpose of the corporation.

To achieve this, the ground rules will need to be changed by which companies do business; reviewing the duties of directors and reporting requirements, and reviewing criminal law provisions.

Example of Trafigura (UK company) who conspired to dump toxic waste in the Ivory Coast.

There needs to be a review of access to civil litigation in the UK for victims who suffer at the hands of UK companies.

There needs to be a review of some of the legal protections that companies enjoy; in particular, the balance between commercial confidentiality and public interest.

Example of toxic gas leak in Bhopal (1984) – 15,000 people died and tens of thousands suffered long term illness.

There is a need to look at rules of trade and investment – the ways in which they privilege companies to the detriment of human rights and could lead to very large damages against the state in investor disputes.

Labour leadership on human rights means leadership in multilateral fora – i.e. UK influence on the UN system, the OECD (which developed guidelines for multilateral enterprises), institutions such as the World Bank and European Investment Bank, G8 and G20.

Key indicator: coherence of policies across government - the UK launched the National Action Plan on Business and Human Rights in 2013, but little has been done since to follow it up.

Downing Street and the Cabinet should not act as a block when Ministers are prepared to take initiative. We are seeing this with the current Modern Slavery Bill. NGOs want an amendment to include transparency on supply chains. Many companies are supporting the idea. BIS and the Home Office don't oppose it. The hold-up is with Downing Street.

Modern slavery exists across many industries within the UK. If you don't address the demand factors, the practice will remain lucrative and tough to stamp out.

A future Labour government should be prepared to follow up on measures to improve business impacts on human rights, evaluate them, and strengthen them if they are not effective.

The issue with the previous Labour government's Business Principles Unit – business associations will argue against different forms of regulation. However, a future Labour government will have to look at their assertions critically.

There is a long way to go before the Labour Party can give us the confidence to believe they will hold UK companies more accountable for their global impacts on human rights.

### **Richard Howitt MEP (14 min 10)**

Richard paid tribute to CORE and its partners and the establishment of a European equivalent.

2006 Companies Act – one of the leading examples of putting through corporate responsibility legislation in Europe.

A summary of what Labour has done at the European level:

1999 – Richard first proposed a resolution to the European parliament that companies should report on their social and environmental impact in their annual accounts.

It was always claimed to be radical, utopian, extreme and anti-business – it is now a requirement for all 11,000 listed businesses across Europe.

Next steps: the issue of implementation; and taking it from the European level to the global level

This is not an anti-corporate or anti-business agenda. It's about making sure the businesses who do the right thing are not undermined by the businesses who don't do the right thing.

The Danish and the French governments have played a real leading role in the discussions taking place at the UN level. It is left-of-centre governments who are pushing this agenda.

The UN Guiding Principles on Business and Human Rights have created an architecture on the subject but we're again at the question of implementation and each country's national action plan.

In the action plan, designed under the current government, there is very little binding action to hold companies to account.

Access to Justice – Annual Forum on Business and Human Rights in Geneva, 2014. This is a huge issue in the UK and Europe.

Conflict Minerals – the US has done better than Europe on the issue of mandatory reporting. The EC promised to bring forward regulation to match the US but has abjectly failed to do so.

Secret tribunals that corporations have access to, in order to sue governments to stop governments regulating them is an absolute obscenity. Richard has opposed this throughout – if we have trade and investment agreements to protect investors, fine; but why not binding rights and protections for workers; or binding rights to protect the environment?

We need to revise our understanding of what the very purpose of the corporation is – there is a brilliant project currently at the European level which aims to define that.

In Davos, they discussed the issue that short-termism is chronically holding back the global economy.

## **Video Part 2 of 2**

[http://youtu.be/CB9iye\\_GEYA](http://youtu.be/CB9iye_GEYA)

### **...Richard Howitt continued**

Tesco, Sainsbury and Next are working through international trade union movements to improve conditions for employees in the supply chains. Gap and Asda Walmart are not!

Finally, this year, following the debate about the UN Guiding Principles, Ecuador led a resolution to say that there should be a working party to consult on drawing up an international convention that would be binding at the international level. The EU countries didn't support it. Hopefully this will be achieved in the future.

### **Steve Waygood, Aviva Investors (2 min 45)**

Steve congratulated Richard for his work at the European level, particularly on the non-financial reporting directive NFRD. We now need to make sure it is effective and used.

Aviva understands the importance of long-term sustainability and playing a part in the community. Long-term value creation is central to this whole agenda.

The lack of alignment is due to the incentives in the markets being systematically short term. E.g. pensions are a long-term investment, but the trustees will appoint fund managers using an investment consultant for one year, two or three. The average tenure of a pension scheme for a trustee board is two and a half to three years. This is because the investment consultant who sits between a fund manager and a pension scheme is incentivised to move that scheme too often.

Not to mention the issues with the incentives within the fund management industry, on stock exchanges, on brokers. Massive conflicts of interest exist within the brokerage industry that mitigate against the use of the data we're about to get much more of in your investment decision-making.

The NFRD at level 2 (where Europe decides on the detail that is required to be disclosed) needs good guidance but it looks like we might have to wait another year and a half before we get that guidance. Steve worries that company secretaries are now going to struggle with that directive, particularly if we are only going to review its effectiveness in a couple of years afterwards.

We need to make sure that the system is transparent, well understood, and that private incentives are much more aligned with the public good.

Aviva has produced a document on the sustainable development goals which will be presented to heads of state at the World Development. He believes that the UN's Sustainable Development

Goals are currently financially illiterate. We need an international committee of experts' study which starts to give more actionable suggestions; one of which, is that the Ruggie framework and the global compact standards should be imbedded in agreements. Currently, the study is not actionable.

Because no one is keeping tabs on their investors, there is no demand on the people who run your money to run it in a good way.

### **Kerry McCarthy MP (9 min 40)**

Overview of a broad approach to what Labour leadership should look like:

Britain has built its wealth as a trading nation. It also prides itself on its human rights record. As Shadow Human Rights Minister it is challenging to align the two. This government has treated human rights as a tick-box exercise, sending junior representatives to meetings.

David Cameron took the largest ever delegation to China but seemingly never broached the subject of human rights. The same happened with Nick Clegg in Colombia who wouldn't tell Labour what he'd discussed on the theme of human rights.

The question has been raised whether businesses who join these delegations are informed of the business and human rights action plan. It's very difficult to learn what has been discussed in the meetings.

The role of the export credit guarantee department – now called UK Export Finance – is to underwrite loans. When Vince Cable was responsible at BIS, he flagged that he didn't want to give credit to investments that would be environmentally damaging. And yet, they have committed \$1 billion to deep-sea drilling in the South Atlantic and they have supported coal mines in Russia. We need to look very closely at where we invest in the future, as well as access to legal aid.

Ed Miliband set out his vision for responsible capitalism at last year's conference. A lot of the discussion on policy in the party has been around the one nation framework, which has been quite inward-looking. With the FCO, you're talking about not just one, but all the other nations. We need to transpose the same principles to how we deal with foreign policy.

Jim Murphy has done excellent work on the revelations in Qatar and Nepalese migrant workers, and Rana Plaza. The government has cut funding to the ILO which is something we should definitely be supporting.

Free-trade agreements: in El Salvador, Kerry learnt about a couple of court cases: there is a real move towards organic and sustainable agriculture in the country, promoting native seeds and banning pesticides. They are now being sued by Monsanto for disrupting free trade. We have to look very closely at that sort of detail in agreements to protect climate rights.

### **Questions from the floor**

#### **1) Jocelyne Scutt, County Councillor for Cambridge (20 min 15)**

We need to start thinking about environmental crimes as crimes against humanity, because then the international criminal court can deal with it. That would provide an alternative route for action to be taken so we're not 100% reliant on governments.

#### **2) International HIV/Aids Alliance (21 min 15)**

Can the panel give their perspective on the role reversal of corporates and the state? – in the case where the state is the perpetrator of human rights abuses. The Alliance works a lot on LGBT rights around the world and we're trying to challenge the criminalisation of homosexuality in countries such as Uganda, India and Nigeria. We're working with Brunswick PR to build a coalition of businesses against homophobia. Do you have any thoughts on how corporates can work with the UK on such issues?

**3) Bill Edwards, Labour Party prospective parliamentary candidate for Bury St Edmunds (22 min 05)**

When dealing with regulation, an important thing is enforcement. You have to realise how many false certificates of origin there are in the world. For examples:

- Singapore is a major producer of palm oil – there is not a single palm oil tree in Singapore – it is grown somewhere else illegally.
- Ivory Coast cocoa is cheaper than Ghana's because it is grown by slave labour – if you try banning things you have problems, they can simply walk across the border