

Call for inputs: The Working Group's study on "State, financial actors and human rights in Latin America and the Caribbean: progress and challenges in incorporating a human rights approach into financial policies, regulations and practices in the region"

Background:

In its stocktaking exercise of the implementation of the UN Guiding Principles on Business and Human Rights (UNGPs) over the first decade since their adoption, the UN Working Group on the issue of human rights and transnational corporations and other business enterprises (the Working Group) recognized that "financial actors have an unparalleled ability to influence companies and scale up on the implementation of the Guiding Principles"¹ and highlighted this as a central part of the agenda for the next decade. Moreover, it noted that "a key challenge is that most financial actors fail to connect human rights standards and processes with ESG criteria and investment practices because of a prevailing lack of understanding on human rights issues should be reflected in social criteria, environmental and governance indicators".²

In the Latin American and Caribbean region, financial activity has been linked to serious abuses and impacts on human rights and the environment, mainly related to the extractive industries, both agricultural and mining.³ In this sense, institutional investors and banks have, within the framework of the UNGPs, the duty to adopt effective measures to identify, prevent, mitigate and account for the effects caused by the negative impact of their operations, business relationships and along their value chains.

Scope of the study

Against this background, the study will provide an analysis of financial standards, policies and practices from a business and human rights perspective, highlighting emerging practices and opportunities for improvement. In terms of the financial sectors covered, the study will include public and private banks considering both their lending and project investment operations, and asset-owning institutional investors, such as pension funds, and asset managers, with special emphasis on mutual funds, private equity and venture capital funds. The study does not cover development finance institutions.

¹ [A/HRC/47/39](#), Guiding Principles on Business and Human Rights at 10: taking stock of the first decade, Report of the Working Group on the issue of human rights and transnational corporations and other business enterprises, pp.15-16.

² Ídem.

³ See: the [Environmental Justice Atlas](#) which includes a register of financial actors involved in socio environmental conflicts.

The recommendations offered in this study will be targeted to States and financial actors and will address the strengths, weaknesses and opportunities that financial regulations, policies and practices offer to move towards a sustainable finance framework that integrates a human rights approach, and builds on existing regional and global developments in the field.

Objectives

The Working Group seeks written contributions from a multi-stakeholder group to inform their study on “State, financial actors and human rights in Latin America and the Caribbean: progress and challenges in incorporating a human rights approach into financial policies, regulations and practices in the region”.

In order to develop this study, the Working Group would welcome inputs from National Human Rights Institutions, civil society organizations and networks, environmental and human rights defenders, policy experts, United Nations agencies and entities, private actors with special focus on institutional investors (asset owners and managers) and public and private banks, enterprises, academia and any other relevant stakeholders.

The present study of the Working Group is developed in the framework of the EU-funded Project on Responsible Business Conduct in Latin America and the Caribbean ([RBCLAC project](#)), implemented by the Office of the United Nations High Commissioner for Human Rights (OHCHR) in collaboration with the Working Group, the International Labour Organization (ILO) and the Organization for Economic Co-operation and Development (OECD). In this context, the study analyses current practices in nine countries of the region targeted by the project: Argentina, Brazil, Colombia, Costa Rica, Chile, Ecuador, Mexico, Panama and Peru.

Purpose: the submissions will be considered by the Working Group, as they prepare their study on “State, financial actors and human rights in Latin America and the Caribbean: progress and challenges in incorporating a human rights approach into financial policies, regulations and practices in the region”

Deadline and contact to send input

The Working Group kindly requests that your organization provides its input by responding to the below attached questions to ohchr-rbclac@un.org by **30 July 2022**. Please indicate “**Call for inputs-Finance and Human Rights Study LAC [name of organization]**” in the email subject line; limit your contributions to a maximum of 2,500 words and if necessary, provide links to relevant documents or attach annexes.

Unless indicated otherwise, the responses received will be posted on the [Working Group’s dedicated webpage](#) in the language in which they are received. Please also feel free to circulate this questionnaire among your contacts, as you consider appropriate. The Working Group has issued separate questionnaires to States, businesses and business associations, unions, national human rights institutions, and UN entities.

Questionnaires

Civil Society organizations

- 1 According to your organization, movement or community, what are the main human rights risks related to financial activity in LAC? What are the main economic sectors involved? Have you been involved in any cases of human rights abuses in the region involving financial actors (institutional investors or banks)? Briefly describe the case and responsibility of the financial actors.
- 2 Do you know of any examples of good practices, initiatives, actions and concrete programs adopted in your country or region to promote and/or guarantee respect for human rights in the financial sector? What opportunities and challenges do these present?
- 3 What measures and mechanisms do you think should be implemented to ensure that financial sector entities incorporate human rights principles and priorities into their processes and outcomes?
- 4 What is the opinion of your organization, movement or community about the degree of stakeholder participation in ESG risk assessment and management lead by financial actors? What are the most significant challenges for stakeholder participation in these processes?
- 5 Do you know or have you participated in monitoring and follow-up processes for investment projects? If so, what have been the most significant challenges experienced by your organization, movement and community in monitoring and tracking adverse human rights impacts arising from the financial sector?
- 6 What is the opinion of your organization, movement or community about available mechanisms on access to remedy provided by companies in the financial sector? Do you have any experience using these mechanisms or participating in any way in their use? If so, what challenges and opportunities for participation and/or redress have you observed? Please consider the accessibility, transparency, compatibility with human rights, legitimacy, fairness, and predictability of the mechanism in the analysis provided.
- 7 Are you aware of any cases submitted to judicial and/or non-judicial instances (e.g., NHRIs, NCPs, etc.) regarding human rights abuses in the context of financial activities?

National Human Rights Institutions (NHRIs)

1. What are the most significant challenges observed by your institution related to the implementation of human rights standards in the financial sector activities? Are there examples or initiatives in the past that can serve to improve this process?
2. What measures and mechanisms do you think should be implemented to ensure that financial sector entities incorporate human rights principles and priorities into their processes and outcomes?

3. Please provide examples of good practices, initiatives, actions and concrete programs adopted in your country or region to promote and/or guarantee respect for human rights in the financial sector, including ESG risk assessment policies and rules.
4. Do you know or have you participated in monitoring and follow-up processes for investment projects? If so, what have been the most significant challenges experienced in monitoring and tracking adverse human rights impacts arising from financial sector?
5. Considering your role as a State-based non-judicial grievance mechanism, have you been involved in any processes with regard to business related human rights abuses in the context of finance activities, including ex officio complaints or interventions arising from or related to these activities? If so, please provide examples of remediation efforts and recommendations undertaken by your organization in this context.

Academia

1. What are the most significant challenges observed by your institution related to the implementation of human rights standards in the financial sector activities? Are there examples or initiatives in the past that can serve to improve this process?
2. What measures and mechanisms do you think should be implemented to ensure that financial sector entities incorporate human rights principles and priorities into their processes and outcomes?
3. Please provide examples of good practices, initiatives, actions and concrete programs adopted in your country or region to promote and/or guarantee respect for human rights in the financial sector, including ESG risk assessment policies and rules. If possible, please provide documents, reports, papers or any other documents that support the information provided
4. Are you aware of cases submitted to judicial and/or non-judicial instances (e.g., NHRIs, NCPs, etc.) regarding human rights abuses in the context of financial activities? Please provide information on these cases.

Financial actors, associations and organizations

1. Does your organization, entity or institution participate, integrate or adhere to any initiative that promotes responsible business conduct, human rights due diligence or impact assessment on the environment, society and corporate governance? (For example: Global Compact, Equator Principles, PRI, etc.) If so,

please indicate which are these initiatives and why you consider it important to adhere to them.

2. Has your organization, entity or institution adopted a commitment to respect human rights with respect to its operations and business relationships or those of its members. If so, Is this commitment a general human rights commitment? Or is it a thematic commitment on environment, climate change, gender and diversities, labor rights, non-discrimination, among others? If so, please attach the corresponding link.
3. Has your organization, entity or institution adopted any regulations, guidelines or protocols that foster and/or require its members to conduct impact assessments integrating environmental, social and governance (ESG) factors? Do these assessments include climate risk?
4. Do your organization's ESG risk assessments integrate human rights due diligence? If yes, please explain how due diligence is integrated into such analysis. If no, what do you consider to be the main obstacles and/or difficulties faced by your financial institution in the implementation of these processes?
5. Has your organization, entity or institution adopted any resolution, guideline or protocol that encourages and/or requires the establishment of effective grievance mechanisms in case of human rights abuses either with respect to the company's own activities or/and with respect to its business relationships?