

## Report on Human Rights Policies and Implementation

**Whereas** expectations of the global community are growing that companies need to have policies in place that promote and protect human rights within their areas of activity and sphere of influence, which helps promote and protect the company's reputation as a good corporate citizen.

Many companies have adopted ethical statements that apply to employee behavior while only 85 have adopted explicit human rights policies that address a company's responsibility to the communities and societies where they operate ([www.business-humanrights.org](http://www.business-humanrights.org), June 2005)

Without a comprehensive human rights policy, our company faces reputational risks by operating in countries, such as (name countries) where the rule of law is weak, where arbitrary arrest, detention, torture and extra-judicial executions occur and where factory workers in plants from which our company sources its products may be subject to degrading working conditions. (U.S. State Department Country Human Rights Reports – 2004)

“Businesses are now finding that...they are being judged by the company they keep. As they rely more on outsourcing, they may be held responsible for the sins of their subcontractors,” according to an Editorial in *The Economist* (January 24, 2004).

Only 12% of the S&P 500 companies have a supplier code of conduct that addresses workplace human rights, according to the Investor Responsibility Resource Center (November 2004, *IRRC Corporate Social Issues Reporter*).

The 2000 Prudent Investment Policy of the world's second largest pension fund, ABP, includes language regarding the relation between its investments and social and environmental criteria, including labor conditions. Positive corporate social performance improves the ability of companies to attract capital from institutional investors, particularly socially responsible investors, a segment growing in size at a greater rate than the rest of the market.

In July, 2005, United Nations Secretary General Kofi Annan appointed a Special Representative to identify and clarify human rights standards for corporations, focusing on existing initiatives, including the UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (UN Norms). The UN Norms--covering a range of rights, including the right to equal opportunity, security of persons, rights of workers, respect for economic, social and cultural rights and obligations with regard to consumer and environmental protection – is an essential tool for corporations in developing and implementing human rights policies (<http://www1.umn.edu/humanrts/links/commentary-Aug2003.html>).

**Resolved:** shareholders request management to review its policies related to human rights to assess areas where the company needs to adopt and implement additional policies and to report its findings, omitting proprietary information and prepared at reasonable expense, by December 2006.

### Supporting Statement

We recommend the review include:

1. Definition of the company's sphere of influence, including links with local communities, non-governmental organizations, business partners, local, national and inter-governmental entities.
2. Report on current system in place to ensure that the company's suppliers are implementing human rights policies in their operations, including monitoring, training and addressing issues of non-compliance.
3. Risk assessment to determine the potential for human rights abuses in locations where the company operates.
4. The company's strategy of engagement with internal and external stakeholders.