Damilola Olawuyi
Chairperson
United Nation Working Group on Business and Human Rights
Palais des Nations
CH-1211 Geneva 10, Switzerland

20 February 2026

Dear Mr. Olawuyi,

Subject: Call for inputs for the report on "Corporate Governance, Business and Human Rights" to the 81st session of the UN General Assembly

The International Corporate Governance Network (ICGN) appreciates the opportunity to provide an input for the report on "Corporate Governance, Business and Human Rights" to the 81st session of the UN General Assembly.

Led by investors responsible for assets under management of >US$90 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries. ICGN's *Global Governance Principles* and *Global Stewardship Principles*, written from an investor perspective, are widely used by our members in their company assessments and voting decisions, and by regulators when developing corporate governance rules.

Investors have a clear interest in effective board oversight of material human rights related risks as part of companies' broader risk management, strategy and accountability frameworks. Adverse human rights impacts arising from the actions of a company may expose such companies to legal and regulatory liabilities, and can cause operational disruption, loss of social licence to operate, reputational damage and challenges related to workforce stability, productivity and retention. Such risks can result in material financial impacts for a company and should therefore be managed effectively to protect from downside costs and to support long-term value creation. In this context, ICGN welcomes the opportunity to contribute to the Working Group on Business and Human Rights' report.

Q 12 - Do directors and senior executive management make final decisions on human rights policies and practices within the business? If not, who does?

Although directors' legal duties and responsibilities vary across jurisdictions, there is broad international consensus that boards are responsible for the oversight of material risks arising from a company's activities, including risks related to human rights. This expectation is reflected in widely recognised frameworks such as the G20/OECD Principles of Corporate Governance, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights, all of which emphasise board-level accountability for risk oversight, strategy and due diligence.

According to the ICGN Global Governance Principles (Principle 4.7), the board of directors "should ensure that it is sufficiently informed of how human rights and modern slavery issues may present material business and reputational risks or might compromise a company's own values and standards of behaviour. The Board should establish appropriate due diligence processes, strategy, disclosure, engagement, accountability, and other measures to deal with human rights issues which may materialise in connection with the company's workforce and operations".[1]

Across jurisdictions, certain aspects of human rights are addressed through specific legislative regimes that impose defined obligations on companies and their boards. These include legislation targeting modern slavery and forced labour in supply chains, such as the UK Modern Slavery Act 2015, as well as labour and employment frameworks, particularly strong in Europe, that protect fundamental rights including freedom of association, collective bargaining and non-discrimination. While the precise allocation of responsibilities varies by legal system, such regimes typically require board level oversight of compliance, risk identification and disclosure, and reinforce expectations that boards ensure appropriate governance arrangements are in place to prevent, mitigate and address adverse human rights impacts linked to the company's operations and value chains. Human rights risks arising across complex, multi-tiered global supply chains can be particularly challenging for large and geographically diversified organisations to fully monitor and control, especially in sectors with extensive supplier networks. This practical complexity does not diminish board responsibility, but it does underscore the importance of risk-based due diligence, prioritisation and continuous improvement.

Consistent with most corporate governance frameworks, responsibility for human rights within a company is characterised by a clear division of roles between the board and senior management. The board is responsible for setting the company's strategic direction, approving key policies and frameworks relevant to human rights, including those relating to risk management, compliance, anti-bribery, labour standards or modern slavery, and for exercising ongoing oversight of their effectiveness. Senior executive management is responsible for the day-to-day implementation of these policies, integrating them into business operations, managing identified risks and reporting to the board. This allocation reflects the broader governance principle that boards retain ultimate accountability for oversight of strategic decisions, while management is responsible for the execution. Executive directors may play a particularly important role in translating board expectations on workforce and human rights into operational practice. Investors therefore often focus engagement, and where relevant, voting attention on executive directors with workforce responsibility and on members of any board committee overseeing workforce, people or human capital matters.

Q 16 - Are there helpful guidance and support from business associations in relation to the corporate governance decisions by a business which concern human rights impacts? Please provide links to this guidance.

Yes. Business associations and other organisations provide practical guidance that supports corporate governance decisions related to human rights.

ICGN has developed the ICGN Global Governance Principles which set out internationally recognised best practices from an institutional investor perspective. The framework explicitly references human rights and related risks within corporate governance. Those principles are

[1] ICGN Global Governance Principles
https://www.icgn.org/global-governance-principles

widely used by institutional investors to shape stewardship strategies and policies, inform company assessments and voting decisions, and are also referenced by regulators when developing or revising corporate governance and stewardship standards.

Under Principle 4.7 of the Global Governance Principles, boards are expected to ensure effective oversight of how human rights and modern slavery risks may arise across the company's operations and supply chains, and to establish appropriate due diligence, strategy, disclosure and accountability mechanisms.

Link to ICGN Global Principles: https://www.icgn.org/principles

In addition to ICGN's Global Governance Principles, other organisations provide practical guidance to support corporate governance decision-making specifically on human rights. This includes, for instance, guidance developed by the Shift Project, a non-profit organisation specialising in the implementation of the UN Guiding Principles on Business and Human Rights. Shift's materials support boards and senior management in applying risk-based human rights due diligence, identifying salient human rights risks and integrating these considerations into governance, risk management and strategic decision-making, and are frequently referenced by companies, investors and policymakers as a practical complement to internationally recognised standards.

Link: https://shiftproject.org/

Q 17 - To what extent do investors, stock exchanges, shareholders, trade unions, civil society organisations and others have an effect on the corporate governance decisions by a business in relation to human rights? How can they have greater positive effects?

Primary responsibility for respecting human rights lies with companies and their boards. Boards are expected to ensure that human rights considerations are integrated into corporate strategy and risk management, including through clear policy commitments, risk-based due diligence, identification and prioritisation of salient human rights risks, appropriate oversight of operations and value chains, meaningful stakeholder engagement, and transparent reporting on governance, processes and outcomes. These practices reflect an emerging consensus on effective board oversight of material human rights risks as part of long-term value creation and responsible business conduct.

Institutional investors act in a fiduciary capacity on behalf of their clients and ultimate beneficiaries. Therefore, they are expected to consider factors that may materially affect long-term investment value. This includes human rights risks where adverse impacts may give rise to legal, operational, reputational or financial consequences for investee companies. Stewardship provides the primary mechanism through which investors seek to discharge these responsibilities in practice. Through stewardship, investors use a range of tools including monitoring and analysis, dialogue with the board, shareholder proposals, the exercise of voting rights, escalation where appropriate, and in some cases capital allocation decisions, to encourage good governance and responsible business conduct. In exercising stewardship, investors may identify companies or sectors that present heightened human rights risks, for example due to the nature of their operations, geographic exposure, supply chain complexity or regulatory environment. In such cases, investors may use their stewardship tools to promote more effective identification, management and disclosure of human rights risks. The objective of these activities is not to substitute for board or management responsibility, but to support improved governance and risk management in a manner consistent with investors' fiduciary duties and with the protection of long-term value creation.

In practice, engagement with companies can constitute a central and ongoing component of many investor's stewardship approach. Investor engagement on human rights may be undertaken in different ways, depending on their different investment thesis or stewardship approach. In some cases, investors engage reactively in response to a specific controversy, incident or regulatory investigation that exposes weaknesses in an investee company's oversight of human rights risks. In other cases, engagement forms part of a portfolio-wide stewardship approach and is risk-based and forward-looking. Many investors prioritise engagement with companies that present higher inherent risk exposure, this might be due to the countries in which the company operates, the nature of its products or services, or the complexity of its supply chains. Investors might engage with the objective of seeking to ensure that Boards are proactively mitigating and preventing adverse impacts. Where investors identify inadequate disclosure or insufficient transparency on human rights governance, they may also initiate dialogue to seek clarification and encourage improvements in board oversight, due diligence processes and reporting. Many investors report on such engagements in their stewardship or responsible investment reports, sometimes including anonymised case studies that illustrate how dialogue has contributed to strengthened governance practices.

Investors may also collaborate through structured stewardship initiatives to strengthen their collective influence. For example, the PRI Advance initiative supports investor engagement with companies on human rights and social issues. Similarly, the Mining 2030 initiative brings together long-term investors to engage mining companies on systemic risks, including community impacts, tailings management and responsible business conduct. Such collaborative efforts can allow investors to align expectations, increase leverage and encourage improvements in board-level oversight and risk management practices related to human rights.

The nature and extent of investor influence vary significantly depending on ownership structure and investment strategy. Minority shareholders with small holdings and limited access to company management may face practical constraints in influencing company behaviour, whereas controlling or significant shareholders are often better positioned to exert stronger influence over governance and decision-making. These constraints may be further amplified in companies with dual-class share structures (DCSS), where control can be concentrated and the relative influence of minority shareholders diluted, potentially limiting the effectiveness of stewardship on human rights and other governance issues. In this context, the OECD guidance on Responsible Business Conduct for Institutional Investors provides a useful framework for investors to assess their leverage and identify proportionate and effective actions aligned with their role and capacity.

Investors can increase their positive influence on corporate governance and human rights through a range of proportionate and practical strategies[2]:

- Proportionate due diligence

[2] ICGN Viewpoint Human rights through a corporate governance lens, April 2015 https://www.icgn.org/sites/default/files/2022-06/1.%20Human%20rights%20through%20a%20corporate%20governance%20lens.pdf

Recognising that comprehensive due diligence across all holdings may not be feasible, institutional investors may adopt a proportionate approach aligned with their capacity. This may include focusing on key holdings, high-risk sectors or high-risk regions where there is a greater likelihood of linkage to adverse human rights impacts.

- Targeted engagement strategies

Depending on investment policies and practices, investors may deploy different engagement tools. These can range from dialogue with companies in material cases, to collaborative engagement initiatives, and the use of proxy voting to support shareholder proposals requesting enhanced human rights due diligence or reporting.

- Disclosure of governance and stewardship policies

Investors may disclose their governance and stewardship policies to provide transparency on how human rights risks are identified, assessed and managed within the investment process. Such disclosure can also clarify how human rights considerations are reflected in engagement and voting decisions.

- Public policy advocacy and collaborative initiatives

Some investors may choose to engage in public policy processes or participate in multi-stakeholder and investor initiatives to extend their leverage and effectiveness in addressing human rights risks. As some investors increasingly adopt a universal owner perspective to inform their stewardship activities, meaning they hold broadly diversified portfolios across markets and sectors and are therefore exposed to system wide risks, public policy engagement is becoming increasingly important. From this system level view of stewardship, investors recognise that certain human rights risks cannot be addressed solely through engagement with individual companies, but also depend on the strength of regulatory frameworks and market standards. This is particularly relevant where shareholder rights are constrained and company level influence may be limited, and is especially important for asset owners with long term, diversified exposure across markets.

Thank you again for the opportunity to share our perspective on the report on "Corporate Governance, Business and Human Rights" to the 81st session of the UN General Assembly. If you would like to follow up with questions or comments, please contact Jakub Brejdak, Senior Policy Executive at policy@icgn.org.

Yours faithfully,

Jen Sisson

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