

Human Rights and Business:

The 'State Duty to Protect': Responsible Investment and the National Pensions Reserve Fund

Irish Human Rights Commission & Law Society of Ireland
20th November 2010
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The Case for
Responsible
Investment

The National Pension
Reserve Fund

Background to
issue

Norway state
Pension fund

Applicability to
Ireland

Background

- Trócaire's work
- Reality for partners & Communities
- Little sensitivity to issues
- State pension fund in spotlight

Sunday Tribune: Revealed: our € 1/2 bn pension funds invested in Zimbabwe



Source - FoE

The case for Responsible Investment

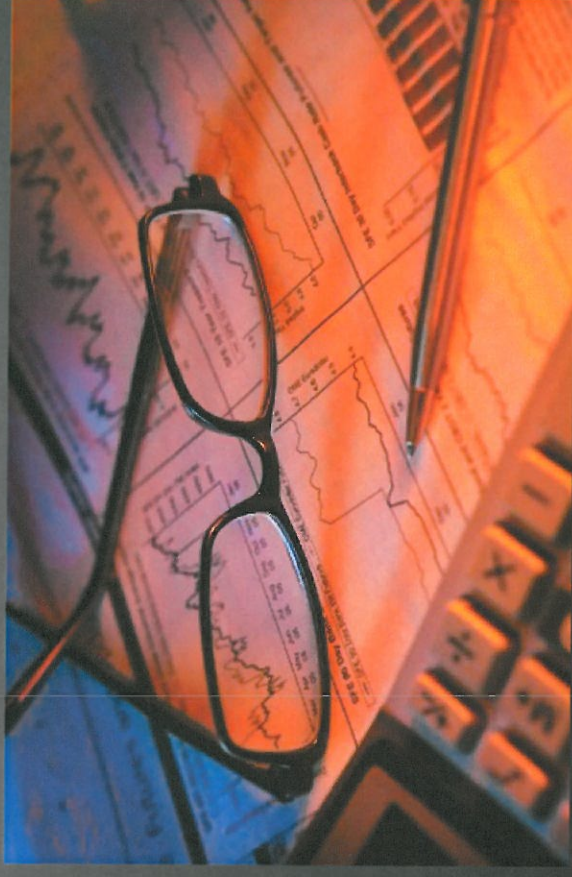
A definition of Socially Responsible Investment

a set of approaches which include social or ethical goals or constraints as well as more conventional financial criteria in decisions over whether to acquire, hold or dispose of a particular investment

The case for Responsible Investment

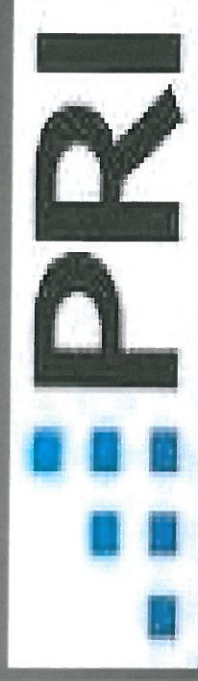
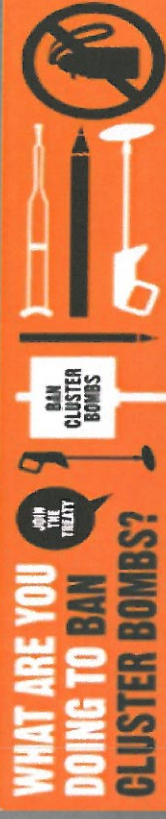
Global context

- UN John Ruggie
- State duty to protect
- Pressure for ethics
Consumers
Business case
Fiduciary duties
Acceptable risk



The NPRF

- History of dealing with ethics
- UNPRI
- Hermes & active ownership
- Gaps



Norway Pension Fund

Norway Fund

- Principles
- Mechanisms
- Operational strategies
- Record on divestment



NBS NORGES BANK



Norway Pension Fund

2 ethical principles

- The Fund should benefit future generations and thus secure long-term returns
- The Fund should not make investments which constitute an unacceptable risk that the Fund may be complicit in unethical acts.

3 inter-locking mechanisms

active ownership / negatively screening out / exclusion

5 Unethical acts

- Serious or systematic human rights violations, such as murder, torture, deprivation of liberty, forced labour, the worst forms of child labour and other child exploitation
- Serious violations of individuals' rights in situations of war or conflict
- Severe environmental damages
- Gross corruption
- Other particularly serious violations of fundamental ethical norms

	Active engagement / ownership	Negative screening	Exclusion /divestment
Principle	sustainability	societal consensus	internationally accepted norms
Strategy	Active ownership	Avoidance	Investigate companies
Actions	focus areas for engagement	Avoid and divest if found in portfolio	Monitor & investigate.
Satisfies	Fiduciary duty to manage ESG concerns and signal to market	Political concerns re what is morally correct and / or in accordance with international law	due diligence to ensure avoidance of complicity
Responsible	NBIM decides and implements	Parliament decides, NBIM and Council on Ethics implements	Council on Ethics evaluates, then recommends and Ministry of Finance decides on exclusion. NBIM implements



Applicability to Ireland

- Universality of principles
- Risk – return profile
- Capacity to influence
- An independent council



ORGANISATION
FOR ECONOMIC
CO-OPERATION
AND DEVELOPMENT



United Nations Global Compact

Where to next?

Publish report of inter-dept
committee

Policy coherence for development

IHRC to engage