



Polski Instytut  
Praw Człowieka  
i Biznesu

# High risks sectors: Extractives

23 September 2022

- „The Social Responsibility of Business is to Increase its Profits.”

Milton Friedman, 1970

- „For a commercial company trying to make investments, you need a stable environment. Dictatorships can give you that”

unofficial statement by General Manger Shell Nigeria  
at the time of the military regime w Nigerii (in: Elkington, 1997)

## VERSUS

- „Businesses do not want to work in a dysfunctional society.”

Peter D. Sutherland KCMG,  
Chairman BP & Goldman Sachs International, 2005

- „Business cannot succeed in a society that fails”

Bjorn Stigson,  
World Business Council for Sustainable Development





## BUSINESS MODEL RED FLAGS

RELATED TO

### THE VALUE PROPOSITION

THE BUSINESS'S COMMERCIAL SUCCESS SUBSTANTIALLY DEPENDS UPON...

- 1 **Lowest cost** goods or services in ways that put **pressure on labor rights**
- 2 **High-speed delivery** that places pressure on warehouse workers and logistics workers in the **"last mile"**
- 3 Project timelines that undermine **consultation with communities**
- 4 **Privatized** access to **public goods** with risks to **quality** of service
- 5 **Algorithmic decision-making** that can result in discrimination
- 6 Providing **online platforms** with potential for online and offline harm
- 7 **Financial or advisory services** that enable high-risk clients to cause harm
- 8 Products that harm when **overused**
- 9 Products that harm when **misused**
- 10 Products that harm when **used as intended**

RELATED TO

### THE VALUE CHAIN

THE BUSINESS'S COMMERCIAL SUCCESS SUBSTANTIALLY DEPENDS UPON...

- 11 **Speed in developing products** or services, or delivering projects, with **risks to health and safety**
- 12 **Land use** in countries where ownership may be contested
- 13 **Depleting natural resources** or public goods such that it undermines **access or health**
- 14 **Commodities with unclear provenance** and visibility to impacts on workers or communities
- 15 Business relationships with **limited influence** to address risk to people
- 16 **Using data** such that **privacy** and other rights are undermined

RELATED TO

### THE COST STRUCTURE & THE REVENUE MODEL

THE BUSINESS'S COMMERCIAL SUCCESS SUBSTANTIALLY DEPENDS UPON...

- 17 Using **gig workers** or other precarious labor
- 18 Sourcing **low-paid labor** from **labor providers**
- 19 Sourcing **commodities** that are **priced independent** of farmer income
- 20 **Shifting inventory risk to suppliers** with knock-on effects to workers
- 21 **Automation** at speed or scale that leaves workers little chance to adapt
- 22 **Sales-maximizing incentives** that put consumers at risk
- 23 **Markets** where **regulations** fall below human right standards
- 24 Aggressive **tax-minimization strategies**



VALUING RESPECT  
— by Shift —

## How Companies are Wired

### BUSINESS MODEL RED FLAGS →

A list of 24 ways in which companies may be wired to put people at risk in their value proposition, value chain or cost structure and revenue model. The Red Flags can be filtered by industry and are available to download or read online.

### LEADERSHIP AND GOVERNANCE INDICATORS →

A list of 22 indicators to evaluate a company's progress towards building a rights-respecting culture. The indicators are grounded in four features that are central to respect for human rights: authenticity, accountability, empathy and organizational learning.



## Evaluating Impact

### TOOL FOR INDICATOR DESIGN →

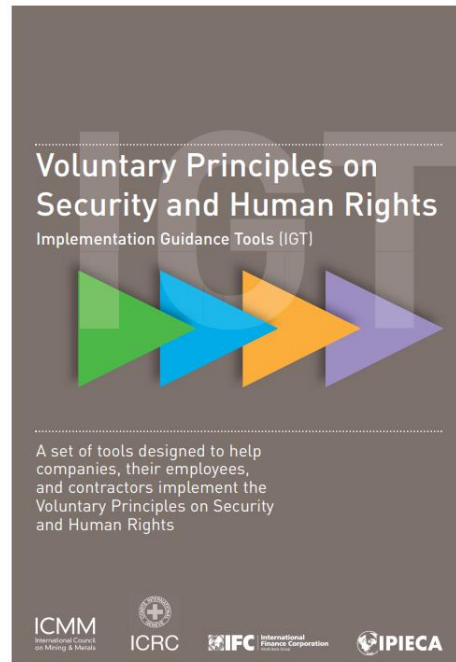
Based on the 'Theory of Change' methodology, this tool can help companies and their stakeholders dissect interventions, analyze assumptions and make the necessary changes to their programs to improve outcomes for people.

### QUALITY OF RELATIONSHIPS SERIES →

A collection of case studies and promising methods used by companies to assess the quality of their relationships with affected stakeholders and to embed their voice across their due diligence efforts.

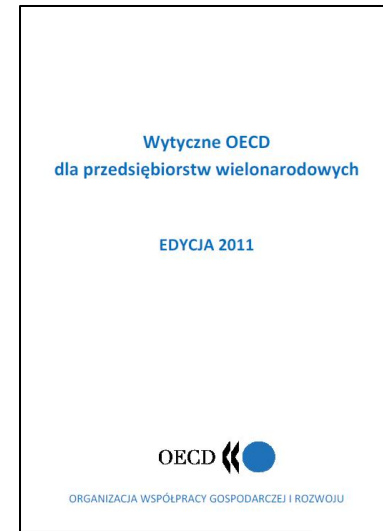
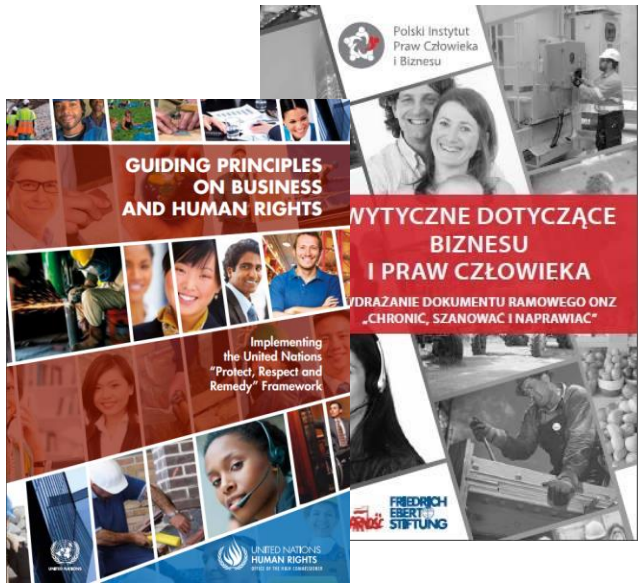


# ipieca



# UNGPs influence on other standards and initiatives

- Standards



- Benchmarks and initiatives





We promote human rights in business.

We monitor over 10,000 companies and help vulnerable individuals and groups to put things right.

company →

Latest news →

focus topics →



ARTICLE

12 May 2022

## Siemens is shutting down

.../.../siemens-stellt-wegen-des-angriffs-auf-die-ukraine-alle-geschäf... in Russia



ARTICLE

### Nine years of Rana Plaza: Broad alliance of civil society calls for Europe-wide supply chain law

terre des hommes Germany, BUND, INKOTA network & Initiative Supply Chain Act 20 Apr 2022

Part of the story "EU Commissioner for Justice commits to legislation on mandatory due diligence for companies"

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## Latest news

Updated May 21, 2022 10:31 PM To update ↻

**After the embargo against Russia: Colombia's coal as an alternative - for the indigenous population this has a high price**

Article May 16, 2022

**India: According to analysis, significantly more illegal mica mines linked to child labor than assumed**

Article May 13, 2022

**Siemens is shutting down all business in Russia because of the attack on Ukraine**

Article May 12, 2022

**Ghana: Child Labor and Pollution in Gold Mining; "Dirty gold" also comes to Switzerland**

Article May 10, 2022

**If you're already here, would you like to support our work?**

**G7 Presidency: Labor Minister Heil wants more human rights in supply chains**

Article May 9, 2022

**Federal Ministry of Labor organizes G7 conference on sustainable value chains**

## High risks sectors: Extractives

Recommended Links:

- ICMC/Who we are: <https://www.icmm.com/en-gb/our-story/who-we-are>
- Ipieca: <https://www.ipieca.org/>
- The Principles for Responsible Investment (PRI) Initiative, *HUMAN RIGHTS AND THE EXTRACTIVE INDUSTRY WHY ENGAGE, WHO TO ENGAGE, HOW TO ENGAGE*: <https://www.unpri.org/download?ac=1655>
- *OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector*: <http://mneguidelines.oecd.org/stakeholder-engagement-extractive-industries.htm>

