

Investors urged to focus attention on rights of indigenous peoples

Global responsible investment research specialist EIRIS, Centre for Australian Ethical Research (CAER) and Survival International are supporting a United Nations Principles for Responsible Investment (UN PRI) programme to facilitate engagement between investors and their investee companies to promote and respect the rights of indigenous peoples around the world.

The UN PRI collaborative engagement draws on latest research from EIRIS which explores the challenges and opportunities faced by major companies operating in parts of the world where the rights of indigenous peoples are threatened.¹

According to the United Nations there are 370 million indigenous people in the world and 5,000 distinct indigenous cultural identities in more than 70 countries. There are believed to be more than 100 uncontacted groups in the world. Although indigenous people only account for 5% of the world's population, they account for over 15% of the world's poor.

Companies engaging in activities that may infringe the rights of indigenous peoples, as enshrined within the UN Declaration on the Rights of Indigenous Peoples, face increasing reputational risks potentially leading to issues with access to capital, damage to brand, licence to operate, and operational risks such as the threat of litigation and increased regulation.

The EIRIS report *Indigenous rights: risks and opportunities for investors* highlights the rights of indigenous peoples as a key human rights issue that companies and their investors should take into account. It covers companies operating in sectors (mining, oil & gas, agricultural producers, forestry and paper) and in countries considered to be high risk for indigenous peoples. The research also highlights key risks areas which investors should consider when engaging with companies on indigenous rights issues such as access to investment capital; increased regulation; litigation and reputational risk.

Key findings:

- **Big companies at risk:** 250 companies (with a total market value of GBP 1.7 trillion) have been identified as having an exposure to indigenous rights. 17% of companies have a high risk exposure to indigenous rights issues.

- **Few companies report on indigenous rights issues:** The quality of reporting is generally poor: whilst most companies provide a response to allegations of breaches of indigenous rights few report voluntarily on areas of non-compliance.
- **Fewer than 20% of companies have adopted a policy supporting free prior informed consent² for indigenous peoples:** 19% of these companies have a corporate-wide indigenous rights policy. Only 15% of companies have a corporate-wide policy supporting free prior informed consultation.
- **Only a fifth of companies disclose employment data on indigenous people:** 19% of companies disclose employment data on indigenous peoples.
- **Fewer than 10% of companies have a policy for involuntary resettlement:** Just over 6% of companies have a policy covering involuntary resettlement.

Given the level of NGO and media attention to the issue of indigenous peoples' rights and the introduction of laws and regulation in many countries, companies with strong commitments and effective engagement processes will undoubtedly benefit in an environment where access to land and resources is becoming increasingly restricted.

Stephanie Maier, Head of Research at EIRIS said 'Indigenous rights is a complex issue that companies and their investors need to address and is especially important for extractive companies as they seek to expand and gain access to land. Our research explores the challenges and opportunities faced by major companies operating in parts of the world where the rights of indigenous peoples are threatened. We are very pleased to be working with the UN PRI and Survival International on this important area of engagement.'

Stephen Corry, Director at Survival International 'Investors must use their considerable power to persuade companies to respect and protect the rights of indigenous peoples, otherwise they risk being charged with complicity in abuses they bankroll. As EIRIS has shown, this vital issue is chronically under-reported by companies. The United Nations Declaration on the Rights of Indigenous Peoples and ILO convention 169 should be used as benchmarks for the development of company policies on indigenous rights. Companies that fail to gain the free, prior informed consent of indigenous communities affected by their projects are in flagrant breach of international law.'

Bob Walker VP Sustainability at the Ethical Funds of Canada said 'The risks from indigenous Peoples' opposition to specific projects is real and material for investors. But corporations also have an enormous opportunity to contribute to both economic and community development in the regions where they operate. This new research from EIRIS is a useful addition to our toolkit for encouraging greater corporate transparency that will undoubtedly benefit companies

in an environment where access to land and resources is coming under increasing pressure globally.’

Click [here](http://www.eiris.org/files/research%20publications/indigenoustrightsjun09.pdf) (<http://www.eiris.org/files/research%20publications/indigenoustrightsjun09.pdf>) to download a copy of the research report.

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Notes to Editors

1. EIRIS analysed the impact and the response of 250 companies, within the FTSE All World Developed Index, considered, to have a high risk or a medium risk exposure to indigenous rights. The analysis was carried out on the basis of 16 indigenous rights indicators covering strategy, engagement and consent, employment and performance elements. Companies are classified as having a high or medium risk for indigenous rights on the basis of sectors, country of operation, and NGO allegations levelled against the company. EIRIS identifies companies operating in extractive sectors (oil & gas, mining, forestry & paper and agricultural producers) and operating in one or more high indigenous rights risk countries (such as Australia, Canada, United States, New Zealand, South Africa, Sweden, Finland, Argentina, Mexico, Thailand, Zimbabwe) as a medium risk for indigenous rights exposure. Companies which are also subject to an allegation of indigenous rights abuse within the last three years are classified as high risk exposure. Companies’ allegations are driven by corporate activities which undermine the well-being of indigenous communities.
2. *Free prior informed consent/consultation* – this refers to the informative and consultative process which companies should undertake before commencing operations which are likely to disrupt indigenous communities. The indicator covers consultation throughout the life-cycle of companies’ operations. 37 companies out of 250 meet this indicator. 45.5% of companies meeting this indicator belong to the mining sector, 45.5% to the oil and gas sector, 6% to forestry and 3% are agricultural producers. To meet this indicator at the higher level (necessary for good and advanced grades) it is necessary to have a policy statement in support of the Free Prior Informed Consent, as indigenous people often cannot veto companies’ projects. Four companies meet this indicator at the higher level.
3. EIRIS (www.eiris.org) is a leading global provider of independent research into the social, environmental governance and ethical performance of companies. EIRIS, a UK-based organisation with offices in the US and France together with its international research partners, has a wealth of experience in the field of responsible investment research. EIRIS provides comprehensive research on around 3,000 companies in Europe, North America and the Asia Pacific region. EIRIS is already retained by 100 institutional clients including pension and retail fund managers, banks, private client brokers, charities and religious institutions across Europe, North America, Australia and Asia. EIRIS has developed a comprehensive suite of products to help investors assess their portfolios and design investment strategies in response to the challenge of a carbon-constrained economy. For more information on EIRIS’ products and services visit www.eiris.org or email: clients@eiris.org
4. *EIRIS PRI toolkit* offers practical solutions for investors looking to implement the UN PRI, and in particular Principles 1, 2 and 3. The EIRisk tool assigns companies an ESG risk management grade that can be integrated into investment analysis and decision making processes. It helps investors meet their commitments under Principle 1 of the PRI. The Global Compact Engager assists investors who have adopted an engagement strategy, and meet their commitments under Principle 2 of the PRI. The Report Monitor focuses exclusively on companies’ reporting practices to assist signatories to identify leaders and laggards on ESG disclosure, and meet their commitments under Principle 3 of the PRI. Further information on the toolkit is available [here](#).

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