INVESTOR ALLIANCE FOR HUMAN RIGHTS
AN INITIATIVE OF ICCR

Response to IFC Operating Principles for Impact Management

Submitted via online form mail

The Investor Alliance for Human Rights welcomes the opportunity to review and comment on the International Finance Corporation's consultation draft, *Investing for Impact: Operating Principles for Impact Management.* We commend this important effort to align investments with sustainable development priorities, including the Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development.

We believe that for investment funds to effectively contribute to "measurable positive social, economic, or environmental impact, alongside financial returns," investors should consider human rights criteria throughout the investment process. This is imperative because the SDGs are underpinned by human rights[1] and will therefore only be achieved if businesses respect human rights. Efforts to respect human rights are integral to core business and must also permeate any and all other company efforts to contribute to sustainable development, from philanthropy to shared value initiatives, environmental projects to innovative financing, and workforce engagement to anti-corruption efforts.[2]

As responsible investors, we have fiduciary and human rights responsibilities for ensuring companies we invest in respect human rights. Doing so contributes to long-term, sustainable value creation, and companies that do not consider human rights face a number of risks, including reputational harm, financial loss, and shareholder lawsuits. Like companies, investors also have responsibility to respect human rights, including throughout the investment lifecycle.[3]

In line with SDG 17, which stresses policy coherence[4] among development actors to realize the vision laid out by the 2030 Agenda, we recommend that the Operating Principles for Impact Management are aligned with relevant frameworks on the responsibility of companies and investors to respect human rights by:

- Clearly stating that "Managers" should consider real and potential negative impacts of investment on ESG issues, including human rights, at every stage of the investment process (i.e. strategy, origination and structuring, portfolio management, exit, and independent verification); and
- Explicitly referring to the UN Guiding Principles on Business and Human Rights as the framework "Managers" should refer to when engaging companies on their real and potential negative human rights impacts, and to the OECD guidance on Responsible Business Conduct for Institutional Investors as a tool to inform investor efforts to prevent or address negative impacts related to human and labor rights, the environment, and corruption in their investment portfolios.

Finally, we would like to extend an invitation for further discussion with the Investor Alliance for Human Rights on how investment funds can be leveraged to drive transformative change at scale by integrating respect for human rights throughout the investment process.

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[1] Danish Institute for Human Rights, *Human Rights Guide to the SDGs*

[2] Shift, *What Do the UN Sustainable Development Goals Have to Do With Corporate Respect for Human Rights?*

[3] OECD, *Responsible Business Conduct for Institutional Investors: Key Considerations for Due Diligence Under the OECD Guidelines for Multinational Enterprises*

[4] High-Level Political Forum on Sustainable Development, *2018 HLPF Review of SDGs implementation: SDG 17 – Strengthen the Means of Implementation and the Global Partnership for Sustainable Development*