

Turning Social Risk into Business Opportunity

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Introduction

Part 1 - human rights and business

Part 2 - global and sectoral developments

Part 3 - the Cairn experience

Part 1 – human rights and business

- **Social risk management**
- Including challenges relating to
 - Labour
 - Security
 - Contractor standards
 - Community relations
 - Weak governance, corruption, lack of rule of law, etc.

Human rights and business

- **From the Universal Declaration of Human Rights 1948 to 2007**
- 1960s - labour standards (ILO)
- 1970s - health and safety standards
- 1980s - environmental standards
- All of above have been integrated into management systems

Human rights and business

- **What's new?**

- 1990s - Globalisation.....

Three growing influential roles of: -

- business (privatisation of economic and political power)
- civic society (public expectations, internet access)
- human rights (universal framework of values and law)

Human rights and business

Governance.....

- *Global* - Millennium Development Goals, UN reform
- *Country* - good governance, security and development
- *Corporate* - social responsibility

Kofi Annan...

**Security, development and
human rights**

Mary Robinson ...

**New context, community and
responsibility**

John Brown ...

**Social dimension key to project
success**

GOVERNANCE ...?

**Global and corporate need of
common framework of shared
responsibilities**

Human rights and business

- **Challenge?**

*How to make human rights work **for**, not against, you*

- **Opportunity?**

Turn social risk into business opportunity

- **What to do?**

Build relationships based on shared understanding of human rights responsibilities

Part 2 – global and sectoral developments

- **UN Global Compact**, launched 1999 by Kofi Annan at World Economic Forum, Davos
- *Principle one* - “Businesses shall support and respect the protection of internationally proclaimed human rights within their sphere of influence”
- *Principle Two* - “Businesses should make sure they are not complicit in human rights abuses”

Global and sectoral developments

- **UN Draft Norms on Human Rights and Business, 2003 (BLIHR)** - led to process of standard-setting of international human rights to business
- **Business Leaders Initiative on Human Rights, 2003** – led to “road-testing” of UN norms by ABB, Alcan, Areva, Barclays Bank, Gap, Hewlett-Packard, National Grid, Novartis, Novo Nordisk, StatOil and to sharing of tools, incl. “A Guide for Integrating Human rights into Business Management” ...and new members including GeneralElectric, Eriksson and Petrobras

Global and sectoral developments

- **The Ruggie UN mandate, 2005-2007** – clarifying and strengthening human rights standards for business
- **BLIHR Report, 2006** – recommending a “common framework” and promotion of a “human rights-aware approach”

- **Voluntary Principles on Security and Human Rights**

- **Extractive Industry Transparency Initiative**

Global and sectoral developments

- **McGrigors Rights client case studies**
- **Shell** – reputation protection (shareholder campaign to withdraw from Sudan)
- **BP** – social licence to operate (draft global social policies)
- **StatOil** – risk management system (“Good Governance in Sensitive Countries” project)
- **Cairn** – Rajasthan, water and social licence to operate

Global and sectoral developments

McGrigors Rights

- Market leader in human rights risk assessment and management
- Development of a *“rights-aware approach”*
- Cairn Energy experience?

Part 3 – the Cairn experience

- Development of a “rights-aware approach”
- Corporate Responsibility Report 2005
- Cairn Human Rights Handbook
- Management Training
- Voluntary Principles of Security and Human Rights Training Programme

The Cairn experience

- Rajasthan, water and social licence to operate
- Nepal, conflict and risk management
- Bihar, rule of law and security

The Cairn experience

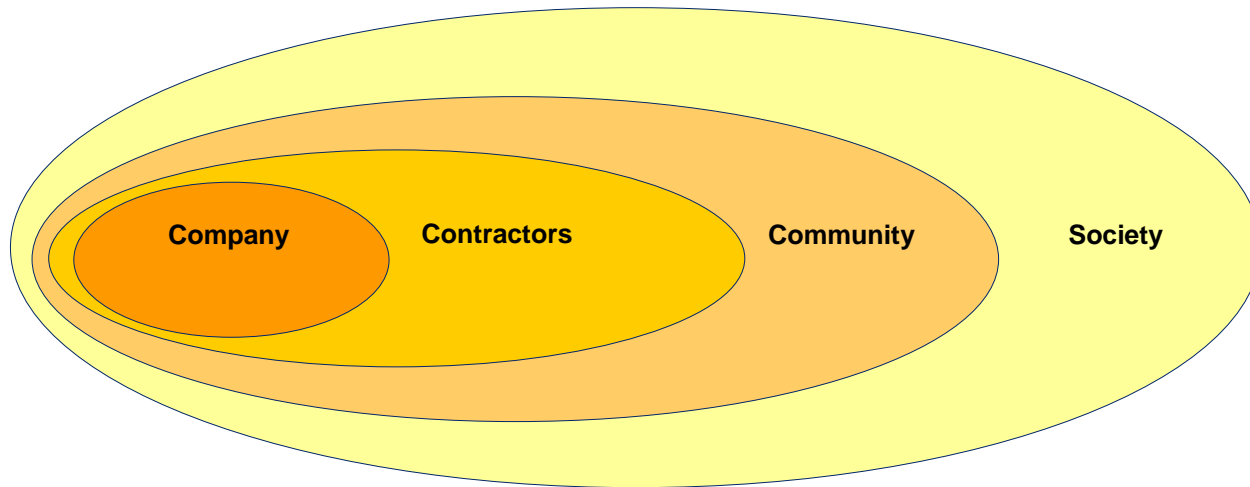
- A “human rights-aware approach”
- **Step 1** – identify the *rights*
- **Step 2** - identify the *responsibilities*
- **Step 3** - identify the *actions*

Step 1 – identification of *rights* Rajasthan

- Rights as the ***starting point***
- A culture change...from “business-centric” approach of risk mitigation to a “rights-aware” approach of identifying the “***rights-holders***”
- ***Rajasthan*** and the starting point of the ***right to water***
- Advantage of the ***Universal Declaration of Human Rights*** being accepted by all key stakeholders as the ***framework of shared social responsibilities***

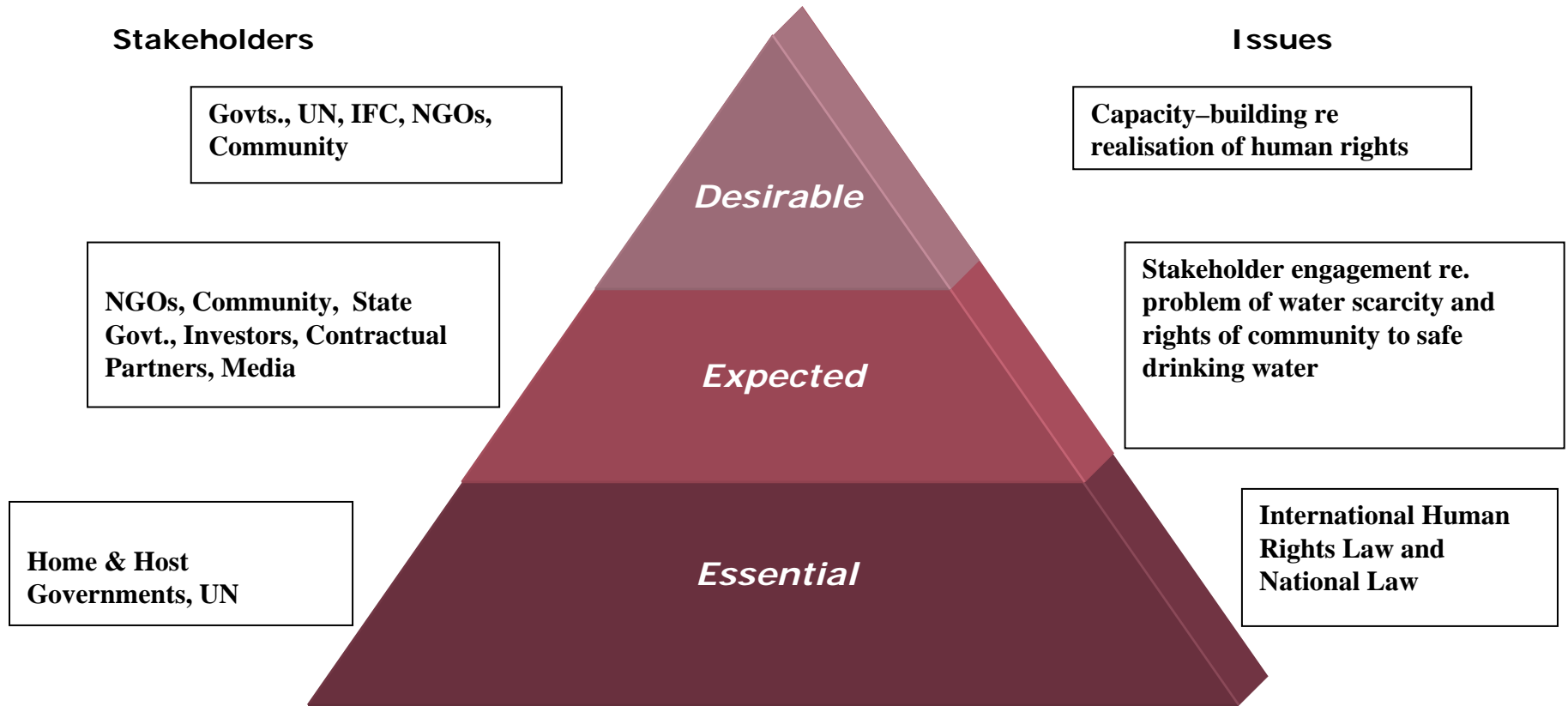
Step 2 – identification of
responsibilities - Rajasthan

Direct complicity.....Indirect.....Silent



Spheres of influence

Step 3 – identification of *actions* Rajasthan



Rights, Responsibilities and Rewards?

- A rights-aware approach
- Making human rights work *for*, not against, you
- Turning social risk into business opportunity