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**United Nations Continues Development of Proposals to
Change Corporate Law to Promote Human Rights**

In the past decade, the United Nations has directed significant attention to the scope of businesses' social responsibilities concerning human rights. Business has responded and in general is supporting the efforts to protect human rights. In 2008, a Special Representative to the U.N. Secretary-General proposed that corporations go further and bear the "responsibility to respect human rights," that States have a "duty to protect" against human rights abuses by companies, and that both States and companies must provide effective access to remedies for human rights violations. Our memorandum describing this proposed framework can be found here: "[A United Nations Proposal Defining Corporate Social Responsibility for Human Rights](#)." In June 2008, the United Nations Human Rights Council welcomed this framework and called for the Special Representative to elaborate on the scope and content of the proposed responsibilities.

The Special Representative is now moving forward with an initiative to develop recommendations to operationalize this framework, and this initiative raises again some of the issues and concerns outlined in our earlier memorandum. In a series of consultations last year, representatives from public, private and academic circles proposed various ways in which corporate and securities laws might be changed to advance human rights objectives, within the context of the proposed U.N. framework and above and beyond the requirements of local laws or existing business practices. Some of the potential changes under discussion include:

- Requiring boards of directors to conduct an ongoing process of due diligence that includes human rights impact assessments for company operations.
- Expanding corporate disclosure obligations to include human rights impact assessments, or implementing stand-alone reporting regimes for environmental, social and human rights issues.
- Extending to non-shareholders speaking rights at annual general meetings, and further limiting companies' authority over the standards for submission of shareholder proposals.
- Requiring that directors have an understanding of environmental, social and governance issues, such as human rights, in order to serve on boards.
- Imposing specific board composition requirements that might include employee or community representation or other diversity measures.

While these proposals are still in the discussion stage, they have the potential to raise significant issues for corporations and their directors, ranging from the conduct of annual meetings and director elections to board composition and corporate social responsibility policies. In addition, they could open the door to new types of litigation against corporations and directors. Corporations need to monitor the progress of the U.N. initiative and any concrete proposals and recommendations that may result.

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