



What's the issue?

Business has a key role to play in tackling poverty and averting the climate crisis through job creation, technology innovation and taxation revenue. As a result, many governments and institutions have prioritised the private sector in their development strategies. But too often communities and the environment are being harmed by businesses. Complex corporate structures mean that in practice it can be very hard for states and citizens to hold companies to account.

An imbalance has emerged between the interests of business and the rights and needs of communities and the planet. Big businesses in particular wield significant economic and political influence and trade deals are often based on legal rules and norms that protect corporate interest.

There is growing public concern about the impact of business activities on human rights and environment, including the urgent need to decarbonise in order to avoid dangerous global effects of climate change.

What can MSPs do?

- ✓ Become members of the Global Inter-Parliamentary Network that supports the UN binding treaty process by signing the declaration on www.bindingtreaty.org
- ✓ Table a Parliamentary motion supporting the binding treaty and encourage the Scottish government to support it
- ✓ Call on the Scottish government to ensure all businesses receiving government contracts carry out human rights due diligence processes
- ✓ Call on the Scottish government to raise human rights in all its engagement with other governments
- ✓ Engage with the business community in Scotland to raise awareness of global human rights standards
- ✓ Call on the UK government to ensure that parliamentarians (in Westminster and the devolved nations) get a meaningful say on trade agreements, guaranteeing a vote at the start and end of negotiations
- ✓ Voice opposition to the international court system (ISDS) being in any trade deals that the UK government enters into.

What's Scotland's role?

- 🌐 Scotland can and should use its power to ensure Scottish companies respect human rights across the globe. With an annual public procurement spend of over £9 billion, Scotland has a significant opportunity to promote good business practice. By spending its money wisely, Scotland has the potential to improve the lives of people living in poverty and help meet its obligations on climate change.
- 🌐 Scotland should use its influence to call for better practice by other governments and should take a proactive role in promoting human rights and responsible business practice with Scottish companies. Scotland's strategy towards business and human rights should be part of its policy coherence for sustainable development (PCSD) approach.
- 🌐 Scotland should voice its concern over the lack of transparency and scrutiny of trade deals, and demand that parliamentarians be given a meaningful say on all future trade deals.

An international binding treaty on business and human rights

In 2014, the UN Human Rights Council adopted *Resolution 26/9 on the elaboration of an international legally binding instrument on transnational corporations and other business enterprises with respect to human rights*. This established an open-ended inter-governmental working group (OEIGWG) with the mandate to elaborate such an instrument.

Crafting an effective treaty requires governments – including the UK - to participate in the process and support such a treaty. Both the Office of the High Commission on Human Rights as well as the European Union Parliament have given strong backing to the treaty process. In 2018, over 400 civil society groups, including environmental, development NGOs, women's rights organisations, faith groups and trade unions participated in the 4th round of talks.

The Alliance supports the treaty process and urges MSPs and Scottish Government to put pressure on the UK government to constructively participate in the process and to ensure the process receives the budget it needs to continue.

UK Human Rights Due Diligence legislation

We also support calls for the UK Government to introduce a new requirement for UK companies to carry out environmental and human rights due diligence on their global operations and supply chains. Such a law has significant potential to reduce the negative impacts of business activities on people and the environment and could also assist responsible businesses by creating a level playing field on standards.

Following the introduction of the supply chain reporting requirement in the Modern Slavery Act, the UK Government has positioned itself as an international leader on corporate transparency. This legislation is now being superseded by more comprehensive corporate regulation in several European countries. If the UK wishes to maintain its leadership position on human rights and effectively tackle the climate emergency, it must ensure it adopts similar measures to hold businesses accountable for their negative impacts on people and the planet.

New trade deals and ISDS

Trade deals are increasingly being used by big business to reduce so-called 'non tariff' barriers to trade, such as regulations and policies designed to protect public health, workers rights and the environment. One mechanism increasingly being used for this is 'investor-state dispute settlement' (ISDS), a system of secretive courts that allow foreign businesses to sue governments for public policy decisions that they argue could affect their profits.

ISDS in trade deals has been used by businesses to sue governments for introducing minimum wage laws, environmental protection and public health policies around smoking. ISDS has morphed from a rarely used last resort into a powerful tool that corporations brandish ever more frequently. A high proportion of cases have been taken against governments in the Global South, with huge compensation claims being made by companies, and depleting the resources that governments have available to provide public services and to implement the sustainable development goals.

Furthermore, in the context of Brexit, the UK government plans to strike new trade deals with countries around the world. And yet, as things stand, neither MPs nor MSPs will have a say on the content of any trade deals. The current process resides entirely with UK government ministers. We're calling for parliamentarians to have a meaningful say on trade agreements, with a vote at the start and end of negotiations, and transparency so that politicians and the public know what is on the table. We're also calling for full impact assessments on all trade deals, before negotiations start, which include environmental, social and regional impacts across the UK.

About Scotland's International Development Alliance

We are the membership body in Scotland for everyone committed to creating a fairer world, free from poverty, injustice and environmental threats. Our membership brings together a diverse range of organisations and individuals including over 150 NGOs, businesses, academic institutions and public sector bodies that operate in over 100 countries. We also act as secretariat for the Cross Party Group on International Development at the Scottish Parliament.

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