



Ending business relationships: exploring disengagement in human rights due diligence
Session during the 2016 UN Forum on Business & Human Rights
15 November 2016, 16:40-18:00, Palais des Nations, Room XXI
Organizers: SOMO, Shift, Pax

A. Context and aims: The UNGPs indicate that companies have a responsibility to seek to prevent or mitigate adverse human rights impacts to which they are linked by a business relationship. In practice this means that companies should identify business partners that may be causing or contributing to adverse impacts and use their leverage to incentivize the partner to prevent, mitigate or remediate the impacts. However, if these efforts fail, companies are faced with the question whether, when and how to end the business relationship connecting them to the adverse impact. In these circumstances, the decision on whether or not to terminate a business relationship becomes a key consideration within the human rights due diligence process. The prospect of disengagement can serve as a means to create or increase leverage, but companies considering disengagement need to take into account factors such as the severity of the adverse impact, whether the business relationship is crucial, and whether ending the business relationship may result in any adverse human rights impacts.

In April 2106, SOMO published a discussion paper entitled [Should I stay or should I go?](#) identifying the parameters of existing guidance on this topic, the gaps in that guidance, and useful questions to pursue further. Since that time, SOMO, Shift and Pax have begun conducting interviews with companies and stakeholders to flesh out and analyze actual experiences with and lessons learned from disengagement, in an effort to generate practical guidance for companies and stakeholders facing situations of adverse human rights impacts directly linked to a company's operations through a business relationship. This session will engage representatives of business, labour, and civil society to dissect concrete cases of disengagement decision-making and draw out practical lessons that can benefit future strategies for preventing and mitigating adverse human rights impacts.

B. Session design and focus: The session design will employ a single-case focus, talk-show style interviews, and break-out discussion groups to generate what will hopefully be a lively and interactive conversation between a small number of panelists and the audience.

After a few initial framing remarks from the director of Shift clarifying what the UNGPs say about disengagement, the first half of the session will center around one concrete case of disengagement and explore that case in-depth and from multiple perspectives in order to frame a broader conversation that will take place in break-out discussion groups. The focus situation will be a case of child labour found in the Pakistani paper supply chain of US-based household products retailer Procter & Gamble (P&G) and its supplier Bulleh Shah Pakistan (BSP). After a TV documentary crew publicly exposed the existence of child labour in paper recycling operations in Pakistan in 2014, P&G was faced with a difficult decision as to whether and, if so, how to disengage with its long-time business partner BSP as a result of this severe adverse human rights impact. BSP was faced with, on one side, the prospect of P&G terminating their business relationship, and on the other side, with a decision as to whether and, if so, how to disengage from the relationship with the supplier linking BSP to the child labour. In the end, disengagement happened on both levels, though the relationship between P&G and BSP was reinitiated two years later after BSP took significant steps to address remedy adverse impacts that had occurred



and prevent future impacts. (Temporary) disengagement thus appears to have played an important role in encouraging effective remedial action.

The panel discussion on this case will benefit from a range of different perspectives on this single case, notably from a representative of P&G's ethics and compliance office and a regional purchasing director, as well as the CEO of BSP. Through a talk-show style interview with the session moderator and audience (i.e. no fixed presentations), these speakers will provide insight into their initial response to the revelations around child labour, how they approached the prospect of disengagement, what factors influenced their decision to disengage, what steps they took to prevent or mitigate adverse impacts from the disengagement itself, how they experienced the actual disengagement, and what role they felt that disengagement had on affecting effective remedial action.

Building off the discussion and conclusions extracted from the focus case, the session will use the remaining 35 minutes to seek to broaden the lens and draw some general lessons and analysis. The moderator will interview a representative of the ITUC about the labour movement's perspective on this case and on disengagement more broadly, and a representative of the Accord on Fire and Building Safety in Bangladesh about how the Accord deals with the disengagement question. We will then move into break-out groups in the audience. Self-organized groups of approximately 10 people at the table they are sitting (i.e. no moving around) will be given 2 questions to discuss and answer and a piece of paper to record their answers/discussions. The questions will be: 1) Based on your own experience, identify key factors that can make the threat of disengagement more or less effective in increasing leverage. And 2) What factors should guide company decision-making on disengagement in practice? The session will use the remaining 35 minutes to expand beyond this specific case, to generate discussion in break-out groups around the broader questions and contexts related to disengagement. The moderator will round out the session by asking 2-3 groups to mention one highlight of their discussion, briefly summarizing key points, and asking groups to return the paper with their notes so these can inform the organizers' further work on this issue.

C. Speakers

- Dr. Joseph Wilde-Ramsing, Senior Researcher, Centre for Research on Multinational Corporations (SOMO) (**session moderator**)
- Ms. Clare Iery, Associate General Counsel, Procter & Gamble
- Mr. Khalil Benchekroun, Purchasing Associate Director, MEA region, Procter & Gamble
- Mr. Aslam Mehdi, CEO, Bulleh Shah Pakistan
- Ms. Rachel Davis, Director, Shift
- Mr. Joris Oldenzijl, Head of Public Affairs and Stakeholder Engagement, Accord on Fire and Building Safety in Bangladesh
- Mr. Dwight Justice, Trade Unionist