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## **A DECADE OF RESEARCH FINDS SYSTEMIC FAILURES IN LEADING GLOBAL CORPORATE HUMAN RIGHTS INITIATIVES**

*Report by MSI Integrity finds prominent corporate oversight initiatives fail to detect and remedy abuses; calls for more effective regulation of corporations.*

Berkeley, California, July 16, 2020 — The Institute for Multi-Stakeholder Initiative Integrity (MSI Integrity), a nonprofit incubated at Harvard Law School's International Human Rights Clinic, today released a report concluding that global efforts by some of the world's largest multinational corporations, governments, and civil society organizations have failed in their goal of protecting against human rights abuses by corporations.

The [report](#), *Not Fit-for-Purpose: The Grand Experiment of Multi-Stakeholder Initiatives in Corporate Accountability, Human Rights and Global Governance*, examines 40 [multi-stakeholder initiatives](#) (MSIs) that collectively have more than 10,000 corporate members, including 13 of the 20 largest companies in the world by revenue (see "MSI" definition [here](#)).

MSIs emerged in the 1990s as a promising experimental response to exposés about corporate abuse. In the absence of rigorous government regulation of transnational corporations, civil society organizations began stepping into this regulatory void by collaborating with industry representatives to jointly create voluntary codes of conduct and oversight mechanisms. By the 2000s, MSIs had become a "gold standard" in voluntary regulation, and had established standards for [almost every major global industry](#).

The report concludes that this grand experiment has failed. Voluntary regulation, even when it involves civil society organizations, is insufficient for detecting corporate human rights abuses, holding corporations to account for harm, or providing access to remedy. While MSIs can play important roles in building trust and generating dialogue, they are not a substitute for public regulation. Effective government regulation and enforcement is needed to supplement voluntary initiatives at local, national, and international levels.

The specific failures of initiatives to detect abuses or uphold rights—e.g., tea having been certified by Fairtrade International and Rainforest Alliance despite [workers being paid as little as US \\$0.14 a day](#), or cocoa being certified by UTZ that was found to come from farms contributing to [deforestation](#) or using [child labor](#)—are often reported as due to flaws in individual initiatives. However, the analysis by MSI Integrity demonstrates through [six key cross-cutting insights](#) that these are symptoms of wider structural issues present across MSIs.

"The synthesis of research and analysis in this report is critically important," said Ambassador (ret.) Luis C.deBaca, Senior Fellow at Yale University, "It provides insight into a global governance framework of voluntary regulation that has been in many cases blindly accepted, and will trigger a serious conversation that is long overdue."

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Some of the key insights in the report include: (1) many MSIs set weak or narrow standards that overlook the root causes of abuses; (2) MSIs employ inadequate mechanisms to detect abuses and uphold their standards; and (3) MSIs do not offer access to effective remedy.

Almost a third of the 40 MSIs examined in the study did not have any grievance mechanisms for workers or communities to directly report abuses or resolve complaints. Of those that did, nearly all failed to meet the internationally recognized criteria for effective access to remedy established by the [United Nations Guiding Principles on Business and Human Rights](#), such as being transparent, accessible and equitable.

The report identifies several lessons to be learned for future human rights interventions. These include that rights holders—the workers, communities, and individuals affected by a business—need to be at the center of the solutions that aim to improve their lives and livelihoods, rather than the top-down approaches used by MSIs. The report finds that fewer than 1 in 5 initiatives include rights holders in their governance, and only 5 of the 20 oldest MSIs have conducted any direct measurement of their impacts on rights holders within the last five years.

“As long as company decisions continue to be made by managers or board members who are divorced from experiences on the ground, and who are legally obligated to prioritize the interests and profits of shareholders, businesses will continue to run the unacceptable risk of making decisions that harm people and the planet,” said Amelia Evans, the Executive Director of MSI Integrity, “It is time to [reimagine the corporate structure](#), and to demand business models that center workers and communities in their ownership and governance.”

The report draws on a decade of research, learning, and insights that MSI Integrity has obtained since it began researching in 2010. This includes interviews with hundreds of stakeholders in the Global South and Global North, and analyzing more than 1,500 pages of MSI procedures and policies.

According to Philip Alston, Chair of NYU’s [Center for Human Rights and Global Justice](#) and former United Nations Special Rapporteur on Extreme Poverty and Human Rights, “MSIs are just one example of how the private sector has increasingly become responsible for activities traditionally performed by government. However, businesses are not motivated, managed, empowered, or incentivized to perform many of the essential public functions that are being systematically outsourced to them. This trend represents an abdication of responsibility by governments and international organizations.”

The report and related materials are available from [www.msi-integrity.org/not-fit-for-purpose](http://www.msi-integrity.org/not-fit-for-purpose)

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