Dear United Nations team,

We hope this letter finds you well. We're Brazilian citizens with a profound interest and academic background in international affairs, we come through this to answer the following question: How can investors best provide transparency in their disclosures about their practices which are, or are not, in alignment with the UNGPs?

Investors can best provide transparency in their disclosures about their practices in alignment with the United Nations Guiding Principles on Business and Human Rights (UNGPs) by following these topics:

In the initial analysis, we emphasize the importance of a comprehensive understanding of the United Nations Guiding Principles on Business and Human Rights. These principles constitute a set of guidelines outlining corporate responsibilities regarding human rights, aiming to align companies' practices and disclosures. By consolidating the company's knowledge of these guiding principles, we can apply them and conduct the due diligence process periodically. This process seeks to understand the symmetry between the company's principles and its actions through a thorough analysis of various factors. Thus, due diligence, responsible for examining financial, legal, labor, accounting, tax, environmental, and technological aspects, exposes risks, strengths, and weaknesses to all stakeholders, including investors, buyers, and even partner companies. This allows them to have a broader view of the business they wish to engage in.

In this scenario, investors must always bear in mind the fundamental nature of transparency and honesty in their alignment with the United Nations Guiding Principles on Business and Human Rights (UNGPs), as well as the challenges faced during this journey. Consequently, by enhancing their productivity, relevance, and engagement in society and among other investors, verification by third parties of human rights alignment reports becomes even more timely. It is also essential to conduct independent audits and checks to assess the compliance of invested companies with human rights standards and sustainability criteria. Additionally, participating in global initiatives such as the United Nations Global Compact or the Principles for Responsible Investment (PRI), which promote responsible business practices and human rights, is crucial.

Furthermore, it is important to consider the need to integrate human rights into investment policies, ensuring the commitment of all parties to international well-being. This integration may involve the use of human rights clauses as prerequisites for the allocation of investors' resources and efforts. Therefore, constant, clear, and comprehensive reporting with key performance indicators and measurable goals is essential to assess the effectiveness of human rights-aligned behaviors. The reporting structure should adhere to internationally recognized reporting standards, such as the Global Reporting Initiative (GRI) or the UN Global Compact, to construct such documents. Publishing these reports further affirms the institution's transparency with the public.

Next, there is a mutual interest for companies aiming at their development to encourage the integration and improvement of human rights practices. Encouraging the integration of human rights and improving practices in operations and supply chains stimulates the sustainable growth of numerous companies. Actively engaging in constructive dialogue between companies and investors helps build good relationships, fostering a widely sustainable production process. All companies involved in this production line, with portfolios aligned with human rights, provide incentives and guidance to those outside to join this agenda.

Subsequently, we emphasize the importance of directing investments towards companies committed to sustainable development. In this perspective, investment is more than a mere agreement with the Sustainable Development Goals (SDGs). It also involves encouraging these companies, through ethical thinking based on human rights and sustainability, to ensure peace and prosperity for all individuals. Involvement with stakeholders, including civil society organizations or affected communities, is essential to establish priorities and acquire feedback, and opinions on implemented practices. This helps analyze evolving circumstances and work together with society to meet its needs.

Due to the presented perspective, we highlight that investors should consider the choice of impact investments. In this context, companies should choose a strategy that aims to generate positive financial returns and measurable social and environmental impacts. To quantify, for example, the social impact, it would be necessary to implement metrics and questions related to human rights. Additionally, the use of additionality verification can be employed, comparing the project's results not only with the invested group but also with control groups not covered by the investments. Therefore, impact measurement aims not only to calculate impact but also to establish incentives for investors to bring about effective transformations in the targets of social and environmental projects.

Lastly, it is necessary to discuss the fundamental strategies of advocacy and activism to ensure transparency and promote human rights by investors. In this context, investors, wielding powers as shareholders, should use them to propose resolutions in general meetings that aim to enhance robust human rights policies, sustainable practices, and ethical corporate governance. Examples of issues to be discussed in these meetings include gender equality, fair wages, and workers' rights. By leveraging their financial influence and power, shareholders, as investors, demonstrate that they can be agents of positive change and contribute to the improvement of corporate practices concerning human rights.

We look forward to the opportunity to contribute to the noble mission of the United Nations and collaborate with like-minded individuals and organizations to create a more sustainable and equitable world.

Sincerely,

Artur Menezes, Arthur Roseto, Eloísa Lacorte, Isabela Belato, Jhennifer Souza, Lucca Stanislau, Victoria Ferro and Vitoria Brescancini.