A DECADE OF LEADING THE WAY
ON BUSINESS AND HUMAN RIGHTS
MESSAGE FROM THE DIRECTOR

From day one, we have taken a pro-business, high standards approach.

MICHAEL POSNER is the Jerome Kohlberg Professor of Ethics and Finance at NYU Stern. Prior to founding the Center, he served in the Obama Administration as Assistant Secretary of State for Democracy, Human Rights and Labor. For almost three decades, he was the Executive Director and then President of Human Rights First, a U.S.-based human rights advocacy organization, and also taught at Yale and Columbia law schools. He has played a major role in shaping U.S. policy on such issues as refugee and asylum law and policy, national security and human rights, internet freedom, and business and human rights.
TEN YEARS AGO, I came to Stern to launch the Center for Business and Human Rights, the first such center at a business school. From day one the Center adopted a pro-business, high standards approach. Weeks after I arrived at Stern, a factory complex in Bangladesh collapsed, killing 1,100 garment workers, mostly young women. Our reaction to the Rana Plaza tragedy became an exemplar of the Center’s approach. With my former State Department colleague Sarah Labowitz, we quickly brought together industry leaders, government officials, representatives from international organizations, and NGOs to help chart a path forward. We complemented the convening with ground-breaking field research and reporting that both highlighted the human rights violations and made practical recommendations for reform. Our work contributed to considerable improvement in factory safety in Bangladesh, and we have built on that foundation to continue advancing the rights of workers.

In each area where we work, the Center undertakes in-depth research, diagnosing the most consequential social challenges facing an industry, and develops practical solutions for companies to implement. We use our recommendations for reform as the basis for engagement with companies and governments. We then draw on this work to inform the classes we teach.

THE NYU STERN MODEL

Part of our mission is to encourage other business schools to adopt the Stern model. In 2019, we helped guide the creation of the Geneva Center for Business and Human Rights at the University of Geneva School of Management, which is led by our colleague Dorothée Baumann-Pauly. With the Geneva Center, we then co-founded the Global Business School Network for Business and Human Rights, which now includes business schools in over 35 countries around the world. This expansion to other business schools supports part of our core mission: preparing current and future business leaders to meet 21st century social challenges.

The model we have developed is helping to shape this new field, one that recognizes the increasing global influence of major corporations and the need for them to address human rights problems that relate directly to their business operations.

OUR WORK

In the decade since our start, we have investigated a wide range of human rights problems related to corporate conduct. These have included the explosive growth and influence of the social media industry, which has exacerbated political polarization and undermined trust in elections and public health policies; the erosion of human rights in China, especially in Xinjiang province and Hong Kong, which has raised difficult questions for businesses that operate in the world’s largest manufacturing hub; the evolution of ESG investing into a $35 trillion market segment too often characterized by misleading marketing; and the risks related to gathering raw materials like cobalt and polysilicon — essential ingredients for developing alternatives to burning fossil fuels.

In the pages that follow, we discuss our work promoting human rights as a top business priority — work for which the Center is now widely acknowledged as a leader.

Michael Pooner
OUR CENTER’S MISSION

TO CHALLENGE AND EMPOWER COMPANIES AND FUTURE BUSINESS LEADERS TO MAKE PRACTICAL PROGRESS ON HUMAN RIGHTS.

OUR AMBITIOUS AGENDA

INVESTIGATE the root causes of human rights challenges in industries through in-depth, on-the-ground research.

ENGAGE companies and other stakeholders to advocate for change based on practical solutions and metrics-driven standards.

EDUCATE the next generation of business leaders through classroom and clinical education, while leading a collaborative movement among business schools around the world to encourage greater focus on human rights.
OUR FOCUS AREAS

We are tackling the most pressing issues facing global business leaders and leading a movement to incorporate human rights into business education.
The malady of election denialism in the U.S. has become one of the most dangerous byproducts of social media,” the [NYU Stern Center] report warned, “and it is past time for the industry to do more to address it.”

— Steven Lee Myers, Correspondent, The New York Times
COMBATTING DISINFORMATION ON SOCIAL MEDIA – A THREAT TO DEMOCRACY

THE CHALLENGE

Our work on the effects of social media on democracy addresses a central challenge of the digital era: major social media companies have intensified extreme political polarization in the U.S. and elsewhere, undermined trust in elections, and permitted themselves to be exploited by a variety of bad actors intent on spreading hatred and disinformation.

RESEARCH AND ACTION

Since 2017, the Center has produced a series of more than a dozen reports on the social media industry — research we have used as the basis for advocating more vigorous self-regulation, as well as judiciously applied government oversight. As a result of this work, the Center has become a prominent source of cutting-edge ideas for industry executives, lawmakers, regulators, journalists, and fellow participants in civil society.

We have addressed how domestically generated disinformation presents an even more daunting problem in the U.S. than foreign interference by Russia and other countries. Subsequent reports tackled the failings of outsourced human content moderation, the false myth of social media industry censorship of conservative views, the exacerbating effect social media platforms have on political polarization, the particular role of Google’s YouTube site, and the continued amplification of “election denialism” in the run-up to the 2022 midterm elections.

Our analysis undergirds recommendations ranging from disclosure of the criteria for secret algorithms that rank, recommend, and remove content to the need to bring currently outsourced human content moderation in-house. As it became clear that the industry was not adequately embracing self-regulation, we added proposals for government intervention, most notably in a white paper recommending enhancement of the Federal Trade Commission’s consumer protection authority to oversee the social media industry.

Our findings have had impact, eliciting coverage by numerous news outlets, such as The New York Times, The Washington Post, The New Yorker magazine, National Public Radio, and many others. We have advocated directly with major social media companies, which, on occasion, have privately sought our advice on human rights issues. We also communicate regularly with congressional staff members and provide our views to regulators at agencies such as the FTC. In 2023, we filed our first-ever amicus brief with the U.S. Supreme Court in a case involving platform liability for terrorist propaganda.

Tremendous challenges remain on the tech front. Shortly, we will publish a major report on the prevalence of extremism on popular online gaming platforms. After that, we will turn to the ways that businesses need to build safeguards into generative artificial intelligence programs, such as OpenAI’s controversial ChatGPT.
Our view is that companies that understand how their design, procurement, and merchandising practices affect suppliers and workers are going to be in a better position to address potential human rights problems.”

– Natasja Sheriff Wells, Senior Program Manager

SOURCING JOURNAL
THE CHALLENGE

The responsibility of international business for the well-being of workers in global supply chains has been a central focus for the Center since its founding. Global companies that benefit from low-wage, outsourced labor also tend to deflect responsibility for addressing workers’ rights, saying that they do not own the factories — or the farms, fishing trawlers, or mine sites that directly employ the workers.

RESEARCH AND ACTION

Following the Rana Plaza disaster, the Center investigated the business drivers behind the tragedy. How did the labels of so many international apparel brands end up in the rubble? In its first report on Bangladesh, the Center identified the practice of subcontracting as a common but risky feature of garment manufacturing and made recommendations on how global brands and local factory owners should address this aspect of the business.

In a follow-up report, the Center combined extensive analysis of industry and government databases and field research in Dhaka to document the existence of more than 7,000 garment factories in the Bangladesh garment industry, far more than industry estimates. This research made clear the need for improving working conditions in smaller factories that fall outside newly created factory-safety initiatives, leaving millions of workers vulnerable to unsafe working conditions.

In 2019, the Center investigated a new frontier in garment manufacturing — Ethiopia, a country with some of the lowest wages for garment workers in the world. The Center’s report pointed to the potential the nascent industry offered as a source of stable work for the country’s young, primarily female workforce, but also warned that political instability could undercut such progress. As Ethiopia has been engulfed in regional and ethnic violence, many of the gaps in worker protections that we identified have contributed to decisions by a number of global buyers to suspend their Ethiopian business.

As our work has evolved, we have devoted increased attention to the commercial relationships between large global buyers and their local business partners. These relationships — particularly corporate purchasing practices — became even more problematic during the Covid-19 pandemic, and some extreme corporate responses to the pandemic have now become commonplace. Our latest report examines these relationships and makes the case for global buyers to reform purchasing practices and adopt a more collaborative relationship with their suppliers.
COUNTERING CHILD LABOR AND ENSURING MINE SAFETY: COBALT IN THE DRC

THE CHALLENGE

The global demand for cobalt will rise significantly in the next few years because the mineral is an essential ingredient in batteries that power electric vehicles and devices. Eighty percent of cobalt is mined in the Democratic Republic of Congo (DRC), and 15% to 30% of cobalt excavation comes from informal or “artisanal” (ASM) mines, where safety is a serious problem and child labor is prevalent.

RESEARCH AND ACTION

Working with our sister organization, the Geneva Center for Business and Human Rights, the Center is examining the risks associated with artisanal mining in the Congo. Artisanal miners dig tunnels that are prone to collapse, subjecting miners to significant risks of grave injury or death. Weakened by violent ethnic conflicts, disease, and corruption, the DRC government provides inadequate protection to cobalt workers of all ages. In September 2020, we published a white paper with the World Economic Forum based on fieldwork we conducted in the Congo in late 2019. It examined a “formalized” ASM mine site where there were greater efforts to apply safety standards and to prohibit child labor.

We are encouraging major battery manufacturers, global trading companies, and large customers like auto and electronics firms to acknowledge that artisanal cobalt is part of all of their supply chains, and to work together to support the formalization of artisanal mining sites. In early 2023, we published a white paper based on new field research explaining how this could be done. Formalization not only will improve mine safety, but also will enable more women to participate in mining. With women adding to family income, more parents are likely to send their children to school, rather than the mines.

“Companies that buy cobalt engage in a futile exercise when they try to distinguish flows from industrial mines and the significant production from artisanal small scale mining, or ASM, said a paper published Wednesday by the Geneva Center for Business and Human Rights and the NYU Stern Center for Business and Human Rights.”

– Richard Abbey, Reporter, Bloomberg News
PROTECTING MIGRANT WORKERS IN THE GULF

THE CHALLENGE

There are approximately 10 million migrant construction workers in the Arabian Gulf, mostly young men from South Asian countries. These workers commonly live in unsanitary, overcrowded labor camps, experience harsh working conditions, survive on low wages that employers frequently do not pay on time or in full, and take on huge debts to pay recruitment costs.

EXORBITANT RECRUITMENT FEES

Exorbitant recruitment fees, often equivalent to a year’s wages. While paying off this debt, workers are forced to accept abusive conditions imposed by employers. Our first report on this issue recommended that the cost of worker recruitment should be borne by construction companies, not the workers themselves.

The outbreak of Covid-19 in 2020 exacerbated the vulnerability of migrant workers in the Gulf. As we tracked these challenges, we continued our focus on Qatar because of its role as the first Middle Eastern host of the World Cup in 2022. In a report published in March 2022, we highlighted both reforms and ongoing burdens imposed on workers with respect to recruitment costs. In the aftermath of the World Cup, we are continuing to advocate for reforms in recruitment practices in Qatar and elsewhere in the Gulf.

RESEARCH AND ACTION

The Center began working in this area in 2016 with a focus on the recruitment system. Because they are expected to cover the costs of their own recruitment, migrant workers tend to borrow heavily to pay for exorbitant recruitment fees, often equivalent to a year’s wages. While paying off this debt, workers are forced to accept abusive conditions imposed by employers. Our first report on this issue recommended that the cost of worker recruitment should be borne by construction companies, not the workers themselves.

Ending worker-paid recruitment, which in most of the rest of the world is treated as a cost of doing business borne by employers, is long overdue.”

– Michael Posner, Director
THE CHALLENGE

We live in a world grappling with the effects of climate change, the need for greater diversity and inclusion in the workplace, and persistent mistreatment of workers. In 2004, the United Nations and a coalition of financial institutions collaborated to introduce a new framework for assessing corporate conduct with respect to these concerns. The Environmental, Social, and Governance (ESG) model has since grown exponentially, with more than $35 trillion now invested in such funds. But, while current ESG frameworks assess risks to investors, they don’t go far enough in evaluating risks to people or the planet.

RESEARCH AND ACTION

In 2017, the Center published a report that endorsed the value of ESG in theory, but pressed for strengthening the current system, especially analysis of social concerns represented by the “S.” Since then, our goal has been to clarify the “S” metrics and encourage better data-collection, especially with regard to labor standards in global supply chains. A follow-up report in 2021 encouraged ESG funds to evaluate global companies on how their purchasing practices affect outsourced workers across the globe.

ESG investing is now beset by critics from a range of perspectives. Conservative politicians deride it as “woke capitalism,” and more than 25 U.S. states are challenging investment firms that rely on ESG methodology, arguing that investors’ interests are best promoted by focusing on short term profits alone. Others say that current ESG models have strayed from the early aspiration of measuring and improving the environmental and social performance of companies, a critique we generally share.

As this debate takes center stage, we are engaging on several levels, reaching out to investment firms individually and through our active participation in investor meetings, notably the annual RFK Compass conferences. We also are encouraging the U.S. Securities and Exchange Commission to include global labor supply chains in its upcoming rulemaking on human capital, and we are supporting various regulatory measures now coming into force in Europe.

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The Washington Post

...ESG frameworks are not fulfilling their principal objective, which is to give investors reliable data on company performance around topics such as their carbon footprint or treatment of workers in global supply chains.”

– Michael Goldhaber, Senior Program Manager
THE CHALLENGE

A study commissioned by the Knight Foundation in 2019 found that investment firms owned by women and people of color manage less than 2% of what was then $70 trillion in assets. This imbalance reflects a wider lack of diversity throughout the investment industry.

RESEARCH AND ACTION

Recognizing the vast scope of this challenge, the Center began to address this gap by working to change the investment practices of university endowments. These endowments, which hold more than $800 billion, represent an influential subset of the investment sector. While universities seek to promote greater diversity and inclusion in their admissions policies, faculty hiring, and other aspects of campus life, most universities with large endowments have been reluctant even to disclose their assets under management with diverse-owned firms, let alone take action to promote equity in the money management field.

In 2018, we convened representatives from 13 schools to launch this effort. In June 2022, we published a report in partnership with the Knight Foundation aimed at examining the record of the country’s wealthiest 25 public and 25 private university endowments in hiring diverse-owned asset management firms. Sixteen of those schools participated. It was first time top universities have shared independently verifiable data on the diversity of their asset managers.

Our next study with the Knight Foundation will expand the number of participating schools and provide updated data. We are establishing a baseline against which to measure progress as we encourage universities to systematically track and report on the diversity of their asset managers. Longer term, our intention is to build on our university endowment findings to encourage greater diversity in the broader investment industry.

PROMOTING RACIAL AND GENDER EQUITY IN THE INVESTMENT SECTOR

Going forward, for higher education institutions to remain relevant, we will have to address diversity throughout our operations, including in our investments. Discussions about diversity can no longer stop at the investment office door.”
– Kerin McCauley, Senior Associate Director
ACADEMIC PROGRAMMING AND STUDENT ENGAGEMENT

MAKING HUMAN RIGHTS ESSENTIAL IN 21ST CENTURY BUSINESS EDUCATION

While business and human rights courses are proliferating in law schools and schools of public policy in the US and other countries, most leading business schools have yet to embrace this agenda, either in their teaching or research. A central part of the Center’s mission is to make the advancement of human rights an integral part of business school education.

With the Geneva Center for Business and Human Rights, we have published a tool-kit for business educators to support teachers, research scholars, and university administrators, giving them practical resources on how to build human rights into academic programs.

Our Global Business School Network for Business and Human Rights, which has six working groups, links professors with similar research interests to enable them to share resources and work collectively to integrate human rights into their research, teaching, and schools’ curricula.

In 2016, we helped launch the Business and Human Rights Young Researchers Summit, an academic conference for emerging scholars, which we continue to co-host on an annual basis. At Stern, we also developed a summer fellowship connecting MBA students to roles on human rights teams at major global companies such as Microsoft, PepsiCo, West Elm, and PVH.

“More companies are realizing whatever they’re doing, there’s a human rights component. And business schools ought to be preparing the next generation of business leaders to tackle those issues in a smart way.”

– Michael Posner, Director
The Center’s courses offer a unique blend of global political and regulatory insight and macroeconomic perspective, highlighting the true human cost of doing business as usual.”

– Lily Warnke, MBA ’21

Our Global Business School Network for Business and Human Rights includes schools in 37 countries.
With a ten year track record of success and leadership, and the evident relevance of human rights to 21st Century businesses, the Center is now seeking to expand its financial base to ensure its own sustainability and future growth.

Individual donors and foundations are our primary source of funding. Join us in our work by supporting a portion of our $3 million annual budget. As globalization and technological innovation continue to change the world at a rapid pace, help us make meaningful progress at the critical intersection of business and human rights.

FISCAL STRATEGY AND FUNDRAISING

2023 Funding Sources - Center for Business and Human Rights

- Corporations: 5%
- Foundations: 30%
- NYU Stern: 15%
- Individuals: 50%
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