

# From Policy to Performance: Human Rights in Investing

## AUTHORS



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## SUMMARY

- Breckinridge's latest Sustainable Investing Education Session explored business risks and opportunities associated with human rights policies and practices.
- Human rights violations can create material financial risks for companies and may negatively impact investment performance.
- Experts Michael Posner and Anne Stetson discussed the investment relevance of human rights, including the management and mitigation of related risks through effective policies and practices, disclosure standards, and investing frameworks.





Breckinridge Sustainable Investing Education Sessions explore the connection between investment performance and business success by monitoring, managing, and mitigating sustainability risks. The working sessions for employees are guided by internal and external speakers who bring in-depth experience and knowledge to the discussions.

Human rights related issues can raise material investment risks for some of the companies in which we seek to invest.<sup>1</sup> In evaluating investment opportunities, Breckinridge's research seeks to assess how effectively companies, particularly those in higher risk sectors, integrate material human rights considerations into policies and operations. The objective of our research is to improve risk-adjusted returns when evaluating investment opportunities.<sup>2</sup>

### **Enhancing Breckinridge Research with External Experiences, Insights**

Speakers for the Human Rights Educational Session included Michael Posner, former Assistant Secretary of State for Democracy, Human Rights, and Labor for the Obama Administration, former founding executive director of Human Rights First, and current professor at NYU's Stern School of Business, where he directs the Center for Business and Human Rights. He is the author of *Conscience Incorporated: Pursue Profits While Protecting Human Rights*.

Mike was joined by Anne Stetson, a member of the Breckinridge Capital Advisors Board of Trustees and its B Corp Benefit Director.<sup>3</sup> Her career spans international law and finance, and advisory work on aligning capital with positive environmental and social outcomes.

### **Exploring Standards & Practices Targeting Improved Human Rights Performance**

Anne opened the session with a brief history of international human rights, and its traditional integration across civil and political rights, with economic, social and cultural rights. In short, as defined by the United Nations, as enshrined in international law, "human rights are rights we have simply because we exist as human beings."<sup>4</sup> She explored the foundational international human rights legal frameworks, as well as those specific to corporate activity. For example, she discussed how the United Nations Guiding Principles on Business and Human Rights (UNGPs) aim to lead businesses to better compliance with human rights standards and ultimately better risk management through sensitivity to the evolving demands of beneficiaries, clients, and regulators.

The UNGPs are also relevant to investors. For example, the Principles for Responsible Investment (PRI), the global voluntary investor initiative, includes questions on UNGP alignment in its assessment of signatories.<sup>5</sup> Breckinridge has been a signatory to the PRI since 2012, and completes this assessment of investment and corporate sustainability performance annually.

1. The Sustainability Accounting Standards Board (SASB) developed standards for seventy-seven sectors to help companies disclose financially material sustainability metrics and information to investors. SASB is overseen by the International Sustainability Standards Board (ISSB), which is a subsidiary of the International Financial Reporting Standards (IFRS). The SASB Materiality Map identifies human rights-related issues primarily under Human Capital and Social Capital as financially material for industries with high-risk supply chains or labor-intensive operations. Key topics include fair labor practices, health and safety, and supply chain management.
2. Breckinridge's investment research incorporates the consideration of material sustainability factors to help us assess and price the credit risk of issuers. Breckinridge's research team identifies and selects sustainability factors based on their investment-decision usefulness. A factor is considered material if it can influence our credit opinion or impact a security's valuation. For example, within the Basic Industry sector that includes metals & mining, chemicals, and paper/forest bond issuers, Breckinridge aggregates and analyzes labor management and community relations quantitative data and metrics within the sector-specific risk model. The goal of this issuer analysis is to assess absolute and relative risk as it relates to human capital, including human rights and labor management, among other risks. More information about our approach, please see our sustainable investing policy [here](#).
3. A Certified B Corporation (or B Corp) is a for-profit company certified by the nonprofit B Lab as meeting high standards of verified social and environmental performance, accountability, and transparency. A B Corp seeks to balance profit with purpose, considering the impact of its decisions on workers, customers, community, and the environment. The Benefit Director is the board level representative responsible for overseeing these commitments. Breckinridge is a Certified B Corp.
4. United Nations Human Rights - Office of the High Commissioner. Available [here](#).



In his comments, Mike discussed how integrating human rights into the core strategy of a corporation can effectively address modern challenges like labor abuses, disinformation, and inequality. Drawing his experience as a human rights advocate, policy maker, and scholar — as well as case studies from his book *Conscience Incorporated* — he discussed operational practices that can align with profitability and build a more sustainable business model while protecting human rights for corporate stakeholders.

### **Case Studies Illustrate Challenges & Responses**

Mike provided examples from the consumer staples and consumer discretionary sectors to illustrate challenges and opportunities for improved performance when shaping human rights risk management policies and practices.

For example, certain retailers had ignored labor abuses in response to price pressures. In response, leaders developed policies and practices that included living wages, binding employment contracts, worker input, and independent monitoring. Another example he provided focused on clothing manufacturers that had outsourced to high-risk regions that tolerated unsafe factories. To improve their human rights performance, they addressed long-term sourcing, safety investments, transparency, enforceable accords, remediation funds, and worker training.

### **Breckinridge's Engagement on Human Rights**

Breckinridge engages with companies, as well as municipalities and other bond issuers, as part of our investment research process. Through these dialogues, we discuss material credit and sustainability risks and opportunities with management teams or their representatives. We also encourage issuers to enhance disclosure of material sustainability factors and/or make progress in managing material sustainability risks. Our analysts consider the insights gained from the discussions in their sustainability assessment of the company or municipality. Like any other credit input, a sustainability assessment will have a varying degree of impact on a final credit rating.

In 2025, we spoke with companies in the chemicals sector about their efforts to consider human rights in their relations with local communities. Breckinridge, as well as the Sustainability Accounting Standards Board (SASB), view this issue as a financially material sustainability risk for the sector. During one discussion with a leading manufacturer of crop nutrients, the company emphasized its respect and commitment to the rights of local residents. The company aligns its philanthropy with its operational focus on agriculture by donating to community food banks. It funds university programs on farming and engineering to help develop its future workforce and works closely with Indigenous populations. For example, the company commits to a certain level of purchasing from Indigenous-owned suppliers and has surpassed this purchasing goal for three straight years. We believe these efforts can provide reputational benefits, reinforce its social license to operate, and support a lower credit risk profile.

### **Supporting Ongoing Education on Sustainable Investing Concepts & Trends**

Breckinridge's Sustainable Investing Education Sessions provide an opportunity for employees to further their understanding of key sustainability trends and concepts, and may also advance our research capabilities. As attention to compliance with human rights continues to grow within the investment industry, Breckinridge continues to evaluate and integrate human rights risk considerations into its investment process.

5. The Principles for Responsible Investment (PRI) is a voluntary initiative that encourages signatories to commitment to six principles for responsible investing. Signatories include investment managers, asset owners and service providers. They are expected to complete an annual assessment of their alignment to the principles. As of 2026, the PRI had over 5,000 signatories representing \$139.6 trillion in assets under management.



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**The content is intended for investment professionals and institutional investors.**

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There is no guarantee that integrating sustainability factors, including those associated with human rights risks, will improve risk-adjusted returns, lower portfolio volatility over any specific time period, or outperform the broader market or other strategies that do not utilize sustainability factors when selecting investments. The consideration of sustainability factors may limit investment opportunities available to a portfolio. In addition, sustainability data often lacks standardization, consistency and transparency and for certain companies such data may not be available, complete or accurate.

When considering sustainability factors, Breckinridge's investment team will include those factors that they believe are material. However, the investment team may conclude that other attributes outweigh these considerations when making investment decisions. Breckinridge can change its sustainability analysis methodology at any time.

Breckinridge's sustainability analysis is based on third party data and Breckinridge analysts' internal analysis. Analysts will review a variety of sources such as corporate sustainability reports, data subscriptions, and research reports to obtain available metrics for internally developed frameworks. Qualitative information is obtained from company reports, engagement discussion with corporate management teams, among others.

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