HIGH-LEVEL DECISION-MAKING
RISK TO PEOPLE
RISK TO THE BUSINESS
UNGPs & SGDs ANALYSIS
TAKING ACTION

THE BUSINESS'S COMMERCIAL SUCCESS SUBSTANTIALLY DEPENDS UPON:

RED FLAG NO. 4

WITH CLIMATE LENS

RED FLAGS IN THE VALUE PROPOSITION

Offering **privatized access to public goods and services**, such as water, health and security, where profit-maximization affects **access or quality**.

Such as:

- Offering private **water or sanitation** services where profit-maximization affects access or quality of service
- Offering for-profit daycare or education services and engaging in cost cutting activities at the expense of quality of service
- Providing **private prisons or detention centres** and reducing qualified staff or cutting maintenance or essential programs to achieve cost savings
- Offering **nursing home, and housing, services** and engaging in cost cutting activities at the expense of quality of service
- Privatization of public transport, where profit-maximisation results in reduction in frequency of services or access for isolated communities
- Investing in companies engaged in essential services where profit maximisation conflicts with quality of service
- Private sector involvement in public sectors through Public Private Partnerships or Private Finance Initiatives, e.g. for infrastructure and maintenance services for hospitals and schools where quality or access is adversely affected
- Providing consulting services to governments where advice on profit maximisation risks affecting access or quality of essential services
- Financial institutions contributing to the financialization of housing — for example, through mortgage policies that favor speculative investment over owner-occupation, such as high-leverage or interest-only loans and bulk sales of foreclosed properties to institutional investors — and by subsequently driving up prices through securitization of those mortgages and other property-backed financial instruments
- Financial institutions contributing to the financialization of food commodities or water by speculating on debt of companies in these sectors, including through credit default swaps and other financial derivatives

HIGHER-RISK SECTORS:

- Water and sanitation services
- Agriculture industry
- Healthcare
- Private care industry, e.g. nursing homes, children's homes, assisted living facilities
- Private prison industry
- Education
- Public transportation services and infrastructure
- Waste management
- Capital and Advice concerning essential service: Private equity (esp. external, leveraged financing)
- Financial institutions, including banks, private equity and other providers of capital
- Management consulting

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KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED:

- How does the company identify and respond to any tensions between its responsibility to ensure access and quality, on the one hand, and the need to deliver financial results on the other? What policies guide decision making?
- How does the company ensure that its lobbying positions (for example, on regulation relating to access or quality) do not have a potential impact on human rights?
- What systems does the company have in place to ensure that early warnings with regard to issues of access or quality of service make their way to senior decision makers?
- How does the company ensure access to remedy for people denied adequate access or quality of service?
- Are there any inherent perverse incentives in the company's business model, whereby the denial or reduction of service automatically reduces costs and/or increases revenues without jeopardizing customer retention — for example, by limiting access to high-cost services, deferring maintenance or upgrades, shortening service hours, or prioritizing profitable customer segments over those with greater need?

Shift

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HIGH-LEVEL DECISION-MAKING

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RISKS TO PEOPLE

- Risks to people can arise where vulnerable populations require access to goods or services of adequate quality in order to realize their human rights. In such a context, decisions to reduce costs carry an increased risk of human rights impacts when compared with other goods and services.
- Human rights risks that have been highlighted in relation to **private sector participation in water and sanitation** include lack of equality in provision and discrimination against users (Right to non-discrimination). Further, where serious impacts to quality of service have occurred, there have been accusations that the profit motive has interfered with transparency and accessibility. Cases of privatized water services in France, Bolivia, and Argentina have been said to demonstrate common features – the pursuit of profit maximization by operators leading to unjustifiably higher costs for consumers and diminished service provision. In some severe cases, such as in Bolivia, residents were forced to go without access to clean water, ultimately resulting in large scale public protests. Recent privatization in Rio de Janeiro, Brazil has also given rise to concerns about access, particularly in more vulnerable neighborhoods. Fifteen of Rio's favelas have reported worsening water supply since the local water utility was privatized. In the UK, Thames Water, the UK's biggest water company (privatized in the 1989), has been accused of having "taken on too much debt" under the ownership of Macquarie Bank, and fail[ing] to invest in infrastructure". This is said to have led to a proposal for significant price increases for consumers, without which the company's chairman warns the company "cannot guarantee safe and resilient water supplies that can cope with climate change and population growth."
- Water scarcity resulting from over-extraction, pollution and declining natural storage capacity is further exacerbated by climate variability and extreme weather events. According to the Intergovernmental Panel on Climate Change, water quality and quantity will be increasingly stressed as global average temperatures increase, leading to greater incidence of drought in many different geographies across the globe.
  - Scarcity: Where water scarcity meets privatized water services, the impacts on clean water access for vulnerable populations can be significant, as communities and small-holder farmers compete with water intensive industries such as agricultural and mining for water resources. For example, in Chile, which has a privatized water sector and has experienced drought conditions for several years, there is significant water-related tension between residents, farmers and industry, with an estimated 2% of water being set aside for human consumption and an estimated half the Chilean population living in areas suffering from severe water scarcity. There have been mass protests in 2016, 2019, 2021 over the "injustices inherent in Chile's private water system". Competing demands for water resources are expected to intensify as a result of the energy transition, as increasing demand for water intensive copper and lithium to feed global demand for clean energy applications is coupled with community pressures in key regions, such as Chile's Atacama region.

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RISKS TO PEOPLE

- Quality: Increasing extreme weather events can have an impact on water quality, such as where floods and cyclones bring seawater inland, contaminating freshwater sources or causing pollution where sanitation services are more basic. Rising sea levels can contribute to heightened salinity in groundwater, exacerbating health issues like high blood pressure and heart disease among the coastal communities who rely on groundwater as a source of clean water. Risks are exacerbated when private enterprise does not take into account the differentiated impacts on the most vulnerable populations.
- The low carbon transition and the physical impacts of climate change also have the potential to exacerbate inequality when coupled with the privatization of public services, such as electricity provision or wastewater treatment. Rapid transition from fossil fuel-based electricity grids to lower carbon grids in privatized electricity markets has the potential to drive up costs to consumers, and jeopardize access by vulnerable communities. In the wastewater sector, climate change is intensifying water-related disruptions like heavy rainfall, and sea-level rise, which overwhelm treatment systems and increase the release of untreated sewage into the environment. Aging or underfunded infrastructure often lacks resilience to these shocks, and, in privatized markets, cost containment may be prioritized over public safety. As a result, vulnerable communities — especially in coastal and low-income areas — face heightened risks of environmental contamination, health hazards, and loss of protective ecosystems like marshlands.
- Without proper mitigation of risk, the provision of for-profit services to **dependent resident populations** can place vulnerable people at risk of impacts where cost-cutting leads to understaffing, insufficient staff training and oversight and pressure to streamline operational costs.
  - In *detention centers*, reducing qualified staff, cutting maintenance and eliminating programs for detainees risks egregious living conditions, increased violence and overall neglect of prisoners' human rights. (See Human Rights Advocates submission). (*Right to security of the person; Right to adequate standard of living; Children's rights; Right to health*). For example, private contractor G4S was the subject of a BBC exposé showing "alleged assaults, humiliation and verbal abuse of detainees by officers at [an immigration detention] centre." Following the scandal, the company increased staffing and training, leading the chairwoman of the UK Home Affairs Select Committee to state that the subsequent reduction in profits that followed the changes "*raises very serious questions about G4S's running of the centre to make higher profits whilst not having proper staffing, training and safeguarding systems in place.*"
  - In **residential care facilities,** understaffing and insufficient provision of training can lead to unacceptable standards of hygiene; resident-to-resident aggressive behavior; restrictions on movement or social interaction; or systematic administering, without consent, of drugs to render residents more "docile" and manageable (see Human Rights Watch

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RISKS TO PEOPLE

report). (*Right to bodily integrity (e.g. in the case of drugs administered with free, prior and informed consent); Right to health*).

- Beyond pure privatization, potential impacts can arise by virtue of private sector involvement in essential services through **public private partnerships (PPPs)** (also known as Private Finance Initiative contracts), whereby a private company undertakes to finance, design, build, and operate a public asset (such as a hospital or school) for a set period, with the government making payments based on performance. While such agreements can stimulate innovation and transfer risk from the public sector, critics warn that private sector provision of infrastructure and maintenance services over a long tenure can result in inflated costs for basic maintenance, or in other cases, as these contracts begin to near their maturity, maintenance not being undertaken at all, with impacts on health and access outcomes for people.
- Advocates and journalists have also recognized the role that private equity investment and management consulting plays in incentivizing profit maximization in essential services that risks impacting peoples' rights.
  - Disclosed private equity buyouts of health care assets (ranging from nursing home chains to medical device manufacturers) rose to USD63.1 billion in 2018; following the COVID pandemic, the figure has exceeded USD200 billion since 2021 alone. A systematic review of relevant studies in a peer-reviewed medical journal found that PE ownership "is often associated with harmful impacts on costs to patients or payers and mixed to harmful impacts on quality." A study on PE acquisition of nursing homes found a similar negative correlation with health outcomes; another Warton study found PE ownership of nursing homes triggers an 11% increase in mortality. The Warton study authors noted that the short-term focus of many PE business models means that firms are "driven by more than the usual profit motive" and that finding ways to increase profits can be undertaken "in a way that does not benefit patients". Impacts can be exacerbated when financing is leveraged, whereby the company (e.g. nursing home) must increase profits in order to pay off a loan that is taken on in order to increase efficiency and productivity.
- BSR has noted a report from the Private Equity Stakeholder Project to the effect that PE-owned foster care centres have records of an increased rate of abuse, forced isolation, and suicide. "PE-owned centers often fail to hire employees with adequate licensing, increase workloads of case workers, and underpay employees. This is all while certain PE firms record profit margins of up to 44 percent, a staggering rate for a public service."
- BSR also noted reports that for-profit childcare is less likely to deliver accessible and equitable services, pay decent wages to staff, or offer affordable parent fees.
- It has been reported that Blackstone and KKR engaged in lobbying efforts to preserve so-called "surprise medical billing" (i.e. where US patients are billed for 'out of [insurance] network' physicians working inside 'in network' hospitals) which had increased since their acquisition of

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RISKS TO PEOPLE

medical staffing firms; another article reports that private equity investors allowed a hospital to slip into bankruptcy in order to profit from the value of the land.

- Management consultancies involved in public services have been associated with "consequences includ[ing] the 'hollowing out' of the capacity of public institutions, the climate crisis, growing inequality, and the financialization of economies". In the UK and Australia, pledges and public inquiries have concerned government overreliance on external consultants, with critique suggesting it has led to the "gutting of the public service", that is the erosion of in-house government expertise and capacity to manage essential services for people.

- The involvement of financial actors in housing and food systems can lead to negative outcomes for people.
  - **Housing:** According to the UN, 1.6 billion people worldwide lack adequate housing and this could rise to 3 billion by 2030. In 2021, investors bought one in seven housing units in the USA. Financialization of housing refers to the phenomenon whereby "housing is treated as a commodity – a vehicle for wealth and investment" rather than a social good, impacting the human right to adequate housing. One UN Special Rapporteur (SR) notes that the "vast amount of wealth [in global real estate] has left governments accountable to investors, rather than to their international human rights obligations", whereby governments prioritize the interests of investors over the right of citizens to housing, and another former SR has noted that financialization has "transformed housing from a fundamental social necessity into an investment tool, stripping it of its intrinsic function to provide secure and dignified living spaces". Financialization is associated with higher rents, evictions, strict and unforgiving payment schedules and poor quality maintenance, sometimes designed to encourage low-income residents to move out. There are innumerable stories of the effect of lack of affordable housing on vulnerable people, including single mothers.
  - **Food systems:** The financialization of food systems refers to the growing control of agricultural land, supply chains, and food commodities by financial actors such as hedge funds, private equity firms, and sovereign wealth funds. These entities treat food-related assets primarily as vehicles for profit, often prioritizing short-term returns over long-term sustainability and food security. As a result, farmers are increasingly subordinated to contract farming arrangements or reduced to targets within investment portfolios, limiting their autonomy and bargaining power. This shift has also contributed to greater volatility and speculation in global food markets, making prices more susceptible to shocks that can undermine both producer livelihoods and consumer access to affordable food.

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Financial and Legal Risks, including Loss of Investment:

- **Water:** In 2014 a water crisis occurred in Flint, Michigan, where the water utility was managed by Veolia, a French multinational. The crisis exposed residents to high levels of lead, which is a neurotoxin and "a decade later, community members continue to grapple with the long term physical and mental health problems unleashed by the water crisis." According to reports, Veolia knew about issues related to lead in the water, but at the time it was "interested in securing future work with Flint", so did not take appropriate action. After several years of litigation involving multiple defendants, including the State of Michigan and Veolia North America, there have been several financial settlements for impacted Flint residents, amounting to an estimated USD660 million, as of October 2024. In March 2025 in the United Kingdom, water company Thames Water narrowly avoided temporary nationalization; 30 years of privatization, including issues associated with the involvement of financial institutions, are said to have led to accelerated costs of borrowing and higher costs to consumers.
- **Security:** Investors in a company to which the Australian government outsourced the operation of offshore detention facilities for asylum seekers, came under pressure to divest due to allegations of inhumane conditions at the camps.

  A sustained campaign by faith-based investors and investment networks from 2017 to 2019 focused on investment in the private prison industry. The investors "raised questions about human rights abuses in the companies' prisons that were uncovered by investigations and identified in lawsuits", and cited "inmate deaths, poor medical care, allegations of physical and sexual abuse of detainees, and violence." JPMorgan Chase announced in March 2019 that it "will no longer bank the private prison industry."

  In 2021 a US prison snacks provider faced investor pushback on a debt deal, with one investor noting that "[a]ny business whose model is a beneficiary of increased levels of incarceration is really being met with a number of institutions that are outright prohibiting participation" and noting that this "limits the potential buyer base." A "prolific private equity investor in prisons" also faced criticism along with the prison companies themselves for business models that "very clearly prey on communities of color" by effectively turning systemic racial inequalities into a source of revenue.
- **Housing**: There has been considerable public concern about financialization of housing. In Ireland in 2021, almost 40,000 people signed a petition to demand the Government take more action against "vulture" investment funds purchasing large quantities of (distressed or undervalued) residential real estate. Several U.S. Senators have publicly addressed concerns about Blackstone's role in the housing market, including a 2022 letter urging the firm to halt evictions and criticizing its impact on rental affordability.

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RISKS TO THE BUSINESS

Reputational, financial and legal risks:

- Privatized essential service providers have heightened exposure to bribery and corruption risks, particularly in the context of high-value, large-scale contracts and complex procurement processes. This is exacerbated in regions with weak oversight and regulatory frameworks. Transparency International highlights that the water sector, in particular, is characterized by high-risk procurement, with various forms of bribery related to licensing, procurement, and construction. Moreover, the Water Integrity Network reports that corruption can increase the costs of building water infrastructure by as much as 40%, equating to an additional $12 billion annually needed to provide worldwide safe drinking water and sanitation.
- In 2018, the US Department of Education deemed a number of private-equity owned for-profit colleges "not financially responsible."

Business Opportunity and Continuity Risks: Risk of loss of government contracts, increased scrutiny and reconsideration of the social license to operate of the entire industry, potentially leading to government intervention, including renationalization or "remunicipalization" of services.

- Following the G4S immigration center scandal mentioned above, the Independent newspaper ran an article by the paper's Chief Business Commentator with the headline "Private companies should not be doing this sort of work." The company later announced it would end its involvement in the immigration and asylum sector but remain involved in the private prison sector.
- In 2016 following mounting criticism on conditions, the US Justice Department ended its use of private prisons. Civil society noted that the move "should prompt other federal departments and state governments" to follow suit (see Human Rights Watch).
- In 2017 the Australian government closed its main offshore immigration detention processing center on Manus Island following allegations of inhumane conditions at the center, operated by a private company.
- A "significant global trend" has been observed involving the "rejection of the private sector, due to its failures to provide adequate services" in water and sanitation, leading to renewed public ownership of those services (see UN Special Rapporteur for Special Rapporteur on the human rights to water and sanitation). Civil society has produced guides for remunicipalization of water for communities and policy makers, premised on claims that "PPPs turn out to be worse for public budgets in the long term, and lead to poor services and a loss of democratic transparency."
- Following years of concern about safety, accountability, financial oversight, and fragmented operations in the context of privatized rail infrastructure, the UK has been phasing out passenger rail franchising, with services being brought into public ownership under the Passenger Railway Services (Public Ownership) Act 2024. The process is expected to be completed by late 2027.
- In 2015, a Swedish council became the first to limit private profits in healthcare (specifically capping private profits in publicly funded healthcare at a regional level).

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WHAT THE UN GUIDING PRINCIPLES SAY:

**For an explanation of how companies can be involved in human rightsimpacts, and their related responsibilities, see here.*

The UNGPs address privatization directly in Principle 5 and its commentary, noting that "States do not relinquish their international human rights law obligations when they privatize the delivery of services that may impact upon the enjoyment of human rights". As such in the context of privatization, both the state duty to protect, and the corporate responsibility to respect, human rights are directly relevant to these types of impact.

If they fail to meet basic standards for enjoyment of rights, companies offering services upon which dependent populations rely to realize their rights, are at risk of causing a human rights impact.

The following situations are examples of situations that may give rise to an argument of **contributing** to impacts:

- A private company reduces services to a level that creates an environment in which violence flourishes (e.g. in a private prison);
- Aggressive pricing by the company is a factor in rendering the final price of a good or service too high for vulnerable populations to access it.

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POSSIBLE CONTRIBUTIONS TO THE SDGS:

Providing products and services in the sectors addressed in this red flag can contribute a range of SDGs, including:

SDG 3: Good Health and Wellbeing

- **Target 3.8:** Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

SDG 6: Clean Water and Sanitation

- **Target 6.1**: By 2030, achieve universal and equitable access to safe and affordable drinking water for all.
- **Target 6.2:** By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.

SDG 7: Affordable and clean energy

- **Target 7.1:** By 2030, ensure universal access to affordable, reliable and modern energy services

SDG 10: Reduced Inequalities

- **Target 10.2:** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

SDG 11: Sustainable Cities and Communities

- **Target 11.1:** By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

SDG 13: Climate action

- **Target 13.1:** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

SDG 16: Peace, justice and strong institutions

- **Target 16.6:** Develop effective, accountable and transparent institutions at all levels.

SDG 17: (Partnerships for the Goals) envisages partnerships between the public and private sector to be a vital part of the achievement of the SDGs.

- **Targets 17.16 and 17.17:** Public-private partnerships to be entered into in furtherance of the SDGs, and are relevant in this context to efforts to bring key services such as water and sanitation to under-served populations. However it has been noted that there is a "need to reconcile the call for increased partnerships by the SDGs, [with] the understanding that the definition of service provision should be guided by the maximization of benefits to the achievement of human rights" (see Special Rapporteur on human rights to water and sanitation, here).

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DUE DILIGENCE LINES OF INQUIRY:

- How is the company accessing insights into the experience of people who rely on our services, including through direct engagement with those populations?
- How does the company identify who may be particularly at risk from low or inadequate levels of service provision?
- How can both internal staff and affected individuals raise concerns through formal channels regarding service levels, without retaliation, and how does the company ensure that these are taken seriously and escalated within the company where they indicate severe risks to people.
- Has the company considered how the physical risks associated with climate change might impact the company's ability to deliver this service reliably and fairly?
    - **Example in Focus: Energy**
    - Has the company considered how the cost associated with the energy transition towards renewables may affect peoples' ability to pay for their electricity? Are there progressive tariff structures that recognise differences in income/ability to pay?
- How are decisions about cost-cutting or changes to service provision scrutinized for their potential impacts on the rights of dependent populations, and how are independent experts brought into those processes?

Example in Focus: Nursing Care Facilities

- Do we have staffing levels adequate to provide care? Do we see a correlation between staffing levels and drug administration to patients?
- How do we ensure we obtain and document free, prior and informed consent to the administration of drugs?
- Do we limit residents' access to judicial avenues of remedy in our contracts?

Example in focus: Investment in Housing (From SHARE)

- How do we ensure that we do not invest in strategies that are dependent upon the exploitation or displacement of low income tenants?
- How do we ensure that the principles of equality and nondiscriminatory access to adequate housing are considered at every stage in the housing investment process?
- How do we encourage resident participation in an active and meaningful way in decisions related to their housing?

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MITIGATION EXAMPLES:

**Mitigation examples are current or historical examples for reference, but do not offer insight into their relative maturity or effectiveness.*

- In Senegal, private company Senegalaise des Eaux (SDE), a subsidiary of Saur International, has been the private partner in a **public-private partnership for water management** since 1996. Water supply and sanitation in Senegal is characterized by a relatively high level of access compared to the average of Sub-Saharan Africa. The company extended the service to reach low-income settlements, with social tariffs available to ensure affordability, and offers detailed customer surveys and a complaints system (see C. de Albuquerque).

- Other mitigation examples have involved action on the part of the **state** to maintain or reclaim control over aspects of the service provision that intersects with respect for stakeholders' rights.
  - For example, following accusations of abuse of detainees, the BBC reported that the UK Home Office had concluded that contracts for the private provision of services in migrant detention centers were "no longer fit for purpose, given the lack of scope to impose financial penalties and enforce improvements in conditions and treatment" and that it had plans to include in new contracts "performance measures covering staff recruitment, induction, training, mentoring and culture" and "a contractual role for the Home Office to monitor the appropriateness of the use of force against detainees and the care of staff and detainees following an incident."
  - In the nursing care space, US researchers have called for "policy changes that better align private equity incentives with the interests of consumers, or patients" such as by "linking provider payments to performance, which could include metrics like quality and efficiency".

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ALTERNATIVE MODELS:

- **Private Equity**
  - New models of purpose-driven private equity firms state their goals to provide conscious capital driven by their values and the interests of stakeholders; see e.g. Spindletop Capital which aims to provide "purpose-driven healthcare growth equity"; Leapfrog Investments which states that it focuses on "providing critical health services to underserved consumers" in Africa and Asia, and ABC Impact with the stated aim of "provid[ing] growth equity to purposeful companies driving meaningful change in line with the UN Sustainable Development Goals" including in the fields of water solutions and healthcare and education, and measuring outcomes through an impact measurement model.
  - A 2018 legal proposition in Sweden to cap returns on invested capital in publicly funded services to 7% was directly related to concerns about private equity involvement in sectors like nursing homes and schools. Ultimately unsuccessful, the initiative aimed to limit excessive profits and ensure more funds were reinvested into improving service quality.
- The **Global Alliance for Banking on Values** provides an overview of how values-based banks are working with affordable housing providers, "from developers to social organizations or public institutions, for reasons that range from viewing housing as a fundamental right, creating environment friendly and sustainable communities, or protecting disadvantaged communities such as migrants and individuals and families living on low incomes". For example, GABV notes that in Germany, Umweltbank has financed the "City quartier Güterbahnhof" in the city of Tübingen wherein 93 out of the 157 flats are categorized as social housing.

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OTHER TOOLS AND RESOURCES:

General

- University of Leeds paper (2018) discusses privatization and the exacerbation of inequality in the context of a various once-public services (e.g. water, electricity, transportation): *Privatization, Inequality and Poverty in the UK: Briefing prepared for UN Rapporteur on extreme poverty and human rights*
- The OECD's Infrastructure Anti-Corruption Toolbox (I ACT) is a holistic multi-stakeholder approach to empowering actors across the infrastructure value chain to prevent, detect and report corruption.
- DIHR's AAAQ (Availability, Accessibility, Acceptability and Quality) toolbox aims to support the operationalization of the rights to water, sanitation, food, housing, health, and education. Designed with a multi-stakeholder approach in mind, the open-source Toolbox offers common methodologies for all stakeholders as well as tailored tools for states, rights-holders, business, civil society and National Human Rights Institutions (NHRIs).

Private Water and Sanitation Services:

- The Special Rapporteur on the human rights to water and sanitation will focus his 2020 report on "privatization and the human rights to water and sanitation." See concept note and progress of public consultations here.
- Shift, Pacific Institute and UN Global Compact (2015) Guidance for Companies on Respecting the Human Rights to Water and Sanitation: Bringing a Human Rights Lens to Corporate Water Stewardship.

Private Prisons/ Detention Centers:

- Human Rights Advocates submission on Article 9 of the International Covenant on Civil and Political Rights discusses the effect of the profit motive on conditions in private prisons as a part of its "focus on what governments are required to do to avoid having detention becoming arbitrary when a person's liberty is turned over to a private entity."
- Human Rights Watch (2017) Code Red: The Fatal Consequences of Dangerously Substandard Medical Care in Immigration Detention a report analyzing 15 deaths in immigration detention custody in the US, concluding that "healthcare and oversight failures … present in so many of them" point to "larger, systemic deficits in immigration detention facility health care" in both publicly and privately run facilities.

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Residential Care Facilities:

- Human Rights Watch (2018) "They Want Docile": How Nursing Homes in the United States Overmedicate People with Dementia."
- *See also below under Private Equity*

This resource is part of Shift's collection of Business Model Red Flags, developed as part of the Valuing Respect Project and generously funded by Ministry of Foreign Affairs Finland, the Norwegian Ministry of Foreign Affairs, and Norges Bank Investment Management. Learn more at: shiftproject.org/valuing-respect

THE BUSINESS'S COMMERCIAL SUCCESS SUBSTANTIALLY DEPENDS UPON:

Offering **privatized access to public goods**, such as water, health and security, where profit-maximization affects **access or quality** of service.

RED FLAG NO. 4

WITH CLIMATE LENS

RED FLAGS IN THE VALUE PROPOSITION

OTHER TOOLS AND RESOURCES:

Private Equity

- Principles for Responsible Investment (2020) "Aligning private equity investment practices and structures with ESG goals"
- Knowledge at Wharton (2024) "How to Align Private Equity Motives with Nursing Home Outcomes"
- Bernaz, (2023) "Business Strategy as Human Rights Risk: The Case of Private Equity": This article (which cites Shift's Business Model Red Flags) applies business and human rights principles to private equity business strategy and concludes that "the underlying model makes these harms inevitable, and therefore […] the PE model itself should be considered a human rights risk".
- The Predistribution Initiative: "[PDI] is a nonpartisan, multistakeholder non-profit that works with investors and their stakeholders to improve financial analysis and investment decision-making processes in ways that more adequately value workers, communities and nature".

Financialization of Housing

- Office of the High Commissioner for Human Rights, Special Rapporteur (SR) on the Right to Adequate Housing. Financialization of Housing. This portal includes reports from the SR, including country-specific reports, resources including a documentary, and a response from Blackstone to a letter on the subject from the SR.
- Responsible Investment Organisation SHARE has a portal on affordable housing, and Principles and Progressive Framework for Responsible Investment in Housing

Citation of research papers and other resources does not constitute an endorsement by Shift of their conclusions.

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