How Can Commodity Traders Ensure Responsible Private Security Aboard Ships?

The Commodity Trading Sector Guidance on Implementing the UN Guiding Principles on Business and Human Rights (Commodity Trading Guidance) aims to help representatives of commodity trading firms to implement the UNGPs in company systems and cultures.

This explainer delves deeper into the issue of security on ships, which is a critical yet under-focused human rights risk in commodity trading supply chains.

Human rights challenges with maritime security

Maritime private military security companies (PMSCs) are private contractors employed to provide security personnel, both armed and unarmed, on board commercial vessels for protection against piracy. Services could include protection of ships, crew and/or cargo; security surveillance of places, goods and waters; maintenance and the surveillance. They tend to be contracted in specific regions - namely the Gulf of Guinea, the Arabian Sea, the Gulf of Aden, Singapore Straits, Indonesia, west coast of South America, and the Caribbean - where incidents of piracy are higher.

In 2022, the UN Working Group on the use of mercenaries as a means of violating human rights presented a report to the UN General Assembly in which it detailed human rights risks of the use of PMSCs (see box) and highlighted areas of concern. In particular it drew attention to the move towards the hybridisation of security provision at sea, where public and private security combine, which carries a greater risk to human rights, including the disproportionate use of force, violations to rights to life, liberty, and due process guarantees.

The report expressed concern about the lack of accountability for violations. It outlined the unique challenge with human rights violations at sea that jurisdiction on high seas is “virtually unenforceable”. This is compounded by the absence of strong regulatory frameworks or standards in the sector. Ultimately, this also means that victims are less likely to report abuse, meaning the extent of human rights abuses could be underestimated, and there is less overall information about this critical issue. The report also flags the potential for abuse on floating armouries (see box overleaf).

Abuses at sea

There has been a growth in the provision of military and security products in the maritime sector - and this growth has come at a cost to human rights. Human rights risks apply to the private security personnel themselves as well as to the crew. As detailed in a 2022 report by the United Nations Working Group on the use of mercenaries as a means of violating human rights, some of the human rights abuses at sea include:

- the risk of human trafficking via the maritime transfer of coerced mercenary recruits from certain countries;
- the labour rights of private security personnel, particularly due to the high stress environment at sea;
- the abuse and disproportionate use of force by PMSCs against seafarers. The UN Working Group highlighted allegations of inhuman and degrading treatment and torture such as seafarers being bound to chairs and subject to abuses;
- seafarers or other individuals who have been detained aboard ships are held in life-threatening conditions, and PMSCs often do not have the legal authority to arrest or detain people.

See also explainer on shipping in this series.

https://commodity-trading.org/guidance/stage-2-assess/iii-review-business-relationships
What should commodity trading companies do?

The shipping industry is required to comply with the International Labour Organization’s Maritime Labour Convention (MLC), and other human rights instruments. Additionally, the emergence of mandatory human rights due diligence legislation in the EU, alongside an increasing number of national laws, means that companies should take their responsibility to respect human rights along the supply chains seriously. To ensure they are respecting human rights in their activities that involve shipping, commodity trading companies in particular should take the following steps:

- When engaging in direct contracts with shipowners or ship operators, commodity trading companies should conduct human rights due diligence with a focus on any PMSCs that the shipowner has engaged.
- Commodity trading companies should incorporate due diligence requirements or requirements for documentation and data in contracts with ship operators (see explainer on incorporating human rights into contracts).
- It is not sufficient to rely on assurances or warranties from ship operators about human rights on board. Companies should require ship operators to demonstrate that they have undertaken due diligence into the security providers that they are retaining, including that such security providers are registered with the International Code of Conduct for Private Security Providers’ Association (ICoCA) through ISO 28007 (see box).
- Use reasonable efforts to support smaller ship operators and owners with implementing systems and protocols to identify, prevent or remedy human rights abuses on board.

What should finance companies do?

Institutions that finance commodity trading companies should also consider the human rights issues regarding PMSCs in their due diligence requirements. Banks and financial institutions should seek to identify and understand the links between corruption and human rights issues at sea. Almost all financial institutions will have anti-money laundering and counter-terrorism financing (AML-CTF) due diligence systems in place. By leveraging such existing risk management systems to detect “red flags” regarding human rights, banks and finance actors can avoid indirectly contributing to human rights abuses at sea.

For more information on implementing the UNGPs in the commodity trading sector, visit the Commodity Trading Guidance website.