

Worldfavor webinar

Human rights due diligence in the supply chain



WHAT MAKES US SPIN:

**A world where
people, planet &
the economy
thrive together.**

WHAT WE DO:

**Enabling
companies to
collect, access,
share and gain
insights from
sustainability
data.**

The complete platform for sustainable decisions

SOLUTIONS

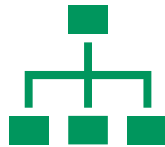
Transparency

Share ESG data to multiple stakeholders



Sourcing

Access data from your suppliers



Investment

Access data from your investees



Financing

Access data from your customers



Management

Access data from your business activities





Human rights due diligence in the **supply chain**

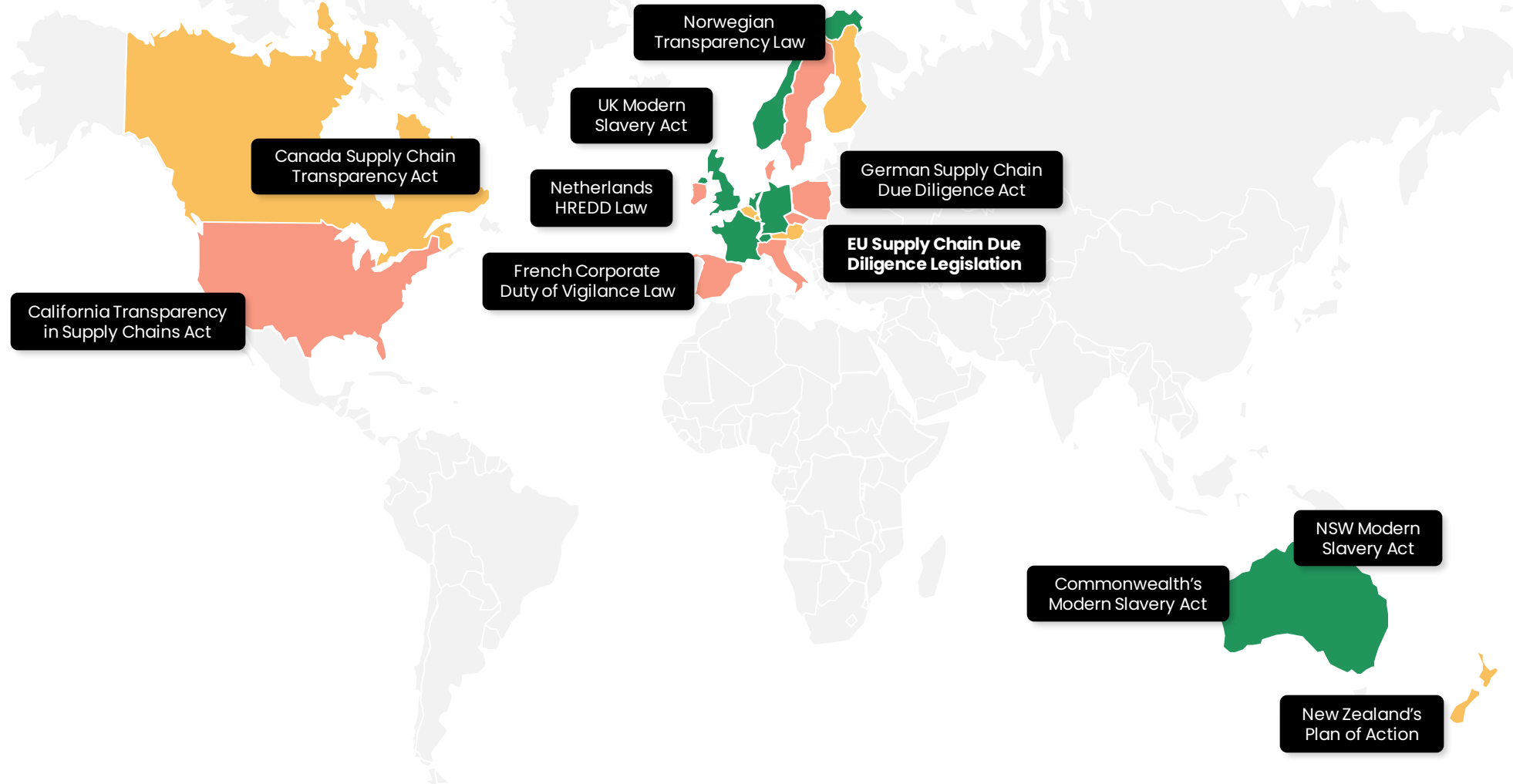
Background

Human Rights Due Diligence

- **There's a growing worldwide movement to legally require companies to undertake **human rights due diligence****
 - EU Directive on Corporate Sustainability Due Diligence
 - National regulations
- **New & existing laws are referencing the **OECD Due Diligence Procedure** as the procedure to follow**

Supply chain due diligence laws are emerging

- Adopted law
- Political process
- Policy statements & public discussions



EXCUSE ME,

What is Human Rights Due Diligence?



WHAT IS HUMAN RIGHTS?



Why businesses need to work with human rights



**PREVENT REPUTATION &
RELATIONSHIP RISKS**

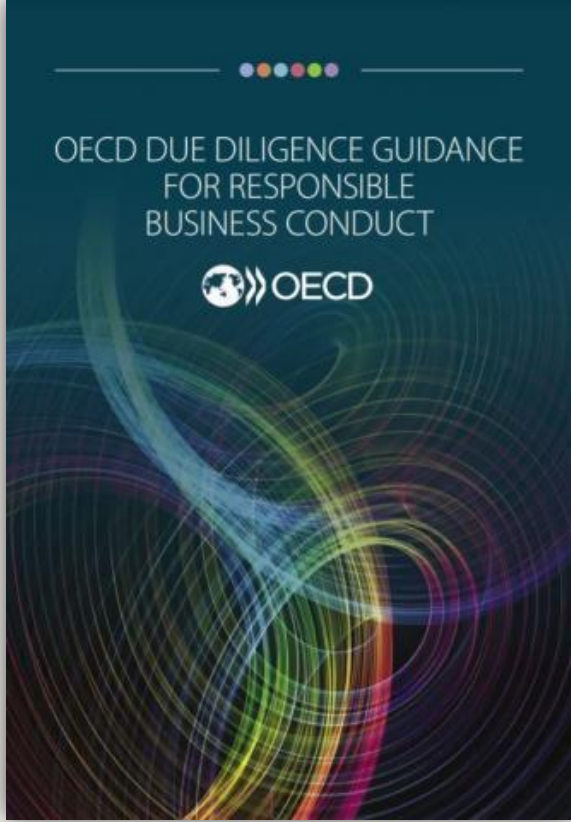
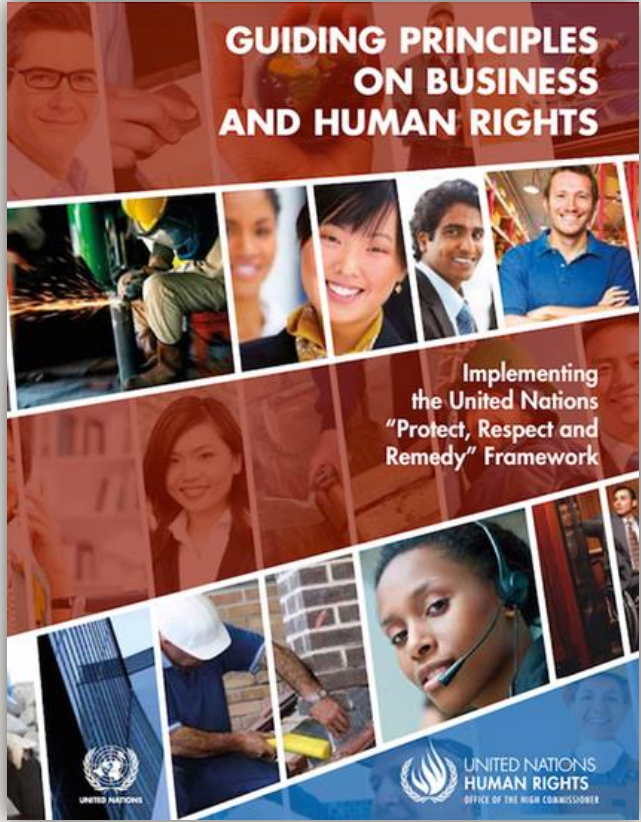


**COMPLY WITH
REGULATIONS &
STANDARDS**



**TO BE A LEADER &
DRIVE CHANGE**

2 key guidelines for businesses

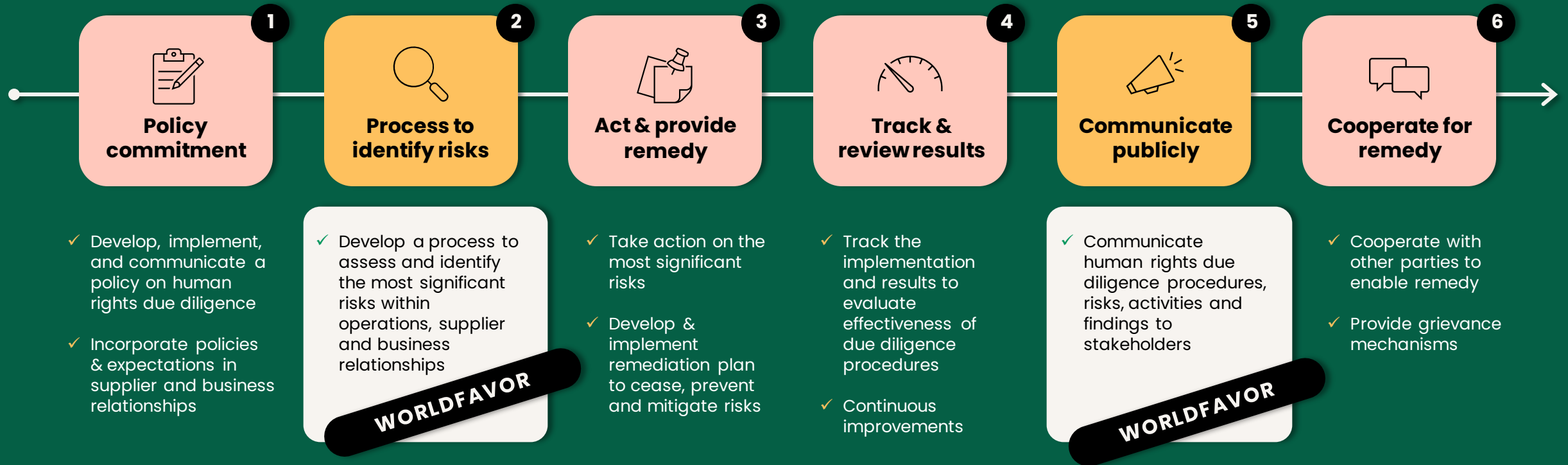


Due diligence is...

... a **process** businesses can carry out to **identify** and **respond to** real and potential **negative impacts** related to their own operations as well as throughout their supply chains.

- OECD guidelines for Multinational Enterprises

Implementing the **OECD** Due Diligence Procedure



EU Directive on Corporate Sustainability Due Diligence

What do we know?



EU Due Diligence Directive Proposal

WHAT DO WE KNOW?

- **The 23rd of February 2022** the European Commission adopted a proposal for a **Directive on Corporate Sustainability Due Diligence**
- Based on the **UN's guiding principles** and **OECD guidelines**
- Introduces a **corporate due diligence duty** in respect of adverse **human rights and environmental impacts** involving subject companies, their subsidiaries and their value chains.



5 purposes of the EU Directive



Fully embed social and environmental interests into **business strategies**



Increase legal certainty - one law for all member states



Increase **corporate accountability**



Improve **access to remedy** for victims



Complement other regulations in force or proposed

EU Due Diligence Directive

WHO WILL BE AFFECTED?

- **Applies to large companies or companies in high-impact sectors**
 - SMEs – 99% of EU companies – are excluded, as cost would be too high
 - Will be exposed through business relationships with companies in scope
- **EU companies:**
 - Group 1: **500+ employees** and net **€ 150 million+ turnover** worldwide
 - Group 2 (2 years later): **250+ employees** and net **€ 40+ million turnover** worldwide, and **operating in defined high impact sectors**, e.g. textiles, agriculture, extraction of minerals.
- **Non-EU companies:** Active in the EU with turnover threshold aligned with Group 1 and 2, generated in the EU
- **~ 16,800 companies worldwide will be directly affected**

Differences between EU & national legislations



Norway: Transparency Act "Åpenhetsloven"

- Enters into force 1st July 2022
- Binding for large and mid-size Norwegian companies



France: "Loi de vigilance"

- In effect since 2017
- Binding for French companies with 5000 employees in France (10 000 for international companies)



Germany: "Lieferketten- gesetz"

- Gradual introduction from 2023
- Binding for German companies with 3000+ employees (From 2024, 1000+ employees)



Netherlands: HREDD law

- Likely to enter into force in 2022
- Binding for Dutch companies with 250 employees or more

EU Due Diligence Directive Proposal

WHAT'S NEXT?

- Proposal will be presented to the European Parliament and Council for approval (est. 1 year)
- Once adopted, Member states will have **two years** to transpose the directive into national law
- National administrative authorities will be responsible for supervising these new rules and **may impose fines in case of non-compliance**



Learn more

STAY IN TOUCH

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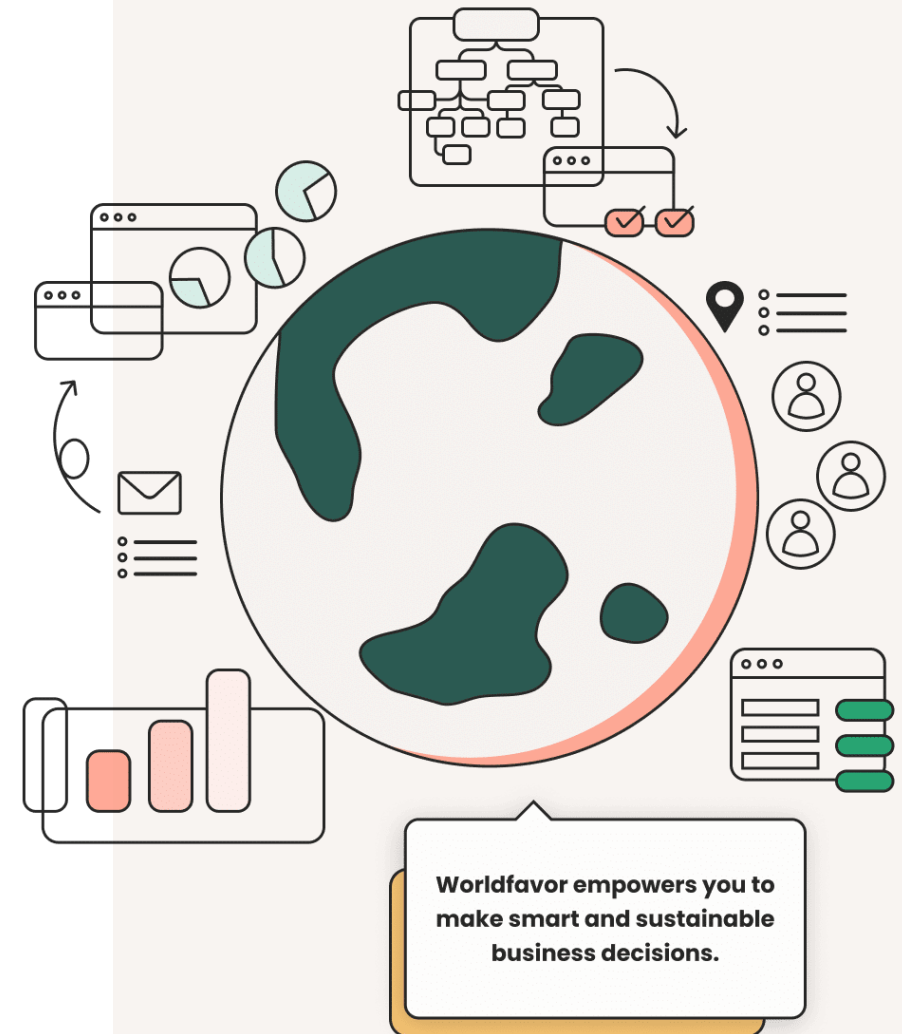
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Human rights due diligence: Useful links & resources

- [Worldfavor blog: Human rights due diligence – get started with Worldfavor](#)
- [Worldfavor blog: Why is Human rights due diligence important for businesses?](#)
- [Worldfavor blog: Get ready for Norway's new Human Rights Due Diligence law](#)
- [Worldfavor blog: Everything you need to know about Germany's new supply chain due diligence Law \(LkSG\)](#)
- [Worldfavor blog: The Netherlands announces Human Rights and Environmental Due Diligence law](#)
- [OECD Due Diligence Guidance for Responsible Business Conduct](#)
- [UN Guiding Principles on Business and Human Rights](#)
- [UN OHCHR, Mandatory Human Rights Due Diligence Issues Paper](#)
- [EU Proposal on Corporate Sustainability Due Diligence and amending Directive \(EU\) 2019/1937](#)
- [Guidance on Implementing the UN Guiding Principles on Business and Human rights](#)



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Better for your business. Better for our world.