Worldfavor webinar

Human rights due diligence in the supply chain
A world where people, planet & the economy thrive together.

WHAT MAKES US SPIN:

WHAT WE DO:

Enabling companies to collect, access, share and gain insights from sustainability data.
## Worldfavor Sustainability Platform

### The complete platform for sustainable decisions

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<td>Share ESG data to multiple stakeholders</td>
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<td>Access data from your customers</td>
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**WORLDFAVOR SUSTAINABILITY PLATFORM**
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

- Canada Supply Chain Transparency Act
- California Transparency in Supply Chains Act
- Norwegian Transparency Law
- EU Supply Chain Due Diligence Legislation
- German Supply Chain Due Diligence Act
- UK Modern Slavery Act
- Netherlands HREDD Law
- French Corporate Duty of Vigilance Law
- Commonwealth's Modern Slavery Act
- NSW Modern Slavery Act
- New Zealand's Plan of Action

Legend:
- 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

1. Policy commitment
   - Develop, implement, and communicate a policy on human rights due diligence
   - Incorporate policies & expectations in supplier and business relationships

2. Process to identify risks
   - Develop a process to assess and identify the most significant risks within operations, supplier and business relationships

3. Act & provide remedy
   - Take action on the most significant risks
   - Develop & implement remediation plan to cease, prevent and mitigate risks

4. Track & review results
   - Track the implementation and results to evaluate effectiveness of due diligence procedures
   - Continuous improvements

5. Communicate publicly
   - Communicate human rights due diligence procedures, risks, activities and findings to stakeholders

6. Cooperate for remedy
   - Cooperate with other parties to enable remedy
   - Provide grievance mechanisms
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

1. Fully embed social and environmental interests into business strategies
2. Increase legal certainty - one law for all member states
3. Increase corporate accountability
4. Improve access to remedy for victims
5. 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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- 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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