

Human Rights & Responsible Business Conduct

April 2019



Editorial

THERE IS NO LET UP on the legal and policy developments on business and human rights: inside this newsletter are updates from the EU, Canada, Germany, the Netherlands, Switzerland, Thailand, the UK and the USA. It may be too early to say that the train has left the station on mandating companies to carry out human rights due diligence but there can be no doubt of the direction we are heading in. The push for hard laws raises many questions for policy-makers and companies, especially those operating in multiple jurisdictions, and we include some important court decisions in this space.

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This newsletter also comes on the back of three IOE events on human rights co-hosted by our Spanish member CEOE in Madrid: (i) a workshop dedicated to learning from SMEs how they put respect for human rights into practice (see photo below); (ii) a workshop with national employers' federations on the types of support they need to advance this agenda in their countries; and (iii) the IOE International Conference on Business & Human Rights that looked at the future of work, legislative developments on and implementation of human rights due diligence, the SDGs, SMEs, and corruption.

All three events were very informative and practical and showed the breadth and depth of engagement on this topic. The IOE will share reports from all three events in a separate communication to members ASAP and in the next newsletter (out in August). Suffice to say that we are focused on plugging implementation gaps and working hard to harness the power of our network. Many thanks to all the excellent participants – progress rests on teamwork!



Until next time,

Mthunzi Mdwaba

Chair, IOE Policy Working Group



Legal & policy developments



European Union:



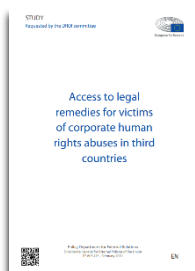
- The European Commission is evaluating policy options to require business to carry out due diligence through the supply chain for adverse impacts on human rights, serious bodily injury or health risks and environmental damage (including with respect to the climate). The EC's Directorate General Justice & Consumers has commissioned the British Institute of International & Comparative Law (**BIICL**) to carry out an **external study** that will examine existing regulation and proposals for due diligence in the area of human rights, environment/climate change and corporate governance.



- In April, the European Parliament formally adopted regulation on "**disclosures relating to sustainable investments and sustainability risks**." The new EU regulation **sets out** how financial market participants and financial advisors must integrate environmental, social or governance (ESG) risks and opportunities in their processes, as part of their duty to act in the best interest of clients. It also sets uniform rules on how those financial market participants should inform investors about their compliance with the integration of ESG risks and opportunities. The regulation is part of a package of EU measures on sustainable finance, along with plans to create EU benchmarks for low-carbon investment strategies and a unified EU classification system ('taxonomy') of sustainable economic activities.

- In March, a group of MEPs in the European Parliament launched a **Shadow EU Action Plan on implementation of the UNGPs within the EU**. The shadow plan, prepared by the Responsible Business Conduct Working Group (**RBC Group**), aims to put pressure on the European Commission and the Council of the European Union to implement the UNGPs by ensuring a responsible and accountable European business sector with proposed action points on:
 - Mandatory due diligence for EU businesses & businesses operating in the EU;
 - A commitment to provide the necessary structures for businesses to ensure access to remedy in cases where harms occur;
 - Calls for the EU to constructively engage in the process towards the establishment of a legally-binding instrument on business and human rights at the United Nations; &
 - Greater efforts to protect human rights defenders.

NGOs have **called for** the EU Commission to develop an official action plan. The RBC Group also developed MEP "**pledges**" to encourage the EU and its Member States to implement the UNGPs through mandatory human rights due diligence and with regard to trade policies and agreements.



- In February, the European Parliament also released a 135-page study on "**Access to legal remedies for victims of corporate human rights abuses in third countries**" in which it reiterates its support for the UN Treaty process (led by Ecuador) and states that the Treaty could "contribute to better human rights legislation worldwide, as well as to harmonisation of the existing rules" and the EU could "insist on judicial cooperation during negotiations, so that it is better reflected in this international instrument."



Canada:

- In April, an All-Party Parliamentary Group to End Modern Slavery and Human Trafficking announced the completion of the draft "Transparency In Supply Chains Act" (TSCA or Bill), which it will table in the Senate "shortly" according to **Norton Rose Fulbright**. The proposed bill - which has not yet been made public - reportedly provides for four mechanisms to combat modern slavery: (1) a reporting requirement for qualifying entities; (2) a duty of care for all businesses that meet an annual turnover threshold; (3) the creation of an Ombudsperson and Compliance Committee; and (4) mechanisms to receive and investigate disclosures of modern slavery from whistleblowers.



- The bill marks the second draft legislation on modern slavery in Canada. In December 2018, an MP tabled a Modern Slavery Bill (**Bill C-423**) in the Canadian Parliament. If passed, that Act would require companies that have assets over CAD \$20 million and revenue over CAD \$40 million to ensure that their supply chains are transparent and free of goods produced by slavery if they wish to do business in Canada. The Minister of Public Safety and Emergency

Preparedness through the Canadian Border Services Agency would be able to impose an import ban on goods/materials partially or fully produced by forced labour. Parties found guilty of importing tainted goods would be subjected to a fine of up to CAD \$250,000.

- Also in April, Canada's Minister of International Trade Diversification announced **the appointment of Sheri Meyerhoffer as Canadian Ombudsperson for Responsible Enterprise (CORE)** - the first position of its kind in the world. Ms. Meyerhoffer is mandated to review allegations of human rights abuses arising from the operations of Canadian companies abroad. Her recommendations will be reported publicly, and companies that do not cooperate could face trade measures including the withdrawal of trade advocacy services and future Export Development Canada support. While serving in this role, the new Ombudsperson will focus on the mining, oil and gas, and garment sectors and is expected to expand to other sectors in the first year of operation. NGOs have **complained** that the Ombudsperson lacks teeth to investigate abuses and redress the harm caused by Canadian companies operating abroad. Click **here** for more information.
- Reminder:** In 2018, Canada also established a Multi-stakeholder Advisory Body on Responsible Business Conduct that has so far held two meetings to help ensure that Canada's policies and Canadian business operations abroad can foster inclusive economic growth and respect for human rights.





Germany:

- In February, reports emerged that the German Federal Ministry for Economic Cooperation and Development (BMZ) had drafted a law on mandatory human rights due diligence for German companies and their supply chains. According to the **German newspaper TAZ**, the draft text dated 1 February 2019 lays out the human rights responsibilities of German companies with regard to subsidiaries and contractors abroad as well as containing proposed changes to the Commercial Code.
- Key elements of the draft law are reported to include:
 - The law would apply to companies with over 250 employees and more than 40 million Euros annual turnover and to companies with more than 50 employees if they are active in sectors such as agriculture, energy, mining, textile, leather and electronics.
 - The law would require companies to carry out supply chain risk assessments, appoint a compliance officer to monitor compliance with the law's requirements, as well as establish an effective complaints mechanism for foreign workers.
 - The Labour Inspectorate, the German Federal Institute for Occupational Safety and Health and the Human Rights Commissioner of the German Government would be responsible for enforcement and monitoring. Potential sanctions would include fines of up to 5 million Euros, imprisonment, exclusion from public procurement procedures, and civil liability for global supply chains.
- The draft law has created a lot of concern in the business community, notably in two areas: (i) the bill's due diligence concept is not at all in line with the UNGPs and the OECD MNE Guidelines; and (ii) a proposal on company legal liability for any violation at all levels of a global supply chain. The German-African Business Association warned that, under such a law, the engagement of German companies in Africa would hardly be possible anymore. German NGOs, however, have welcomed the draft bill.
- Observers have also **cautioned** that the Development Ministry does not have the competence to lead such a legislative process and that the draft Bill has not been endorsed by other ministries. Currently, the government is monitoring implementation of its National Action Plan, with its first big survey to be held in May (& the first results due out in the autumn).
- **Update on KiK case:** In January, the German district court in Dortmund **dismissed** a complaint brought by four Pakistani plaintiffs against KiK, a textile company, accused of joint liability over a fire that broke out at one of its suppliers in Karachi in 2012 in which 250 people were killed. The court ruled that, according to Pakistani law, the statute of limitations had expired.



Netherlands:

- In April, the Senate debated the draft Dutch Child Labour Due Diligence Law. The draft bill has not changed since the vote in the Lower House in February 2017. The Senate is expected to make a final and definitive vote on the draft bill on 14th May. If it approves the bill it will pass into law on 1 January 2020.
- The stated goal of this legislation is to protect Dutch consumers. The legislation aims to prevent goods and services produced with child labour from being delivered to consumers in the Netherlands.



- The companies covered by the bill include not only those registered in the Netherlands, but also companies selling products to Dutch consumers, such as online retailers. The bill could allow for exemptions for some categories of business, such as small companies.
- Click [here](#) for more information about the draft law.



Switzerland:

- In March, the Senate **rejected two different proposals** to mandate companies to respect human rights:
 - It rejected - by a vote of 25-14 - a "**popular initiative**" (known as the Responsible Business Initiative), which was launched by a coalition of NGOs.
 - It also voted 22-20 against holding a discussion on a "counter-proposal" on responsible business that would introduce mandatory human rights due diligence for Swiss-based companies, as well as a civil law liability in the case of a mother company towards its subsidiaries. The counter-proposal was previously approved by the House of Representatives in June 2018 (121-73) after some revisions, and has the support of Swiss companies including Coop & Migros.



*(**Read** how the parliamentary "counter-proposal" differs from the "popular initiative.")*

- With these decisions, the "counter-proposal" heads back to the House of Representatives in June. According to [swissinfo.ch](#), "the next steps are unclear though. It is likely that the Initiative will go to a nationwide public vote" (likely in 2020). A recent survey suggested that more than 80% of Swiss citizens support such a law.
- A Swiss think-tank, called **Avenir Suisse**, has estimated that the Responsible Business Initiative would cost Swiss companies CHF 5.1 billion in the first year and CHF 2.1 billion a year on a recurring basis. SMEs would be the most affected. See the following [article](#) in Le Temps.

Thailand:

- In April, Thomson Reuters Foundation **reported** that Thailand will use a newly amended law to crack down on forced labour with hefty fines and prison time, a move that could help curb exploitative practices against migrant workers.
- The Southeast Asian nation has added "forced labour or service" as an offence in its anti-human trafficking law, according to a Government notification. Anyone found guilty can be jailed for four years and fined 400,000 Thai baht (USD \$12,516), with more severe penalties if a victim is harmed.
- Earlier, Thailand eliminated recruitment fees paid by workers and banned the practice of withholding identification documents. In June 2018, it became the first country in Asia to ratify the ILO Forced Labour Protocol to combat all forms of forced labour, including trafficking, and ensure access to remedy and compensation.





UK:

- **UK Modern Slavery Act update:** An independent review into the UK Modern Slavery Act, including Section 54, issued its "**second interim report: transparency in supply chains**" in January. It includes recommendations such as:
 - The legislation should be amended to require companies to consider the entirety of their supply chains.
 - Section 54(4)(b), which allows companies to report they have taken no steps to address modern slavery in their supply chains, should be removed.
 - There should be a central government-run repository to which companies are required to upload their statements and which should be easily accessible to the public, free of charge.
 - Government should strengthen its public procurement processes to make sure that non-compliant companies in scope of section 54 are not eligible for public contracts.
 - The Independent Anti-Slavery Commissioner should monitor compliance.
 - Government should make the necessary legislative provisions to strengthen its approach to tackling non-compliance, adopting a gradual approach: initial warnings, fines (as a percentage of turnover), court summons and directors' disqualification.



Reuters: About 57 percent of 19,200 companies required to comply with the law have issued statements to date, according to Transparency in the Supply Chain (TISC).

- **UK "duty of care" decision on Vedanta Resources:** In April, the **UK Supreme Court** ruled that some 2,000 Zambian villagers are able to sue UK-based mining giant Vedanta Resources over alleged pollution near the Nchanga Copper mine, owned by Konkola Copper Mines (KCM), a subsidiary of Vedanta.

The landmark judgement means other communities in developing countries could seek similar redress in the UK against large multinationals.

Zambian villagers have been fighting for the right to seek compensation in British courts for several years. Vedanta had argued that the case should be heard in Zambia. The Supreme Court disagreed, saying that the case must proceed in the UK, due to "the problem of access to justice" in Zambia.



This case is of interest because it confirmed that:

- A duty of care can exist between a parent company and those affected by the operations of its subsidiaries;
- The existence of that duty is likely to be a question of fact in each case; and
- The existence of a duty may be suitable for determination at a summary hearing (such as a jurisdiction challenge), but this will depend on the circumstances of the case.


Other articles / commentaries on this case:

- ICJ & CORE Coalition **commentary**
- Robert McCorquodale **commentary**
- Hogan Lovells **commentary**
- Shift article: "**Should a Parent Company Take a Hands-off Approach to the Human Rights Risks of its Subsidiaries?**"





USA:

- In February, the US Supreme Court voted (7-1) that international organisations, like the World Bank Group, can be sued in USA courts. The **decision** on *Jam v. International Finance Corporation (IFC)* means that international organisations cannot claim "absolute immunity" when they engage in commercial activities (which is the same rule for foreign governments when they also engage in commercial activities).
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- The Supreme Court decision means that the IFC currently faces two cases in the USA:
 - *Budha Ismail Jam v. International Finance Corp.* which will return to the lower courts for further litigation. This case involves an IFC-financed power plant in Gujarat, India. Members of local fishing and farming communities say that their livelihoods, air quality, and drinking water have been devastated by the project. They allege that the IFC and the project developers knew about these risks in advance but nevertheless chose to recklessly push forward with the project without proper protections in place.
 - *Juana Doe et al v. IFC*, which expected to proceed in the U.S. District Court for the State of Delaware. This case involves IFC projects that have been linked to murders, torture, and other violence by paramilitary groups and death squads in Honduras.
 - The US government has long supported the plaintiffs' interpretation of the law: that international organisations can be sued for their commercial activities or for causing injuries in the US.

Other updates on human rights due diligence



- **Business & Human Rights Journal:** "**Unlocking the Potential of the New OECD Due Diligence Guidance on Responsible Business Conduct**" (see **Latest Journal** – Jan 2019)
- **Clifford Chance / GBI paper:** "**Navigating a challenging legal landscape**" (March 2019)
- **ICAR and Flex report:** "**Full Disclosure: Toward Better Modern Slavery Reporting**" (March 2019)
- **Investor Alliance for Human Rights:** "**Investors representing USD \$1.3 trillion voice support for legislation to mainstream ESG risk management in global financial systems**" (March 2019)
- **Oxfam:** "**Five lessons learned on how to conduct a human rights impact assessment**" (April 2019)
- **Shift paper:** "**Fulfilling the State Duty to Protect: A statement on the role of mandatory measures in a "smart mix" when implementing the UNGPs**" (March 2019)
- **Reminder:** the IOE's policy paper on "**State policy responses on human rights due diligence**" (May 2018)



UN Updates

UN Treaty process (IGWG chaired by Ecuador)



• Ecuador's fifth Ambassador to the UN in Geneva since the IGWG was established (in 2014) started his post in January. Emilio Rafael Izquierdo Miño (left) took over from former IGWG chair, Luis Gallegos, who moved to New York for a third stint as Permanent Representative of Ecuador to the UN in New York. The new Geneva Ambassador, Emilio Izquierdo Miño, was previously Ecuador's representative at the Union of South American Nations and he has served as Ambassador in Uruguay, Italy and Turkey and as Deputy Permanent Representative to the UN in New York in the late 1990s.



- The IOE has met with the new Ambassador and is in contact with his team. We have invited Ecuador to consult with business on the substance of the Revised Draft Treaty and to reiterate our concerns about previous iterations of the IGWG's work, as well as the process challenges.
- **Reports** have emerged that the European Union will not participate in the IGWG process in 2019, neither during the fifth session (which is expected to take place from 14 to 18 October) nor during the "informal consultations" that Ecuador said it would hold with States and other stakeholders before the fifth session. In **a leaked document**, the European Commission indicated that its input during previous negotiations has not been sufficiently considered (for example on the proposed scope of the Treaty), and it cited ongoing procedural concerns and explained that the process is not sufficiently supported by industrialised countries. It will reportedly wait for the new European Commission, which starts its new term in September, to decide on the EU's next steps. It is unlikely that new EC members would be ready for the negotiations in October.
- Some EU Member States, however, are expected to engage in the IGWG process this year in their individual capacity on issues for which they have exclusive or shared competence (i.e. most topics except those related to trade). It is not yet known which EU States those are or in what way they would engage.



- There is also still no news from Ecuador on when it plans to hold its series of "informal consultations" with Governments, regional groups, intergovernmental organisations, UN mechanisms, civil society and other relevant stakeholders. Last year, these meetings were announced very last minute (they took place in May and June) and the discussions predominantly focused on concerns over the process (many States argued that the IGWG needed to return to the Human Rights Council to get new terms of references for future sessions).

- We do expect, however, Ecuador to release the "Revised Draft Treaty" by the end of June (something Ecuador committed to doing during the 4th session of the IGWG in October 2018). As yet, there is no information available about how the revised text may differ from the **Zero Draft Treaty** and **Draft Optional Protocol** of 2018, which **the IOE and other business organisations roundly rejected**.





Reminder - Next steps:

- The Chair (Ecuador) is expected to release a "Revised Draft Treaty" by the end of June.
- A fifth session of the IGWG is scheduled to be held from 14 to 18 October (in Geneva) during which participating States will negotiate on the Revised Draft Treaty and there will be a second "briefing" of the Draft Optional Protocol. Ecuador will also present an updated "programme of work" for this session beforehand.
- Ecuador is due to hold "informal consultations" with Governments, regional groups, intergovernmental organisations, UN mechanisms, civil society and other relevant stakeholders before the IGWG's fifth session. No dates have been announced for these consultations, although they are expected to take place in May and June (tbc).

Update: Common Approach to harmonize private sector engagement across the UN



In April, an inter-agency task team of UN organisations presented its "**common approach to due diligence for private sector partnerships**" to the UN's Economic and Social Council (ECOSOC). Developed through the UN Sustainable Development Group (**UNSDG**), the common approach aims to guide UN Resident Coordinators and UN country teams on how to engage in joint partnerships with the private sector. A common legal template for multi-agency partnerships with the private sector is under preparation.

Some key points in the Common Approach:

- Tobacco is listed as one of the exclusionary criteria to engage with UN entities. As a common standard, UN organisations will not engage in partnerships with companies falling under the exclusionary criteria. However, in exceptional cases interactions are possible, such as when engagement relates to issues linked to human and workers' rights.
- UN organisations, when engaging with companies, should promote the UN Global Compact. UN Global Compact members should be regarded as preferred partners.
- It has been proposed that the UN could develop a common due diligence database to collect external validated information on companies for opportunity-spotting and risk assessment.

The Common Approach is one of several workstreams launched by **António Guterres**, UN Secretary-General, to ensure the UN has enhanced skillsets and mechanisms to help countries take partnerships to scale and realign financing to achieve the SDGs everywhere.

The Common Approach is being sent to all UN Agencies. However, there are two important points to note about the next steps:

1. There is no clear process for UN Agencies to adopt the Common Approach, which does not supersede policies that Member States have negotiated and approved through Governing Bodies, such as at the ILO.
2. The process to develop the Common Approach has been criticised for not including proper consultation with the private sector. Furthermore, Member States were not informed about this undertaking. It is understood that Guterres will discuss the Common Approach with UN Member States.





Update from ILO Meeting of Experts on Cross-border social dialogue

Eight representatives of Govts, Workers and Employers (24 in total) participated in **an ILO Meeting of Experts on Cross-Border Social Dialogue** (CBSD) from 12 to 15 February. The meeting's aim was "to analyse contemporary experiences, challenges and trends characterizing cross-border social dialogue initiatives, as well as the role and added value of the ILO. It would also seek guidance from constituents on the future work of ILO in this area."

The workers' main demands were:

- Expand and formalise the role of trade unions in the human rights due diligence process and call on the ILO to develop guidance on how the human rights due diligence process applies to labour rights.
- Strengthen the ILO's role in promoting and participating in Transnational Company Agreements (TCAs) including monitoring, mediation and dispute prevention and resolution.
- Strengthen the ILO's "company-union dialogue" facility (under the MNE Declaration) so it would cover mediation and dispute settlement.



Outcome of the meeting:

- The Conclusions include a complete assessment of the conditions needed for effective CBSD, including respect for the autonomy of the social partners; the capacity and willingness of parties to engage in good faith dialogue; an enabling environment; labour law enforcement and workplace compliance at the national level; and on linkages between social dialogue at local, sectoral, national, regional and global levels.
- The conclusions also call for the promotion of the effective linkages between different forms and levels of social dialogue and strengthen their complementarity.
- The conclusions do not single out Transnational Company Agreements (TCA) as the most important form of CBSD. They also do not single out trade unions from other stakeholders in companies' engagement on human rights. Under the conclusions, the ILO will not develop "policy guidance" on human rights due diligence but instead it will develop "a compendium based on good practices of different forms of cross-border social dialogue, including on how they can contribute to due diligence processes."
- Lastly, the conclusions called on the ILO to "identify and maintain a list" of facilitators with tripartite involvement for the company-union dialogue facility under the MNE Declaration.



Coming up: ILO meeting on decent work in the tobacco sector

Following the Governing Body decision in November 2018 to continue to engage with the tobacco sector through an "integrated strategy", the ILO is hosting a **tripartite meeting** in Kampala (Uganda) from 3-5 July to exchange views on this strategy, as well as good practices to promote decent work in the tobacco sector and the transition to alternative livelihoods.



Update on OECD Guidelines for MNEs

- In March, a second National Contact Point (NCP) case was made against a multi-stakeholder initiative. Representatives of more than 700 Cambodian families filed **a formal complaint with the UK NCP** against Bonsucro, the sugar industry's sustainability certification body, for breaches of the OECD Guidelines for Multinational Enterprises. The complainants allege that Bonsucro failed to hold a member company, Mitr Phol, accountable after the Thai sugar giant grabbed their land and left them homeless and destitute. Bonsucro is headquartered in the UK and has operations that span the globe.
- This is the second NCP case against a multi-stakeholder initiative. Last year, Indonesian groups filed a **case against RSPO** related to adverse impacts in the palm oil sector. That case was accepted by the Swiss NCP, setting a precedent that MSIs are covered by the OECD Guidelines despite not being traditional multinational enterprises.



Spotlight on London Metal Exchange



In April, the London Metal Exchange (LME) **announced** a consultation on the introduction of responsible sourcing standards across all listed brands. Under the proposed rules, all metals traded on the exchange would need to be responsibly sourced from 2022 onwards. Listed brands would be required to undertake a Red Flag Assessment based on the OECD Due Diligence Guidance by 2020, and those considered particularly at risk would be audited as compliant with an OECD-aligned standard by 2022. The consultation closes on 30 June.



Corporate Human Rights Benchmark

- **Vale suspension:** In January, the Corporate Human Rights Benchmark (**CHRB**) suspended Brazilian mining company Vale S.A from its previous ranks after the dam collapse at its Córrego do Feijão mine in Brumadinho on 25 January. The CHRB decided to remove Vale's scores from the 2018 benchmark rankings and exclude their scores from the CHRB downloadable dataset.



According to **a press release**, CHRB "is not presently excluding Vale from the 2019 assessment." It added that "it does not appear correct to the CHRB to keep showing Vale on our website and datasets as a relatively high-performer compared to their peers. In these exceptional circumstances, CHRB has decided to suspend Vale from the 2018 Benchmark and will remove / adapt their information on our website and in our downloads. As more information becomes available, CHRB will make further decisions regarding the inclusion of Vale in the 2019 benchmark."

- **Update on 2019 benchmark:** The CHRB is in the **first phase of research for 2019** and is assessing 200 companies. The big changes from the 2018 rank are the additional 60 companies in the Apparel, Agricultural Products and Extractives sectors, plus the 40 companies in the ICT Manufacturing sector (which mirrors the KnowTheChain company list). There are likely to be further changes (linked to issues like the Goldcorp Newmont merger) and the CHRB team aim to have the full data set and report launched in mid-November.



In addition, the CHRB are developing the automobile-manufacture methodology this year and are currently scoping support for a few international consultations in Germany, Japan and the USA.



- In April, **Know the Chain**, which benchmarks over 120 companies in three sectors (ICT, Food & Beverage, and Apparel & Footwear) on their efforts to address forced labor within their global supply chains, released a status report on "**progress and gaps in the fight against forced labour**" by the ranked companies in the last three years.

The report highlighted four main points in particular:

- Companies take little action to address exploitative recruitment practices.
- Companies show limited efforts to support and enable supply chain workers to exercise their rights.
- Buyers score higher than their suppliers, even though most buyers require their suppliers to cascade their standards to the next tier.
- Companies based in Asia score lower than those based in Europe and North America across sectors and themes.



H&M discloses supplier information to online shoppers

In April, H&M became the world's first major retailer to list individual supplier details for each garment on its website to increase transparency. The Swedish fashion retailer **explained** that "for each of our garments, we now share details such as production country, supplier names, factory names and addresses as well as the number of workers in the factories. In addition, customers can find out more about the materials used to make a specific garment."

According to **Thompson Reuters**, worker rights groups hailed the move as a step forward, but added that the data may not be particularly meaningful to shoppers without additional information to put it into context.

More big brands are sharing information about their complex supply chains amid mounting regulatory and consumer pressure on companies to ensure their products are slavery-free.

Investors pushing companies harder on human rights

- **Investor Alliance for Human Rights (IAHR):** In March, the IAHR published the statement "**Making Finance Work for People and Planet**" on behalf of a group of institutional investors representing USD \$1.3 trillion in assets under management. In the statement, the investors explain that achieving the 2030 Sustainable Development Agenda requires environmental, social and governance (ESG) factors, including human rights, to be incorporated throughout the investment lifecycle in order to assess and mitigate the real and potential adverse impacts of investments on people and planet.



They made two specific calls:

- For Investors to set up and carry out robust due diligence processes to manage risks to people and the environment; and
- Governments to support investor due diligence through better regulation of financial systems.

The investor statement also "notes with enthusiasm **recent developments** indicating that the European Parliament and Council have reached a provisional political agreement on a new set of rules requiring European investors to carry out due diligence and disclose the steps they take to address the adverse impact of their investment decisions on people and planet."

- **News article:** "**Shareholders Press Companies Harder On Human Rights**" (April 2019)
- **News article:** "**The disruptors: the man holding companies to account on SDGs**" (April 2019)

Fair Labor Association votes to require company members to disclose names of suppliers

In February, the Fair Labor Association (FLA) - a non-profit collaborative effort of universities, CSOs and businesses to promote adherence to international and national labor laws for garment workers - voted to require its company affiliates to publicly disclose their supplier lists. Details on how this decision will be implemented, including the scope of disclosure, are not yet known.

A **Transparency Pledge Coalition**, comprising global unions and NGOs, are monitoring this decision to ensure its full and meaningful implementation while calling on other apparel sector Multi-Stakeholder Initiatives (MSIs) and business associations to follow suit.

FLA member companies are headquartered in 18 countries and source from factories and farms in 84 countries and represent more than 4.6 million workers.



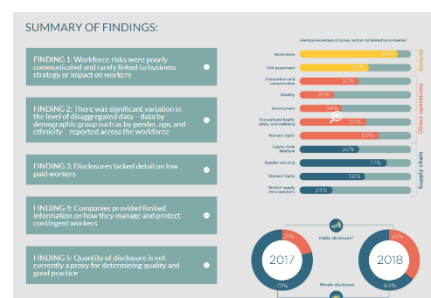
**FAIR LABOR
ASSOCIATION**



Findings from the Workforce Disclosure Initiative report on 2018 Company Disclosures

In March, ShareAction published the findings from its **Workforce Disclosure Initiative (WDI) report on 2018 company disclosures**. 90 companies (from 38 industries) responded to the WDI's investor-led request for information.

The WDI, which launched in 2017, aims to improve the quality of jobs in companies' direct operations and supply chains, by promoting greater transparency and understanding of the policies and practices that govern working lives and business success... It aims to give investors meaningful and comparable public information from companies on workforce issues.



Summary of findings:

1. Workforce risks were poorly communicated and rarely linked to business strategy or impact on workers;
2. There was significant variation in the level of disaggregated data - data by demographic group such as by gender, age, and ethnicity - reported across the workforce;
3. Disclosures lacked detail on low paid workers;
4. Companies provided limited information on how they manage and protect contingent workers; and
5. Quality of disclosure is not currently a proxy for determining quality and good practice.

Dates for the Diary!

- **14-15 May:** Alliance 8.7 "Supply Chain Action Group" Global Workshop (Abidjan)
- **10-21 June:** International Labour Conference (Geneva)
- **12-13 June:** OECD Global Forum on Responsible Business Conduct (**Bangkok**)
- **12-13 September:** Coca-Cola/IOE/USCIB International Conference on Business & Human Rights (Atlanta)
- **14-18 October:** 5th Session of the IGWG on TNCs and OBEs (Ecuador-led UN Treaty process) - TBC (Geneva)
- **25-27 November:** UN Forum on Business & Human Rights (**Geneva**)



If you have any questions about the IOE's business & human rights work, please contact Peter Hall (hall@ioe-emp.com).