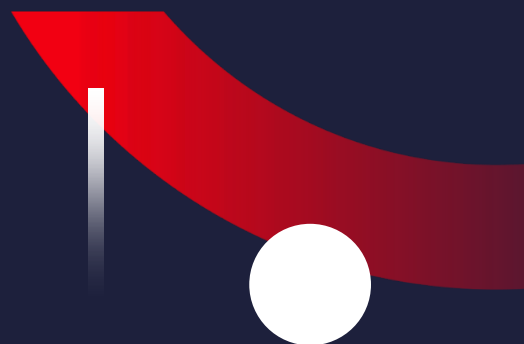


Newsletter

Business and human rights



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Editorial



In the February edition of this newsletter, we predicted 2022 would be a year full of vibrant and dynamic discussions and developments in the field of human rights and responsible business conduct. We got it right!

Business and human rights topped the agenda at numerous international, regional and national events and meetings. What was evident in each was the central role of the private sector in shaping the debate and moving the agenda forward. As part of the International Organisation of Employers' (IOE) decades-long efforts to support the business contribution and commitment to this field, the lead article details the announcement of the design phase for the establishment of an **IOE Centre on Human Rights and Responsible Business Conduct**.

The IOE Centre will rely on IOE's global network of 156 employer organisations via regional hubs acting as one-stop-shops to support all companies in advance responsible business conduct, with a particular focus on micro- small and medium-sized enterprises (MSMEs). To achieve the Centre's ambitious objectives, IOE is pleased to have Dante Pesce, a former member of the UN Working Group on business and human rights, to work on building a future centre of excellence on responsible business conduct and human rights.

A new feature section has been added to the Newsletter "Know and show". This section promotes the good practices, developments, and experiences that IOE member federations and partner companies have taken to promote respect for human rights, implement the UN Guiding Principles (UNGPs) and carry out responsible business conduct actions. This section aims to shine a light on the efforts by IOE's global network to advance business and human rights and raise awareness of the priority given to action in this area by businesses.

Other key topics covered include highlights from the 8th session on negotiating a binding treaty on BHR and important updates on business and human rights developments at the International Labour Organization (ILO), International Organization for Standardization (ISO) and the Organisation for Economic Co-operation and Development (OECD). This issue also rounds up the most recent regional and national legislative trends.

Lastly, I invite you to look closely at IOE's 2023 agenda at the end of this newsletter. It will be another busy year for developments in the field. You will find more information on these and many other developments within this newsletter and on IOE's website.

Matthias Thorns, IOE Deputy Secretary-General, *interim* Chair of the IOE Policy Working Group on Human Rights and Responsible Business Conduct

Latest developments and evolving laws

International news

IOE Centre on Human Rights and Responsible Business Conduct

The expectations for enterprises to run their businesses in alignment with internationally recognised human rights principles and standards are rising. National governments and markets promote these expectations. There is a growing trend for policies and regulations that require enterprises:

- to integrate human rights due diligence into their operations and systems
- to effectively enhance and demonstrate respect for human rights in business activities throughout supply chains, making human rights a fundamental condition for access and retention of markets.

Companies of all sizes face important challenges trying to meet these requirements, especially micro, small, and medium-sized enterprises (MSMEs) and those with operations and business partners in countries with complex social/environmental challenges and State weaknesses. At the same time, there is a lack of information and guidance from a business perspective on how to integrate requirements into company operations and systems concretely.

Against this backdrop, IOE is designing the creation of a Centre on Human Rights and Responsible Business Conduct (RBC) to promote respect for human rights in the framework of business activities globally. Mr Dante Pesce, a former Member of the UN Working Group on Business and Human Rights (BHR), will spearhead this initiative as Senior Strategic Adviser on BHR. IOE seeks partnerships to level the playing field and further incorporate companies, small business associations, MSMEs, and employer organisations.

Aims and objectives

The proposed IOE Centre will promote respect for human rights and RBC in the framework of business activities. It will bridge the existing gap between increasing expectations and requirements and companies' and employer organisations' awareness, understanding, and capacity to live up to them.

The IOE Centre aims to

- Strengthen the capacities of the business sector to integrate human rights as part of strategic decision-making processes.
- Provide effective guidance to improve companies' preventive approach to managing human rights risks along value chains.

The Centre will strengthen corporate capacities to integrate human rights due diligence as part of strategic decision-making processes and management. Companies will also receive support from their national employer organisations. This shall improve companies' preventive approach and management of human rights risks along value chains, potentially improving the lives of millions of rights holders. A particular focus will be placed on MSME support as this group faces specific implementation challenges.

Practical tools, information on existing regulations, sample cases and general guidance shall be provided to raise awareness and to support human rights due diligence and RBC of companies at regional and local levels.

Added value

The future IOE Centre will engage IOE's global network of national and local employer organisations in over 150 countries to offer the most reliable and up-to-date local and regional developments and business-specific information on the responsibility to respect human rights and associated risks. Going beyond a superficial overview/risk assessment, the approach foresees bringing relevant information in various multilingual formats to companies of all sizes, particularly those with operations in Africa, Asia, and Latin America. The Centre will also strive to provide companies with the required information to navigate human rights due diligence and RBC fields in specific national and regional contexts.

The selected approach will lead to creating a global centre and establishing regional one-stop hubs, allowing business entities to acquire the most relevant information on business and human rights and RBC in a regional context. It will seek to also create synergies and partnerships with relevant global actors (e.g., UN OHCHR, UNGC, UNDP, ILO, OECD, EU, AU, etc.) to build on existing knowledge and provide best practices. At the same time, it will differ from other approaches, such as national help desks or training programmes in consumer countries, due to its international business-oriented design and global scale.

The German Federal Foreign Ministry has funded IOE's pilot design project for a global Centre on Human Rights and Responsible Business Conduct.

Key takeaways from the 8th session of the Open-Ended Intergovernmental Working Group on a Legally Binding Instrument

The Human Rights Council adopted in June 2014 resolution 26/9 by which it decided “to establish an open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights, whose mandate shall be to elaborate an international legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises.”

The Open-ended intergovernmental working group (OEIGWG) met for its **eighth session** from 24 to 28 October 2022 to discuss a third revised draft treaty with wording proposals from the seventh session. The eighth session of the OEIGWG took place in a hybrid format. IOE and the United States Council for International Business (USCIB) represented business throughout the eighth session. Ahead of the eighth session, the International Organisation of Employers (IOE) published a position report, which can be found under the restricted area [here](#).

Unlike prior sessions, ahead of this year's meeting, the Chair-rapporteur, the Ambassador of Ecuador, Mr Emilio Rafael Izquierdo Miño, sent for consultation informal proposals to States, civil society organisations and other relevant stakeholders as an attempt to move the negotiation process forward. IOE prepared a position paper on the Chair's proposals available under the restricted area [here](#)

Consequently, the proposed bases for the negotiations during the eighth session included two documents:

1. The Chair's informal proposals, focusing on articles 6 to 13, in addition to changes in article 1.

2. The third revised Draft Legally Binding Instrument with the text proposals submitted by States during the seventh session.

The key takeaways from this session are as follows:

- The eighth session started with great confusion among member States regarding the negotiation process for this session. Whereas the Chair made clear that the negotiations and wording proposals could be made on both (1) the third revised draft treaty and (2) the Chair's proposals, many member States complained about the fact that they had not enough time to prepare their positions (the Chair's proposal were sent two weeks before the session). Others strongly complained that the sole basis of negotiation should be the third revised draft treaty, not informal propositions, disregarding the Chair's effort and proposals to reach a more balanced consensus.
- As a consequence of this confusion, perhaps, States' interventions mainly remained aligned with the positions they adopted last year. Those States considering the third revised draft treaty as the sole legitimate basis of negotiations provided comments only on the third revised draft. Only a limited number of States provided wording proposals on or reacted to the Chair's proposals.
- Negotiations continued to reflect relatively and very low participation and engagement of States, perhaps due to their broadly stated concerns regarding the unworkably prescriptive character of successive drafts, coupled with the perceived presence of serious ambiguities.
- The meeting again underlined that there is no agreement on major provisions of the draft treaty, such as on the definitions, scope, liability, jurisdiction, and even institutional arrangements. Support for the text of the third revised draft treaty remains limited, lacking the support of a critical mass of governments.
- The Chair's proposals aimed at reducing the prescriptiveness of the revised third draft treaty from the seventh session have been largely disregarded by most states during this session. Consequently, the same major shortcoming from last year's seventh session remains valid.
- The textual proposals made during the eighth session of the OEIGWG distance the draft treaty even more from the approach of the UN Guiding Principles, making it less implementable and potentially jeopardising consensus building. The fact that only a very limited number of countries participated in the negotiations underlines the limited support for the treaty and that a small number of countries appear to be pushing this process in directions not supported by important States and other actors.
- It remains unclear whether the Chair will propose a fourth draft for the next session, potentially including some wording of his informal proposals, or whether the third revised draft treaty containing the textual proposals from the seven and eighth sessions will be the basis of negotiation. Unfortunately, the proposals on the third revised draft treaty made during this eight-session did not improve the text. On the contrary, they made the draft even more challenging.

IOE members can access the full report available in the restricted area [here](#).

UNGA adopts a resolution declaring access to a healthy environment a universal fundamental right

On 28 July 2022, during its 76th session, the UN General Assembly adopted a resolution recognising the right to access a clean, healthy and sustainable environment as a universal human right. This proposition was initiated by a group of five States – Costa Rica, the Maldives, Morocco, Slovenia, and Switzerland who proposed a resolution to the UN Member States for decision by the General Assembly on 27 June.

This UNGA adoption follows a recent resolution adopted in October 2021 by the UN Human Rights Council (A/HRC/48/L.23/Rev.1), which recognised for the first time the human right to a clean, healthy and sustainable environment.

The draft text introduced by Costa Rica before the UNGA was accepted and co-sponsored by over 100 countries, subsequently adopted by 161 states in favour, eight abstentions and zero against. The resolution recognises the right to access to a clean, healthy and sustainable environment as **a human right, essential for the full enjoyment of all human rights** and, among other aspects, calls upon States and international organisations to adopt policies and scale up efforts to ensure a clean, healthy and sustainable environment for all. According to the text, the right to a healthy environment is related to existing international law and affirms that its promotion requires the full implementation of multilateral environmental agreements.

Like the resolution adopted by the UN Human Rights Council last year, this Resolution would not be binding. Still, it would encourage States to accelerate the implementation of their environmental and human rights obligations and commitments. For more information, you can read the document IOE and the Konrad Adenauer Foundation (KAS) prepared on [Human Rights and Climate Change](#). IOE will closely monitor the next steps and developments of this important process and a guidance document prepared by IOE and KAS will soon be published.

Update on ILO's work on decent work and supply chains

The ILO 346th Governing Body (GB) took place from 31 October to 10 November 2022. It was the first ILO GB under the new Director-General, Mr Gilbert Houngbo from Togo, who took the reins of the International Labour Organization a five-year term mandate as of 1 October 2022.

One of the important takeaways was the adoption of the building blocks for a **strategy on decent work in supply chains** we previously reported in our [July edition](#). The ILO strategy on decent work in supply chains will be based on the building blocks and presented to the GB for the 347th Session in March 2023. The Employers' Group expressed its satisfaction with the building blocks, which include important means of action for the ILO, such as supporting constituents on the effective implementation of International Labour Standards (ILS), the promotion of the ILO Tripartite declaration of principles concerning multinational enterprises and social policy ([MNE Declaration](#)), strengthening the [ILO Helpdesk](#) for Business in ILS and active engagement with other multilateral organisations.

Equally important, the ILO is preparing an **action programme on decent work in supply chains, investment and trade**. This action programme will be the driver of the strategy on decent work and supply chains and

their implementation. It will also be instrumental in placing the ILO in a leadership position, including in the multilateral system, in realising decent work in supply chains.

New ILO global estimates of modern slavery, forced labour and forced marriage

On 12 September 2022, ILO released the latest [Global Estimates of Modern Slavery](#), produced with Walk Free and the International Organization for Migration. Similar to the [Global Estimates of Child Labour](#), the Global Estimate on forced labour are released every four years, the previous being released in 2017.

Latest Global Estimates indicate that 50 million people were living in modern slavery in 2021. Of these people, 28 million were in forced labour, and 22 million were trapped in forced marriage. Unfortunately, the number of people in modern slavery has risen significantly in the last five years. In 2021, 10 million more people were in modern slavery compared to 2016 global estimates.

The key findings on forced labour show that there are 27.6 million people in situations of forced labour on any given day. This absolute number translates to 3.5 people in forced labour for every thousand people worldwide. Women and girls make up 11.8 million of the total in forced labour. More than 3.3 million of all those in forced labour are children. Forced labour has grown in recent years, with an increase of 2.7 million people in forced labour between 2016 and 2021.

No region of the world is spared from forced labour. Asia and the Pacific are hosts to more than half of the global total (15.1 million), followed by Europe and Central Asia (4.1 million), Africa (3.8 million), the Americas (3.6 million), and the Arab States (0.9 million).

ILO Better Work Global Strategy 2022-2027

On 23 November 2022, Better Work launched its new strategy, [Sustaining Impact, 2022-27](#). Better Work is an ILO and the International Finance Corporation (IFC) comprehensive programme bringing together all levels of the garment industry via a multistakeholder approach to improve working conditions and respect for labour rights for workers and boost the competitiveness of apparel businesses.

The strategy recognised that many decent work deficits could not be tackled uniquely at the workplace level. Sustainable solutions may require policy and institutional reform by constituents at the zonal, sector, national and global levels. Better Work's impact can be enhanced if it is successfully embedded within broader ILO policy interventions. Within this approach, Better Work's enterprise and sector-level efforts and ILO policy and technical assistance at the national level are mutually reinforcing. In recent years, a notable example of enhanced coherence is the 'One ILO' approach at the country level as applied in Ethiopia, a long-term strategic array of specific yet interconnected interventions.

Equally, **harnessing trade and investment incentives** is key to reaching these policy goals. Better Work is a means by which member States can demonstrate progress in implementing national laws and ratified ILO conventions, which are included in supplier requirements in some markets and important trade regimes. In

some cases, for example, Bangladesh and Egypt, such incentives have encouraged States to adopt ILO's recommendations on labour law reform and improve compliance with ILO Core Conventions.

Joint Statement on cooperation on global supply chains

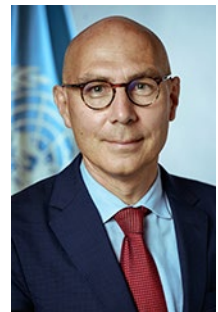
On the occasion of a Supply Chain Ministerial Forum, 19 governments issued a [joint statement](#) on improving resilience and cooperation in global supply chains. These included: Australia, Brazil, Canada, Costa Rica, the Democratic Republic of the Congo, the European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, the Netherlands, the Republic of Korea, Singapore, Spain, the United Kingdom, and the United States.

Noteworthy is the recognition by the participating States of **their obligation to implement ILS along the entire value chains**:

*"We encourage the adoption of responsible business practices and recognise **the importance of implementing our respective obligations under international labour conventions ratified by respective countries along the entire value chain** to ensure that opening up new sourcing or supply chain options does not shortcut existing commitments to uphold human rights. This includes our intent to cooperate to eradicate the use of forced labour in global supply chains."*

Mr Volker Türk appointed as the new OHCHR High-Commissioner and final composition of the UNWG on BHR

On Thursday, 8 September 2022, Secretary-General António Guterres appointed Mr Volker Türk of Austria as the next United Nations High Commissioner for Human Rights, following approval by the General Assembly. Mr Türk has recently served as Assistant Secretary-General for Strategic Coordination in the UN chief's Executive Office. Before that, he was the Assistant High Commissioner for Protection at UN refugees, UNHCR, in Geneva - from 2015 to 2019 - where he played a crucial role in developing the landmark Global Compact on Refugees. Further information concerning his biography is available [here](#).



IOE looks forward to building on its constructive collaboration with the Office of the High Commissioner on Human Rights (OHCHR) and the new High Commissioner on the business and human rights agenda and, specifically, the promotion and implementation of the UN Guiding Principles on Business and Human Rights.

Separately, the UN Working Group on the issue of human rights and transnational corporations and other business enterprises (also referred to as the Working Group on Business and Human Rights, UNWG) now has its [final composition](#) as follows:

- **Ms Fernanda Hopenhaym** (Mexico), Member for Latin America and Caribbean States, acts as Chair of the UNWG as of 1 July 2022

- **Ms Pichamon Yeophantong** (Thailand), Member from Asia-Pacific States, acts as the Vice-Chair as of 1 July 2022.
- **Mr Damiola Olawuyi** (Nigeria), Member from African States
- **Mr Robert McCorquodale** (Australia), Member for Western European and other States
- **Ms Elżbieta Karska** (Poland), Member from Eastern European States

The Working Group was established by a Human Rights Council resolution in 2011 and comprised five independent experts of balanced geographical representation. Its primary mandate is to promote, disseminate and implement the [Guiding Principles on Business and Human Rights](#). IOE is actively committed to engaging with the UNWG and looks forward to working closely with its Members.



Update on the OECD Guidelines for Multinational Enterprises: Targeted update is reaching a critical phase

As outlined in the [July edition](#), which assessed the stocktaking of the OECD Guidelines for Multinational Enterprises (MNE Guidelines) and its key takeaways, the Organisation for Economic Co-operation and Development (OECD) decided to undertake a targeted update of its OECD MNE Guidelines earlier this year, which were last reviewed in 2011.

The OECD MNE Guidelines are comprehensive, government-backed RBC standards, playing a key role alongside the UNGPs in the international arena. They reflect the expectation from governments to businesses on how to act responsibly in all areas where business interacts with people, the planet and society, including human rights, labour rights, environment, bribery, consumer interests, as well as information disclosure, science and technology, competition, and taxation. While voluntary for enterprises, the MNE Guidelines contain obligations for adherents to set up National Contact Points (NCPs) that foster awareness for the MNE Guidelines and resolve complaints (so-called ‘specific instances’) that arise in the context of the Guidelines. Fifty-one governments (38 OECD members and 13 non-member countries) adhere to the Guidelines – representing all regions of the world and accounting for 85 per cent of foreign direct investment.

Business at OECD (BIAC), in its role as an institutional stakeholder of the OECD, has been following the stocktaking exercise from the very outset, contributing business views to dedicated consultations with the OECD’s Working Party on RBC and is now actively engaged in discussions around the update to ensure that the Guidelines remain a realistic standard that can be applied in practice and that takes into account business realities.

Against this backdrop, BIAC has been invited to provide feedback on the first draft text for the updated Guidelines (comprising the eleven substantive chapters of the Guidelines), which was shared with business in early September, and on a revised version of this document (including in addition also revised provisions for the NCP system), which was shared with business in late October.

After careful consideration of the proposed changes, BIAC has noted that:

- Business has substantive concerns about many of the proposed changes to the MNE Guidelines, which, rather than being a ‘targeted review’, introduce many new and detailed expectations on business across the different chapters.
- Business is particularly worried about significant expansions in the context of the environment and science and technology chapters and extensions to the due diligence expectations of the entire value chain.
- Business notes that the proposed text includes several broad references and concepts, which may lead to considerable interpretational challenges and potentially far-reaching demands on business (e.g. the just transition).

To that end, BIAC calls on the OECD to:

- Ensure that key characteristics of the instrument are preserved, including the voluntary nature of the Guidelines for companies, the NCP’s focus on mediation, and the distinction of responsibilities embedded in the due diligence concept.
- Make sure the text duly takes into account practical challenges concerning monitoring, foreseeability, and exercise of leverage and provides sufficient flexibility and guidance on how companies can prioritise in the context of a risk-based approach.
- Streamline the text and abstain from introducing new concepts that are not sufficiently developed or defined. More in-depth discussions would be needed to clarify newly added concepts and expectations on business to prevent interpretational uncertainty, clarify expectations and prevent unintended consequences for companies.

BIAC has issued several statements in the Guidelines stocktaking and update process and is currently developing another in-depth position on the latest proposed draft text. For that purpose, BIAC has set up a dedicated Guidelines core group, sharing updates on the process and relevant documents.

Further to the additional discussion within the OECD and with BIAC, the proposed new Guidelines text will go into public consultation in January-February next year, with a view to concluding the update at the OECD Ministerial Council meeting in June 2023.

*IOE thanks **Ina Sandler** and the Business team **at OECD (BIAC)** for their valuable contribution.*

ISO: Update on the latest developments

As reported in the previous BHR Newsletter edition, IOE joined the Consultative Group (CG) of the ISO Technical Management Board’s (TMB) Strategic Advisory Group on the ESG ecosystem (SAG-ESG). The ISO SAG-ESG was created by ISO/Technical Management Board (ISO/TMB) decision 59 on 23 June 2021 for 12

months. The mandate of the TMB came to an end this July 2022, and the SAG-ESG leadership prepared a report containing recommendations for the 85th TMB Meeting that took place on 20 September 2022 in Abu Dhabi.

One of the decisions taken during the TMB Meeting was the creation of an **ISO ESG Coordination Committee** to effectively coordinate ISO's internal and external ESG activities based on the mandate, leadership and structure outlined below, prioritising engagement with key stakeholders and the exploration of the potential technical solutions.

Separately, the Danish Standards Foundation, the national standardisation organisation in Denmark, submitted a proposal for a new **ISO Management System for UN Sustainable Development Goals (SDGs) for any organisation**, which would become a certifiable "Management System Standard" (MSS).

ISO 26000: New leadership elected

The ISO 26000 Stakeholder Global Network (SGN), of which IOE is a member of the Industry Group, elected its new leadership on 26 October 2022. The composition is as follows:

- Chair: Thomas Thomas (NGO, Singapore)
- Vice-Chair: Felicia Monye (Consumer, Nigeria)
- Vice-Chair: Lucia Natale (Industry, Panama)
- Secretary: Lu Xinyuan (Consumer, China)
- Vice-Secretary: Ken-ichi Kumagai (Labour, Japan)

IOE wishes all members of the newly elected leadership great success in their respective position. IOE is particularly pleased to see a member of the industry group, Lucia Natale, as Vice-Chair, and we are certain the new leadership will successfully promote ISO 26000. IOE thanks the former leadership for its extensive work and wish them all the best for the future.

ISO 26000: 2010 standard was launched in 2010 following five years of negotiations between different stakeholders worldwide. Representatives from government, non-governmental organisations (NGOs), industry, consumer groups and labour organisations worldwide were involved in its development, representing an international consensus. To learn more about ISO 26000, you can consult the ISO 26000 extensive and practical work provided by the SGN [here](#).

Regional News - EU

Update on the EU proposal on forced labour: the EU's upcoming scheme calls for increased international cooperation

Forced labour remains an issue of global concern. The business community condemns and rejects forced labour and plays a key role in addressing it as part of a multistakeholder, multidisciplinary approach. Work at the ILO and the OECD, in particular, has raised awareness and helped define the problem. But it has also framed the challenges governments, businesses, and other stakeholders face and has provided standards

and schemes that contribute to businesses' due diligence efforts at the company, sector and supply chain level. European companies are leaders in this field.

On 14 September 2022, the [EU Commission](#) released a draft instrument on forced labour imports called "Proposal for a regulation of the European Parliament and of the Council on prohibiting products made with forced labour on the Union market."

Here below are the main highlights of the draft regulation:

- **The aim of the regulation** is *"to keep the EU market free from products made, extracted or harvested with forced labour, whether they are made in the EU or elsewhere in the world."*
- **Instrument of a regulation:** will have a direct effect in the Member States without a need for a national implementation law (as is the case for an EU Directive).
- **Authority of Member states (MS):** MS have to identify and control products about forced labour. Companies are obliged to cooperate and pass on information. Affected products should be removed from the internal market and destroyed.
- **The scope would include MSMEs:** The regulation wants to prohibit "all economic operators" (Art. 2h – thus including also MSMEs)
- **Definition of forced labour:** The draft uses the ILO-Convention No. 29 on Forced Labor (Art. 2 (a))
- **Next steps:** the proposal will be negotiated by the European Parliament and the Council within the following months. The regulation should come into force 24 months after publication (Art. 29).

The European Commission's proposal should be viewed in this broader context. Published in September 2022, it sets up a "marketing ban" to effectively prohibit the placement of products made with forced labour on the EU market. The proposal covers products made in the EU intended for domestic consumption or exports and imported goods. It also concerns companies of all sizes, and it is company / sector-neutral and a country-neutral proposal to ensure compatibility with the WTO (non-discrimination principle).

Although it is not strictly legislation that puts forward a mandatory due diligence system, there are clear connections with other legislative initiatives, including the proposal for an EU Corporate Sustainable Due Diligence (CSDD) Directive, which seeks to ensure that companies have in place management systems to identify, assess, and address risks in supply chains, including in the area of forced labour.

The **broad scope** of the proposed Regulation, on the one hand, and the linkages with supply chain due diligence, on the other, are expected to have implications for the EU's trading partners. The legislation is based on ILO definitions and standards and calls for increased international cooperation to address forced labour. This is critical to avoid situations where companies are caught between conflicting jurisdictions or, more generally speaking, face an unlevel playing field. Let's imagine a situation where European companies must obtain specific information from their partners in a third country to abide by EU legislation. This may be prohibited under local legislation. There is, therefore, **the risk that companies leave a market altogether**. From the perspective of business, it is believed that remaining engaged is a better approach to help make a difference on the ground.

Cooperation should also occur between the EU and partners that already have legislation in the area of forced labour or are discussing the development of schemes. Legislation in the U.S. is already in place, and

the proposal for an EU Regulation, there are significant differences when it comes to the scope but also the implementation and enforcement. This may entail additional compliance costs for companies. In this regard, it is important for partners to develop a dialogue on how to coordinate their efforts better and develop practical solutions for companies.

Therefore, the EU should continue to reach out to trading partners, increase awareness, and explain how the proposed Regulation will work in practice and how the EU can help its partners reduce risks related to forced labour. IOE, as the representative of business in social and employment policy debates at ILO, bringing together a strong global network of the private sector, should be such a partner.

*IOE thanks **Sofia Bournou**, the entire team of BusinessEurope, and **Paul Noll** from the Confederation of German Employers' Associations (BDA), for their contribution.*

Update on the EU Directive on corporate sustainability due diligence

The European Parliament rapporteur led by MEP Lara Wolters is looking to expand the list of companies falling into its scope. She also wants to broaden the list of environmental obligations for which companies would be liable. Her draft report contains over 250 amendments and proposes important changes to many elements of the Corporate Due Diligence Directive the European Commission tabled in February. The dossier is currently led by the Committee on Legal Affairs (JURI) of the European Parliament, which is drafting the report. The report must then be discussed with the Council as co-legislator.

Changes with an ambitious approach maximising some of the obligations:

- Scope:
 - Threshold lowered from 500 to 250 workers as well as the financial turnover criteria dropped to 40 million EUR;
 - Threshold of workers for companies in high-impact sectors drops to 50 and turnover to 8 million EUR.
- Expansion of due diligence obligations to the service sector
- Expansion of scope to good governance (including corruption)
- Obligation to verify the effectiveness of the due diligence policy
- Extension of obligations on mitigation measures and complaints procedures
- Advanced auditing requirements for reporting
- “Institutionalisation” of stakeholder involvement in due diligence, including workers’ representatives
- Climate change plans to be developed with stakeholders and to be approved by shareholders
- Sanctions are increased:
 - exclusion from export credits, trade missions and governmental advisory bodies

Update on the EU Corporate Sustainability Reporting Directive

On 10 November 2022, the European Parliament adopted the **Corporate Sustainability Reporting Directive** (CSRD) with 525 in favour, 60 voted against, and 28 abstentions. The second EU co-legislator, the EU Council, should follow this decision later this month.

This vote was echoed on 16 November 2022 by a subsequent decision from the European Financial Reporting Advisory Group (EFRAG) to approve the final version of the **European Sustainability Reporting Standards** (ESRS), which set out the rules and requirements for companies to report on sustainability-related impacts, opportunities and risks under the EU CSRD.

The CSRD is a major update to the 2014 Non-Financial Reporting Directive (NFRD), the current EU sustainability reporting framework. The new rules will significantly expand the number of companies required to provide sustainability disclosures to over 50,000 from around 12,000 and introduce more detailed reporting requirements on company impacts on the environment, human rights and social standards and sustainability-related risk.

The CSRD will require disclosure under a common ESRS framework. Under the new system, companies will be required to report on issues ranging from environmental sustainability and social rights to human rights and governance factors. The approved standards also slightly reorganise the topics covered by the standards, including narrowing the Governance categories into one topic (from two), namely Business Conduct. Environmental issues include Climate Change, Pollution, Water and marine resources, Biodiversity and ecosystems, and a Circular economy. Social topics include Own workforce, Workers in the value chain, Affected communities, and Consumers and end-users. Following a recent agreement between the EU Parliament and EU Council, the rules will require companies to have their reported sustainability information independently audited and apply to some large non-EU companies.

The rules will begin applying from the beginning of 2024 for large public-interest companies with over 500 employees, followed by companies with more than 250 employees or €40 million in revenue in 2025, and listed SMEs in 2026.

National News

Australia: Government consults on a three-year review of Modern Slavery Act 2018

On 22 August 2022, the Australian Government released an issue paper on the effectiveness of the first three years of the *Modern Slavery Act 2018* for public consultation. The Australian Modern Slavery Act entered into force on 01 January 2019. The Act creates a reporting requirement for large companies asking them to prepare and file an annual modern slavery statement describing the risks of modern slavery in their operations and supply chains and the actions they have taken to assess and address those risks.

The Act provides for a [review](#) of the Act's operation over three years following its commencement. As part of that review, the Australian Government invites public submissions on the key issues to be considered, which include:

- The Act's transparency-focused approach and the potential introduction of mandatory due diligence requirements
- The appropriateness of the current reporting requirements (including the reporting thresholds and criteria),
- Possible additional measures (such as penalties) to improve compliance with the Act
- The establishment of a Federal Anti-Slavery Commissioner.

The consultation period will close on 22 November 2022, and the review should be completed by 31 March 2023 before its presentation to the Parliament.

Canada: Updates on Proposed Legislation on Modern Slavery and Due Diligence Requirements

In recent years, Canada has advanced regulatory enforcement mechanisms and proposed legislation to address modern slavery and forced labour by commercial enterprises and their supply chains. In 2021, the Prime Minister directed the federal Minister of Labour to introduce legislation to eradicate forced labour from Canadian supply chains and ensure that Canadian businesses operating abroad do not contribute to human rights abuses.

In light of this directive, the Liberal government is backing Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (Fighting Against Forced Labour and Child Labour in Supply Chains Act), which has passed second reading in the House of Commons and is currently before the Standing Committee on Foreign Affairs and International Development. Bill S-211 (or similar legislation) will likely become law in 2023 and come into force in January 2024.

Bill S-211 would impose annual reporting obligations on any “entity” subject to the Bill. It would require such entities to provide a yearly report to the federal government that sets out the steps taken during the previous financial year to prevent and reduce the risk that forced or child labour is used at any stage of the production of goods in Canada or elsewhere by the entity, or of goods imported into Canada by the entity. Bill S-211 would also mandate public transparency. Following disclosure to the government, a business would be required to make its annual report publicly available, publishing it in a prominent place on its website. If passed, it will enact Canada’s first modern slavery disclosure legislation.

Bill S-211 is one of many bills recently introduced in the Canadian House of Commons and Senate to respond to forced labour within supply chains. For instance, the Canadian Senate also introduced Bill S-204, An Act to Amend the Customs Tariff (Goods From Xinjiang) (Xinjiang Manufactured Goods Importation Prohibition Act). This act would prohibit the import of goods produced, wholly or in part, in the Xinjiang Uyghur Autonomous Region of China. As of May 10, 2022, Bill S-204 has undergone the first reading and is currently at second reading in the Senate.

To conclude, there is a major push across jurisdictions – including Canada - to adopt legislation that creates significant obligations on businesses concerning ESG and business and human rights (BHR). It is a question of when – not if – companies will become subject to mandatory due diligence legislation. In light of this, it would be prudent for any organisation to develop a strategy to implement supply chain due diligence best practices. As a starting point, a review and then full or partial phased-in implementation of the due diligence recommendations established in the OECD Guidelines (or similar due diligence measures) may help companies effectively and efficiently begin to respond to legislative requirements.

*IOE thanks **Brian Burkett, Brenda Chang and Saqib Mahmood** of the Canadian Employers' Council for their valuable contribution.*

Japan: New Guidelines on Respecting Human Rights in Responsible Supply Chains

On 13 September 2022, the Government of Japan released its [Guidelines](#) on Respecting Human Rights in Responsible Supply Chains. This move from the Japanese government follows the 2021 G7 Trade Ministers' Statement on Forced Labour and the 2022 G7 Leaders' Communiqué calling for a commitment toward an international consensus on BHR to strengthen compliance with international standards. This decision also echoes the recent adoption of mandatory due diligence regulations and bans forced labour.

The process to adopt these guidelines started in November 2021, when the Ministry of Economy, Trade and Industry (METI) and MOFA presented the result from the Questionnaire Survey on BHR in Supply Chains which showed **a strong demand for guidelines to promote the corporation's voluntary efforts**. IOE Member KEIDANREN, the Japan Business Federation, reinforced its BHR initiatives by revising the Charter's Implementation Guidance and publishing the handbook in December 2022.

The main content of the guidelines includes:

- **Target business enterprises:** All business enterprises in Japan. Each business enterprise is to cover not only its business enterprise, group companies, and direct business partners but also indirect ones inside and outside Japan.
- **Scope of "human rights":** Internationally recognised human rights, International Bill of Human Rights, ILO Declaration on Fundamental Principles & Rights at Work, at a minimum
- **Approach to efforts to respect human rights:**
 - Top management's commitment
 - Potential adverse impacts within any business enterprise
 - Dialogues with stakeholders
 - Approach to addressing adverse impacts based on the priority
 - Cooperation with other business enterprises

When it is difficult to implement all activities immediately, each business enterprise needs to consider appropriate efforts, including prioritisation of the adverse impacts to address according to the following order of priority: (1) severity and (2) probability (if there are multiple adverse impacts with the same high severity level). After considering severity and probability, priority may be given to the depth of their relationships with their business partners.

Contrary to imposing mandatory due diligence, the Government of Japan, after meaningful consultations, has decided to follow a different path showing that voluntary commitment, in line with the UNGPs, which is based on a genuine effort from business to respect human rights, is a credible solution to advance human rights. The publication of the guidelines is expected to encourage Japanese companies and companies on the supply chains in Asia to act responsibly and encourage other Asian countries to adopt similar guidelines. While the Japanese government does not rule out mandatory due diligence in the future, it focuses on awareness-raising activities, support and capacity building of corporations. It ensures policy coherence through cooperation among relevant ministries and agencies, including public procurement.

In particular, the Guidelines reflect the following key elements:

- They are by international standards, such as the UNGPs, favouring a risk-based approach and continuous progress.

- They focus on promoting efforts by all companies by emphasising dialogue and collaboration to respect human rights in the supply chain rather than focusing on "large enterprises versus SMEs."
- They recognised that many Japanese companies have worked with their suppliers in Asia and elsewhere to improve their capabilities, health and safety and achieve mutual prosperity. Strengthening the commitment to human rights together with our suppliers based on such relationships of trust will lead to sustainable, resilient and inclusive supply chains that are internationally competitive.
- The Guidelines clarify the state duty and government support, focusing on "government support for human rights DD carried out by enterprises."

Netherlands: New proposals on a Human Rights and Environmental Due Diligence Law

On 2 November 2022, several Dutch political parties formally submitted an amended bill for the [Responsible and Sustainable International Business Act](#) (Bill) to the Dutch House of Representatives. This law, if enacted, would amend and go beyond the current Dutch Child Labour Due Diligence Law, which is due to come into effect in mid-2022 and make it mandatory for large Dutch enterprises and foreign enterprises doing business in the Netherlands to act with due diligence to avoid **adverse impacts on human rights and the environment**.

Proposed changes to the Dutch supply chain laws

- **General duty of care:** The Bill seeks to impose a general duty of care on large Dutch enterprises and foreign entities that engage in activities or market products in the Netherlands. Under this duty, qualifying companies are required to ensure that their activities or those of their business relationships do not have adverse impacts on human rights or the environment in countries outside the Netherlands (adverse impacts).
- **Scope:** If the Bill is adopted in its current form, the law will apply to large enterprises as defined under the EU Accounting Directive. Currently, this means enterprises which, on their balance sheet dates, meet at least two of the following three criteria:
 - Total assets: EUR 20 million;
 - Net turnover: EUR 40 million;
 - An Average number of employees in the financial year: 250.

Compared to other EU jurisdictions, the threshold requirements imposed under the Bill are significantly lower. For example, The German Supply Chain Act is 3,000 employees (1,000 employees from 1 January 2024), and the French Loi de Vigilance is 5,000 employees.

- The Bill, however, provides that the obligations imposed under the Bill may be extended to medium-sized enterprises six years after it enters into force unless the obligations place an unreasonable burden on such entities.
- Separately, the Bill expressly proposes to allow third-party organisations (which are legal persons) that exist to promote the interests of human rights or the environment (CSO) to bring actions for loss or damage that result from adverse impacts (standing). In addition to standing, the Bill provides that once the CSO puts forward facts that may give rise to a suspicion of a link between a company's conduct and the adverse impact, the company is responsible for proving that it has not acted in breach of an obligation pursuant to this Bill (reverse onus). The Bill, however, does not propose a similar standing or reverse onus mechanism for other claimants who may be affected by the adverse impacts.

Norway: Latest developments on the Norwegian Transparency Act

The Norwegian mandatory human rights due diligence act took effect on 1 July 2022. So far, the experience with the Act is limited. We kindly ask you to look at the [February edition](#) of the IOE newsletter for information about the requirements.

Here is a quick reminder. The Act has **three main elements**, human rights due diligence in accordance with the OECD guidelines, a public report published annually and an obligation to inform the public on how the enterprise addresses adverse impacts.

The compliance thresholds are significantly lower than under other mandatory human rights due diligence legislation (i.e., the French Duty of Vigilance Law and the German Due Diligence in the Supply Chain Act). The act applies to companies complying with two out of three criteria, an average of 50 full-time employees, a balance sheet of at least NOK 35 million at fiscal year (euro 3,5 million) or sales revenues of at least NOK 70 million (euro 7 million).

The Act is applicable to approximately 9000 companies operating in Norway. The Norwegian business community consists of several large multinational companies. These companies have worked with human rights due diligence in their supply chain for many years. It is, however, up to 90 per cent of SMEs operating in the country.

Under the Act, due diligence must be carried out in accordance with the OECD Guidelines. The OECD guidelines are custom-made for multinational enterprises, and most companies operating in Norway are unfamiliar with their content. This also applies to due diligence. Therefore, the main concern is understanding how to operate and report according to the guidelines.

The Norwegian Consumer Authority is responsible for enforcing the Act. They publish general information, advice, and guidelines on compliance with the Act. They have received many inquiries from companies on how to perform due diligence according to the guidelines. The Norwegian Consumer Authority has created a webpage where complaints regarding the obligation to inform according to the Act can be sent to the authorities. They have so far received only five complaints.

NHO has around 32000 member companies employing more than 650 000 full-time employees. 90 per cent are small and medium-sized companies. Accordingly, time and resources are used in guiding these companies. NHO offers courses on conducting human rights due diligence according to the Act. We also have, together with certain member companies, the OECD National Contact Point and Transparency International Norway, made a set of different dilemmas companies might encounter when assessing their value chain.

Switzerland: New ordinance on mandatory climate disclosure

During its meeting on 23 November 2022, the Swiss Federal Council adopted the implementing [ordinance on climate disclosures](#) for large Swiss companies and brought it into force as of 1 January 2024.

Large Swiss companies and financial institutions will be required to publicly disclose information on their climate-related risks, impacts and plans, according to new legislation passed today by the government's Federal Council. Public companies, banks and insurance companies with 500 or more employees and at

least CHF 20 million in total assets or more than CHF 40 million in turnover are obliged to report publicly on climate issues. Public reporting involves disclosures not only on the financial risk that a company incurs due to climate-related activities but also on the impact of the company's business activities on the climate. In addition, the company has to describe the reduction targets it has set for its direct and indirect greenhouse gas emissions and how it plans to implement them.

USA: Update on the Uyghur Forced Labour Prevention Act

As previously reported by IOE in its [July edition](#), on 21 June 2022, the US government implemented its Uyghur Forced Labour Prevention Act (UFLPA). Under the Act, if it is suspected that goods, not necessarily originating in Xinjiang, but containing Xinjiang components, may be detained by US Customs and Border Protection (CBP) and subject to further investigation. With 20% of the world's cotton coming from Xinjiang, it can be reasonably assumed that concern is growing among US clothing brands and retailers who have expressed support for the policy.

After more than five months since its entry into force, there is a better picture of the commercial complications, compliance challenges, and responses companies have encountered. The global law firm White & Case published on 3 October an excellent [article](#) summarising these developments.

According to the article, the precise nature of an importer's challenge depends on what it is trying to demonstrate—either that its goods are (i) outside the scope of the UFLPA, making the presumption not apply, or (ii) within scope but eligible for an "exception" to the UFLPA presumption—common industry challenges include:

- An inability to obtain information from upstream suppliers either unrelated to immediate (Tier 1) suppliers or not incentivised or legally able to provide specified information.
- An inability to produce "credible" audits as defined in regulatory guidance.
- Traceability challenges associated with co-mingling.
- Compliance with foreign laws that may put a producer and/or an importer at odds with UFLPA compliance or create barriers to achieving compliance.
- Time and resource constraints, or the impossibility of finding and evaluating producer options beyond China, given China's sphere of influence, where the presumption will be difficult to disprove and will therefore require production elsewhere than in the XUAR.

Importers will almost certainly continue to confront a considerable burden in compliance. For many companies, solving for UFLPA compliance will be fraught with trade-offs and may be unattainable, as the regulatory guidance reflects. Nevertheless, common approaches importers are taking, informed by their risk profiles, objectives, and other factors, include:

- Obtaining supplier affidavits attesting to the specific origin of the product/input supplied, and for entities in China, certifying that no forced or other prohibited forms of labour were used;
- Collecting upstream raw materials invoices, bills of lading, production records, and other documentary evidence to support country-of-origin certificates and supplier affidavits;
- In agreements covering sales of foreign-made goods for exportation to the United States, or agreements with downstream customers, introducing contractual provisions providing assurances and addressing performance obligations if CBP detains, excludes, or seizes imported goods;
- Preparing narrative information in advance (e.g., a supply chain "map") that, even if not entry-specific, the importer could submit to CBP in the event of detention, which may include

- developing or adapting policies, procedures, internal controls, and oversight measures that apply to the company's operations and supply chain, and ensure they are appropriately scaled and address both known and unknown risks;
- Evaluating the possibility and promise of new technological approaches to prove the provenance of products and inputs; and
- Revisiting past disclosures on UFLPA-related risk, and considering and providing new disclosures to customers, shareholders, and other stakeholders.

Publications

New IOE-USCIB report on human rights and good governance

Democracy, effective rule of law, and strong governance and institutions by States are key prerequisites for ensuring the protection, respect and fulfilment of human rights. Yet, although the benefits of democracy, the effective rule of law and good governance are no longer in doubt, little is known about these positive effects on social and labour issues and the most effective means of improving labour conditions worldwide.

Against this backdrop, IOE and the USCIB Foundation supported a study on [“Human Rights and Good Governance: Improving Labour Compliance in developing countries”](#) produced by the Mosbacher Institute for Trade and Economics of Texas A&M University. The report focuses on five commonly cited agents of labour conditions improvement: National Government action; Foreign/IGO Assistance; Trade Agreements (Social Clauses); Private Sector initiatives, and Trade Unions.

The key takeaways are as follows:

- Improving working conditions, including increasing factory compliance with national labour laws and harmonising laws with international labour standards and the International Labour Organization’s core labour conventions, plays an important role in global economic development and increasing the welfare of labourers worldwide.
- The results suggest that **rule of law and exporting-country government capacity may be the most significant factor in improvements in labour compliance**. Other stakeholders also play important roles, but domestic capacity is significantly associated with closing the gap between labour law and labour practice.
- Policies that seek to regulate global supply chains in developed (importing) countries might have a **smaller-than-expected effect** because exporters make up a small share of total economic activity in exporting countries.
- These results raise a critical question of how developed (importing) countries can better incentivise exporting-country governments to close the gap between labour law and labour practice. A recent literature review suggests that trade agreements significantly motivate governments to close the gap between labour law and labour practice, not just for exporting firms but throughout the country.
- National governments play a critical role**. The surest path to improving labour conditions globally is through the effective national enforcement of labour legislation. Increases in government capacity for monitoring and enforcement and legislation reform are often cited as a key reason behind labour condition improvement.

- **Due diligence legislations** (DDL) that focus on exporters miss the majority of the developing-country populations because they would only reach the workers directly engaged with ex-ported factories that sell to companies with operations in the DDL countries. Current DDL proposals focus on the largest multinational corporations already associated with the “best” factories within exporting countries (both in the sense of performance and compliance). As a result, the marginal benefit of the DDL proposals would be small relative to nationwide improvements in the enforcement of existing labour standards. Third, current DDL proposals may lack effective enforcement mechanisms that lead to improved outcomes; increased institutional oversight and stronger enforcement could help create stronger compliance from both firms and suppliers in the supply chain.
- Regional and bilateral trade agreements are important tools to increase exports and can improve working conditions via the potential to build key technical capacity.
- When it comes to the private sector: When the lead firms of global value chains source from developing countries, they effectively increase labour demand, which results in either more employment, higher wages, or both. The increase in labour demand has also been associated with bringing women into the formal labour force, generating positive economic effects.
- Factories with a trade union presence show various improvements over non-unionized factories. Trade unions, however, do show shortcomings relative to other actors involved in improving labour conditions.

B20-BIAC-IOE joint paper on supporting firms towards the Sustainability agenda

As part of the G20, Indonesia, B20, BIAC and IOE, through a [joint report](#) on supporting firms towards the sustainability agenda, realised a report which proposes a dynamic conceptual framework of concrete actions named the “Sustainable Growth Propeller”. It is aimed at all firms but may particularly benefit MSMEs, who face proportionately higher cumulative regulatory and administrative burdens relative to their resources.

IOE preliminary remarks to the Report of the UNWG on State, financial actors and human rights in Latin America and the Caribbean

OHCHR sent a call for contributions launched by the Working Group on Business and Human Rights for its report “State, financial actors and human rights in Latin America and the Caribbean: progress and challenges in integrating a human rights approach in financial policies, regulations and practices in the region. IOE sent a [brief response](#) to the call for input.

IOE recalled that financial actors are important intermediaries at the heart of wealth and credit creation by mobilising savings for lending to businesses and individuals. This allows the private sector and the economy to create jobs, foster innovation and increase living standards. Equally, public financial actors and international financial institutions are central lenders. Public finance institutions—including finance ministries, tax and customs agencies, central banks, government lenders, and public pension funds—can face profound fiscal imbalances and systemic financial failures. It is, therefore, the responsibility of governments to have sound financial policies that increase transparency, provide an enabling environment for investment and increase economic growth opportunities,

IOE highlighted the following key challenges in incorporating a human rights approach into financial policies, regulations and practices in Latin America and the Caribbean (LAC), although these can be extended to other regions:

- **Access to credit** remains one of the main challenges for small and medium enterprises (SMEs), which sometimes also face discrimination in lending practices. Linked to this challenge, the financial sector is increasingly engaging in environmental, social and governance (ESG) criteria. The sector is increasingly requesting companies to report on a quarterly basis, which makes it challenging for companies to have the time to develop sustainability strategies.
- When it comes to **investment in important infrastructure projects in the region** (e.g., power stations, hydroelectric dams, etc.), companies often face **challenging situations regarding State's final decision to act**. In particular, when companies have duly completed their Human Rights Impact Assessment (HRIA) and due diligence process, but different interests are at stake, the ultimate decision and trade-off rest on the government, not on the financial company. Consequently, financial companies should not refuse loans to companies when the government have thoroughly decided to act in a certain way, and neither should they be blamed or suffer reputational and other damages to follow the government's legitim decision.
- **Access to finance for the informal sector continues to be overlooked in the debate** on integrating a human rights approach in the region's financial policies, regulations and practices.
- Another critical challenge for companies is **data providers' lack of coherence among ESG metrics**. Because of a lack of clarity and coherence about social criteria metrics and many environmental and governance indicators, companies cannot effectively capture and reflect via ESG metrics their extensive effort in respecting and promoting human rights.
- There is widespread **misalignment** between legal frameworks for investment decision-making and the Guiding Principles, as well as weak enforcement of existing environmental and social requirements where these exist. There remains a **capacity gap** across State institutions and multilateral entities, including the United Nations, when speaking out about investor responsibility and accountability for human rights.
- The **development of innovation** to further increase financial inclusion is key, and development banking must continue playing a leading role in innovation for promoting **financial inclusion** in LAC.
- For investors, the greatest challenge is not only **the accessibility of data but also managing expectations**. Data is important but engaging with companies and helping them share best practices is critical to promoting good corporate performance.

However, there are also important opportunities:

- When it comes to opportunities, there is a need to **leverage the financial sector and the momentum of the increasing focus of investors on environmental, social, and governance (ESG) factors**. In parallel with the corporate responsibility to respect human rights, financial institutions should also have a better integration of human rights due diligence into business relationships, considering the leverage they have in providing services and influencing public and private economic actors, as it has been outlined in the UNGPs+10 Roadmap.
- Greater inclusion of human rights in economic and fiscal policies of countries in LAC, notably regional and international financial systems, including **further integration of human rights due diligence** into projects financed by development finance and international financial institutions, must be increased as its levels remain currently low. HRDD is not only a responsibility of business and state actors but also a process that international financial institutions must undertake. HRDD should also be included as a tool for managing risks to people in mega-infrastructure projects. **Key**

international financial institutions must do better and show leadership. A greater alignment with the Guiding Principles is needed.

- **Reinforcing States' support and capacity building to business and employer organisations** is paramount. The UNGPs call on businesses to “know and show”, yet, despite all the private sector’s goodwill, most SMEs cannot afford to engage in due diligence processes and effectively promote human rights if States do not provide the necessary knowledge, tools and resources to support them.

Know and Show

This new section aims to promote the good practices, developments and experiences that IOE member federations and partner companies have in promoting respect for human rights, the implementation of the UNGPs and responsible business conduct.

Honduran Business Council’s work on Business and Human Rights.

Since 2013, the Honduran Business Council (COHEP) has started prioritising its activities. It intensified its political commitment to promote and respect human rights in its relationships with its employees, stakeholders, business community and affiliate companies. COHEP recognises that human rights, as universal norms, are a core value that should be embedded internally within the organisation to ensure compliance in decision-making processes and activities.



In 2019, COHEP established a Business and Human Rights Unit, whose main function is to formulate the institutional policy on business and human rights, monitor its implementation and communicate the actions that are executed around it, as well as to raise awareness and promote among its members and the business community respect for human rights, responsible business conduct and anti-corruption practices.

As COHEP remained focused on the promotion of human rights in all commercial operations, in 2020, they adopted an Institutional Policy for Business and Human Rights, which has been designed in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs), as well as other international standards aimed at improving the promotion and practice of RBC.

As a result of the adoption of the COHEP Institutional Policy on BHR, an action plan was prepared with objectives and goals that guide the setting of priorities, as well as strengthen the capacities and commitment to respect human rights among COHEP members and the entire Honduran business community.

Initiative on BHR-COHEP 2022

In 2022, the Honduran Business Council strengthened its corporate commitment by promoting a business culture that aspires to fair and sustainable development through continuous learning on implementing the UNGPs promoted by the United Nations to protect, respect and remedy framework.

Furthermore, COHEP also highlighted the role that the private sector can play in this agenda, the need for their proactive involvement to prevent adverse impacts and improved respect for human rights. To this end, COHEP launched its "Working Group on Human Rights Management" initiative to provide specialised

support to a group of participating companies and affiliated members of COHEP, so they can address some of the central elements of the responsibility to respect human rights. A particular focus lies on introducing the methodology of human rights impact assessments and their implementation, as well as grievance mechanisms at the operational level.

Currently, COHEP is working on the last phase of the project, to be finalised this month. After completing all phases, a report will be presented in January-February 2023 with a detailed explanation of all the accomplishments achieved. The Methodology of the "Working Group on Human Rights Management Initiative" includes the following phases:

- **Phase 1: Development / review of human rights policy:** the objective is to present core elements on the approach and content of a human rights policy or the inclusion of such a perspective in another document of principles at the organisational level and to provide support for its development or revision.
- **Phase 2: Human rights impact assessment** will introduce the human rights impact assessment methodology and its implementation and support its execution by the participating companies.
- **Phase 3: Operational-level grievance mechanisms** will incorporate the criteria for the effectiveness of grievance mechanisms at the operational level established in the Guiding Principles on Business and Human Rights and provide support for their implementation by participating companies.

For COHEP, highlighting and sharing the progress and commitment on the different projects and actions we have carried out since 2019 on the business and human rights agenda is of great importance. Likewise, a key objective of COHEP is that the information they provide becomes known by their partners and the business community locally, regionally, and internationally so that it can add value and be a leading employer organisation that is taking concrete action to contribute with different initiatives to push forward the Responsible Business Conduct and the responsibility to respect human rights.

For more information on additional resources and other relevant publications that COHEP has developed on Business and Human Rights, please visit our website: <https://empresasyddhh.cohep.com/>.

Climate news

COP 27 in Egypt: Key takeaways

The engagement of IOE at COP27 was stronger than ever before. In partnership with the Federation of Egyptian Industries (FEI), IOE hosted the Business Pavilion of Egypt in the Blue Zone. IOE organised ten events, including a first-ever official UNFCCC side-event, in partnership with Business Unity South Africa (BUSA), the General Confederation of Moroccan Enterprises (CGEM), and the Mohammed VI Foundation for the Protection of the Environment.



Activities

Activities of the IOE Policy Working Group on Human Rights and Responsible Business Conduct

Informal meeting with the UN High Commissioner

As part of the UN Annual Forum on Business and Human Rights, IOE, together with members and partners, met with the new UN High Commissioner for Human Rights, Mr Volker Türk. Discussions covered business and human rights trends and developments. Next year's 75th anniversary of the Universal Declaration on Human Rights was



highlighted by the High Commissioner as an opportunity to work together with the business community to call attention to human rights' important transformative role. IOE and its members in more than 150 countries, representing over 50 million companies, are highly committed to pushing the business and human rights agenda forward.

Virtual high-level presentation of the IOE Centre on Human Rights and Responsible Business Conduct – 12 December 2022

Organised by IOE together with the German Federal Foreign Office, this high-level brought together global leaders from the UN and business, including Mr Gilbert F. Hounbo, ILO Director-General, Mr Volker Türk, UN High Commissioner for Human Rights and a high-level State representative of the German Foreign Office. The Centre aims to shape policies and debates on business and human rights and promote corporate respect for human rights. See lead article in this edition.

A powerful partnership with the business

Presentation of the future IOE Centre on Human Rights & Responsible Business Conduct

Keynote statements

**12 December 2022
14:00 CET**


GILBERT F. HOUNBO
ILO Director-General


VOLKER TÜRK
UN High Commissioner for Human Rights


ANNA LÜHRMANN
Minister for Europe & Climate, German Federal Foreign Office

REGISTER NOW

IOE-KAS dialogue on human rights and climate change – 13 December 2022

IOE and the Konrad Adenauer Foundation (KAS) organised a multistakeholder dialogue event on 13 December 2022 under the theme “Getting Ready: Multistakeholder Perspective on the Climate Change-

Human Rights Nexus”. The dialogue focused on how business and employers’ organisations can address climate change related issues in their operations and business models.

OHCHR Africa Forum of Business and Human Rights

As part of the African BHR Forum in Ghana, IOE and its members were pleased to co-organise the Business Caucus - delivering key statements on moving the Business and Human Rights agenda forward in various plenary sessions.



Open dialogue, building trust, increasing collective action, and ensuring better representations of all groups in these discussions, particularly the private sector and SMEs, are key for moving BHR forward. IOE will actively engage with the organisers African Union, UNDP, OHCHR and the UNWG on BHR and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for the 2023 edition.

2022 IOE-USCIB-Coca-Cola Business and Human Rights Conference

The 14th annual Engaging Business Forum, hosted by The Coca-Cola Company and sponsored by IOE, the United States Council for International Business and the US Chamber of Commerce, took place on 13 and 14 October 2022.

The Conference looked at the future of RBC - How expectations on business are changing in a world of increasing human rights regulations and geo-political challenges. The Forum continued to show that it is one of the most preeminent business and human rights conferences, where business leaders and experts from civil society, trade unions and governments hold candid discussions on the challenges businesses face in demonstrating respect for human rights throughout their value chains.



3rd UN Regional Forum on Business and Human Rights in Eastern Europe and Central Asia

The third UN Regional Forum on Business and Human Rights in Eastern Europe and Central Asia took place with a hybrid format in Istanbul on 10 November 2022. IOE was pleased to be represented in the high-level plenary by Ms Renate Hornung-Draus, IOE Vice-President to the ILO and Managing Director of the German Employers' Associations' (BDA). One of the



key messages was that “a company cannot address alone systemic issues deep in Supply Chain. Employers, especially SMEs, need State support, capacity building and awareness raising in the Human Rights field.

Ms Katarina Sætersdal, Assistant Director International Department, Confederation of Norwegian Enterprise, also nominated by IOE, provided the vision of the private sector in a panel on the implications for Eastern Europe and Central Asia of the Mandatory Human Rights Due Diligence (mHRDD) developments.

IV UN Forum on Democracy, Human Rights and Rule of Law

The fourth session of the Forum on Human Rights, Democracy and the Rule of Law was held on 24 and 25 November 2022. In accordance with Human Rights Council resolution 46/4, adopted on 23 March 2021, the theme of the fourth session of the Forum is “Strengthening democracies to build back better: challenges and opportunities”.

IOE organised a hybrid side event on “Human Rights and good governance” on 25 November 2022, with the high-level participation of Ambassador Claudia Fuentes Julio from Chile, Chair of the ILO Governing Body. This was the occasion to provide the key takeaways from the IOE-USCIB joint report prepared by Texas University, which explores what is known about the most effective means of improving labour conditions around the world. High-level speakers included.



XI UN Annual Forum on Business and Human Rights and the business-only networking reception



The 2022 UN Annual Forum on Business and Human Rights (UNAF) was held from 28 to 30 November 2022 under the theme “Rights holders at the centre: Strengthening accountability to advance business respect for people and planet in the next decade”.

IOE had an important engagement in the Forum with the participation of several high-level speakers, including IOE Ms Renate Hornung-Draus, IOE Vice-President to the ILO and Managing Director of the



German Employers' Associations' (BDA), Ms Sonya Mohamed Janahi, Board Member of the Bahrain Chamber of Commerce & Industry, Ms Shahida Mariyam Mohamed, Vice President of the National Federation of Maldivian Employers as well as IOE Secretary-General Roberto Suarez Santos, and IOE Deputy Secretary-General Matthias Thorns. IOE also nominated other company representatives.

The UNAF is the world's largest annual gathering on business and human rights, with more than 2,000 participants from government, business, community groups and civil society, law firms, investor organisations, UN bodies, national human rights institutions, trade unions, academia and the media. IOE reaffirms its strong commitment to participating in the Forum and continuous constructive engagement to advance the BHR agenda and looks forward to next year's edition.



As part of the Forum, IOE co-hosted with other business organisations the traditional business-only networking reception on 28 November 2022 at the ILO.

Save the date – 2023 IOE-BDA-DPDHL Annual Conference on Business and Human Rights.

Join us for this annual in-person international conference that will address key developments on human rights and responsible business conduct during the week of the 17 April 2023 in Bonn.

➤ [Register here](#)

The Conference will hold practical discussion-based panels with topics covering issues at the forefront of BHR.

- Update on current legislative due diligence initiatives (e.g. CS3D, LkSG)
- The new mission: Human rights and climate change
- Wage, income and supply chains
- ESG: Getting ready for what is coming (CSRD, Taxonomy, GRI, ISO, etc.)
- Technology, digitisation, AI and human rights

Contacts

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