



HUMAN RIGHTS



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Global Compact
Network
Switzerland & Liechtenstein

in collaboration with

ECO:FACT

Briefing on Regulatory Trends in the European Union and at the International Level

02 November, 14:00 – 15:00, Online event

Let's make Global Goals Local Business

4th Briefing on Regulatory Trends in the European Union and at the International Level

Online | 2nd November | 14.00 - 15.00



A joint initiative of the Global Compact Local Networks



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ECOFACT Policy Outlook research and methodology

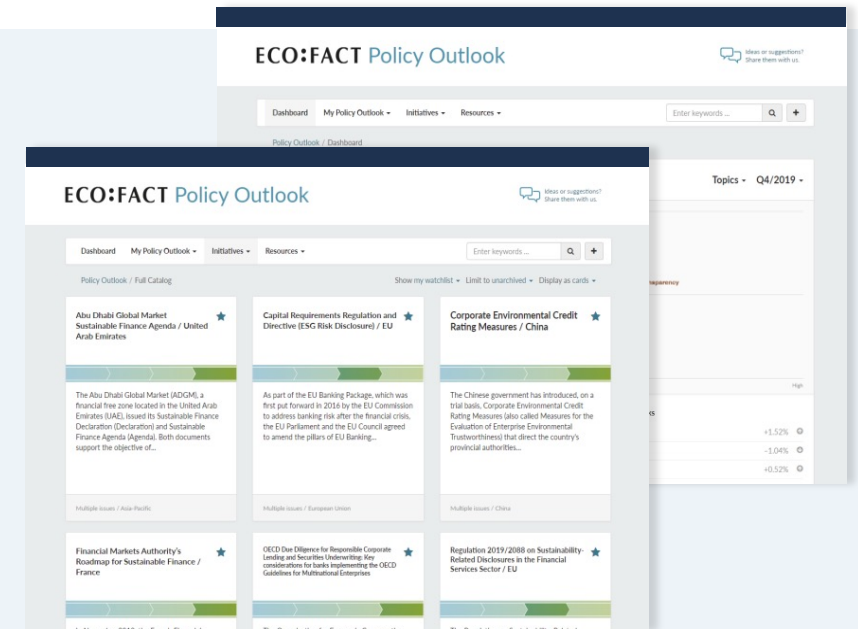
This briefing on regulatory trends in the European Union and at the international level builds on the research made available via the ECOFACT Policy Outlook.

This webinar will focus on key regulatory developments that took place in the third quarter of 2021.

The Policy Outlook is the world's largest and most comprehensive research package focusing on hard and soft law initiatives pertaining to sustainable finance and corporate responsibility across the globe.

The Policy Outlook monitors more than 30 regulatory topics in over 50 countries and the European Union; our coverage encompasses jurisdictions responsible for over 85% of global GDP.

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Trends dashboard



Top 5 rapidly developing topics in the last quarter

1. Transparency
2. ESG integration
3. Climate change
4. Biodiversity
5. Human rights due diligence



Key open consultation

US Government proposed rules for federal acquisition processes (procurement) considering climate change, in particular how companies: i) minimize the risk of climate change, ii) consider the social cost of greenhouse gas (GHG) emissions in procurement decisions, iii) publicly disclose GHG emissions' climate-related financial risk, and iv) set science-based GHG reduction targets. **This consultation is open until December 14, 2021.**



Be aware that in 2022:

... mandatory human rights obligations will become applicable different countries, such as Germany (for large companies) and Switzerland (for certain industry sectors).

... the Taskforce Nature-related Financial Disclosures will be issuing its beta version.

... the scrutiny of financiers pertaining to sustainability issues will continue to increase.



Expected developments in the following months

EU Commission's proposal for a directive on corporate due diligence and corporate accountability and corporate sustainability reporting directive.

The IFRS Foundation is expected to announce the formation of the International Sustainability Standards Board, which will work to create the IFRS Sustainability Standards.

Key international regulatory developments



IOSCO held a consultation on its Report on ESG Ratings and Data Providers, seeking to gather information to help IOSCO members understand the implications of ESG rating and data providers' activities. The report recommends mitigating the risks associated with ESG rating and data product providers and explains some of the challenges faced by these organizations. Additionally, the report highlights challenges that the companies being rated are experiencing.



At the 2021 autumn session of the Council of Europe, discussions focus on the right to a healthy environment. The conversations cover the Council of Europe's action to anchor a "right to a healthy environment" in its legal framework and look at how tackling climate change will require more participatory democracy and changes in criminal and civil liability. It will also be necessary to combat inequalities that impact the right to a safe, healthy, and clean environment and influence climate and migration, among others.



The UN Working Group on an International Legally Binding Instrument on Transnational Corporations and Human Rights issued a third draft version of the Treaty which was the basis for intergovernmental negotiations in the last session of negotiations that took place last week. The negotiations did not substantially progress as major disagreements in states' positions are still existing. The next round of negotiations is expected to take place in the second half of 2022.

Key European Union regulatory developments



The EU Commission and the European External Action Service (EEAS) issue guidance on due diligence for EU businesses to address the risk of forced labor in their operations and supply chains. In addition, in her 2021 state of the union speech, President of the EU Commission Ursula von der Leyen stated that the EU Commission will propose a ban on products entering the EU market that have been made with forced labor.



The EU Commission published a recommendation on internal compliance programs for controlling research involving dual-use items under the EU Regulation. The recommendation provides a framework to help research organizations, researchers, research managers, and compliance officers to identify, manage, and mitigate risks associated with dual-use export controls.



The EFRAG Project Task Force on European Sustainability Reporting Standards (PTF-ESRS) publishes a working paper on a prototype climate standard. This working paper will be used as a basis for future discussions about climate when the CSRD standards are being drafted.



In a published opinion, the European Economic and Social Committee (EESC) welcomes the proposed directive to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms. The proposed directive aims to make it easier for workers to enforce the principle of equal pay if they have experienced pay discrimination.

Some noteworthy developments at national levels

- ➔ China, Pakistan, and Uganda adopted their National Action Plans (NAP) on Business and Human Rights.
- ➔ The French government published its evaluation of the PACTE law's implementation and proposes ways to improve CSR uptake. Fourteen actions are proposed under three main target areas: i) raise companies' awareness of the CSR measures introduced by the law; ii) decrease the risk of environmental and sustainability claims by giving credibility to the "raison d'être" of companies; and iii) integrate the PACTE measures into the broader CSR framework, particularly at the European level.
- ➔ The Japanese Ministry of Economy, Trade, and Industry announces it will conduct a large-scale survey of companies to understand the human rights issues in their supply chains. The survey results will be summarized in September 2021. Afterwards, the government will decide whether rules or legislation requiring companies to address relevant issues are necessary.
- ➔ In collaboration with the Union of Luxembourg Companies and the National Institute for Sustainable Development and Corporate Social Responsibility, the government of Luxembourg launches the National Pact on Business and Human Rights (Pact). This pact was one of the actions recommended in the NAP 2. Signing the pact is voluntary and shows that a company is committed to respecting human rights.
- ➔ Swiss (Federal Council) and US (SEC) regulators announced that large companies will be required to disclose climate-related risks and opportunities aligned with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

The Ten Principles of the UN Global Compact

Corporate sustainability starts with a company's value system. By incorporating the Ten Principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

Companies operate responsibly



HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



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3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.



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7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



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10. Businesses should work against corruption in all its forms, including extortion and bribery.

Companies contribute to progress

SUSTAINABLE DEVELOPMENT GOALS



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