



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

27 Jan, 14:00 – 15:00, Online event

Let's make Global Goals Local Business

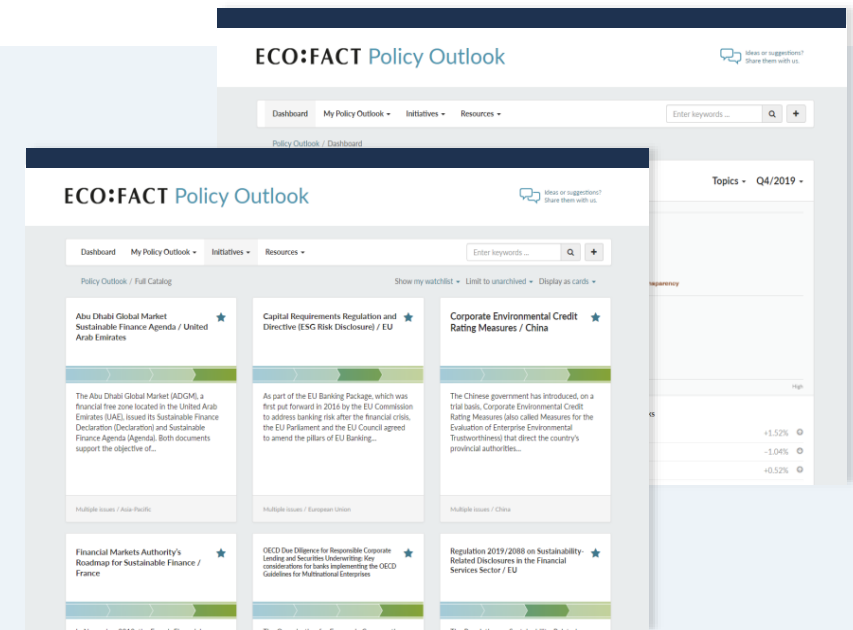
ECOFACT Policy Outlook research and methodology

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 fourth quarter of 2020.

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 45 countries and the European Union; our coverage encompasses jurisdictions responsible for over 85% of global GDP.



Trends dashboard



Top 5 rapidly developing topics

1. Due diligence
2. Greenhouse gas emissions
3. Climate change
4. Environmental risks
5. Shareholder engagement



Key open consultations

EU Commission survey regarding a sustainable corporate governance initiative is open until February 8, 2021.

Suggestions for the next draft of the Business and Human Rights Treaty can be submitted to the UN until the end of February 2021.



Why is due diligence #1?

In late 2020, several initiatives that, in one way or another, address due diligence expectations, progressed in the regulatory agenda.

Moreover, the upcoming mandatory due diligence-related disclosures financial institutions will be required to prepare are expected to trickle down to companies via financing conditions.



Expected developments in the following months

Kick-off of the formal revision process of the EU Non-Financial Reporting Directive.

Further developments related to mandatory due diligence in Canada, Germany, and Luxembourg.

Key European Union regulatory developments



EU Council adopted conclusions urging member states and the EU Commission to promote human rights in global supply chains and advocate for decent work worldwide. The EU Council also asked the Commission to launch an action plan in 2021 to advance this objective.



EU Commission confirmed its plan to put forward a legislative proposal on mandatory human rights supply chain due diligence in the second quarter of 2021.



EU Parliament published a study concluding that “implementing due diligence obligations can significantly contribute to addressing environmental damage and human rights violations, thus supporting the EU's commitment to respect for human rights and environmental protection.”



EU Regulation 2020/1998 on sanctions against serious human rights violations and abuses was published and entered into force. In practice, the EU will keep a list of individuals and legal entities involved in serious human rights violations and abuses worldwide, such as genocides and crimes against humanity. Persons on the list will be subject to travel bans to the EU, freezing of funds in the EU, and prohibited from obtaining funds from persons in the EU.

Key international regulatory developments



The UN Global Compact CEO and Executive Director, Sanda Ojiambo, announced the UN Global Compact's support for mandatory human rights due diligence.



The UN Working Group on the Business and Human Rights Treaty (OEIGW) concluded its sixth session and issued a draft report. The chairperson of the OEIGW invited member states and other relevant stakeholders to submit their input no later than February 28, 2021. The next version of the draft Business and Human Rights Treaty is expected by July 2021.



During a speech, the chair of the UN Working Group on Business and Human Rights mentioned that the WGBHR "considers that human rights due diligence is a key tool in the global efforts to build forward better in the wake of the COVID-19 pandemic". On the same occasion, when speaking about legislative action on due diligence, she also mentioned that "our future is one now of mandatory measures."



The OECD Centre for Responsible Business Conduct issued a report providing a high-level mapping and snapshot of national and industry standards and initiatives concerned with responsible business conduct (RBC) governance issues in the digital transformation.



Other noteworthy developments



The German Federal Minister of Labor and Social Affairs announced that in January 2021 the government will take further action towards proposing an act on mandatory human rights and environmental due diligence within a new supply chain law.



India's Ministry of Corporate Affairs issues General Circular No. 15/2020 to address frequently asked questions on corporation spending to curb COVID-19 and the eligibility of these activities as CSR. Activities that qualify as CSR are promotion of health care, expenses towards preventive health care and sanitation, and disaster management, among others.



Japan launches its National Action Plan on Business and Human Rights with the aim of promoting respect for human rights in the context of business activities.



Advocates for business and human rights in the US call on the incoming Biden-Harris administration to base the US national post-COVID recovery on the US NAP, with the aim to increase businesses' respect for labor rights (both domestically and abroad), tackle climate change, achieve racial justice, and promote human rights.

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



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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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