



# Responsible Business Conduct

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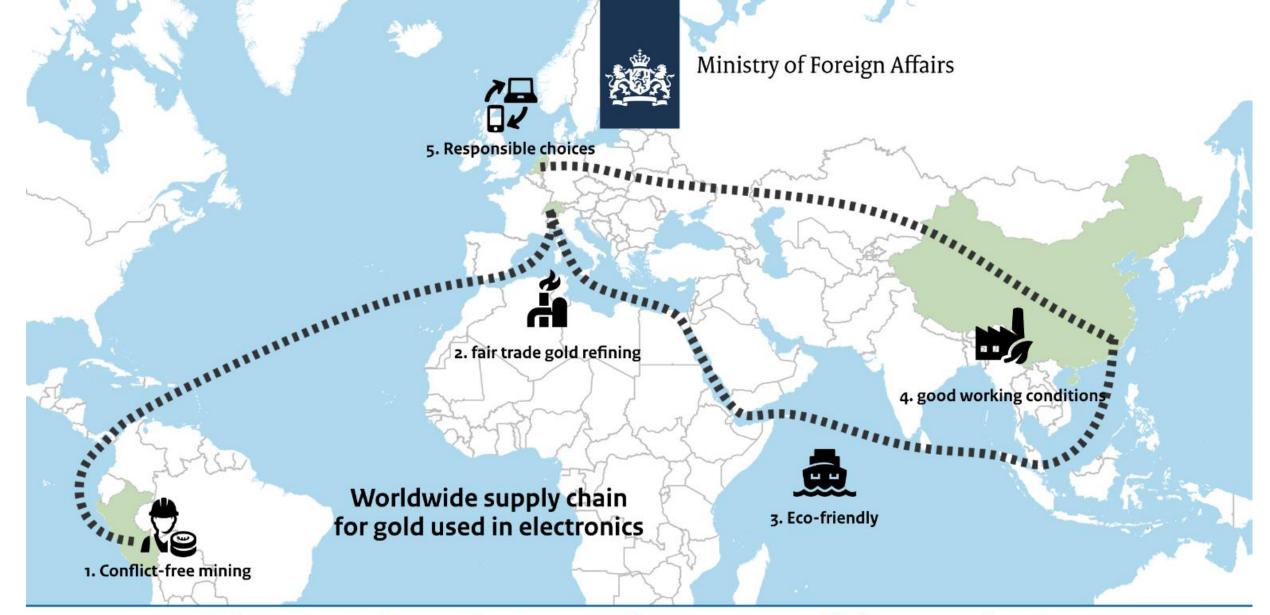
Netherlands Embassy

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## Program

- What is Responsible Business Conduct?
- What is expected by the Dutch government?
- EU legislation
- What to do next?



The Dutch path towards responsible products





Rana Plaza

13<sup>th</sup> of May 2013

Death toll of 1,134



# Responsible Business Conduct

The Dutch government expects of businesses that operate abroad, that they do so responsibly.

This means that the production of goods and the provision of services and other business activities are carried out sustainably & with respect for **human rights**, **labor rights** and the **environment** into account.



- Conduct due diligence within their supply chains.
- Adhere to internationally recognized guidelines.



# Global push for responsible business practices

- ➤ US → Withhold Release Order due to forced labor
- ▶ UK & Australia → Modern Slavery Act
- France & Germany → national due diligence legislation





- ► EU → Corporate Sustainability Due Diligence Directive (CSDDD)
- ➤ NL → potential national due diligence legislation





# Corporate Sustainability Due Diligence Directive (CSDDD)

#### Requires companies to:

- Integrate due diligence into policies.
- Identify actual or potential adverse human rights and environmental impacts.
- Prevent or mitigate potential impacts.
- Bring to an end or minimize actual impacts.
- Establish and maintain a complaints procedure.
- Monitor the effectiveness of the due diligence policy and measures.
- > Publicly **communicate** on due diligence.



## **CSDDD**

|         |  | LARGE EU LIMITED LIABILITY COMPANIES | NON-EU<br>COMPANIES        | SMALL AND<br>MEDIUM<br>ENTERPRISES   |
|---------|--|--------------------------------------|----------------------------|--|
| GROUP 1 | 500+ employees and more than €150 million of turnover*   | <b>+/- 9,400</b> companies           | <b>+/- 2,600</b> companies | Micro companies and small and medium enterprises (SMEs) are not directly concerned by the proposed rules. However, the proposal provides supporting measures for SMEs, which could be indirectly affected. |
| GROUP 2 | 250+ employees and more than<br>€40 million of turnover*,<br>operating in defined high impact<br>sectors such as textiles,<br>agriculture, extraction of minerals.<br>The rules will apply to this group<br>2 years later than to group 1. | <b>+/- 3,400</b> companies           | <b>+/- 1,400</b> companies |  |

<sup>\*</sup>Worldwide turnover for EU companies, and EU-wide turnover for non-EU companies



# Important elements

Enforcement at national level

Continuous improvement

Directors' duty

Prioritize (expected) largest risks

Role of SMEs

Duty of care



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### Ikea cuts ties with security services supplier over labour policy breach

Internal audit reveals Nepalese migrants who worked as guards in retailer's Malaysian stores had paid to get jobs



Ikea's investigation was launched after a campaigner reported workers from Nepal had paid fees as high as \$1,000 to obtain jobs as security guards in Malaysia © Lim Huey Teng/Reuters



# Support for Dutch companies

Netherlands Embassy <u>KLL-EA@minbuza.nl</u>

CSR Risk Check <u>Home | CSR Risk Check (mvorisicochecker.nl)</u>

RBC Support Window for Companies <u>IMVO-steunpunt voor bedrijven (rvo.nl)</u>

Fund Responsible Business Conduct <u>FVO Partnerships - Pillar 1 | RVO.nl</u>

Fund Against Child Labour <u>Fund Against Child Labour - FBK | RVO.nl</u>



