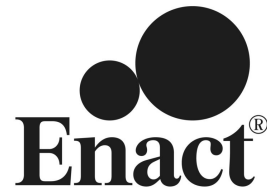




Business & Human Rights Group 1/4: Internal Governance and Collaboration

U14 11 February 2025 at 9.00 – 12.00

IN PARTNERSHIP WITH:





Towards a more sustainable world

**We help to combine sustainability and
business on a practical level.**

FIBS is the largest CR network in the Nordic countries, and a leading promoter of sustainable business



470+

members



3/4

Companies

1/4

Others

We offer the most versatile services to develop sustainable business

- ✓ Stay up-to-date
- ✓ Deepen the knowhow
- ✓ Get peer support
- ✓ Expand your networks



Our purpose is to accelerate responsibility changemakers towards more sustainable world.

Since 2000



*Global
Network*

**Member of
WBCSD Global
Network**

The logo consists of the word 'FIBS' in a bold, sans-serif font, with a horizontal line underneath it, and the number '25' in a larger, bold, sans-serif font below the line.

FIBS
25

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your network.**

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The Chatham House Rule

Participants of the event are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

Reminder on competition law

Do not discuss competitively sensitive topics, such as e.g.:



- Pricing and influencing factors on prices, rebates and minimum prices
- Allocation of customers and operational areas
- Production volumes and related decisions
- Sources of supply and related decisions
- Confidential information

Basic information on the group

- FIBS BHR working group convenes four times a year
 - **11.2. klo (8.30) 9.00 – 12.00, teema: Internal Governance and Collaboration**
 - 6.5. (8.30) 9:00 – 12:00: Impact identification, assessment, and prioritization
 - 9.9. (8.30) 9:00 – 12:00: Procurement DD-toolbox
 - 9.12. (8.30) 9:00 – 12:00: Meaningful stakeholder engagement
- Stand-ins from your organization are welcomed if you miss a session
- **Meetings in person at Hotel U14**

Program

9.00 Welcome

Greta Andersson, Senior Sustainability Specialist, FIBS

Enact opening

Ulla Roiha, Head of Enact Finland
Tuuli Nummelin, Senior Consultant

10.15 Break

Securing internal buy-in and capacity – some lessons learnt

Sofia Svingby, Enact Sustainable Strategies

Company case: Outokumpu

Anna Vainikainen, Head of Human Rights, Outokumpu

12.00 Event ends

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Business & Human Rights Group 2025: 1/4

**Governance and internal collaboration for
effective HRDD**

The HRDD walking bingo

*This is the first year
for me in the FIBS
BHR group.*

*We already have a
Sustainability Due
Diligence Policy.*

*I know what
UNGPs entail.*

*We have provided
HRDD training for
our management.*

*S3 standard was
identified as
material for us.*

*I can name all ILO
core conventions.*

*We train our
suppliers on human
rights topics.*

*We have faced
negative press
because of human
rights.*

*I own a t-shirt or tote
bag with a human
rights message*

*I have cried my eyes
out while watching a
human rights-related
movie*

*I know what's
currently going in
the Omnibus
discussions.*


*We have conducted
an HRIA.*

FIBS BHR Sessions for 2025

1. Internal governance and collaboration	2. Impact identification, assessment and prioritization	3. Procurement DD-toolbox	4. Meaningful stakeholder engagement
How to build effective internal governance for due diligence. Means and best practices to build governance, secure management buy in and to build human rights capacity& collaboration across the organization.	During this session the participants are guided through how to identify, assess and prioritize human rights and environmental impacts concerning the entire value chain, and how to perform in-depth impact assessments on areas where adverse impacts are prone to arise.	This session will deep-dive into procurement practices and how to develop a proper and efficient DD-toolbox beyond SCoCs and audits in collaboration with internal and external stakeholders.	UNGP and CSDDD emphasize that companies are to continuously engage with stakeholders throughout the dd process. During this session the participants will deep-dive into how to build meaningful engagement to receive information/feedback from the affected stakeholders.
Face to face meeting on 11.2.2025 at 8.30-12	Face to face meeting on 6.5.2025 at 8.30-12	Face to face meeting on 9.9.2025 at 8.30-12	Face to face meeting on 9.12.2025 at 8.30-12

Agenda of the day

9.00 Opening and getting to know, FIBS & Enact

Group discussion 


ENACT KEY NOTE – Governance – what is expected and how to make it happen, **Ulla Roiha**, Enact

Group discussion 

10.30 COFFEE BREAK

10.40 ENACT KEYNOTE – Securing internal buy-in and capacity – some lessons learnt, **Sofia Svingby**, Enact

CASE EXAMPLE – **Anna Vainikainen**, Outokumpu

Group discussion 

Wrap-up

12.00 Closing

The focus:

This session focuses on effective governance and internal collaboration for sustainability due diligence,:

1. Let's keep the session interactive
– ASK & DISCUSS
2. Use this session to INTERACT
AND LEARN from your peers.



The EU Omnibus

A legislative package, to be proposed on Feb 26th

Stated objectives:

- Simplify compliance processes for businesses, particularly SMEs.
- Harmonize sustainability reporting across EU member states.
- Maintain rigorous ESG standards while fostering economic growth.

Alignment with Competitiveness Goals:

The regulation aligns with the EU's "Competitiveness Compass," which seeks to promote innovation, reduce bureaucracy, and enhance investment attractiveness while ensuring sustainability remains a priority.

Competitiveness Compass: “Far-reaching simplification in the fields of sustainable finance reporting, sustainability due diligence and taxonomy”

Main aspects

Consolidation: The regulation (potentially) integrates CSRD, CSDDD and the Taxonomy.

Administrative Burden: Aims to reduce reporting obligations by 25% for all businesses and 35% for SMEs by streamlining overlapping requirements.

Simplified reporting for "small mid-cap companies," a new category between SMEs and large firms.

Regulatory Adjustments:

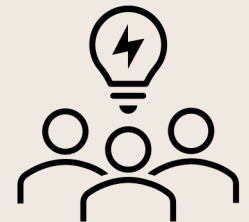
Potentially pushing compliance deadlines, raising reporting thresholds, and limiting supply chain due diligence obligations.

A lot of the things on the table for changes are part of the Level 1 legislation, meaning if that is reopened that anything can be changed.

The Commission could make a lot of changes to ESRS without reopening the CSRD, for CSDDD there are less that are in their power to change.

Time to discuss!

Actions and priorities for this year



What are your priorities for this year?

Let's start preparing HRDD/SDD action plans and collecting our hopes and expectations for the BHR group program

1. Individual reflection (5 min)

Take a few post-it notes, reflect on what you want to do this year with your company's HRDD/SDD work, and write down the items.

2. Discussion in pairs (10 min)

Form pairs and exchange the thoughts and ideas on action plan items. Discuss similarities and differences and start prioritizing you actions.

Yellow post-it
Action plan item

Green post-it
Hopes and expectations
for BHR Group



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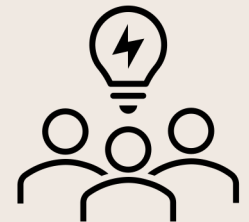


Governance – what is expected and how to make it happen

Ulla Roiha, Head of Enact Finland

Time to discuss!

Case discussion



What governance entails?

1. Leadership and leadership structures
2. Accountability & responsibility
3. Policies and making them alive
4. Risk management
5. Transparency and stakeholder engagement

Case exercise: Governance failure in HRDD

Background: An international apparel company Clothex, has long promoted its commitment to sustainability and sustainable sourcing. The company has a Sustainability policy, a Supplier Code of Conduct, and publishes an annual sustainability report. It also performs sustainability audits of its suppliers.

Recently, investigative reports published by a watchdog NGO have uncovered severe labor rights violations at several of its supplier factories in South Asia, including forced labour. This has evoked media interest and there have been headlines about the major brand caught in a forced labour scandal.

The BoD and executive leadership claim that they were unaware and pointed to the policies and existing HRDD. Looking deeper, it was found out that sustainability manager had expressed concerns about the quality of third-party audits in that particular country, the buyer visiting the factory has shared observations about precarious working conditions with team members, and there was an anonymous report in the hotline that did not lead to further investigations.

Questions:

- **What kind of governance failures can you identify in the case? Think of e.g. policies, accountabilities, roles and responsibilities, as well as collaboration.**
- Following the case, what could Clothex do to improve its governance for human rights due diligence?

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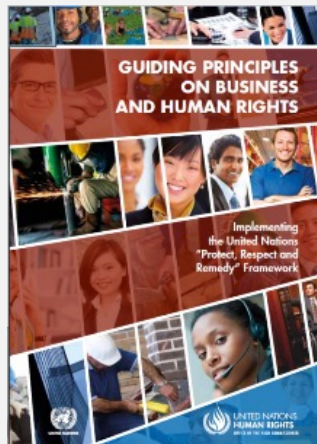


Governance – what is expected and how to make it happen

Ulla Roiha, Head of Enact Finland

What do the international standards expect?

United Nations Guiding Principles on Business and Human Rights (UNGPs)



Global Framework for addressing human rights in business operations

European Sustainability Reporting Standards (ESRS)



ESRS are mandatory disclosure standards that companies obliged to report under CSRD must adhere to

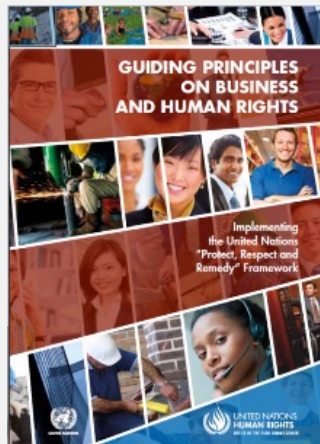
Corporate Sustainability Due Diligence Directive (CSDDD)



EU Legislation to foster sustainable and responsible corporate behaviour in companies' operations and across their global value chains.

What do the UNGPs expect?

United Nations Guiding Principles on Business and Human Rights (UNGPs)



Global Framework for
addressing human rights in
business operations

The UNGPs expect companies to **express their commitment** through a policy and **embed their responsibility to respect human rights**.

This means embedding human rights into governance, decision-making, risk management, and accountability structures:

- Leadership Responsibility and Accountability
- Policy Commitment and Tone from the top
- Strategic Direction and Coherence
- Board Human Rights Due Diligence (HRDD) Oversight
- Training, toolbox and resources.

What do the ESRS expect?

European Sustainability Reporting Standards (ESRS)



ESRS are mandatory disclosure standards that companies obliged to report under CSRD must adhere to

The ESRS expects **robust sustainability governance**:

- Companies must describe their governance structures related to material sustainability topics, including:
 - Expertise at board and executive level.
 - Board should have the oversight and address material sustainability topics.
 - Integration of sustainability-related performance in incentive schemes.
- Companies are expected to address links between material sustainability topics and strategy & business model.
- Companies are also expected to report on policies towards materials sustainability topics, including their implementation.

What does the CSDDD expect?

Corporate Sustainability Due Diligence Directive (CSDDD)



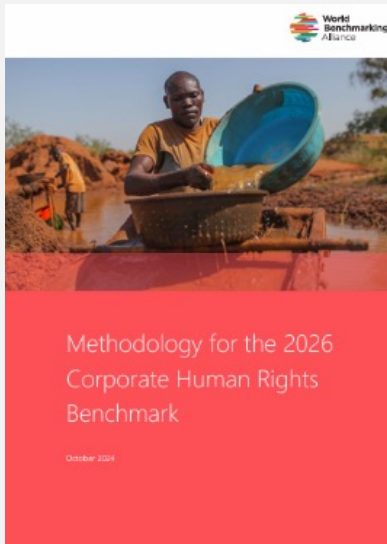
EU Legislation to foster sustainable and responsible corporate behaviour in companies' operations and across their global value chains.

The **CSDDD expects companies to** integrate due diligence into their relevant policies and risk management systems and at all relevant levels of operation, and have in place a due diligence policy:

- A company's due diligence policy should be developed in consultation with employees and their representatives, and it should include:
 - Approach to due diligence
 - Code of conduct containing rules and principles
 - Description of processes to integrate due diligence.
- Companies should review and, where necessary, update policies at least every 24 months.
- Boards must keep oversight on environmental and human rights impacts and due diligence.
- Companies may face liability for non-compliance, including financial penalties and legal consequences.

Good practice

Corporate Human Rights Benchmark



The **Corporate Human Rights Benchmark (CHRB)** is a ranking system that assesses and scores companies based on their human rights policies, practices, and performance.

When developing governance, the CHBR can serve as a **benchmark beyond compliance:**

- Policy commitment (workers, working hours, vulnerable groups, remedy, human rights defenders)
- Board-level accountability:
 - Commitment
 - Board responsibility
 - Business-model, strategy, and risks
 - Incentives
- Embedding, e.g.
 - Responsibility and resources for day-to-day functions
 - Incentives and performance management
 - Integration with enterprise risk management
 - Communicating policy commitments
 - Training

What to consider while developing HRDD governance

THE BIG PICTURE

- International standards expect that there is **public commitment**, direction and functions are geared to address impacts their daily work.
- No one size fits all: there are **many ways to organize**.
- Remember: **purpose over the structures**.

TAKING IT TO THE CORPORATE LEVEL

- Commitment may take wide range of forms BUT policies should trigger actions
- Board oversight: Ensure oversight on most severe impacts and that the Board is capacitated to ask relevant questions BUT do not expect them to be human rights experts.
- Assign responsibility at senior management level. Consider generic vs. topic-specific responsibilities, not assuming all 'inclusive for ESG'.
- Plan proactively which function leads the day-to-day human rights work and who else is needed.
 - Sustainability vs. compliance vs. others -> different approaches and results
- Cross-functional collaboration
 - Depending on size and complexity separate steering and working groups may be needed
 - Integration into existing sustainability steering vs. setting up new groups

Examples – Human Rights governance

Board of Directors (Board)

The Board plays an essential role in determining our strategic priorities and considers sustainability issues (e.g., human rights) as an integral part of its business oversight. To this end, the Board established a Sustainability, Diversity and Public Policy Committee to assist the Board in providing more focused oversight of key sustainability, diversity, equity and inclusion and public policy matters.

PepsiCo Executive Committee (PEC)

The PEC is comprised of our Chairman & CEO, his direct reports and top functional leaders and has direct oversight of our sustainability agenda, strategic decisions and performance management. This ensures that sustainability, including human rights, is a key accountability for every member of our senior leadership team.

Chief Human Rights Officer (CHRO)

PepsiCo's CHRO has day-to-day responsibility for human rights at PepsiCo and leads our Human Rights Office in its management of our human rights program. Our CHRO also serves as Senior Vice President and Chief Counsel for Global Human Resources at PepsiCo, reporting directly to our Executive Vice President, General Counsel and Corporate Secretary — a PEC member.

Human Rights Operating Council (HROC)

PepsiCo's HROC is a cross-functional group of senior corporate and sector leaders that supports our CHRO and advises the Human Rights Office on actions to address human rights risks in our value chain. The HROC meets regularly throughout the year to review our due diligence findings, monitor emerging trends and risks and discuss and integrate stakeholder feedback into our due diligence approach.

Human Rights Office

Our Human Rights Office is a dedicated team within our Law Department that is responsible for driving our global human rights strategy, facilitating performance against our goals and managing our salient human rights issues. The team, led by our CHRO, oversees our human rights due diligence programs (i.e., Global Human Rights Assessment Program, Sustainable Sourcing Program) and works closely with other internal stakeholders (e.g., Human Resources, Global Sustainability and Sourcing & Procurement) on the implementation of our strategy throughout our value chain.

Our Human Rights Office is tasked with delivering the human rights program for our own operations and supply chain. Its members have clear annual performance targets that link their compensation with the performance of our human rights program. This includes their responsibility for a wide range of human rights issues, including forced labor.



Examples – Human rights governance



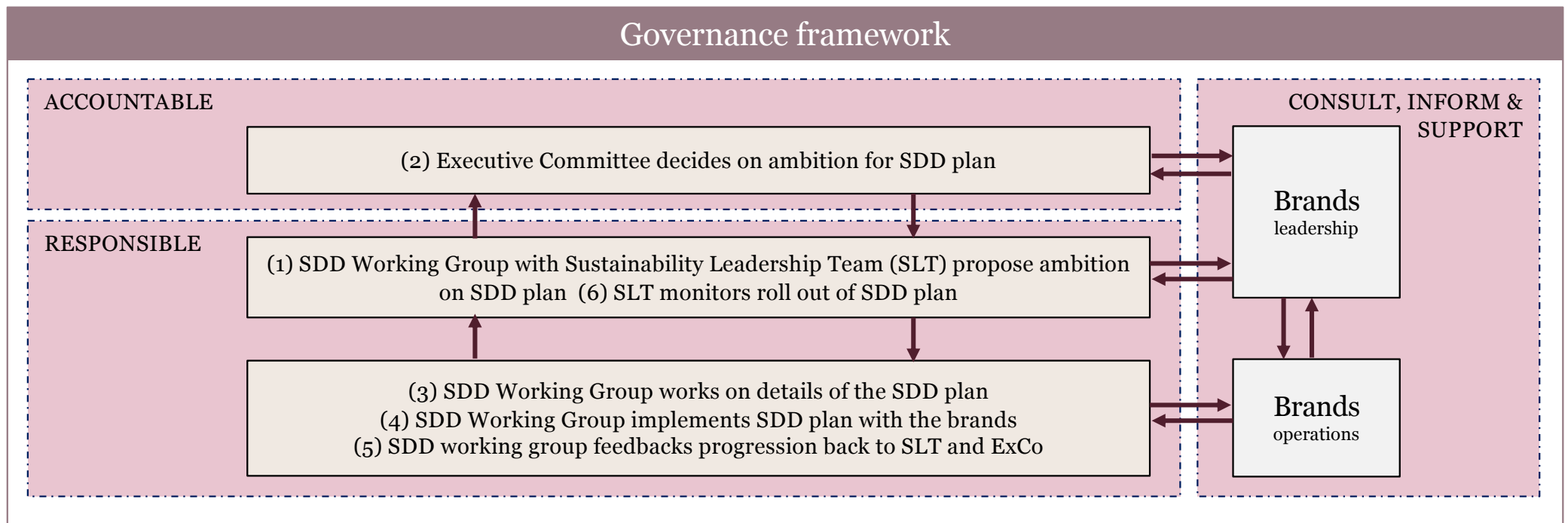
ABN AMRO bank:

Internal team of experts are in charge of managing the human rights programme across the entire bank. They are supported across all roles by Legal (e.g. Complaints Management) and Compliance (e.g. Security & Integrity Management, Conduct & Ethics team, Privacy Office).

Board is accountable and has oversight, informed by Group Sustainability.



Examples– Human rights governance



Keep in mind!



Take people in: Impossible to tackle human rights impacts without collaborating with other functions.



Build your own start-ups: Better to start with something and change if it does not work.



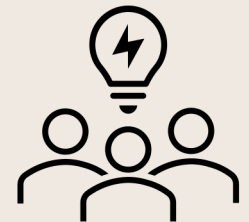
Be smart & pragmatic: involve those who are interested and who can influence others in the organization.



No bell around your neck: Establishing structures can take time and it's ok to progress with bottom-up initiatives!

Time to discuss!

Back to group discussion



Case exercise : Governance failure in HRDD

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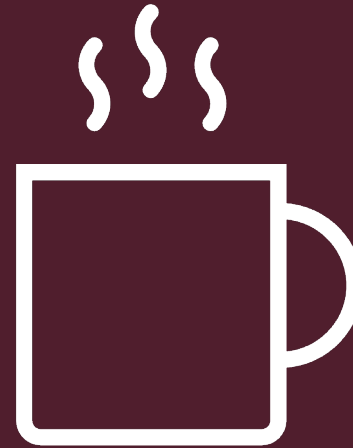
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Questions:

- What kind of governance failures can you identify in the case? Think of policies, accountabilities, roles and responsibilities, as well as collaboration?
- **Following the case, what could Clothex do to improve its governance for human rights due diligence?**

Coffee break

10 min



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Securing internal buy-in and capacity – some lessons learnt

Sofia Svingby, Enact

Connect to Business Priorities

Speak the Language of Other Departments

Secure Leadership Support

Build Cross-Departmental Alliances



Overcome Resistance and Barriers

Address Common Objections

Provide Tangible Solutions

Use Data to Drive Decisions

Highlight Success Stories



Empower Action

Encourage discussion, bringing up dilemmas and conflicts of interest.

Be transparent when something went wrong, and what the consequences were.

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Be Practical

Create concise materials explaining what HRDD is, why it matters, and how it benefits the company.

Develop role-specific trainings.

Partner with NGOs or consultants who can provide credibility and technical support.



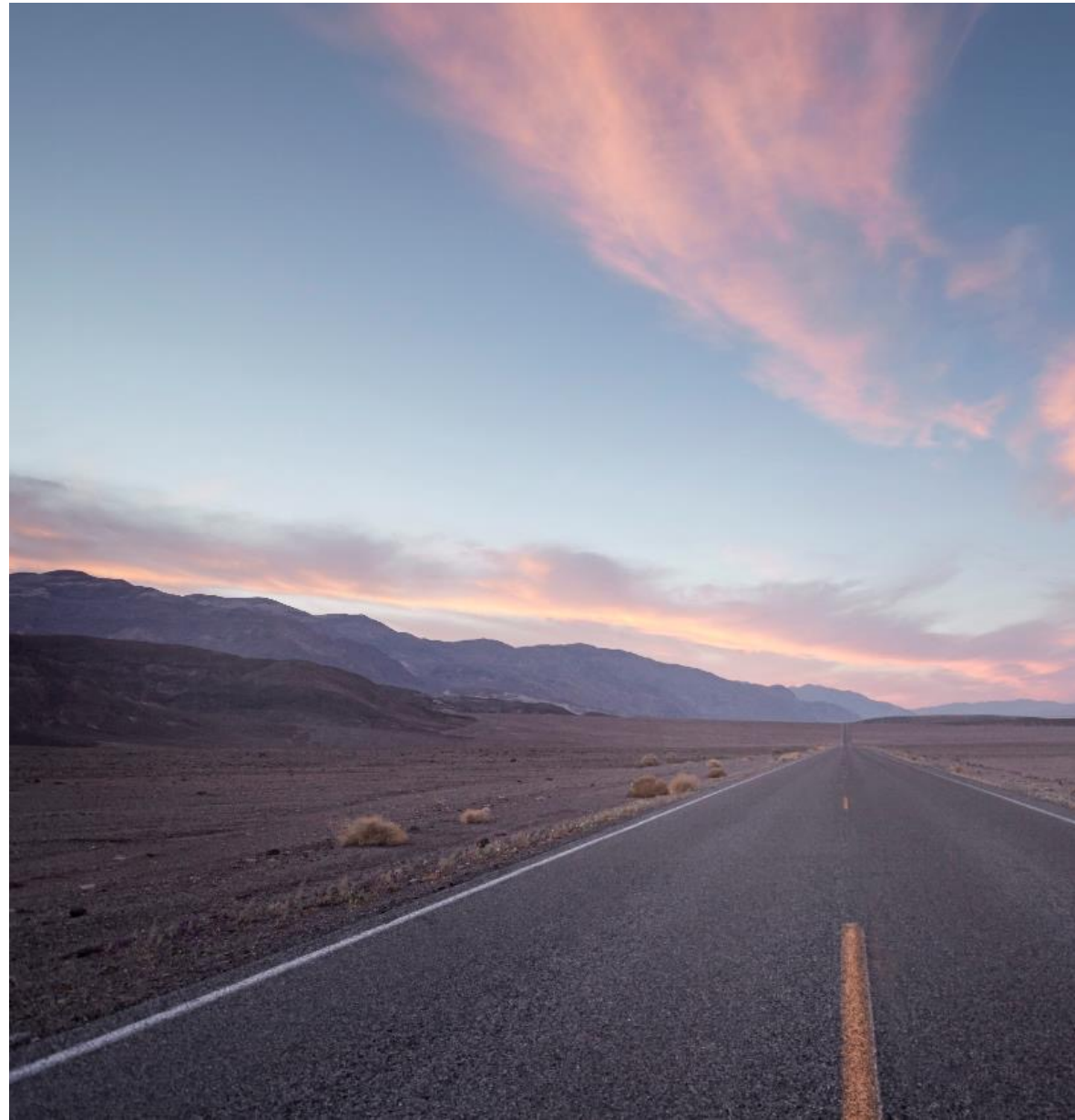
Conclusions

Understand your audience

Align due diligence efforts with their priorities

Start small, but think big

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Identify one internal champion
within your own organization
who can help advocate!

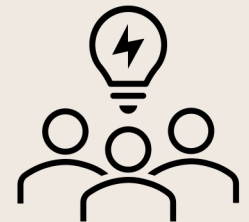


CASE OUTOKUMPU

*Anna Vainikainen, Hed of Human Rights,
Outokumpu*

Time to discuss!

Back to group discussion



Next steps – develop governance for HRDD

Pair up with your sparring partner!

Look at your to-do list and choose an item that was at highest priority:

1. Develop a due diligence policy
 - New policy vs. integrate in existing. Update of related policies & supporting guidelines.
2. Plan internal training programme
 - Which functions are at priority, objectives, which topics, how to frame the messages.
3. Start developing governance
 - Roles & responsibilities (leadership & day-to-day), where's the lead, steering / working groups (new vs. integrate into existing).

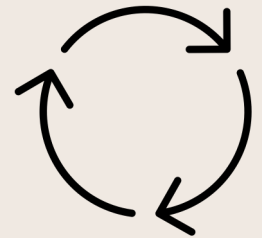
Ensure you advance the item before our next catch up in May!

Book a meeting with your pair to go through your progress before our next catch-up.

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Wrapping up our session



FIBS BHR Sessions for 2025

1. Internal governance and collaboration	2. Impact identification, assessment and prioritization	3. Procurement DD-toolbox	4. Meaningful stakeholder engagement
How to build effective internal governance for due diligence. Means and best practices to build governance, secure management buy in and to build human rights capacity& collaboration across the organization.	During this session the participants are guided through how to identify, assess and prioritize human rights and environmental impacts concerning the entire value chain, and how to perform in-depth impact assessments on areas where adverse impacts are prone to arise.	This session will deep-dive into procurement practices and how to develop a proper and efficient DD-toolbox beyond SCoCs and audits in collaboration with internal and external stakeholders.	UNGP and CSDDD emphasize that companies are to continuously engage with stakeholders throughout the dd process. During this session the participants will deep-dive into how to build meaningful engagement to receive information/feedback from the affected stakeholders.
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Thanks for today!

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Thank you!

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