

The Human Rights & Environmental Due Diligence (HREDD) Landscape

Existing understandings, frameworks, and drivers; what they mean for amfori's members and where amfori can support

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1. Existing Understandings, Frameworks and Drivers

The **United Nations Guiding Principles on Business and Human Rights** (UNGPs) and the **Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises** (OECD MNE Guidelines) represent the most widely accepted frameworks for responsible business conduct¹.

Therein, **due diligence** features as the process by which a company drives continuous improvement in its supply chain on the basis of a policy that outlines the company's commitment to respecting human rights and the environment. In practice, it means that a company is expected to understand the social and environmental impacts it may be connected to along its value chain (and therefore also looking beyond its own operations), adopt mitigation / prevention strategies, track performance and communicate about those efforts. It also means that when a negative impact occurs, a company should also have processes in place to provide or enable remedy². All those steps are expected to be taken while making sure that stakeholders are duly involved throughout.

Ten years on from the endorsement of the UNGPs and the subsequent update of the OECD MNE Guidelines, we are witnessing both a growing uptake of corporate due diligence in policy and legal frameworks for responsible business, as well as enhanced societal expectations of how businesses should conduct their operations. Recent court verdicts also speak to the growing relevance of those soft law standards³.

The following sub-sections elaborate on how a number of **governments** (both within and outside of the EU) have already adopted or are about to introduce laws to regulate responsible business conduct (section 1.1. "*Legislative Trend*"). It is important to note that governments are also increasingly contemplating bans to prevent the importation, or the marketing of products linked with certain human rights abuses, notably forced labour⁴.

Similarly, we will look at how **investors** are stepping up their leverage to ensure that the companies in which they invest are meaningfully assessing and addressing the human rights and environmental impacts they might be connected to (section 1.2 "*Investors' Leverage*").

Lastly, the role of **public procurement** will be looked at, since public purchasers are starting to add social and environmental considerations more systematically to their contracts, demonstrating the huge potential behind sustainable public procurement in driving a greater uptake of responsible business conduct (section 1.3 "*Public Procurement Demand*").

¹ Those instruments, together with the [ILO Tripartite Declaration of Principles concerning Multinational Enterprises](https://mneguidelines.oecd.org/Brochure-responsible-business-key-messages-from-international-instruments.pdf) are aligned with and complement each other. See at <https://mneguidelines.oecd.org/Brochure-responsible-business-key-messages-from-international-instruments.pdf> and https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/briefingnote/wcms_800261.pdf

² Responsible Business Conduct (RBC) due diligence is the process that should be conducted by business enterprises in order to **identify, prevent, mitigate and account for** how they address their impacts. It should cover the adverse impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships.

³ See e.g. recent ruling against Royal Dutch Shell at: <https://uitspraken.rechtspraak.nl/inziendocument?id=ECLI:NL:RBDHA:2021:5339>

⁴ US Tariff Act 1930 (19 U.S.C. §1307), section 307 for instance. More recently the President of the EU Commission Ursula von der Leyen [announced](#) during her State of the Union address on 15/09/2021 that the EU would propose a ban on products that have been made by forced labour.

1.1 Legislative Trend

From 2010 to 2021 there has been a growing number of legal initiatives being passed across Europe and beyond mandating that businesses act responsibly⁵. Those initiatives have been largely inspired by international standards. The most recent examples include legislation adopted in Germany and Norway.

The EU Commission has made clear commitments and is intending to table a legislative proposal on human rights and environmental due diligence by end of 2021⁶.

The trend towards more mandatory legislation in the sphere of business, environment and human rights is therefore likely to accelerate soon. With it, we anticipate growing legal, commercial and reputational risks for businesses, as the number of legal actions by CSOs already demonstrate⁷.

While legally and practically human rights and environmental due diligence have traditionally been dealt with separately, there are growing efforts to address the two risk areas more holistically. There is also increasing convergence of the two and a special attention to the nexus between climate change and human rights⁸. Companies are therefore encouraged to establish cross-functional dialogues with colleagues from different departments, including compliance, legal, environment, human rights, and procurement.

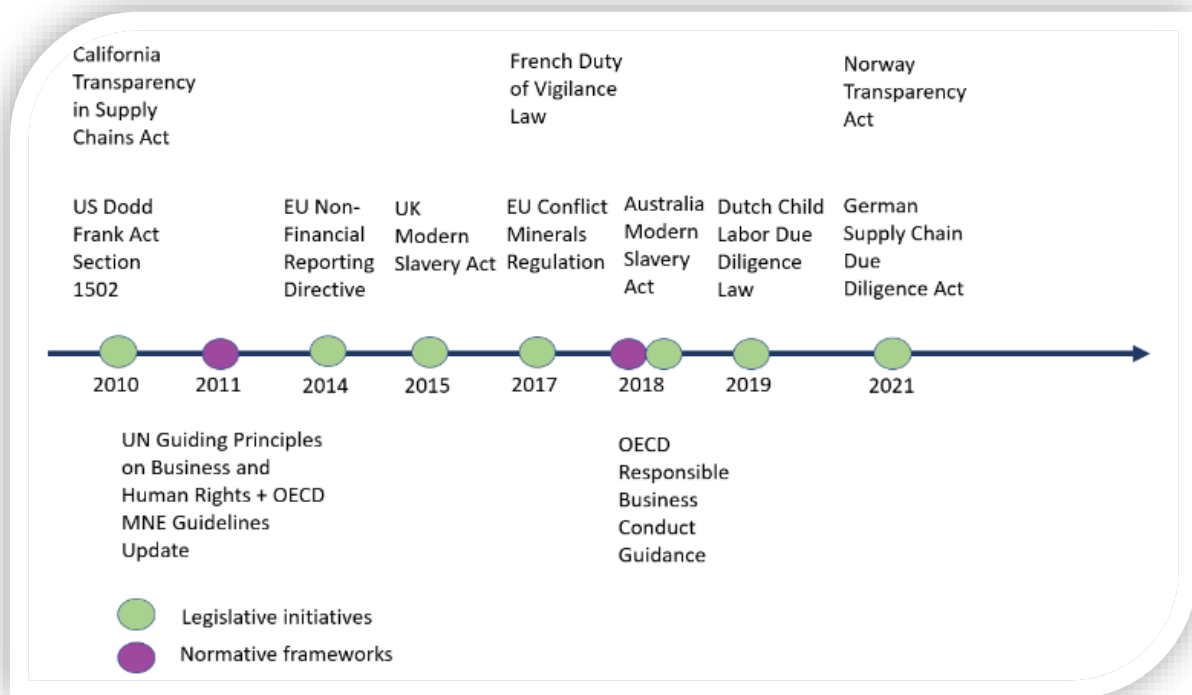


Fig 1: Non-exhaustive overview of responsible business conduct due diligence legislation and normative frameworks

Looking at existing responsible business conduct laws, they vary depending on whether they take a **holistic vs. issue-specific approach** (e.g. tackling child labour vs. a broader risk portfolio). The laws may also vary in terms of **scope of covered companies** (any organisations operating in a country, specific sectors or businesses of a certain size / turnover) and **type of expectations they set** (e.g. pure disclosure requirements⁹ vs. obligations to conduct due diligence). We have used the latter criterion to cluster some of the existing laws in the boxes below. A more detailed comparison in terms of scope, requirements, type of instrument and enforcement is provided in the Annex to this document.

⁵ Bills are being drafted and/or discussions are being held also in other countries / regions e.g. Finland, Austria, Belgium, Luxembourg, Canada and the EU. There are also ongoing discussions at UN level for a binding Treaty on business and human rights.

⁶ The European Parliament has already made its voice heard and adopted a set of [recommendations](#) in March 2021.

⁷ See e.g. Total [lawsuit](#)

⁸ See recent [resolution](#) adopted by the UN Human Rights Council stipulating that access to a healthy, clean and sustainable environment is now a human right. It is also now foreseen the establishment of a special rapporteur on human rights and climate change.

⁹ If you wish to know more about the importance of broader supply chain transparency, read the amfori whitepaper ["Transparency driving sustainability"](#). A detailed overview of the EU regulatory landscape on transparency is available via the amfori [Transparency Toolkit – Series 1](#).

Mandatory Reporting

One way of coding responsible business conduct into law is via **mandatory reporting requirements**, i.e. via legislation mandating the disclosure and transparency of certain information. Under the [EU Non-Financial Reporting Directive](#) for instance, certain large publicly listed entities are required to report annually on their main impacts and risks regarding human rights, environmental, social, bribery and anti-corruption issues, including the due diligence processes implemented to address them. The Directive is currently being revised.

At the national level, the [Modern Slavery Act](#) adopted by the UK in 2015, under section 54 “transparency in Supply Chain” stipulates that UK companies or companies operating in the UK have to report on an annual basis on the measures they adopt to prevent slavery and human trafficking from occurring in their supply chains / parts of their own business. Companies can choose to do nothing but must report that publicly.

Similarly, the Australian [Modern Slavery Act](#) requires entities based or operating in Australia, which have an annual consolidated revenue of AUD100 million, to lodge an annual statement to report on the risks of modern slavery in their operations and supply chains, including actions to address those risks.

Mandatory Due Diligence

Another way of strengthening responsible business conduct through law is by requiring **due diligence for specific issues or sectors**. This approach entails an obligation to **take steps to manage** (certain) adverse impacts **next to an obligation to report / disclose**.

The French [Duty of Vigilance Law](#) for instance, was the first law to move in this direction. It requires affected companies to publish and implement a “vigilance” plan in relation to human rights and fundamental freedoms, health, security and protection of environment. The vigilance plan, which must be publicly available and published annually, needs to explain how the companies conduct their risk assessment and how they account for the impacts in their operations.

Another example is the [Child Labour Due Diligence Act](#) adopted by the Dutch Senate in 2019. The law, which is not yet enforced, will require companies registered in the Netherlands and foreign companies selling goods and delivering services to Dutch customers to identify whether there is a reasonable suspicion that child labour is present in their supply chains and to develop a plan of action to address it, in line with the OECD Guidelines.

At EU level, the Responsible Sourcing of Minerals Regulation (aka [Conflict Minerals Regulation](#)) which entered into effect on 1 January 2021, requires EU importers of Tin, Tungsten, Tantalum and Gold (3TG) to conduct due diligence to ensure their trade of minerals from conflict-affected and high-risk areas is not linked with human rights abuses.

Both the [German Supply Chain Due Diligence Act](#) and the [Norwegian Transparency Act](#) introduce due diligence obligations and disclosure requirements. The Norwegian Act also stipulates that the general public has a right to know about a company’s HRDD process and negative impacts.

1.2 Investors’ Leverage

The UNGPs corporate responsibility to respect human rights and the recommendations under the OECD Guidelines for Multinational Enterprises also apply to the financial sector. The [report](#) “Taking stock of investors’ implementation of the UNGPs” by the UN Working Group on Transnational Corporations and other Business Enterprises speaks to the progress by investors in taking up the UNGPs, while suggesting that more needs to be done to bring those efforts to scale.

While they may be many tiers away from where human rights and environmental violations occur, investors with their decisions may still be *connected to* adverse impacts. As a result, investors are increasingly monitoring how businesses manage their supply chain risks and are progressively factoring environmental, social and governance (ESG) considerations into their decision-making. To overcome constraints with data quality and accessibility, investors have started to call on governments to adopt due diligence legislation mandating companies to act diligently. In the publication "[The Investor Case for Mandatory Human Rights Due Diligence](#)", for instance, the Investor Alliance for Human Rights puts forward a series of arguments explaining the reasons why mandatory human rights due diligence and disclosure by companies are long overdue. A [call](#) for investors to sign-up to a new statement in support of mandated human rights and environmental due diligence in the EU resulted in a group of 94 investors with more than US\$6T in assets under management and advisement reaffirming their [support](#) for mandatory legislation.

Through the EU [Sustainable Finance Strategy](#), the EU has acknowledged the incredible potential of the financial sector in driving the transition to a sustainable economy as embedded in the EU Green Deal Agenda. The EU wants to boost the role of finance by creating an enabling environment that will allow the channeling of investments towards green and sustainable economic activities. The recently tabled [EU Corporate Sustainability Reporting Directive](#) proposal, which is meant to amend the Non-Financial Reporting Directive, also goes in this direction by intending to make [sustainability reporting more consistent and reliable](#).

1.3. Public Procurement Demand

Testament to the increasing relevance of responsible business conduct is also the growing [awareness](#) by public buyers of their role in creating demand for sustainable goods and services (so called sustainable / strategic procurement).

The nexus between purchasing by public authorities and the leverage effect it creates is captured in the UN 2030 Agenda for Sustainable Development where States are encouraged to implement action plans for "sustainable public procurement". Similarly, the UNGPs list public procurement as one of the tools for States to create an environment that leads businesses to respect human rights. The 2014 [EU Public Procurement Directive](#) strengthens the integration of **social and environmental considerations** into public procurement and requires Member States to adopt measures so that suppliers comply with applicable obligations in the field of environmental, social and labour laws established by the EU, national law or international conventions.

The 2020 report "[Integrating Responsible Business Conduct in Public Procurement](#)" by the Organisation for Economic Cooperation and Development (OECD) provides an overview of the current level of uptake of sustainable / strategic procurement, and outlines avenues for advancing the integration of responsible business conduct considerations and supply chain due diligence into public procurement policies and processes.

As public purchasing represents a significant share of the total economy¹⁰, **sustainable / strategic public procurement** - if properly taken up - has the potential to advance responsible business conduct and thus contribute to meeting the United Nations Sustainable Development Goals (UN SDGs).

2. Why Does it Matter to amfori's Members?

Ever since the endorsement of the UNGPs in 2011, expecting companies to conduct business responsibly has become the new normal. Various standards, codes, initiatives and multi-stakeholder collaborative efforts have been put in place to respond to this growing societal expectation¹¹.

Regulators, public buyers, investors, stakeholders and, ultimately, consumers have growing expectations regarding companies' responsibility to respect human rights and the environment, and remediate adverse impacts.

Not only do we expect this trend to stay - we also anticipate that there will be a sharp increase in expectations.

¹⁰ Public authorities in the EU spend around 14% of GDP (around €2 trillion per year) on the purchase of services, works and supplies. See at https://ec.europa.eu/growth/single-market/public-procurement_en.

¹¹ The desire of companies to address responsible business conduct related topics in their supply chains already led e.g. in 2003 to the launch of (amfori) BSCI.

It is also reasonable to expect that with more due diligence laws being passed, more legal actions involving companies and their subsidiaries are likely to be filed.

By acting responsibly, therefore, amfori members can successfully manage compliance, improve stakeholders relations, meet investors' demands and be better equipped to handle reputational risks. They can also better [navigate](#) through challenges and supply chain disruptions such as those brought about by the COVID-19 pandemic.

By embracing responsible business conduct due diligence practices, amfori members can also demonstrate their commitment to generating a positive societal impact. Respecting human rights and preserving the environment have indeed been acknowledged as key to achieving the United Nations Sustainable Development Goals (UN SDGs)¹².

As a business organisation, amfori has [mapped](#) our current approaches, tools and services against the SDGs. We will continue to measure and increase the relevance of our work on the SDGs to ensure our services and tools support you, our members, to contribute towards sustainable development.

3. How Do amfori's Tools and Services Support and Enable Members to Conduct Due Diligence?

amfori's Mission is to enable each of its members to enhance human prosperity, use natural resources responsibly and drive open trade globally.

To achieve this, we provide services and tools to our member companies to tackle sustainability challenges in global supply chains. We believe that by addressing those challenges, business can be an engine of sustainable development and therefore bring about positive societal changes.

The table below depicts which **amfori services / tools / programmes / initiatives** can support members, directly or indirectly, at each step of a **typical due diligence process**.

The document also showcases amfori's **holistic approach to due diligence**, articulated through a set of tools and programmes for continuous improvement which cut across various due diligence steps.

When talking about due diligence, we are referring indistinctly to both the [United Nations Guiding Principles on Business and Human Rights](#) (UNGPs) and the [OECD Guidelines for Multinational Enterprises](#) (OECD MNE), the two most authoritative international frameworks in this sphere.

Recognising that due diligence is a **company responsibility**, the table aims to visualise where amfori members could be further supported in **their due diligence endeavours** using amfori's services.

It is amfori members who use amfori's services and tools in global supply chains, and it is therefore amfori members who will adopt a policy commitment, identify, prevent, mitigate, and account for actual and potential impacts they may be causing or contributing to through their own activities, or that may be directly linked to their operations, products or services by their business relationships. It is equally amfori members who are expected to have remediation processes in place to address negative impacts they caused or contributed to.

However, amfori understands the role it can play as a business association in creating an enabling environment and in supporting its members with improving the social and environmental performance of their supply chains. For these reasons, we commit to the following:

¹² See https://www.ohchr.org/Documents/Issues/Business/Session18/InfoNoteWGBHR_SDGRecommendations.pdf.
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- Raising members’ **awareness** on the UNGPs and OECD MNE Guidelines since both instruments, along with the ILO Conventions and Declarations are being used by regulators, public buyers, investors, stakeholders and, ultimately, consumers as the guiding compass for assessing companies’ responsible business conduct due diligence.
- Progressively anchoring our services, tools and programmes to the spirit of **international normative frameworks such as the UNGPs and the OECD MNE Guidelines**. Recent examples include the update to the amfori BSCI Code of Conduct, conducted with input from both members and stakeholders, and the setting up of the [Speak for Change Programme](#). A more comprehensive assessment of our service offering is being carried out against the recently adopted German supply chain act: some of the gaps will be closed through e.g., the amfori BSCI System Revision and the launch of amfori BEPI 2.0.
- Building and strengthening members’ **due diligence knowledge and understanding**, including that of your suppliers, through dedicated trainings and workshops.
- Continuously improving and increasing the **relevance** of our work, also through collaboration and engagement with governments and stakeholders, to raise awareness about what you, our members do and how amfori supports you. This will be done through the organisation of dedicated stakeholders’ events and the fine-tuning of our advocacy messaging.

We consider this mapping to be a living document which will be updated on a regular basis. Please contact us at info@amfori.org should you wish to know more about our work in this area.


amfori’s holistic approach to due diligence

UNGPs Corporate Responsibility to Respect Human Rights and Remediate Adverse Impacts OECD MNE Guidelines Due Diligence Steps


amfori tools, programmes, services & initiatives	Policy Commitment	Identify & Assess Actual and Potential Adverse Impacts	Prevent / Mitigate Adverse Impacts	Track Effectiveness of Response	Account for / Communicate how Impacts are Addressed	Remediate
	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
amfori Advocacy >		✓	✓	✓	✓	✓
amfori BSCI >	✓	✓	✓	✓	✓	✓
amfori BEPI >	✓	✓	✓	✓		✓
amfori Membership >	✓					
amfori Member Commitment Programme >	⊘			⊘	⊘	
amfori Sustainability Platform & Dashboard >		✓	✓	✓	✓	
Monitoring Approach, including audits >		✓	✓	✓	✓	
Escalation Protocol: Zero Tolerance >		✓	✓	✓		✓
Country Due Diligence Tool >		✓	✓			
Capacity Building / amfori Academy >	✓	✓	✓		✓	✓
Speak for Change Programme >		⊘	⊘	⊘	⊘	⊘



Direct touchpoint
Direct support with due diligence steps



Future touchpoint
Specific aspect of the amfori tool / entire programme still in pilot phase / not yet available



Indirect touchpoint
Indirect / partial support with due diligence steps

Fig. 3: Overview of OECD due diligence steps and UNGPs Corporate Responsibility to Respect Human Rights framework against amfori’s services / tools

3.1 amfori's Holistic Approach to Human Rights and Environmental Due Diligence: an Overview of amfori's Services and Tools

[amfori Membership](#) → *Contributes to step 1*

amfori's mission is to enable each of its members to enhance human prosperity, use natural resources responsibly and drive open trade globally.

To achieve this, amfori provide services and tools to our member companies to tackle sustainability challenges in global supply chains. We believe that by addressing those challenges, business can become an engine of sustainable development and therefore bring about positive societal changes.

Our flagship initiatives, [amfori BSCI](#) and [amfori BEPI](#), have been designed to enable our members to progressively improve the social and environmental conditions in their supply chains. They are subject to regular review cycles to ensure they remain fit for purpose in terms of e.g. stakeholders expectations and regulatory developments.

amfori [Advocacy](#) → *Contributes to steps 2 - 6*

amfori [Advocacy](#) comprises both of government affairs and stakeholder engagement.

Through the Advocacy services, amfori supports members' due diligence efforts by facilitating dialogue with governmental actors and by building coalitions with like-minded organisations.

As part of amfori's Advocacy work, we engage with civil society and grassroot organisations as a means of complementing members' monitoring activities, early detection and, overall, their due diligence efforts.

amfori Advocacy also keeps members abreast of policy and regulatory developments on trade, environmental and social matters. The political intelligence provided complements members' monitoring activities and ultimately informs their decision-making so that the likelihood of risks becoming a reality is further reduced.

Through the development of ad-hoc guidance documents, amfori Advocacy enables our members to communicate about their supply chain efforts.

Amfori Advocacy also supports in remediation efforts in instances of zero tolerance, by acting as liaison between our members, CSOs and, if applicable, (non) governmental actors.

[amfori BSCI](#) → *Contributes to steps 1 - 6*

[amfori BSCI](#) provides our members with one common [Code of Conduct](#), setting out the values and principles that participating members strive to implement with their business partners across their supply chains.

As soon as an amfori member has identified its most significant business partners, it starts to monitor the social performance across the supply chains.

Monitoring can take different forms: from the amfori country due diligence tool which offers indicators about a country's governance, through to audits, which offer a snapshot of the workers' conditions at a factory / facility at a given point in time.

All the data collected through those monitoring tools is available via the amfori sustainability platform and is shared across linked members. The data allows members to track progress: under the amfori system, for instance, social audits result in an

improvement / remediation plan which is used by the auditor as a means of dialogue during the follow-up audits to constantly implement better working conditions. The data also supports members with their reporting obligations under certain legislation.

amfori BSCI strives for breaking the mentality of “there is an audit”, so the rest of the year “I have nothing to worry about”. Since Day 1, we foresaw the pillar of capacity building, which offers a practical chance for factories to learn.

When flagrant violations of the amfori BSCI Code of Conduct are detected via our Zero Tolerance Protocol, amfori brings business partners and members together in a pre-competitive environment to find joint solutions.

[amfori BEPI](#) → *Contributes to step 1 – 4, 6*

[amfori BEPI](#) provides a comprehensive range of services that enable companies to drive focused environmental improvements in their supply chain.

Covering a scope of currently 11, going forward **[8 environmental performance areas](#)** ranging from energy use and greenhouse gases to chemical management, amfori BEPI focuses on the production side, letting the producer take ownership of the knowledge acquired and pass it down the tiers of the supply chain. amfori BEPI therefore helps to shortlist the environmental risks for each producer. The environmental risk assessment will guide members to understand where to start improving the environmental sustainability of their supply chains, with meaningful and ready to use data for each producer and aggregated indicators for the entire supply chain. The risk severity report will come with suggested improvement activities and benchmarking for key metrics. Based on these results, amfori BEPI can provide individual support, on-site assessments and capacity building activities to assist progress.

For example, as part of the amfori BEPI, the **[Timber Due Diligence programme](#)** is a step-by-step approach that enables businesses to improve their due diligence efforts when it comes to timber sourcing.

[amfori Member Commitment Programme](#) → *It will contribute to step 1, 4, 5*

amfori is building a tool that will allow our members to track, visualise and report data on their sustainability performance.

Within this tracking system, there will be indicators that measure our members' due diligence efforts to drive improvements in their supply chains. Alongside this main aim, the tool will provide metrics on members' communication in sustainability and their participation in amfori governance.

In order to drive and continuous improvement among our members, the programme will allow members to benchmark each other and receive guidance on how to improve.

In addition to aspirational goals, the programme will also establish clear minimum requirements to ensure that all our members are aligned, as well as maintain the integrity of our **[amfori BSCI](#)** and **[amfori BEPI](#)** programmes.

[amfori Sustainability Platform & dashboard](#) → *Contribute to steps 2 - 5*

The amfori **[sustainability platform](#)** provides members with a single interactive access point to map, monitor and improve the social and environmental performance of their business partners. All amfori members linked to the same business partner have online access to the audit data, auditors' professional judgement and related remediation plans. The collaborative approach fostered via the amfori platform avoids duplication of audits, facilitates trust and transparent dialogue between peers, and enhances synergies in remediation. Members also receive timely auditors' alerts in case of flagrant human rights and environmental violations (see amfori Zero Tolerance).

The amfori **[Intelligence Dashboard](#)** offers members an online single access point for all their supply chain performance information. Connecting amfori members' supply chain information, the dashboard provides a 360-degree view of their business partners'

performance through interactive data visualisation by country, sector, industry, and audit results. It helps our members identify social and environmental hotspots, track effectiveness of the actions taken and communicate about the efforts put in place.

[amfori Country Due Diligence Tool \(CDDT\)](#) → Contributes to step 2, 3

The [amfori Country Due Diligence](#) supports members to determine the level of risk related to a country's governance and, through a series of indicators, gives them an overview of a country's trade and sustainability situation, thereby supporting their supply chain mapping and early detection.

It therefore helps members understand their supply chain by identifying both potential and actual risks. It also helps to inform their decision-making, thus reducing the likelihood of the potential impacts becoming a reality.

Capacity Building / [amfori Academy](#) → Contributes to steps 1 – 3, 5, 6

The [amfori Academy](#) is a digital platform for developing skills in sustainable supply chain management for buyers and business partners. It offers trainings, workshops and e-learnings across an array of areas in over 10 languages.

By raising awareness and building knowledge of supply chain risks, training can be regarded as a tool that enables both risk identification and prevention / mitigation. In the context of improvement and corrective activities, it also contributes to remediation by supporting buyers' and business partners' continuous improvement.

[Speak for Change Programme](#) → It will contribute to steps 2 - 6

Grievance Mechanisms are essential for conducting due diligence. amfori's approach to the issue of grievance mechanism is grounded on 4 pillars:

1. The [amfori Grievance Mechanism](#) is a non-judicial mechanism which aims to ensure fair, timely and objective resolution to a grievance. It provides a platform for individuals and organisations to submit a grievance relating to amfori's workplace or, and this is the external dimension to it, if they deem to have been negatively affected by amfori's activities.
2. amfori is working on strengthening the operational grievance mechanisms at local level, i.e. of all our members in their supply chains. We are currently in the process of revising our [amfori BSCI system manual](#) and annexed [Code of Conduct](#), looking into capacity building and training materials.
3. amfori recently piloted the [Speak for Change Programme](#): via this mechanism we want to support our members with providing access to remedy for impacted workers and communities, only in those instances where the grievances have not been communicated via a local grievance mechanism. This mechanism is meant to be complementary to company's own operational level grievance mechanisms.
4. We are also advocating for the creation of a global access to remedy hub that we see managed by a neutral organisation, to integrate and maximise efforts, but also to enhance access to remedy for impacted stakeholders.

amfori Monitoring Approach, including audits → Contributes to steps 2 - 5

Monitoring is to be understood as the process that enables business enterprises to assess the social and environmental performance of their supply chains. By conducting monitoring activities, businesses proactively identify critical problems, are equipped to take decisions that will improve the quality and effectiveness of their commitments and, ultimately take corrective actions where needed. Monitoring as a step-by-step and continuous improvement process further helps businesses to track the effectiveness of their action.

The starting point of any monitoring activity requires business enterprises to map their supply chain.

[amfori BSCI](#) provides its members with various monitoring tools depending on the selected monitoring strategy including [self-assessment questionnaire](#), [pre-qualification assessment](#), [buyers' checklist](#), [Country Due Diligence tool](#) and BSCI 2.0 audits. amfori BSCI 2.0 audits provide a snapshot of the situation at a factory, farm or production site at a specific point in time. When conducting an amfori BSCI audit, the auditors use their professional judgment to complete a comprehensive assessment of how the [13 Performance Areas](#) and the [amfori BSCI Code of Conduct](#) values & principles are implemented by the business partner.

Similarly, [amfori BEPI](#) provides its members with a set of monitoring tools and activities to identify risks (materiality assessment, supply chain mapping beyond Tier 1, [Self-Assessment Questionnaire](#), Country Due Diligence tool), but also to prioritise key areas for improvement ([Environmental or Chemical consultancy](#)), and track progress (Environmental assessment, chemical audit) based on currently [11 performance areas](#).

Audit data, auditors' professional judgement and related remediation plans help members drive continuous improvement and further prevent / mitigate risks from materialising.

amfori monitoring quality is controlled through the 360° [Audit Integrity Programme](#) which regularly verifies the following criteria:

- Implementation of amfori methodology and principles in audits
- Independence of auditing companies
- Integrity of auditing processes
- Consistency of auditing processes
- Expertise of auditors.

The audit quality programme sets, maintains and raises the quality standards for auditing companies to conduct audits against the amfori programmes.

amfori Zero Tolerance → *Contributes to step 2 - 4, 6*

The amfori Zero Tolerance serves as a rapid response process for auditors to alert members of flagrant human rights or environmental violations discovered during an audit. This allows amfori members to rapidly respond in a timely and coordinated manner, where immediate and time-bound collaborative remediation is needed. The [protocol](#) applies when an auditor is confronted with factual and flagrant violations in the areas of child and forced labour, inhuman treatment, occupational health and safety, unethical business behaviour and, in the case of [amfori BEPI](#), water pollution (Illegal wastewater/effluent discharge points).

amfori offers a holistic approach to due diligence through a set of tools and programmes for continuous improvement that are meant to support you, our members, in your due diligence efforts. Due diligence ultimately remains a company responsibly and the expectations, both societal and legal, are on companies to take steps to understand and manage their supply chains and the challenges they might be connected to.

Annex: Non-exhaustive comparison of some of the existing responsible business conduct due diligence laws from across the world¹³.

Country / year (effective date)	Law Standard &	Scope	Requirements	Type requirement of	Enforcement
California / 2010 (eff 2012)	Transparency in Supply Chain Act	Manufacturers or retailers, as identified on Californian state tax returns, doing business in California and with annual worldwide gross receipts exceeding \$100m.	Disclosure for a financial year should be conspicuous and easily understood with a link on the company homepage. If the company has no website, disclosure must be provided within 30 days of being requested. Efforts to eradicate slavery and human trafficking from the direct supply chain must be described. Companies must also disclose steps taken in the areas of verification, training certification, auditing, and internal accountability.	Mandatory transparency reporting /	The Attorney General has exclusive authority to enforce the Transparency in Supply Chains Act and may file a civil action for injunctive relief for non-compliance, false or misleading declarations.
EU / 2014 (eff 2017)	Non-Financial Reporting Directive ¹⁴	Certain public interest entities with more than 500 employees or who are parent companies of a corporate group with more than 500 employees.	Annual disclosure of their policies pertaining to non-financial matters including environmental protection, social responsibility and treatment of employees, respect for human rights, anti-corruption and bribery, diversity on company boards . The Directive gives companies ample flexibility when it comes to the way in which the relevant information can be disclosed.	Mandatory transparency reporting /	Will be exercised at Member State level.
UK / 2015	Modern Slavery Act ¹⁵	Entities carrying on a business, or a part of a business, in the United Kingdom, with a total turnover of over £36 million.	Annually publish a statement signed by a director (or equivalent) on their website which describes the actions taken to ensure that slavery and human trafficking is not taking place in their business / supply chains, OR state that no steps have been taken.	Mandatory transparency reporting /	The law has been designed so that pressure comes from NGOs and stakeholders. The Independent Review flagged this as one area for improvement, requesting at least the publication of the statements on a central register to ease comparison.
EU / 2017 (eff 2021)	Responsible Sourcing of Minerals Regulation	Entities importing tin, tungsten, tantalum and gold (3TG) from Conflict-Affected and High-Risk Areas (CAHRAs) into the EU above certain thresholds must conduct due diligence and report on it starting from 1 January 2021.	OECD Due diligence guidance for responsible supply chains of minerals is the 5-step framework for companies in scope to carry out supply chain due diligence.	Mandatory due diligence	Member State competent authorities will be responsible for ensuring compliance (ex-post checks). In case of an infringement, Member State competent authorities shall issue a notice of remedial action.
France / 2016 (eff 2017)	Duty of Vigilance Law	Companies headquartered in France with more than 5000 employees (including direct and indirect subsidiaries) or all companies of more than 10 000 employees (including direct or indirect affiliated companies) operating in France.	Provide an overview of measures taken based on a "vigilance" plan in relation to human rights and fundamental freedoms, health and security and protection of environment . The vigilance plan must be publicly available, published on an annual basis; it must provide an overview of the risk mapping and evaluation procedures and explain any actions taken to mitigate risks.	Mandatory due diligence	Sanctions are contemplated in case of e.g. faults in the plan, or if companies fail to produce a plan. The company can be held liable in case of harm. However, the burden of proof is on the victims who will need to prove a causal link between the fault of the company and the damage they have suffered.

¹³ The table therefore does not include drafts / proposals which may have been presented but for which the legislative process is not yet fully completed.

¹⁴ On 21 April, the European Commission unveiled a new [Corporate Sustainability Reporting Directive](#) (CSRD) to amend and strengthen the existing Non-Financial Reporting Directive (NFRD). Read more about the proposed changes [here](#).

¹⁵ In 2020, the UK Government published a report following the Transparency in Supply Chains consultation it launched the previous year. In an effort to strengthen the effectiveness of the transparency provisions within the Modern Slavery Act (MSA), the UK Government will, amongst others, 1. introduce mandatory reporting areas that MSA statements must cover; 2. set a single reporting deadline and 3. require organisations to publish their statements directly to a new Government-run registry.

Australia / 2018 (eff 2019)	Modern Slavery Act	Australian entities or entities carrying on business in Australia with an annual consolidated revenue of AUD100 million.	<p>The statement, approved by the principal governing body of the entity and signed by a responsible member of the entity, must identify the reporting entity; describe the reporting entity's structure, operations and supply chains; describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls; describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks; describe how the reporting entity assesses the effectiveness of these actions; describe the process of consultation with any entities the reporting entity owns or controls and provide any other relevant information.</p> <p>Statements must be submitted within six months of the end of the reporting period to the government for publication on an internet-based register.</p>	Mandatory transparency reporting / reporting	At present no financial penalties foreseen in case of companies failing to provide the statement. However, possibility to review this point during the Act's review. In any event, the statements will be made publicly available by the AU authorities on a central register.
The Netherlands / 2019 (not yet entered into effect)	Child Labour Due Diligence Law	Companies registered in the Netherlands and companies from abroad selling goods and delivering services to Dutch customers.	Statement to a supervising authority declaring that they have investigated risks of child labour in their activities and supply chains. If a company identifies a "reasonable suspicion" of child labour, it is required to develop an action plan in line with international guidelines such as the UN Guiding Principles or OECD Guidelines for Multinational Enterprises.	Mandatory due diligence	Companies' statements will be made publicly available by the national competent authority. Complaints regarding non-compliance may be submitted to the company. If there is no corrective action taken by the company, the competent authorities could issue an order to require compliance with the law.
Norway / 2021 (eff as of July 2022)	Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act)	Companies headquartered in Norway and foreign companies active in Norway meeting at least two out of the following (headcount of at least 50 Full Time Equivalent, turnover of 70m+ NOK, balance sheet of 35m+ NOK)	<p>Obligation to carry out human rights and decent work due diligence in accordance with international standards and to publish a report including a) a general description of the enterprise's structure, area of operations, guidelines and procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions; b) information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through its due diligence; c) information regarding measures the enterprise has implemented or plans to implement to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results of these measures.</p> <p>The report is to be made easily accessible on the enterprise's website and may form part of the account on social responsibility.</p> <p>Any person has the right to information regarding how the enterprise addresses actual and potential adverse impacts. This includes both general information and information relating to a specific product or service offered by the enterprise.</p>	Mandatory due diligence	<p>The Consumer Authority monitors compliance with Act and, in case of breach, requests a written confirmation that the illegal conduct will cease, or issues a decision.</p> <p>Penalties may be established in case of non-compliance with the confirmation or decision.</p>
Germany / 2021 (eff as of 2023)	Act on Corporate Due Diligence Obligations in Supply Chains	Enterprises having their central administration, their principal place of business, their administrative headquarters or their statutory seat in Germany and enterprises that have a domestic branch office and with at least 3,000 employees. In Germany as of 2023. From 1 January 2024 it also applies to enterprises with 1,000 employees or more in Germany.	<p>Obligation to exercise human rights and environment-related due diligence obligations in their supply chain.</p> <p>Typical supply chain risks that need to be considered when fulfilling due diligence obligations include the prohibition of child labour, protection against slavery and forced labour, freedom from discrimination, protection against unlawful land confiscation, occupational safety and health and related health hazards, the prohibition of withholding an adequate wage, the right to form trade unions or workers' representative bodies, the prohibition of causing harmful soil or water contamination and protection against torture. Enterprises must also comply with the Minamata Convention on Mercury, the Stockholm Convention on Persistent Organic Pollutants and the Basel Convention on Transboundary Movements of Hazardous Wastes and their Disposal.</p> <p>Enterprises must submit an annual report on the implementation of due diligence obligations to the Federal Office of Economics and Export Control and publish it online.</p>	Mandatory due diligence	<p>Financial penalties in administrative enforcement proceedings and administrative fines may be imposed to enforce compliance with the Act.</p> <p>Enterprises that violate the Act can be excluded from the award of public contracts for up to three years.</p>

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