EU Due Diligence Obligations on FRC traders: meaningful reporting challenges

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Overview

- System based reporting
- Implementation of system reporting
- Supply base reporting
- The accountability gap
- Integration with other initiatives
DD System based reporting

- What is the company policy (maybe set by legislation)?
- What tasks / information have been identified as critical?
- Which team is responsible for them?
- What internal management arrangements are in place to implement the policy (eg reported to the board?)?
How many supply chains or contracts have been subject to due diligence checks?

How many supplier engagement workshops/meetings have been held?

What % of company purchases have been subject to full traceability (with physical separation/Mass balance?) or are certified?

How many suppliers have been rejected or subject to third party audit?

How many complaints have been received?
Supply base reporting

- How much of each commodity has been purchased?
- When?
- Where from?
- What is the land use change history?
- Are contiguous or related areas being monitored in real time? Volumes?
- Which suppliers have been subject to engagement? Scrutiny? Which producers have been subject to …?
Transparency vs the accountability gap

- UK Modern Slavery Act – LESSONS LEARNED
- Scope for independent audit of reports?
  - How to avoid conflict of interest?
  - How to regulate auditors
- How to make this “outsourcing” of enforcement credible, consistent and cost effective? (EUTR)
Integration with other initiatives

- Civil accountability for human rights and environmental harms – Member State patchwork / DG Justice proposal
- UK Mandatory climate-related financial disclosure
- EU Sustainable Finance and Disclosure Regulation