Study on due diligence requirements through the supply chain

PART II: SURVEY RESULTS STATISTICS

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SURVEY RESULTS STATISTICS[1]

1 Survey Results: Stakeholders and Companies' Areas of Operation

1.1 Due Diligence Work and Company Operation across Economic Sectors

Q2 Stakeholder Survey: In which sector(s) does your work on due diligence through the supply chain focus? (Please select more than one if relevant) [Multiple response]

& Q1 Business Survey: In which sector(s) does your company operate? (Please select more than one if relevant) [Multiple response]

Stakeholder responses	
Answered	267
Skipped	30

Business responses	
Answered	334
Skipped	0

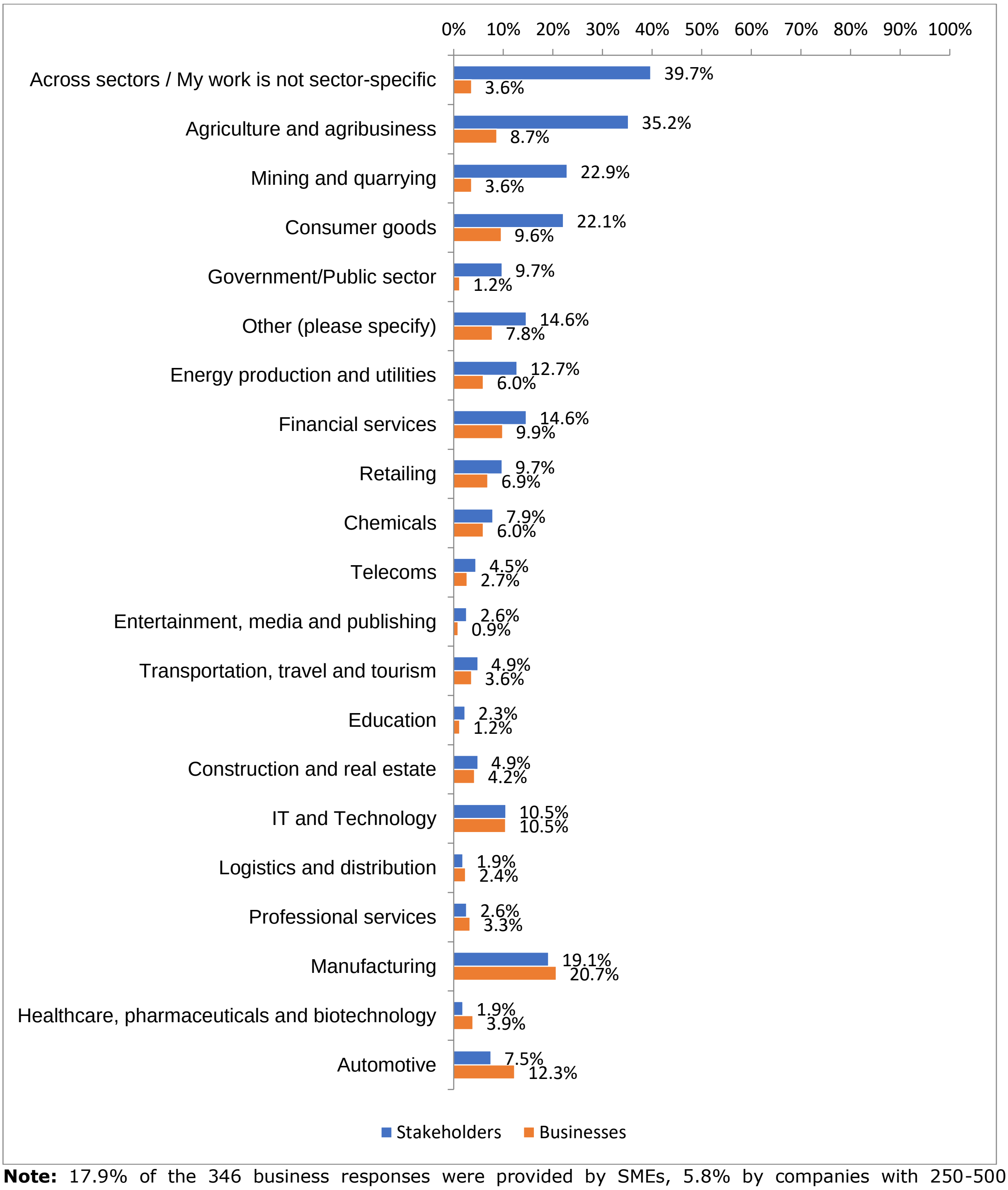
The chart shows the overlap between the sectors where stakeholder respondents focus their due diligence work and the sectors where business respondents operate. Note that this is a summary of two different items, where the category 'Across sectors / My work is not sector specific' shown to stakeholder respondents is compared with the category 'Conglomerate / More than one option', shown to business respondents.

The majority of stakeholder respondents focus their work on due diligence across sectors (39.7%) and on agriculture and agribusiness (35.2%). These are followed by mining and quarrying (22.9%), consumer goods (22.1%), and manufacturing (19.1%). Other sectors, financial services, energy production and utilities, and IT and technology are mentioned between 10 and 15% of times. The rest of sectors have less than 10% of mentions by stakeholders, comprising the government/public sector, retailing and automotive industries among others. Healthcare, pharmaceuticals and biotechnology, and logistics and distributions are the sectors where the minority of stakeholders focus their work (less than 2% of mentions). The majority of business respondents operate in the manufacturing sector (20.7%). This sector is followed by the automotive (12.3%), IT and technology (10.5%), financial services (9.9%) and consumer goods (9.6%) sectors. The rest of sectors have less than 10% of mentions approximately.

Fifteen out of 21 sectors (including the 'Others' category) have more stakeholder mentions than business mentions. Most of stakeholder respondents focus their work across sectors (39.7%) whereas a much smaller group of business respondents correspond to conglomerates or operate across several sectors (3.6%). Other sectors with a small overlap are agriculture and agribusiness (35.2% stakeholder mentions versus 8.7% business mentions), mining and quarrying (22.9% stakeholder against 3.6% business mentions), and consumer goods (22.1% versus 9.6% respectively).

[1] Each graph or table is accompanied by a note indicating the proportion of respondents by company size as declared in Q6 in the Business Survey, in which out of 261 responses, 53 corresponded to **SMEs** (less than 250 employees), 17 to companies with **250-500 employees**, 19 to companies with **500-1000 employees** and 172 to companies with **more than 1000 employees**. Creating additional graphs or tables by company size would not be very informative as some items have very few respondents in certain groups. Where differences in responses by size group are informative or significant, they are highlighted in the Market Practices section.

Sectors where business mentions overcome stakeholder mentions are the automotive (7.5% stakeholder versus 12.3% business mentions), healthcare (1.9% versus 3.9% respectively) and manufacturing (19.1% against 20.7%). Construction and real estate, IT and technology, logistics and distribution, and professional services display an almost complete coincidence between stakeholder and businesses respondents' mentions.



Note: 17.9% of the 346 business responses were provided by SMEs, 5.8% by companies with 250-500 employees, 6.6% by companies with 500-1000 employees, and 69.7% by companies with more than 1000 employees.

1.2 Due Diligence Work and Company Operation in Subsectors of Agriculture

Q3 Stakeholder Survey: <u>You selected the agriculture sector.</u> Does your work focus on any of these subsectors? [Multiple response]

& Q2 Business Survey: <u>You selected the agriculture sector.</u> Does your company operate in any of these subsectors? [Multiple response]

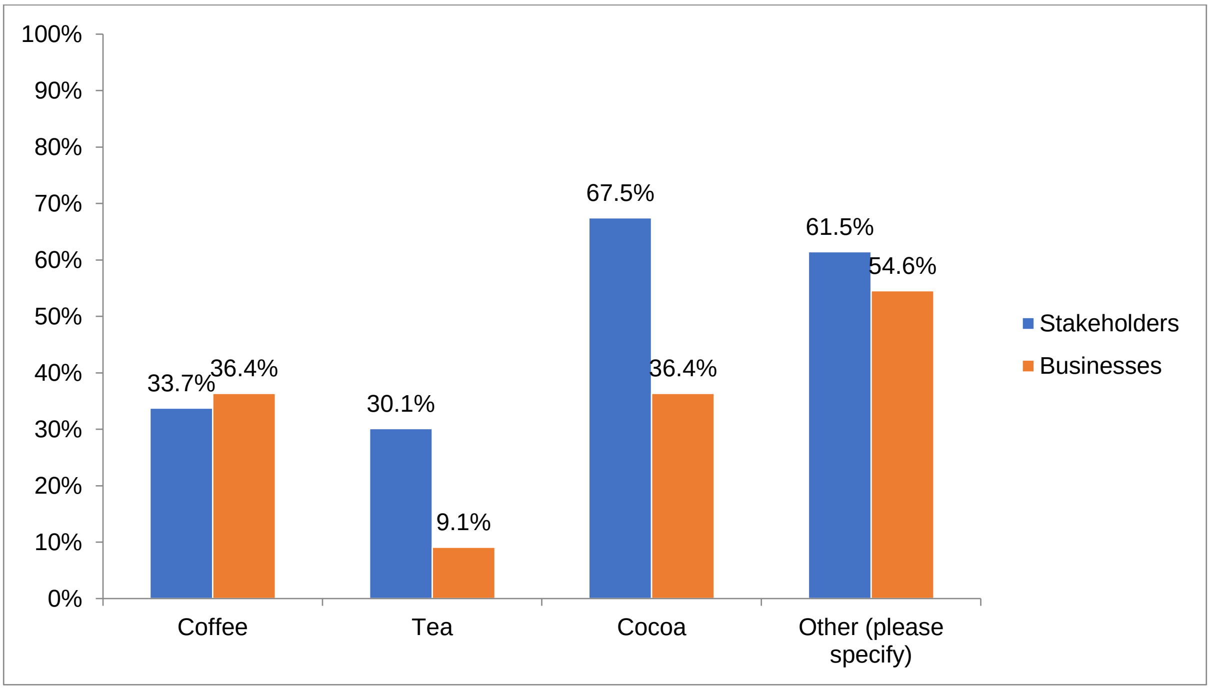
<u>Stakeholder responses</u>
Answered 83
Skipped 214

<u>Business responses</u>
Answered 22
Skipped 312

The graph shows the coincidence between the subsectors where stakeholder respondents focus their due diligence work and the subsectors where business respondents operate. The cocoa, tea and 'Other' subsectors have more mentions from stakeholder than from business respondents – beware that there are 83 stakeholder and only business respondents. Particularly tea and cocoa subsectors show a larger proportion of stakeholders than that of business mentions.

The distribution of mentions shows that stakeholder respondents who work on the agriculture sector, focus on more than one subsector. The majority of stakeholder respondents mention the cocoa subsector as an area where they focus their due diligence work (67.5%). The 'Other subsector category' groups 61.5% of mentions, followed by the coffee and tea subsectors, which correspond to 30% of mentions approximately each.

The distribution of mentions shows that business respondents who work on the agriculture sector, focus on more than one subsector. The majority of business respondents mention the category 'Other subsector' (54.6%). This category is followed by the coffee and tea subsectors, which correspond to 36.4% of mentions each. The tea subsector is the least mentioned as an area of operation (9.1%).



Note: 19.2% of the 26 business responses were provided by SMEs, 3.8% by companies with 250-500 employees, 3.8% by companies with 500-1000 employees, and 73.1% by companies with more than 1000 employees.

1.3 Due Diligence Work and Company Headquarters across Member States

Q4 Stakeholder Survey: In which Member State(s) are the relevant companies primarily based/headquartered? For example, where the CEO or Board are based, or where main company-wide decisions are made. (Please select more than one if relevant) [Multiple response]

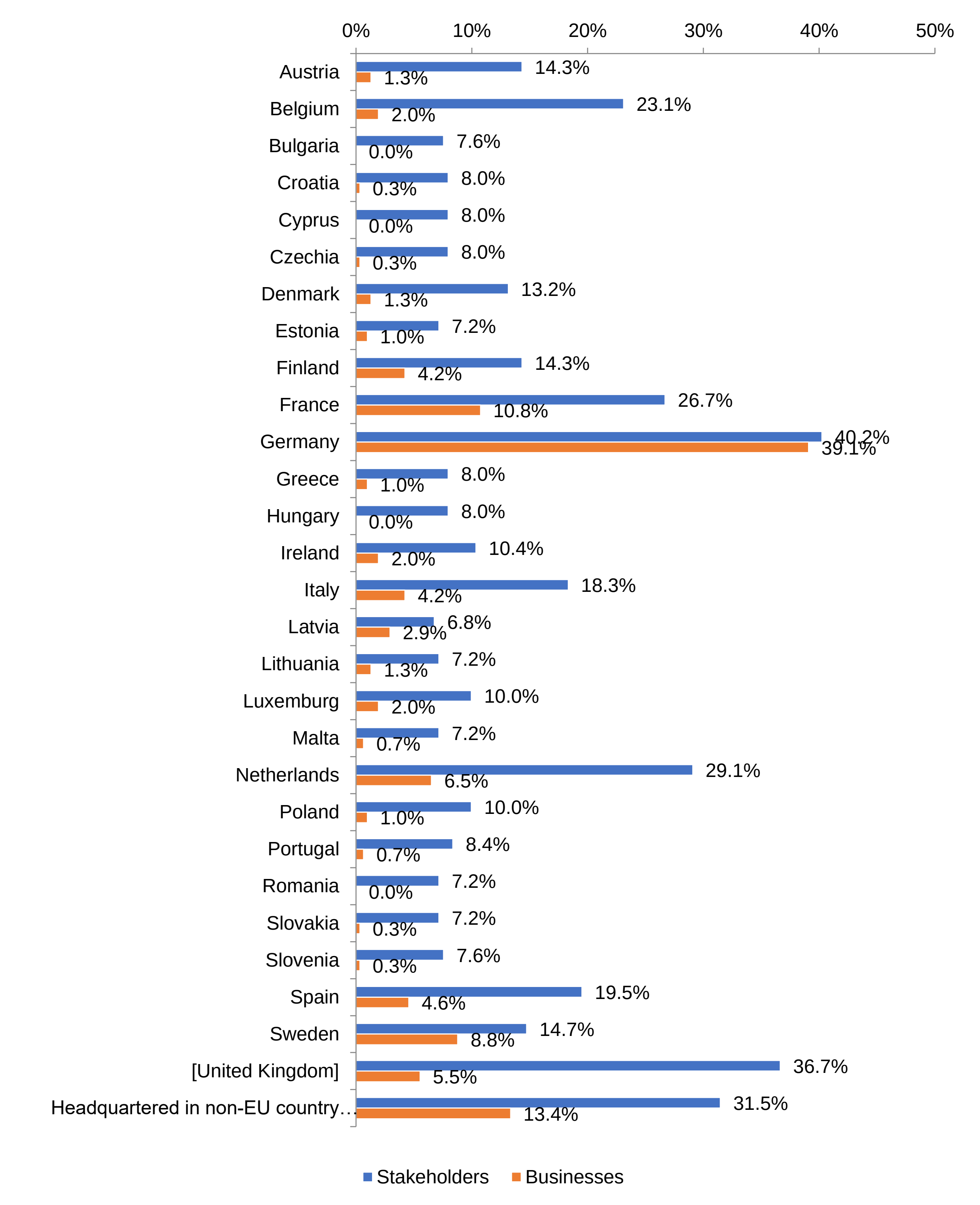
& Q3 Business Survey: In which Member State(s) is your company primarily based/headquartered? For example, where the CEO or Board are based, or where main company-wide decisions are made. (Please select more than one if relevant) [Multiple response]

Stakeholder responses
Answered 251
Skipped 46

Business responses
Answered 307
Skipped 27

The graph shows the overlap between the countries where stakeholder respondents focus their due diligence work and the countries where business respondents are based. All countries (including the 'Others' category) have more stakeholder mentions than business mentions, with only Germany having an almost equal representation. Note that this graph summarises different questionnaire items.

The majority of stakeholder respondents focus their work on due diligence of companies based across Member states with the highest being in Germany (40.2%), followed by the United Kingdom (36.7%). Thereafter the third most concentrated area of due diligence work actually focuses on companies headquartered outside of the European Union (31.5%). These are closely followed by those based in the Netherlands (29.1%), France (26.7%), Belgium (23.1%), Spain (19.5%), and Italy (18.3%). Other Member States are mentioned between ~7% and 15% of times. At only 6.8%, Latvia represents the country in which the least amount of companies are based that due diligence work focuses on. The majority of business respondents are based in Germany (39.1%) or outside of the European Union (13.4%). Apart from Germany, most companies are based in France (10.8%). Other Member States are mentioned under 10% of the time, with the lowest in Bulgaria, Cyprus, Hungary, and Romania where no respondents are based.



Note: 18.6% of the 301 business responses were provided by SMEs, 5.6% by companies with 250-500 employees, 6.3% by companies with 500-1000 employees, and 69.4% by companies with more than 1000 employees.

1.4 Due Diligence Work and Company Operation across Member States

Q5 Stakeholder Survey: In which Member State(s) do the companies which your work focuses on operate? (Please select more than one if relevant) [Multiple response]

& Q4 Business Survey: In which Member State(s) does your company operate? (Please select more than one if relevant) [Multiple response]

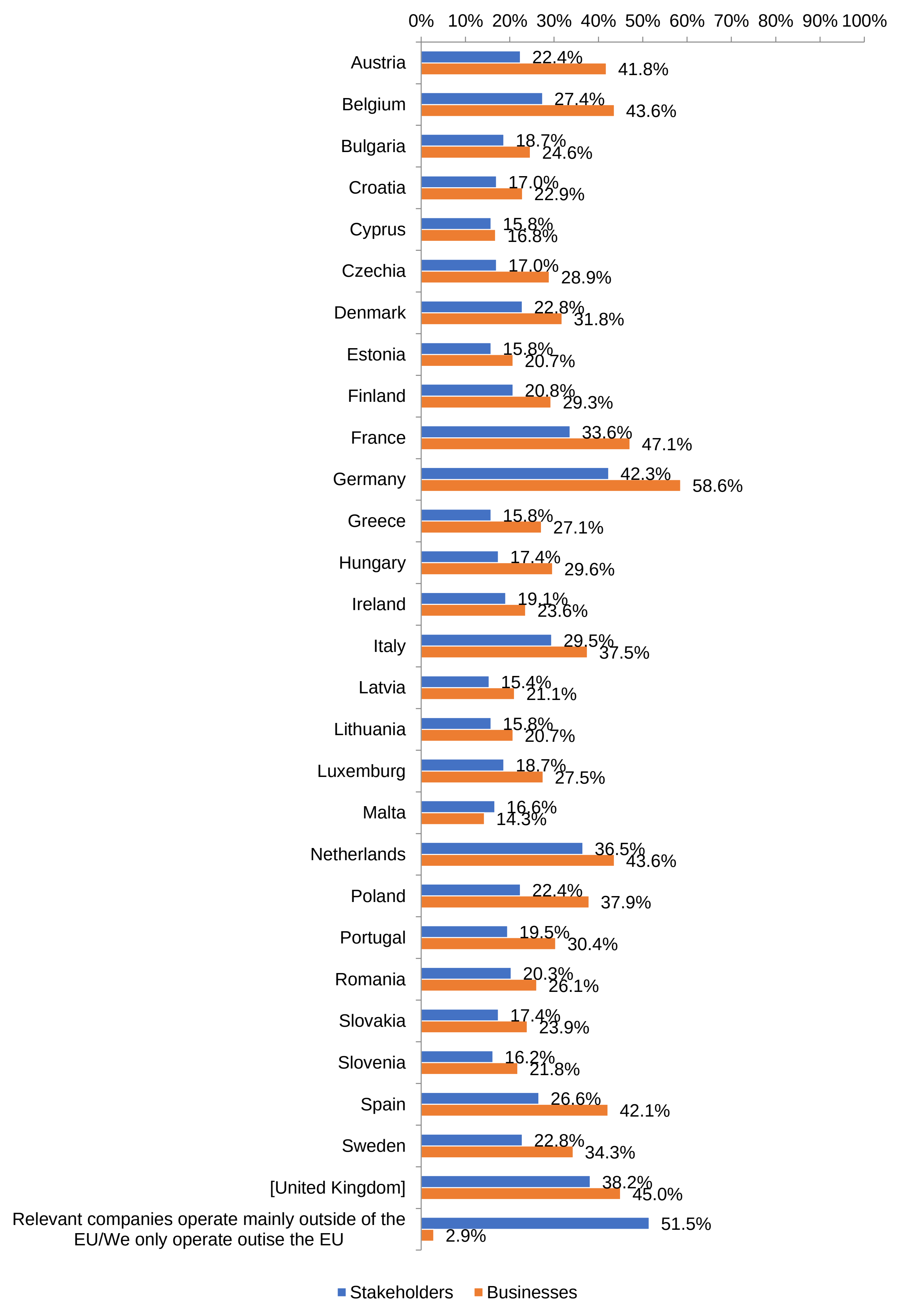
Stakeholder responses
Answered 241
Skipped 56

Business responses
Answered 280
Skipped 54

The graph shows the overlap between the countries where companies in which stakeholder respondents focus their due diligence work with the countries where business respondents operate. Note that it summarises different questionnaire items, where the last category corresponds to 'Relevant companies operate mainly outside of the EU' for the Stakeholders Survey, and to 'We only operate outside of the EU' for the Business Survey. However, a drastic difference can be seen comparing how stakeholder respondents engage in due diligence activities with companies that operate largely outside of the EU, while responding companies barely operate outside the EU at all.

The majority of stakeholder respondents focus their work on due diligence of companies that operate outside of the European Union (51.5%), but the most concentrated area of due diligence work within the EU is on companies that operate in Germany (42.3%). Thereafter the third most concentrated area of due diligence work focuses on companies operating in the United Kingdom (38.2%). These are closely followed by those based in the Netherlands (36.5%), France (33.6%), Italy (29.5%), Belgium (27.4%), and Spain (26.6%). While a lower percentage of due diligence work is performed on companies operating in other Member States, numbers remain quite high between 23% and 15%. At 15.4%, Latvia represents the country in which the least amount of companies operates that due diligence work focuses on.

The majority of business respondents operate in Germany (58.6%) closely followed by France (47.1%). Thereafter the third most concentrated area where companies operate is in the United Kingdom (45%). These are very closely followed by Belgium (43.6%) the Netherlands (43.6%), and Spain (42.1%). Additionally, the data shows that companies also commonly operate in Austria (41.8%), Italy (37.5%), Poland (37.9%), and Sweden (34.3%). While a lower percentage of companies operate in other EU Member States, numbers remain quite high between 14% and 32%. However, at 2.9%, barely any companies operate outside of the EU.



Note: 8.8% of the 2410 business responses were provided by SMEs, 2.0% by companies with 250-500 employees, 3.9% by companies with 500-1000 employees, and 85.4% by companies with more than 1000 employees.

1.5 Due Diligence Work and Company Operation across Regions

Q6 Stakeholder Survey: In addition to the EU, in which other region(s) do the companies which your work focuses on operate? (Please select more than one if relevant) [Multiple response]

& Q5 Business Survey: In addition to the EU, in which other region(s) does your company operate? (Please select more than one if relevant) [Multiple response]

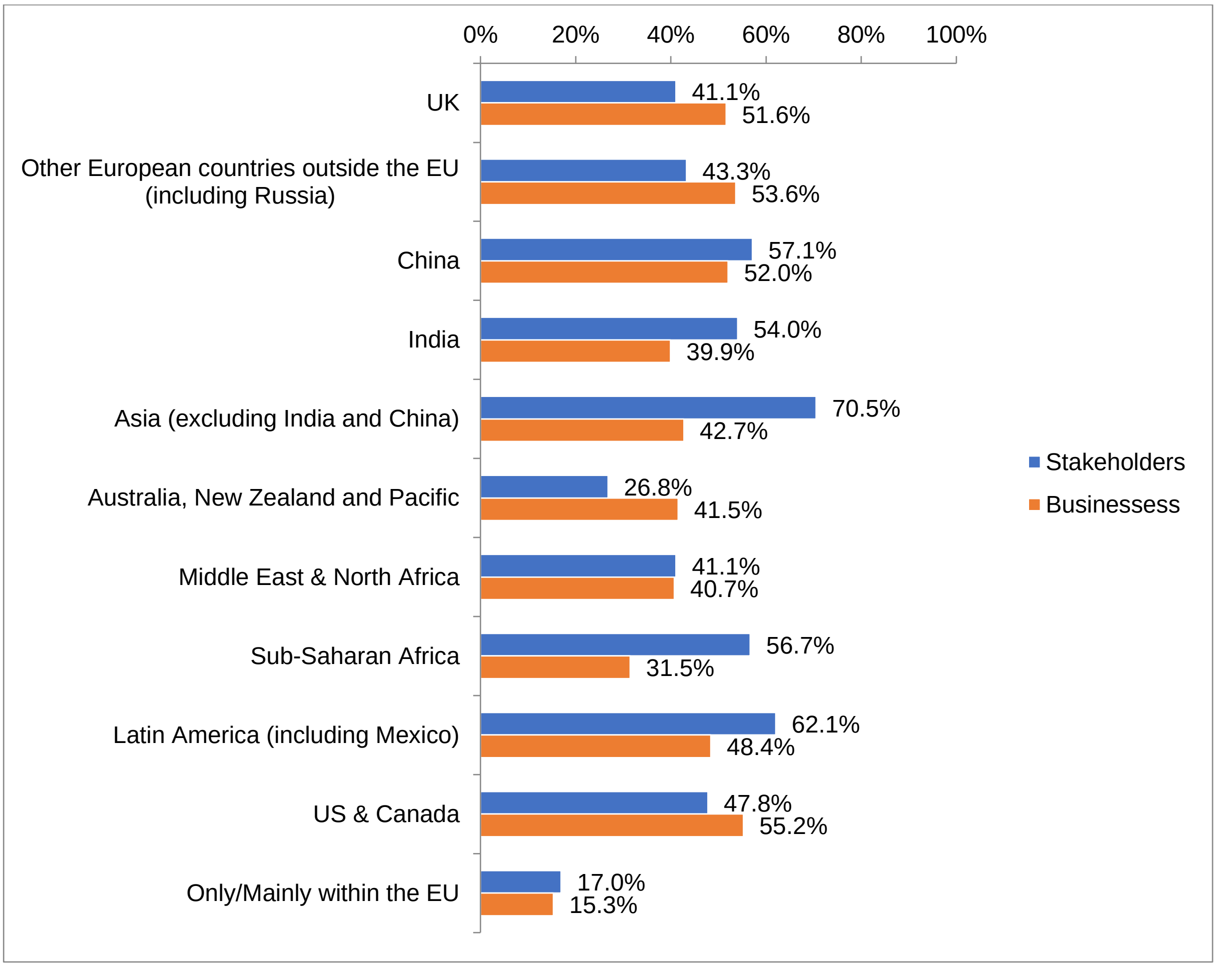
Stakeholder responses
Answered 224
Skipped 73

Business responses
Answered 248
Skipped 86

The majority of stakeholder respondents focus their work on due diligence of companies that operate in Asia (70.5%), followed by Latin America (62.1%). Thereafter the third most concentrated area of due diligence work focuses on companies operating in China (57.1%), followed by Sub-Saharan Africa (56.7%), and India (54%). While a lower percentage of due diligence work is performed on companies operating in other regions, numbers remain quite high between 26.8% and 47.8%. Interestingly most due diligence work focuses on companies operating outside of the EU and in these regions as only 17% of respondents focus on companies operating only within the EU.

The majority of business respondents operate in the US, Canada (55.2%) and other European countries not within the Union (53.6%), very closely followed by China (52%) and the United Kingdom (51.6%). While a lower percentage of companies operate in other regions, numbers remain high between 31.5% and 48.4%. However, at 15.3%, barely any companies operate only within the EU alone.

This graph summarises different questionnaire items, where the category 'Relevant companies operate mainly within the EU' shown to stakeholder respondents is compared with the category 'We only operate within the EU', shown to business respondents. It shows that the coincidence between stakeholders and companies is predominant in most regions, except for Asia and Sub-Saharan Africa where stakeholder respondents engage in due diligence work more often than responding companies.



Note: 8.9% of the 1152 business responses were provided by SMEs, 2.3% by companies with 250-500 employees, 4.3% by companies with 500-1000 employees, and 84.5% by companies with more than 1000 employees.

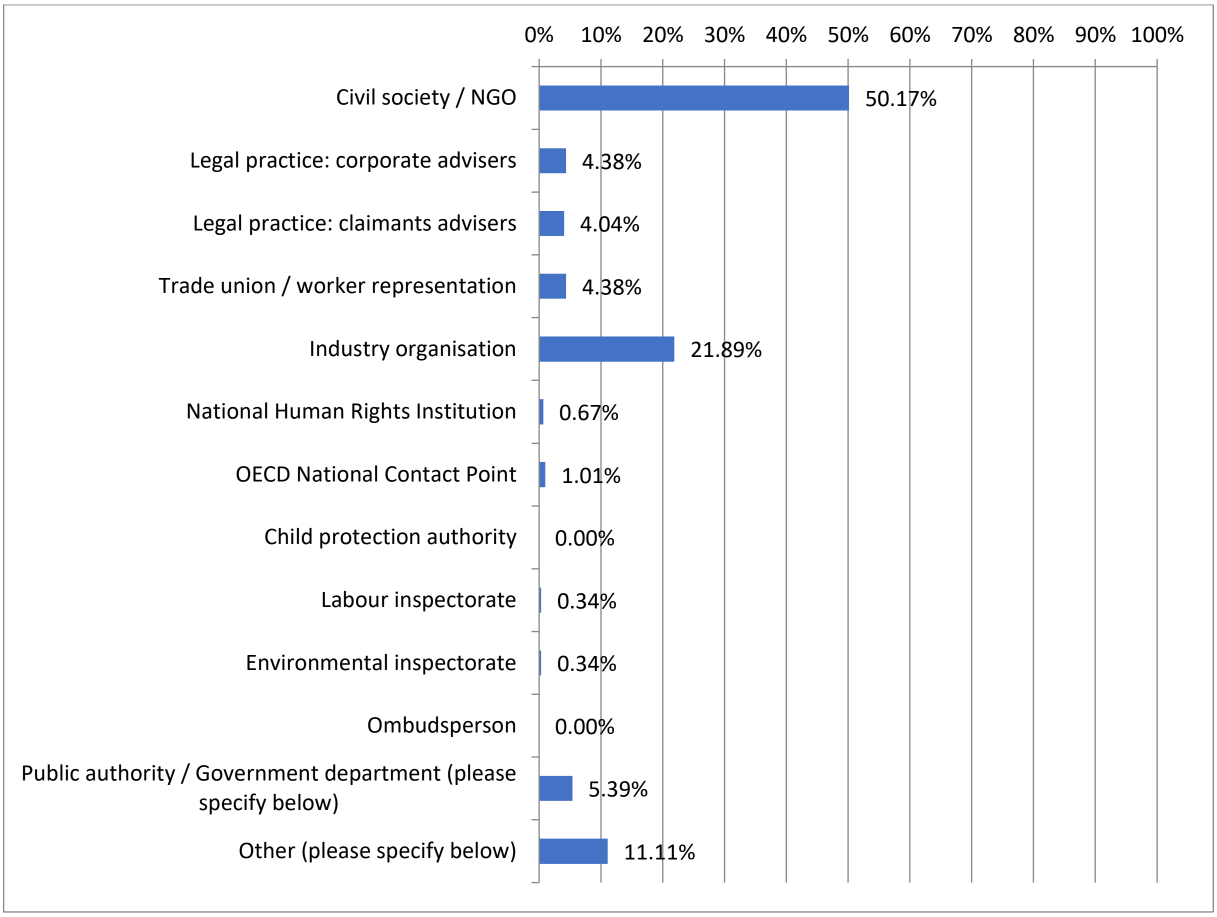
1.6 Types of Stakeholder Respondents

Q1 Stakeholder Survey: What is the nature of your organisation?

Stakeholder responses

Answered	297
Skipped	0

The majority of stakeholder respondents correspond to NGOs or members of the civil society (50.2%). The second major group comprises industry organisations (21.9%), and it is followed by other types of organisations (11.1%) such as research institutions, consultancy firms, think tanks and public agencies.



2 Survey Results: Views on Regulations

2.1 Evaluation of Existing Laws

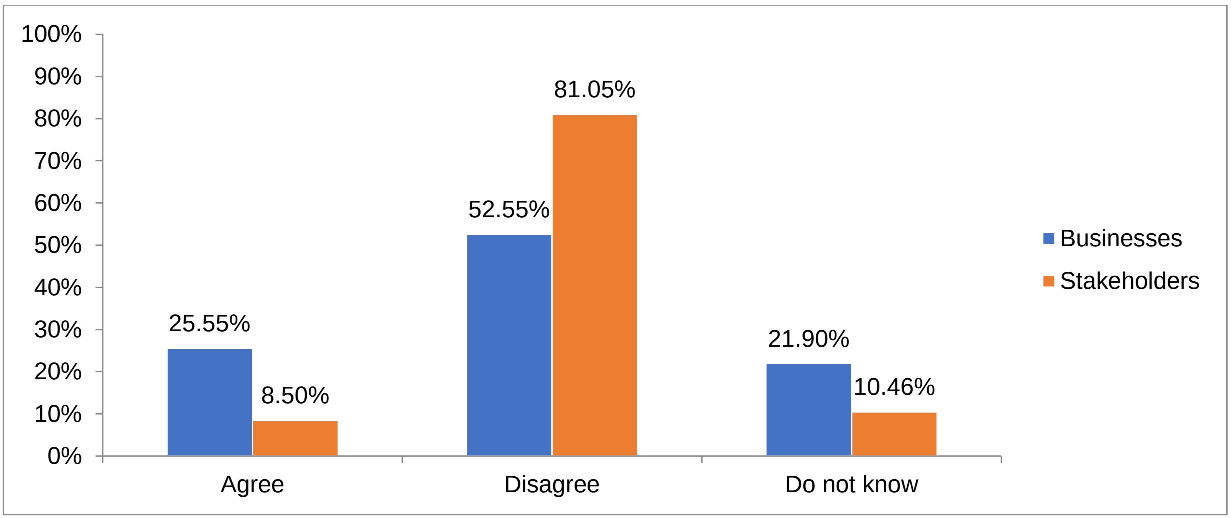
Q17 Business Survey: Do you agree with this statement? "Existing laws on due diligence requirements (for human rights and environmental impacts through the supply chain) are effective, efficient and coherent."

& Q17 Stakeholder Survey: Do you agree with this statement? "Existing laws on due diligence requirements (for human rights and environmental impacts through the supply chain) are effective, efficient and coherent."

<u>Business responses</u>
Answered 137
Skipped 197

<u>Stakeholder responses</u>
Answered 153
Skipped 144

Business and stakeholders largely agree that the existing laws on due diligence requirements (for human rights and environmental impacts through the supply chain) are not effective, efficient and coherent: 81% of stakeholders and 53% of the businesses which responded to this question have this view. Only 26% of the businesses and 9% of stakeholders respond that they consider the existing due diligence laws to be effective, efficient and coherent.



Note: 17.5% of respondents were SMEs, 6.6% companies with 250-500 employees, 4.4% companies with 500-1000 employees, and 71.5% companies with >1000 employees.

2.2 Views on Potential Benefits of Due Diligence Regulation Standards

Q18 Business Survey: Do you agree with this statement? "EU-level regulation on a general due diligence requirement for human rights and environmental impacts may provide benefits for business through…"

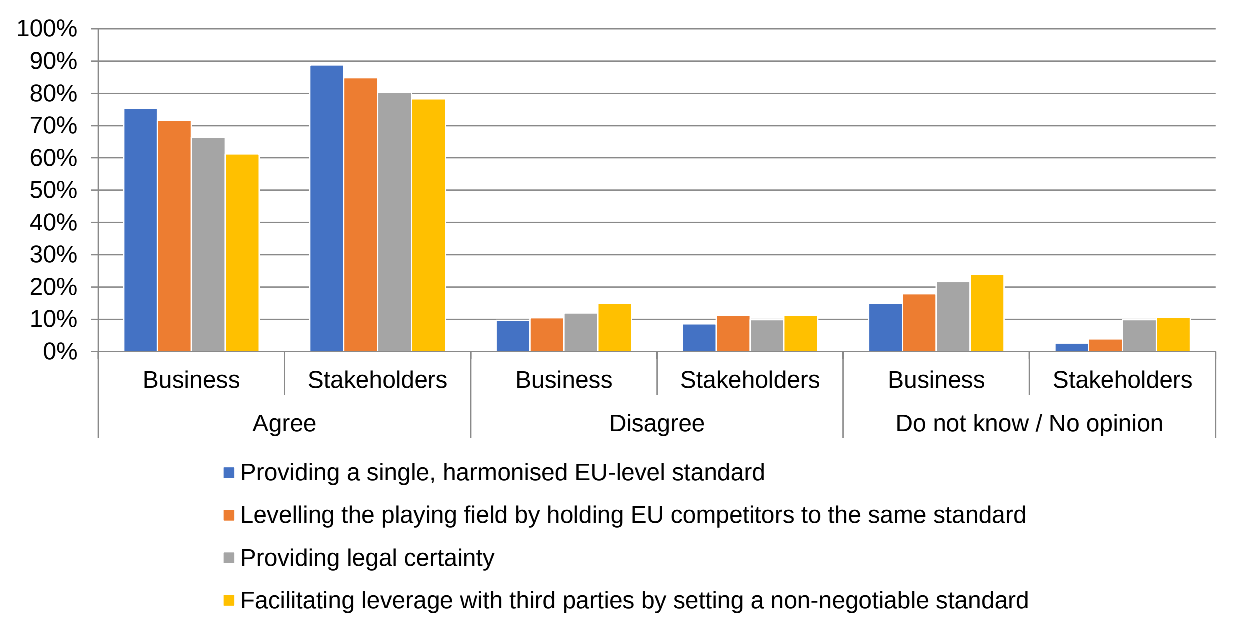
& Q18 Stakeholder Survey: Do you agree with this statement? "EU-level regulation on a general due diligence requirement for human rights and environmental impacts may provide benefits for business through…"

<u>Business responses</u>
Answered 134
Skipped 200

<u>Stakeholder responses</u>
Answered 152
Skipped 145

The businesses and stakeholders which responded to this question have largely similar views how an EU-level regulation on a general due diligence requirement for human rights and environmental impacts could benefit business. Most expect benefits for business through the provision of a single standard which is harmonised at EU-level rather than having different requirements at domestic and industry level (75% of companies and 89% of stakeholders). Similarly, a large majority of both groups believes that an EU-level regulation would benefit EU business as through levelling the playing field by holding EU competitors to the same standard (72% of companies and 85% of stakeholders). 66% of companies and 80% of stakeholders expect also benefits for business through legal certainty, and 61% and 78%, respectively, through the leverage with third parties by setting a non-negotiable standard.

Few of the companies and stakeholders which responded think that these aspects may not provide any benefits for business (9%-15%). Some of the respondents did not have an opinion on this question (3%-24%).



	Agree		Disagree		Do not know / No opinion	
	Business	**Stake-holders**	**Business**	**Stake-holders**	**Business**	**Stake-holders**
Providing a single, harmonised EU-level standard	75.37%	88.82%	9.70%	8.55%	14.93%	2.63%
Providing legal certainty	66.42%	80.26%	11.94%	9.87%	21.64%	9.87%
Levelling the playing field by holding EU competitors to the same standard	71.64%	84.87%	10.45%	11.18%	17.91%	3.95%
Facilitating leverage with third parties by setting a non-negotiable standard	61.19%	78.29%	14.93%	11.18%	23.88%	10.53%

standard						

Note: 17.2% of business respondents were SMEs, 6.7% companies with 250-500 employees, 4.5% companies with 500-1000 employees, and 71.6% companies with >1000 employees.

2.3 Stakeholder Views on Regulation

Q14 Stakeholder Survey: What type of current regulation do you think is the most effective in relation to due diligence in the supply chain? Please rank in order of 1 - most effective to 6 - least effective.

Stakeholder responses
Answered 159
Skipped 138

Regarding the different types of current regulation, the majority of stakeholder respondents rank voluntary guidelines as the least effective (67.9%). The second least effective alternative corresponds to reporting requirements without liability for non-compliance (57.9%). Reporting requirements with liability through directors' duties on consumer rights is mostly ranked between the third and fourth position in terms of efficiency, and shares the same position with due diligence requirements linked to public procurement and/or export credit. The alternatives most frequently ranked as most effective are mandatory due diligence requirement coupled with civil remedy (44.7% of mentions on the second position and 20.8% on the first) and coupled with criminal liability and/or fine (52.2%). The latter, however is ranked among the least efficient with a larger proportion than the civil remedy alternative (16.4% versus 1.89%). In sum, the alternative which is most consistently considered the most effective is mandatory due diligence requirements coupled with civil remedy.

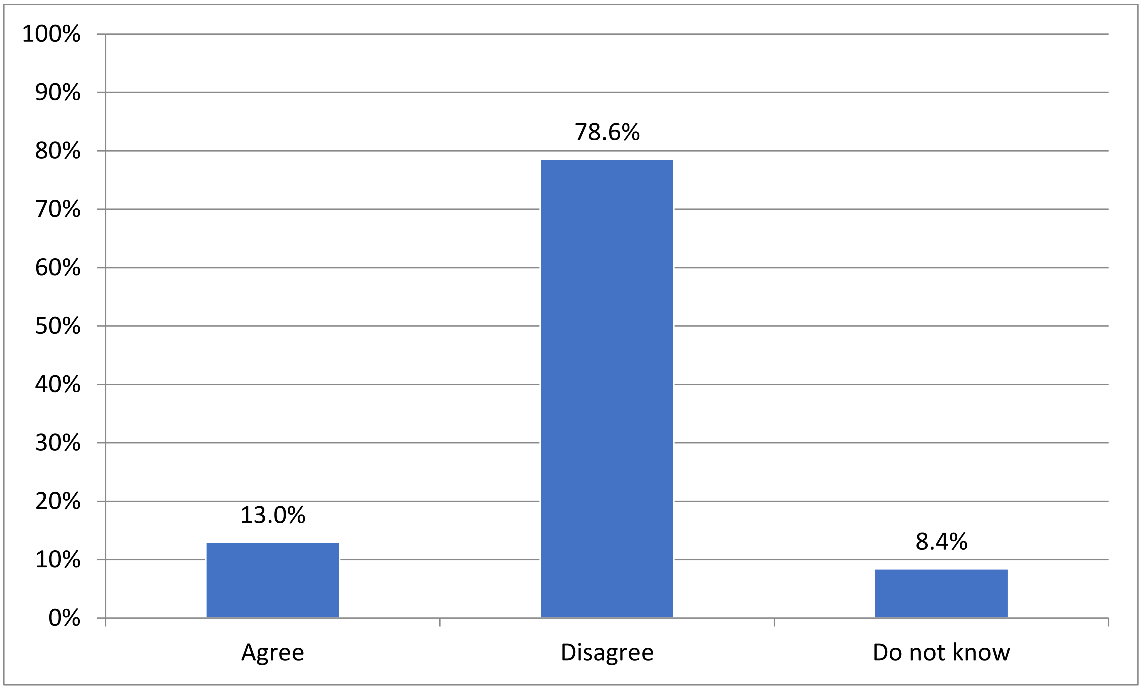
	Ranking positions					
Type of regulation	**Most effective 1**	**2**	**3**	**4**	**5**	**Least effective 6**
Voluntary guidelines	14.47%	5.03%	3.14%	5.03%	4.40%	**67.92%**
Reporting requirements: no liability for non-compliance	5.03%	14.47%	10.06%	6.29%	**57.86%**	6.29%
Reporting requirements: liability through directors' duties or consumer rights	1.89%	5.03%	36.48%	**47.80%**	8.18%	0.63%
Mandatory due	20.75%	**44.65%**	10.06%	9.43%	13.21%	1.89%

diligence requirements coupled with civil remedy						
Mandatory due diligence requirement coupled with criminal liability and/or fine	**52.20%**	16.35%	3.77%	3.14%	8.18%	16.35%
Due diligence requirements linked to public procurement and/or export credit	5.66%	14.47%	**36.48%**	28.30%	8.18%	6.92%

Q16 Stakeholder Survey: Do you agree with this statement? "Existing laws provide business with legal certainty about their human rights and environmental due diligence obligations"

Stakeholder responses
Answered 154
Skipped 143

The large majority of stakeholder respondents disagree (78.6%) with the statement that existing laws provide businesses with legal certainties about their human rights and environmental due diligence obligations. Less than 15% declares that they agree with the statement.



Q15 Stakeholder Survey: What <u>type of regulation</u> do you think should be introduced as the most effective in relation to due diligence through the supply chain? Please rank in order of 1 - most effective to 6 - least effective.

<u>Stakeholder responses</u>
Answered 155
Skipped 142

Regarding the different types of regulation, the majority of stakeholder respondents rank voluntary guidelines as the least effective (68.4%). The second least effective alternative corresponds to reporting requirements without liability for non-compliance (59.4%). Reporting requirements with liability through directors' duties on consumer rights is mostly ranked between the third and fourth position in terms of efficiency, and shares the same position with due diligence requirements linked to public procurement and/or export credit. The alternatives most frequently ranked as most effective are mandatory due diligence requirement coupled with civil remedy, and coupled with criminal liability and/or fine (near 70% of mentions between the first and second positions). The latter, however is ranked among the least efficient with a larger proportion than the civil remedy alternative (13.6% versus 2.6%). In sum, similar to the evaluation of the current regulations the alternative which is consistently considered the most effective is mandatory due diligence requirements coupled with civil remedy.

	Ranking positions					
Type of regulation	**Most effective 1**	**2**	**3**	**4**	**5**	**Least effective 6**
Voluntary guidelines	18.71 %	0.65%	0.00%	3.87%	8.39%	**68.39%**

Reporting requirements: no liability for non-compliance	1.29 %	18.06%	5.16%	10.32%	**59.35%**	5.81%
Reporting requirements: liability through directors' duties or consumer rights	0.65 %	5.81%	**36.77%**	**52.26%**	2.58%	1.94%
Mandatory due diligence requirements coupled with civil remedy	27.74 %	**39.35%**	10.97%	7.74%	11.61%	2.58%
Mandatory due diligence requirement coupled with criminal liability and/or fine	**45.16%**	24.52%	5.16%	2.58%	9.03%	13.55%
Due diligence requirements linked to public procurement and/or export credit	6.45 %	11.61%	**41.94%**	**23.23%**	9.03%	7.74%

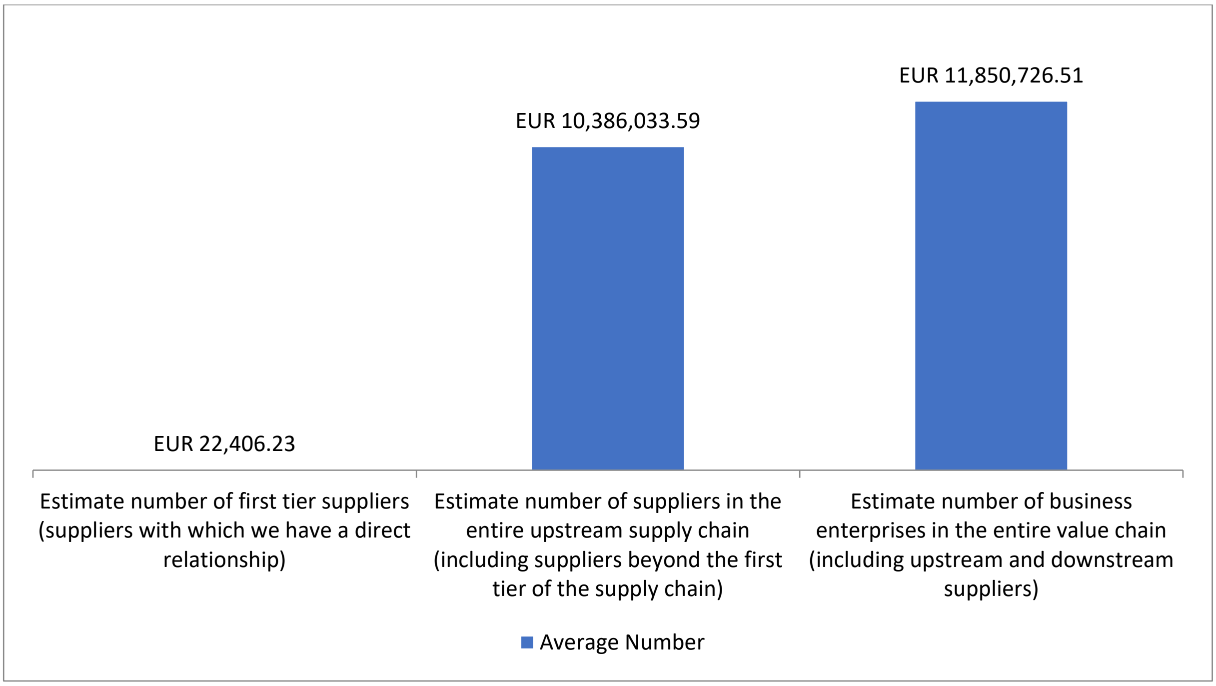
3 Survey Results: Company Characteristics

3.1 Quantity of Suppliers

Q7 Business Survey: How many suppliers are in your company's global supply chain? It is acknowledged that these numbers may only be rough estimations. [Note: For investor companies, questions about suppliers should be answered with respect to investee companies, where possible]

Business responses
Answered 187
Skipped 147

Estimates regarding the number of suppliers were given by 187 business respondents. The numbers submitted by the respondents show a high level of variation, ranging from relatively low two-digit estimates to several million suppliers in companies' entire value chain (upstream as well as upstream and downstream). For first tier suppliers, 25% of the respondents state less than 55 suppliers and 50% state less/more than 1,800 suppliers (median estimate), while 25% of the respondents report more than 20,000 suppliers. With respect to businesses' entire upstream value chain, 25% of the respondents report less than 6 suppliers, 50% report less/more than 1,200 suppliers, while 25% state more than 18,750 suppliers. The highest numbers were generally reported for the number of enterprises in businesses' entire value chain: 25% of the business respondents report less than 8 enterprises, 50% report less/more than 2,550 enterprises, and 25% report more than 37,875 enterprises. The numbers generally show a positive correlation with respondents' stated level of total sales and the stated number of employees. Relatively high values have been reported by two companies: 1 billion suppliers (a large conglomerate comprised of automotive, chemicals, construction and manufacturing business strands; 42 billion EUR in annual revenues) and 50 million suppliers (a large consumer goods company; 20 billion EUR in annual revenue). Eliminating these outliers results in a maximum number of 5 million enterprises in the entire upstream supply chain of businesses and 3 million enterprises in the entire value chain (upstream and downstream). It should be noted that the maximum values stated by the respondents are somewhat inconsistent as we would expect a higher number of enterprises for businesses in entire value chain (upstream and downstream) compared to the total number of businesses in the respondents' upstream supply chain.



	Estimate number of first tier suppliers (suppliers with which we have a direct relationship)	Estimate number of suppliers in the entire upstream supply chain (including suppliers beyond the first tier of the supply chain)	Estimate number of business enterprises in the entire value chain (including upstream and downstream suppliers)
MIN	-	-	-
MAX	600,000	1,000,000,000	1,000,000,000
AVERAGE	22,406	10,386,034	11,850,727

MEDIAN	1,800	1,200	2,550
1st quartile	55	6	8
3rd quartile	20,000	18,750	37,875

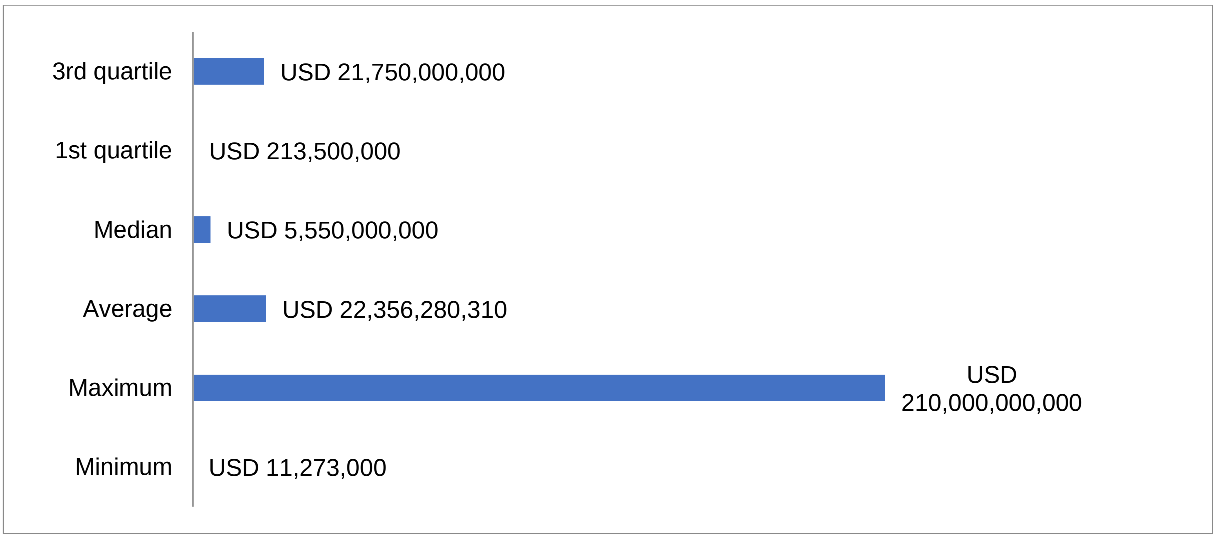
Note: 20.1% of business respondents were SMEs, 7.5% companies with 250-500 employees, 5.3% companies with 500-1000 employees, and 67.0% companies with >1000 employees.

3.2 Turnover of Companies

Q8 Business Survey: What was the approximate size (in Euro) of your total annual turnover in 2017?

<u>Business responses</u>
Answered 180
Skipped 154

180 business respondents reported estimates for their companies' total annual turnover. 25% of the respondents reported an annual trunover of less than 213.5 million EUR. 50% of the respondents reported an annual turnover of less/more than 5.55 billion EUR, while 25% of the respondents reported and annual turnover of more than 21.75 billion EUR. The highest turnover reported was 210 billion EUR.



Note: 18.3% of business respondents were SMEs, 6.7% companies with 250-500 employees, 6.1% companies with 500-1000 employees, and 68.9% companies with >1000 employees.

3.3 Current Practices of Companies

Q10 Business Survey: Does your company undertake, or has it ever undertaken due diligence for any of the following?

<u>Business responses</u>
Answered 175
Skipped 159

Most of the 175 companies (> 70%) which have participated in the survey and responded to this question have undertaken human rights due diligence activities either in selected areas (e.g. health and safety or labour) or taking into account all human rights areas.

Answer Choices	Business
Human rights due diligence, but only in certain areas (for example health & safety, labour, non-discrimination & equality, environmental, land rights & indigenous communities)	33.71%
Human rights due diligence which takes into account all human rights (including environment)	37.14%
Environmental / climate change due diligence (not extending to other	7.43%

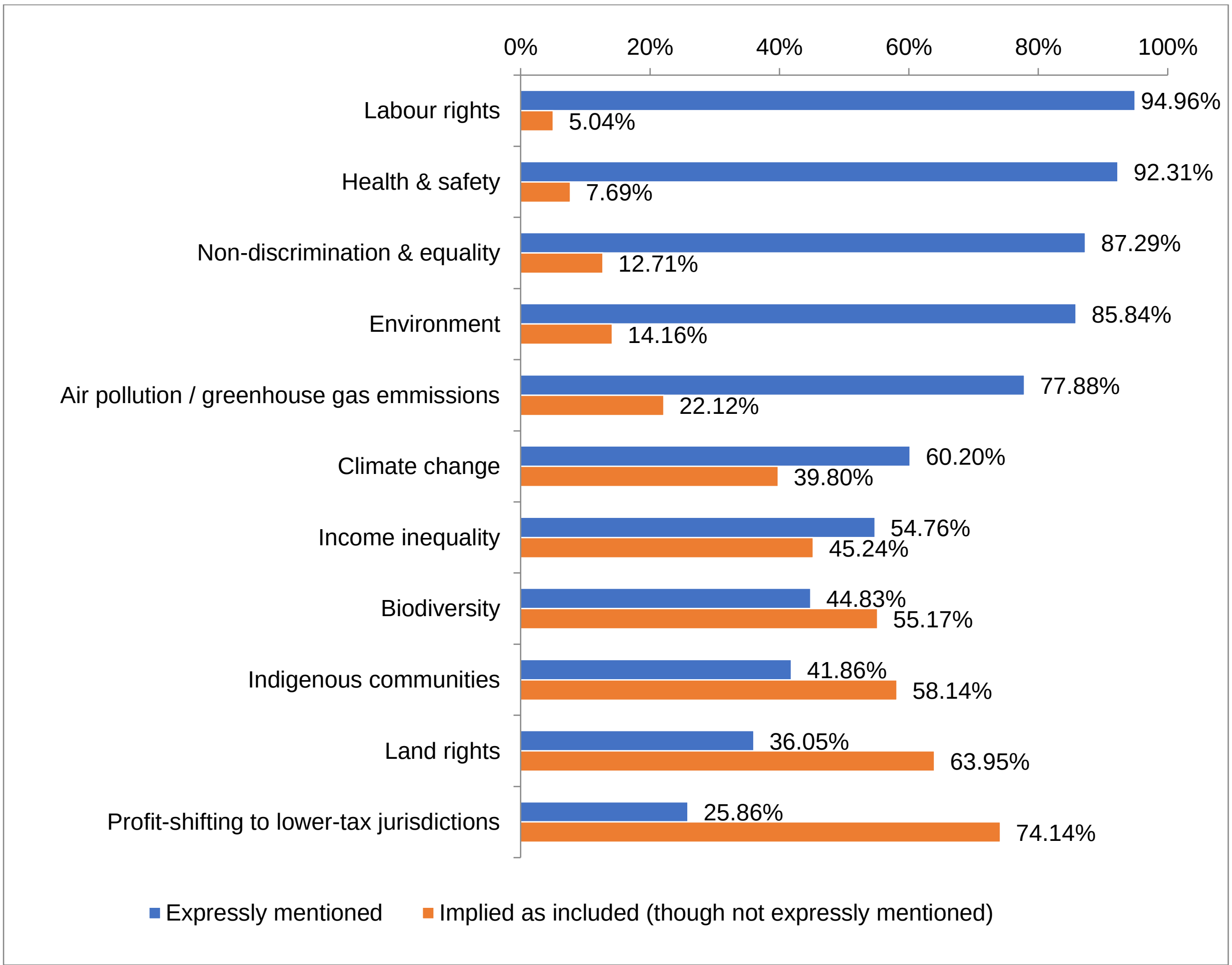
human rights)	
My company does not / has not yet undertaken any form of due diligence for any human rights or environmental impacts	7.43%
Do not know	14.29%

Note: 18.3% of business respondents were SMEs, 6.3% companies with 250-500 employees, 6.3% companies with 500-1000 employees, and 69.1% companies with >1000 employees.

Q11 Business Survey: Which of the following aspects does your company's due diligence cover either expressly or implicitly? Please select all that apply.

Business responses
Answered 133
Skipped 201

Almost all (86%-95%) of the 133 companies which answered the question cover labour rights, health & safety, non-discrimination & equality as well as environmental matters expressly in their company's due diligence. Matters which are mainly covered implicitly in their due diligence, i.e. they are not expressly mentioned, include profit-shifting to lower-tax jurisdictions, land rights and indigenous communities (58%-74% of replies).



Note: 15.0% of business respondents were SMEs, 1.9% companies with 250-500 employees, 5.4% companies with 500-1000 employees, and 77.7% companies with >1000 employees.

4 Survey Results: Company Economic Impacts and Expected Benefits

4.1 Incentives for Due Diligence

Q16 Business Survey: In your opinion, what are/will become your company's main incentives to conduct due diligence for these impacts through the supply chain? (Please select all that apply) [Multiple response]

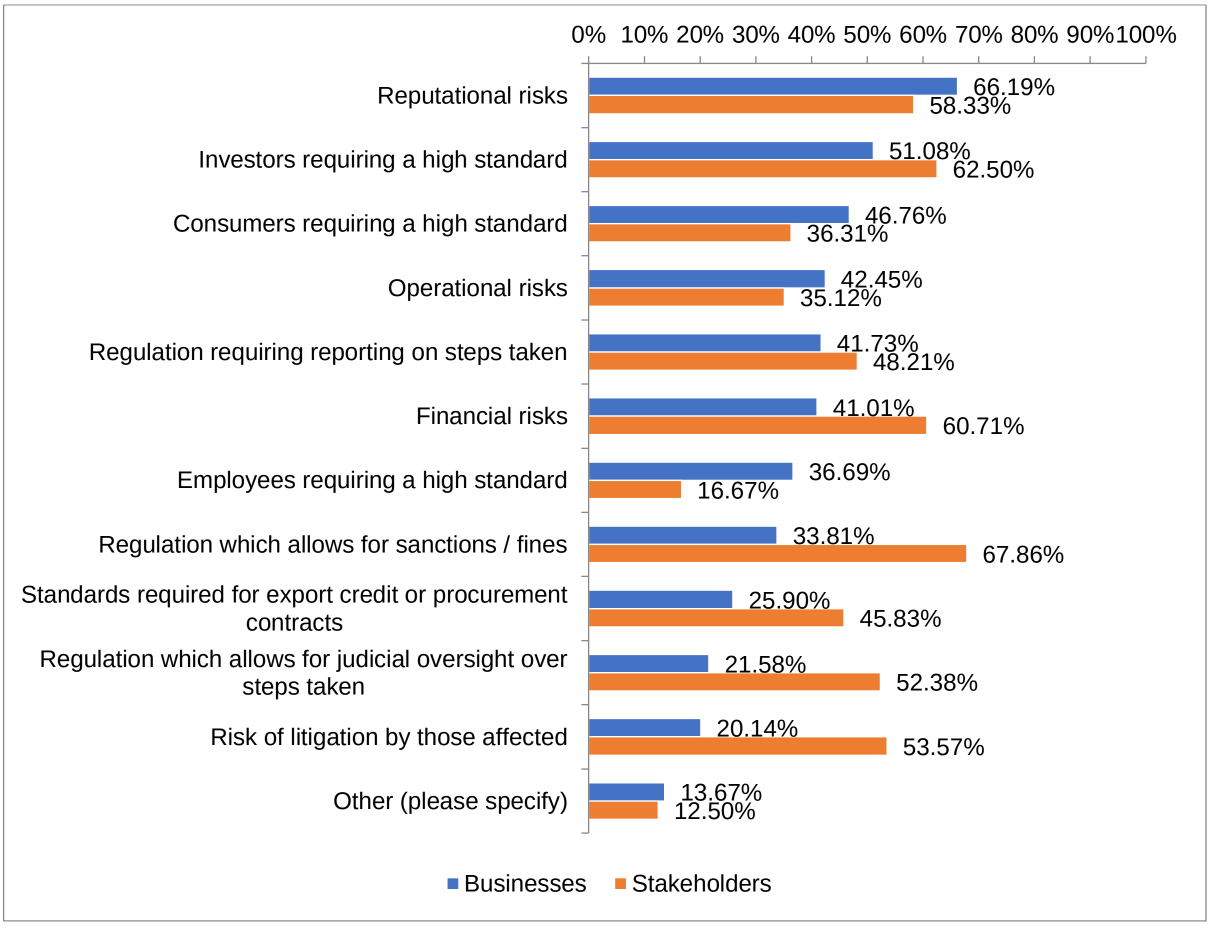
& Q13: In your opinion, what are/will become companies' main incentives to conduct due diligence for these impacts through the supply chain? (Please select all that apply) [Multiple response]

Business responses
Answered 139
Skipped 195

Stakeholder responses
Answered 168
Skipped 129

According the majority of the 139 businesses which responded to this question, the main incentive to conduct due diligence are reputational risks (66%), followed by investors and consumers requiring high standards (51% and 47%, respectively). Operational risks, regulation requiring reporting (42% each) and financial risks (41%) are also important drivers for due diligence activities.

Stakeholders' views are slightly different as they see regulation which allows for sanctions / fines (68%) as the main incentive, followed by investors requiring a high standard (63%), financial risks (61%), and reputational risks (58%).



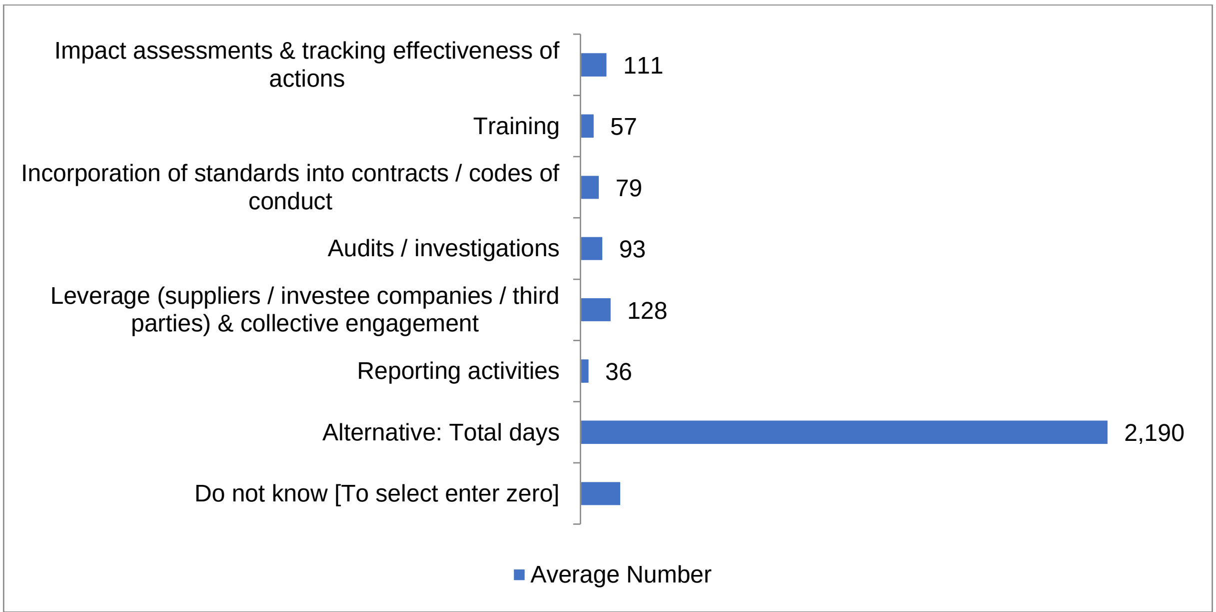
Note: 11.6% of the 613 business responses were provided by SMEs, 3.3% by companies with 250-500 employees, 4.2% by companies with 500-1000 employees, and 80.9% by companies with more than 1000 employees.

4.2 Estimated Company Costs of Current Due Diligence Activities

Q19 Business Survey: Please estimate how many person-days (8 working hours/day) per month does it require for your company to carry out the following activities to comply with due diligence through the supply chain?

Business responses:
Answered 126
Skipped 208

For Option 1 (no policy change), 126 business respondents stated estimates for the number of person-man-days required to carry out certain activities in order to comply with due diligence through their supply chains. The numbers stated vary considerably depending on the size and nature of the company. As concerns the total number of person-man-days per month, 25% of all respondents report less than 3 person-man-days, 50% report less/more than 22 person-man-days and 25% report more than 164 person-man-days. Data for average estimates indicate that activities to communicate and cooperate with third-party businesses (leverage (suppliers / investee companies / third parties) & collective engagement) are most time consuming in terms of person-man-days required. Median data indicate that conducting impact assessments and tracking of the effectiveness of due diligence actions is most time-consuming, followed by the time required for audits and investigations.



	MIN	MAX	AVERAGE	MEDIAN	1st quartile	3rd quartile
Impact assessments & tracking effectiveness of actions	-	2,600	111	5	1	20
Training	-	1,250	57	2	1	10
Incorporation of standards into contracts / codes of	-	2,000	79	3	1	10

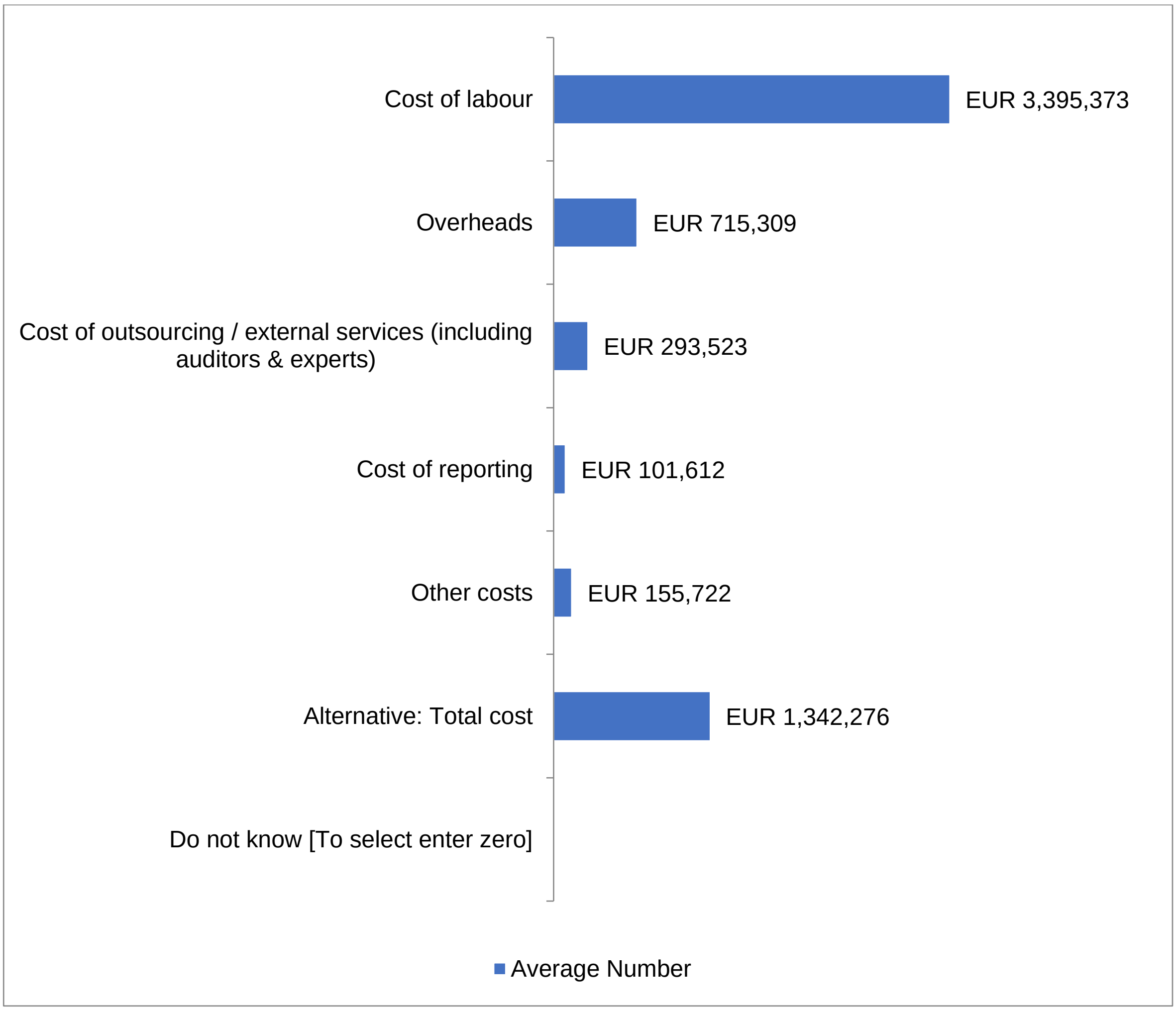
conduct						
Audits / investigations	-	2,000	93	7	1	20
Leverage (suppliers / investee companies / third parties) & collective engagement	-	4,800	128	3	1	10
Reporting activities	-	765	36	3	1	10
Alternative: Total days	-	79,769	2,190	22	3	164

Note: 17.5% of business respondents were SMEs, 6.0% companies with 250-500 employees, 7.7% companies with 500-1000 employees, and 68.8% companies with >1000 employees.

Q20 Business Survey: To the best of your knowledge what is your estimation of the cost (in EUR) of all due diligence activities (for human rights and environmental impacts through the supply chain) undertaken by your enterprise per year?

Business responses
Answered 124
Skipped 210

For Option 1 (no policy change), 124 business respondents stated estimates for the total annual cost of all due diligence activities. The numbers stated vary considerably depending on the size and nature of the company. As concerns total cost estimates, 25% of the respondents report total annual costs of less than 43 EUR (some companies state zero cost, implying that they do not pursue meaningful due diligence policies). 50% of all respondents report annual costs of less/more than 93.800 EUR and 25% of the respondents report total annual cost exceeding 1 million EUR. Median data of the cost estimates indicate that the internal labour costs related to due diligence measures are highest, followed by reporting costs (which also include labour costs) and costs for external services providers.



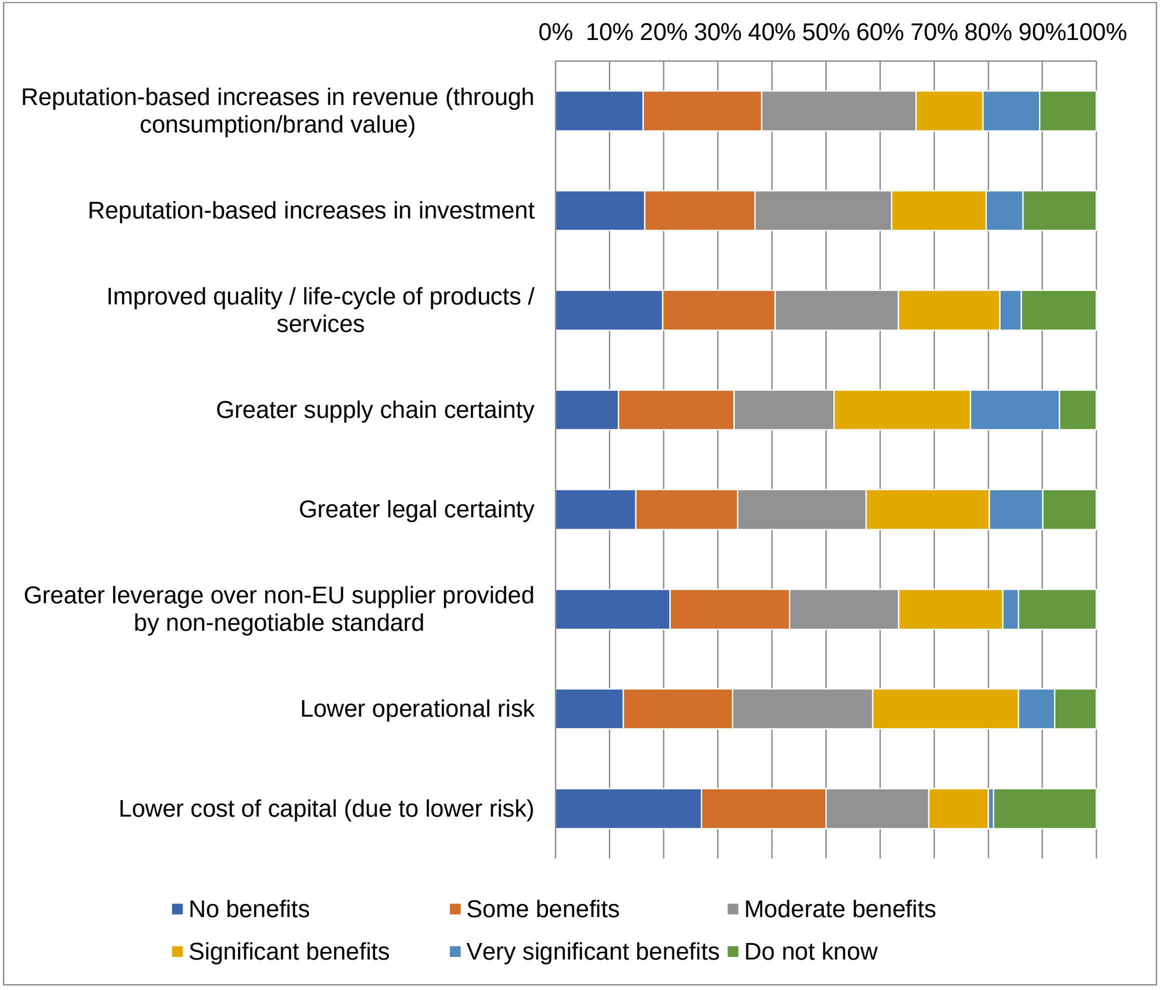
	MIN	MAX	AVERAGE	MEDIAN	1st quartile	3rd quartile
Cost of labour	-	45,500,000	3,395,372	15,000	4	600,000
Overheads	-	19,000,000	715,308	193	-	100,000
Cost of outsourcing / external services (including auditors & experts)	-	2,000,000	293,523	5,000	1	200,000
Cost of reporting	-	1,000,000	101,611	6,797	1	50,000
Other costs	-	3,000,000	155,722	8	-	20,000
Alternative: Total cost	-	25,000,000	1,342,275	93,800	43	1,000,000

Note: 19.5% of business respondents were SMEs, 8.7% companies with 250-500 employees, 7.9% companies with 500-1000 employees, and 63.9% companies with >1000 employees.

4.3 Expected Company Benefits from Current Due Diligence Activities

Q21 Business Survey: In your opinion, where do you see the most significant benefits for your company that result from your current due diligence activities (for human rights and environmental impacts through the supply chain)? It is acknowledged that these benefits are difficult to quantify.

<u>Business responses</u>
Answered 106
Skipped 228



	No benefits	Some benefits	Moderate benefits	Significant benefits	Very significant benefits	Do not know
Reputation-based increases in revenue (through consumption/brand value)	16.19%	21.90%	28.57%	12.38%	10.48%	10.48%
Reputation-based increases in investment	16.50%	20.39%	25.24%	17.48%	6.80%	13.59%
Improved quality / life-cycle of products / services	19.80%	20.79%	22.77%	18.81%	3.96%	13.86%
Greater supply chain certainty	11.65%	21.36%	18.45%	25.24%	16.50%	6.80%
Greater legal certainty	14.85%	18.81%	23.76%	22.77%	9.90%	9.90%

Greater leverage over non-EU supplier provided by non-negotiable standard	21.15%	22.12%	20.19%	19.23%	2.88%	14.42%
Lower operational risk	12.50%	20.19%	25.96%	26.92%	6.73%	7.69%
Lower cost of capital (due to lower risk)	27.00%	23.00%	19.00%	11.00%	1.00%	19.00%

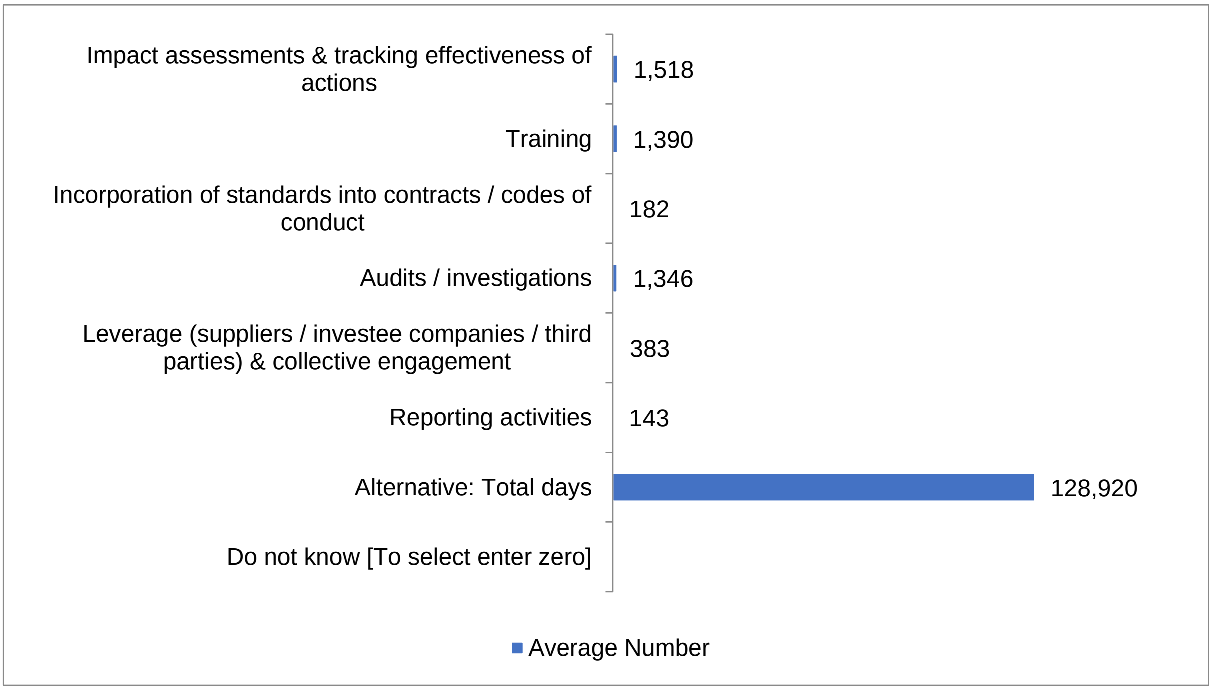
Note: 17.5% of business respondents were SMEs, 5.8% companies with 250-500 employees, 5.8% companies with 500-1000 employees, and 70.8% companies with >1000 employees.

4.4 Estimated Company Costs of Option 2 (voluntary guidelines)

Q22 Business Survey: Please estimate how many person-days (8 working hours/day) per month would it require for your company to comply with new voluntary guidelines on due diligence through the supply chain?

Business responses
Answered 117
Skipped 217

For Option 2 (new voluntary guidelines), 117 business respondents stated estimates for the number of person-man-days required to carry out certain activities. The numbers stated vary considerably depending on the size and nature of the company. As concerns the total number of person-man-days per month, 25% of all respondents report less than 4 person-man-days, 50% report less/more than 33 person-man-days (median) and 25% report more than 303 person-man-days. Data for average numbers indicate that impact assessments and training activities are most time consuming in terms of person-man-days required, followed by audits. Median data point to a similar pattern, but median estimates also indicate that the total number of person-man-days required for training activities, the incorporation of standards into contracts and code of conduct, communication and cooperation with third-party businesses and reporting activities are roughly the same.



	MIN	MAX	AVERAGE	MEDIAN	1st quartile	2nd quartile
Impact assessments & tracking effectiveness of actions	-	45,986	1,518	4	1	25
Training	-	50,000	1,390	3	1	20
Incorporation of standards into contracts / codes of conduct	-	3,454	182	3	1	10
Audits / investigations	-	35,446	1,346	4	1	32
Leverage (suppliers / investee companies / third parties) & collective engagement	-	6,456	383	3	1	12
Reporting activities	-	3,564	143	3	1	14
Alternative: Total days	-	5,000,000	128,920	33	4	303

Note: 16.0% of business respondents were SMEs, 7.3% companies with 250-500 employees, 9.3% companies with 500-1000 employees, and 67.4% companies with >1000 employees.

Q23 Business Survey: To the best of your knowledge what is your estimation of the cost (in EUR) of all activities which your company would take in accordance with new voluntary guidelines on due diligence through the supply chain in one year?

Business responses
Answered 116
Skipped 218

For Option 2 (new voluntary guidelines), 116 business respondents stated estimates for the total cost of related due diligence activities. The numbers stated vary considerably depending on the size and nature of the company. As concerns total cost estimates, 25% of the respondents report total annual costs of less than 1 EUR (some companies state zero cost, implying that they do not pursue due meaningful diligence policies). 50% of all respondents state annual costs of less/more than 300,000 EUR (median) and 25% of the respondents report total annual cost exceeding 1.5 million EUR. Median data of the cost estimates indicate that the cost of reporting (which also include labour costs) are highest, followed by internal labour costs and the costs of external services.

	MIN	MAX	AVERAGE	MEDIAN	1st quartile	2nd quartile
Cost of labour	-	61,000,000	4,930,464	10,000	1	150,000

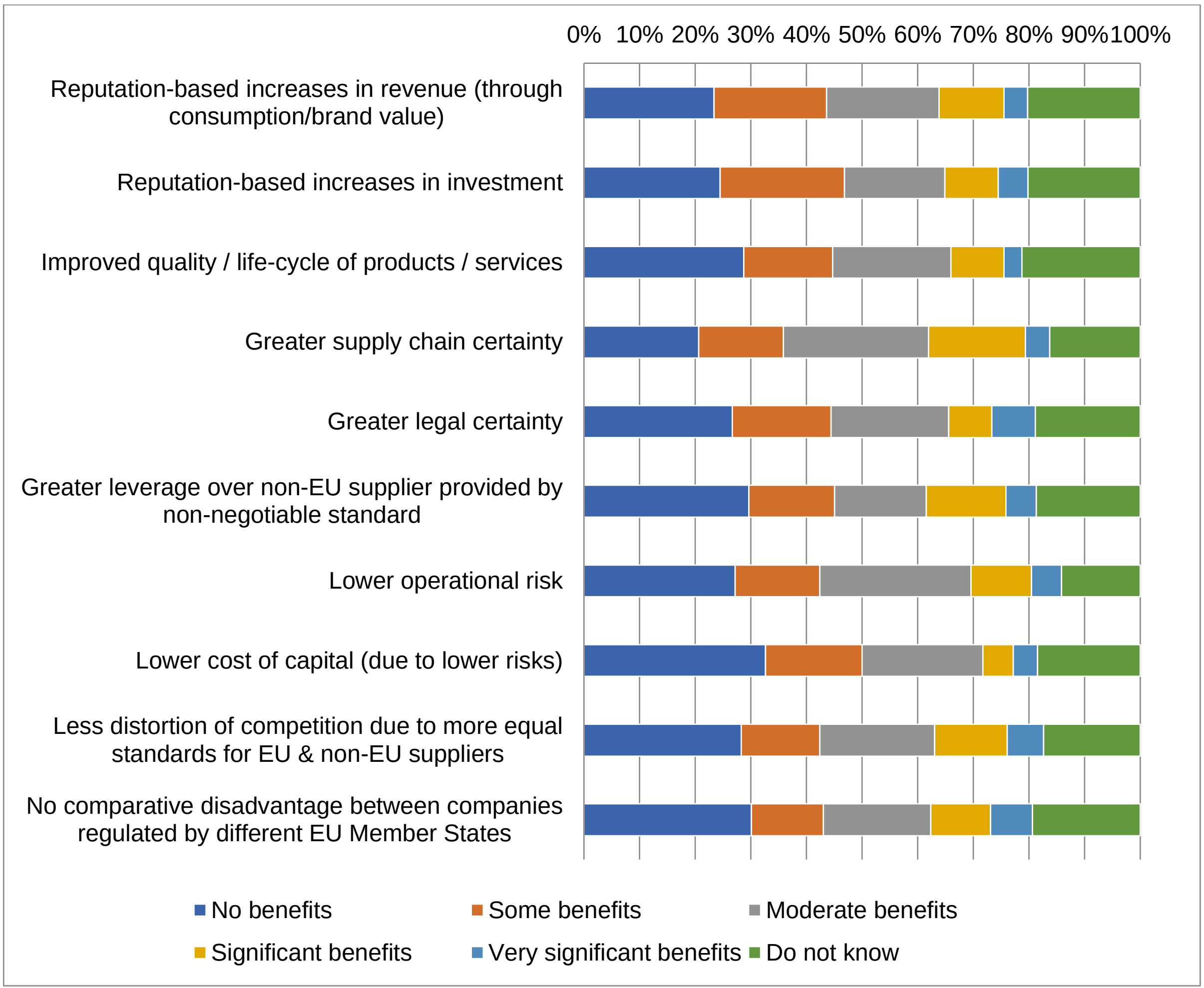
Overheads	-	18,600,000	955,454	3,553	1	50,000
Cost of outsourcing / external services (including auditors & experts)	-	23,452,345	1,692,161	5,000	1	805,000
Cost of reporting	-	34,563,465	1,915,009	20,000	8	187,500
Other costs	-	12,345,123	1,556,335	1,172	1	301,250
Alternative: Total cost	-	88,888,888,888	2,695,375,903	300,000	1	1,500,000

Note: 16.7% of business respondents were SMEs, 7.2% companies with 250-500 employees, 9.0% companies with 500-1000 employees, and 67.0% companies with >1000 employees.

4.5 Expected Company Benefits from Option 2 (voluntary guidelines)

Q24 Business Survey: In your opinion, where do you see the greatest additional benefits for your company that would result from new voluntary guidelines compared to the current situation? It is acknowledged that these benefits are difficult to quantify.

Business responses
Answered 97
Skipped 237



	No benefits	Some benefits	Moderate benefits	Significant benefits	Very significant benefits	Do not know
Reputation-based increases in revenue (through consumption/brand value)	23.40%	20.21%	20.21%	11.70%	4.26%	20.21%
Reputation-based increases in investment	24.47%	22.34%	18.09%	9.57%	5.32%	20.21%
Improved quality / life-cycle of products / services	28.72%	15.96%	21.28%	9.57%	3.19%	21.28%
Greater supply chain certainty	20.65%	15.22%	26.09%	17.39%	4.35%	16.30%
Greater legal certainty	26.67%	17.78%	21.11%	7.78%	7.78%	18.89%

Greater leverage over non-EU supplier provided by non-negotiable standard	29.67%	15.38%	16.48%	14.29%	5.49%	18.68%
Lower operational risk	27.17%	15.22%	27.17%	10.87%	5.43%	14.13%
Lower cost of capital (due to lower risks)	32.61%	17.39%	21.74%	5.43%	4.35%	18.48%
Less distortion of competition due to more equal standards for EU & non-EU suppliers	28.26%	14.13%	20.65%	13.04%	6.52%	17.39%
No comparative disadvantage between companies regulated by different EU Member States	30.11%	12.90%	19.35%	10.75%	7.53%	19.35%

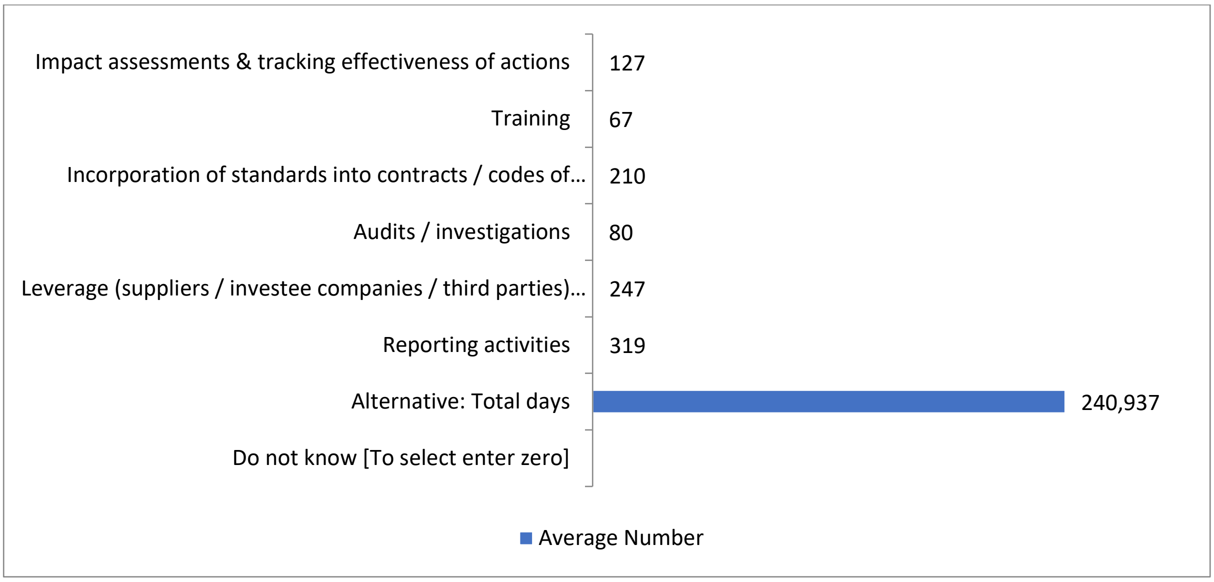
Note: 15.3% of business respondents were SMEs, 6.4% companies with 250-500 employees, 6.5% companies with 500-1000 employees, and 71.9% companies with >1000 employees.

4.6 Estimated Company Costs of Option 3 (new regulatory reporting requirements)

Q31 Business Survey: Please estimate how many person-days (8 working hours/day) per month would it require for your company to carry out the following activities to comply with new regulation requiring reporting on due diligence through the supply chain?

Business responses
Answered 108
Skipped 226

For Option 3 (new regulation requiring reporting), 108 business respondents reported estimates for the number of person-man-days required to carry out certain reporting activities. The numbers stated vary considerably depending on the size and nature of the company. As concerns the total number of person-man-days required per month, 25% of all respondents report less than 8 person-man-days, 50% report less/more than 40 person-man-days (median) and 25% report more than 340 person-man-days. Data for average numbers indicate that the number of required person-man-days is highest for reporting activities, followed by communication and coordination activities related to third-party businesses and the incorporation of standards into contracts and codes of conduct. Median data offer a somewhat different picture, indicating that that number of person-man-days is highest for conducting impact assessments and audits, followed by other activities, which are stated to require roughly the same amount of person-man-days.



	MIN	MAX	AVERAGE	MEDIAN	1st quartile	2nd quartile
Impact assessments & tracking effectiveness of actions	-	2,200	127	10	2	21
Training	-	888	67	5	2	20
Incorporation of standards into contracts / codes of conduct	-	4,234	210	5	1	10
Audits / investigations	-	888	80	6	1	20
Leverage (suppliers / investee companies / third parties) & collective engagement	-	4,800	247	5	1	11
Reporting activities	-	8,888	319	5	2	22
Alternative: Total days	-	8,888,888	240,937	40	8	340

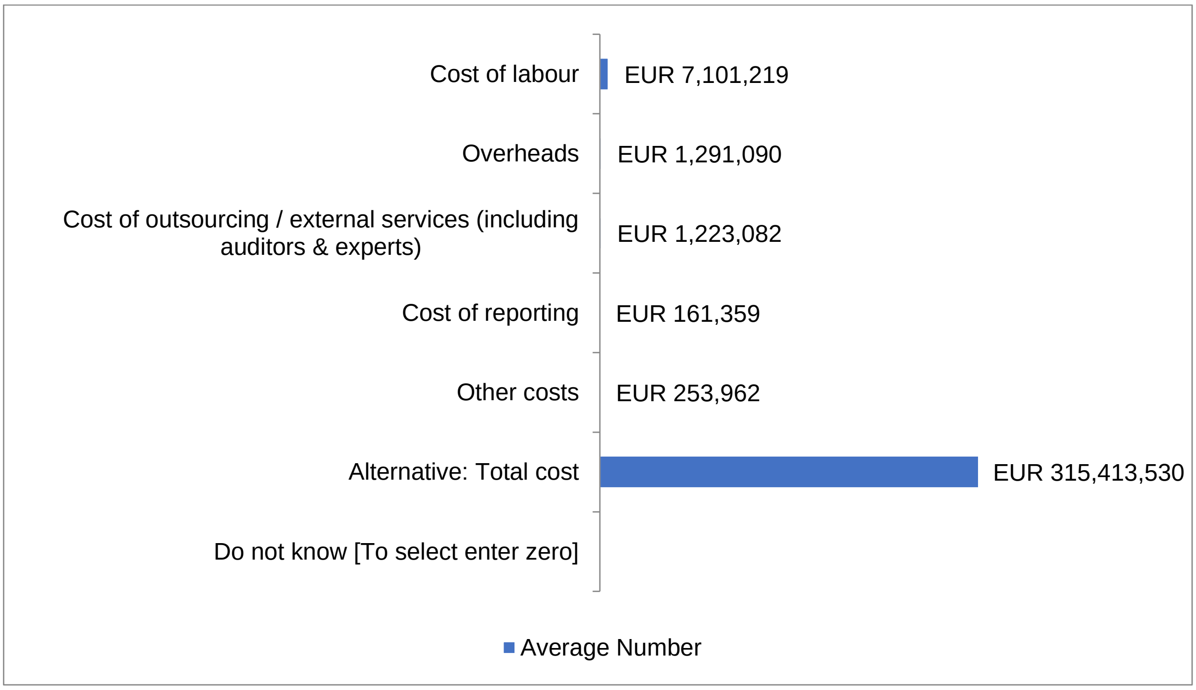
Note: 15.8% of business respondents were SMEs, 6.8% companies with 250-500 employees, 9.0% companies with 500-1000 employees, and 68.5% companies with >1000 employees.

Q32 Business Survey: To the best of your knowledge what is your estimation of the cost (in EUR) of all activities which your company would take in accordance with new regulation requiring reporting on due diligence in the supply chain in one year?

<u>Business responses</u>
Answered 108

Skipped 226

For Option 3 (new regulation requiring reporting), 108 business respondents stated estimates for the total cost of related due diligence activities. The numbers stated vary considerably depending on the size and nature of the company. As concerns total cost estimates, 25% of the respondents report total annual costs of less than 37,500 EUR. 50% of all respondents report annual costs of less/more than 150,000 EUR (median) and 25% of the respondents report total annual cost exceeding 1.55 million EUR. Median data of the reported cost estimates indicate that the internal cost of labour are highest, followed external cost for services providers and general reporting costs.



	MIN	MAX	AVERAGE	MEDIAN	1st quartile	2nd quartile
Cost of labour	-	93,500,000	7,101,219	60,000	91	1,162,500
Overheads	-	21,000,000	1,291,090	2,321	2	350,000
Cost of outsourcing / external services (including auditors & experts)	-	20,000,000	1,223,082	43,523	182	975,000
Cost of reporting	-	1,300,000	161,359	10,000	10	180,000
Other costs	-	3,000,000	253,962	21	1	62,500
Alternative: Total cost	-	10,101,010,101	315,413,530	150,000	37,500	1,550,000

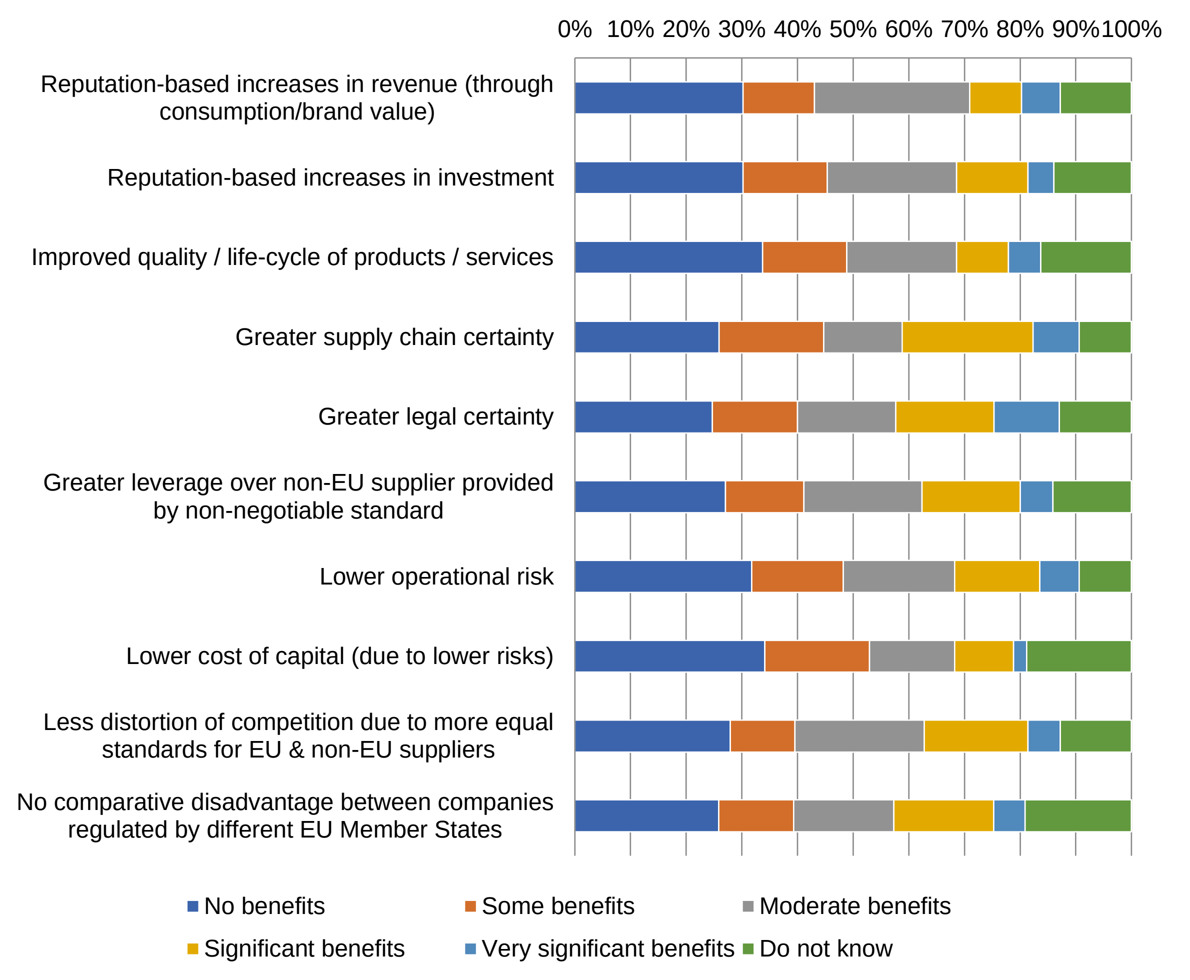
Note: 17.4% of business respondents were SMEs, 2.4% companies with 250-500 employees, 8.2% companies with 500-1000 employees, and 72.0% companies with >1000 employees.

4.7 Expected Company Benefits from Option 3 (new regulatory reporting requirements)

Q33 Business Survey: In your opinion, where do you see the greatest additional benefits for your company that would result from new regulation requiring

reporting on due diligence through the supply chain compared to the current situation? It is acknowledged that these benefits are difficult to quantify.

<u>Business responses</u>
Answered 89
Skipped 245



	No benefits	Some benefits	Moderate benefits	Significant benefits	Very significant benefits	Do not know
Reputation-based increases in revenue (through consumption/brand value)	30.23%	12.79%	27.91%	9.30%	6.98%	12.79%
Reputation-based increases in investment	30.23%	15.12%	23.26%	12.79%	4.65%	13.95%
Improved quality / life-cycle of products / services	33.72%	15.12%	19.77%	9.30%	5.81%	16.28%
Greater supply chain certainty	25.88%	18.82%	14.12%	23.53%	8.24%	9.41%

Greater legal certainty	24.71%	15.29%	17.65%	17.65%	11.76%	12.94%
Greater leverage over non-EU supplier provided by non-negotiable standard	27.06%	14.12%	21.18%	17.65%	5.88%	14.12%
Lower operational risk	31.76%	16.47%	20.00%	15.29%	7.06%	9.41%
Lower cost of capital (due to lower risks)	34.12%	18.82%	15.29%	10.59%	2.35%	18.82%
Less distortion of competition due to more equal standards for EU & non-EU suppliers	27.91%	11.63%	23.26%	18.60%	5.81%	12.79%
No comparative disadvantage between companies regulated by different EU Member States	25.84%	13.48%	17.98%	17.98%	5.62%	19.10%

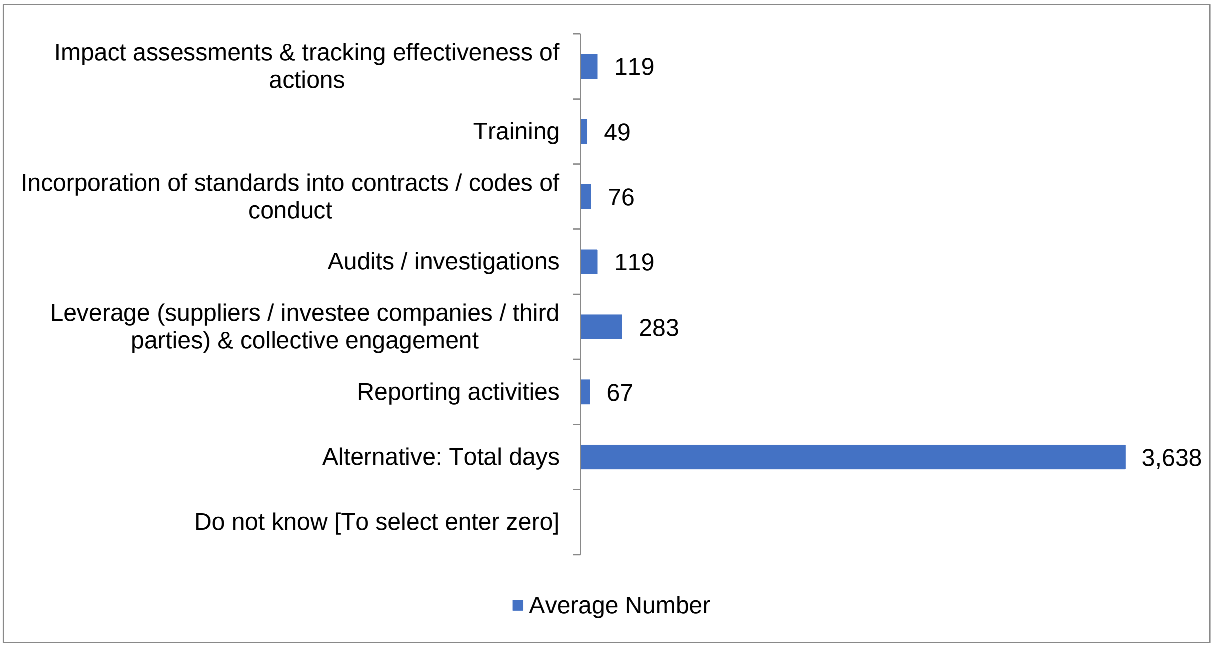
Note: 15.2% of business respondents were SMEs, 4.7% companies with 250-500 employees, 5.8% companies with 500-1000 employees, and 74.4% companies with >1000 employees.

4.8 Estimated Company Costs of Option 4 (new regulation requiring mandatory due diligence)

Q40 Business Survey: Please estimate how many person-days (8 working hours/day) per month would it require for your company to carry out the following activities to comply with new regulation which requires companies to undertake mandatory due diligence through the supply chain?

<u>Business responses</u>
Answered 103
Skipped 231

For Option 4 (mandatory due diligence), 103 business respondents stated estimates for the number of person-man-days per month required to carry out certain due diligence activities. The numbers stated vary considerably depending on the size and nature of the company. As concerns the total number of person-man-days required, 25% of all respondents report less than 10 person-man-days, 50% report less/more than 56 person-man-days (median) and 25% report more than 345 person-man-days. Data for average numbers indicate that the number of required person-man-days is highest for communication and coordination activities related to third-party businesses, followed by impact assessments, audits, and the incorporation of standards into contracts and codes of conduct. Median data offer a somewhat different picture, indicating that that number of person-man-days is highest for conducting impact assessments, training activities, audits, the incorporation of standards into contracts and codes of conduct, and communication and coordination activities related to third-party businesses.



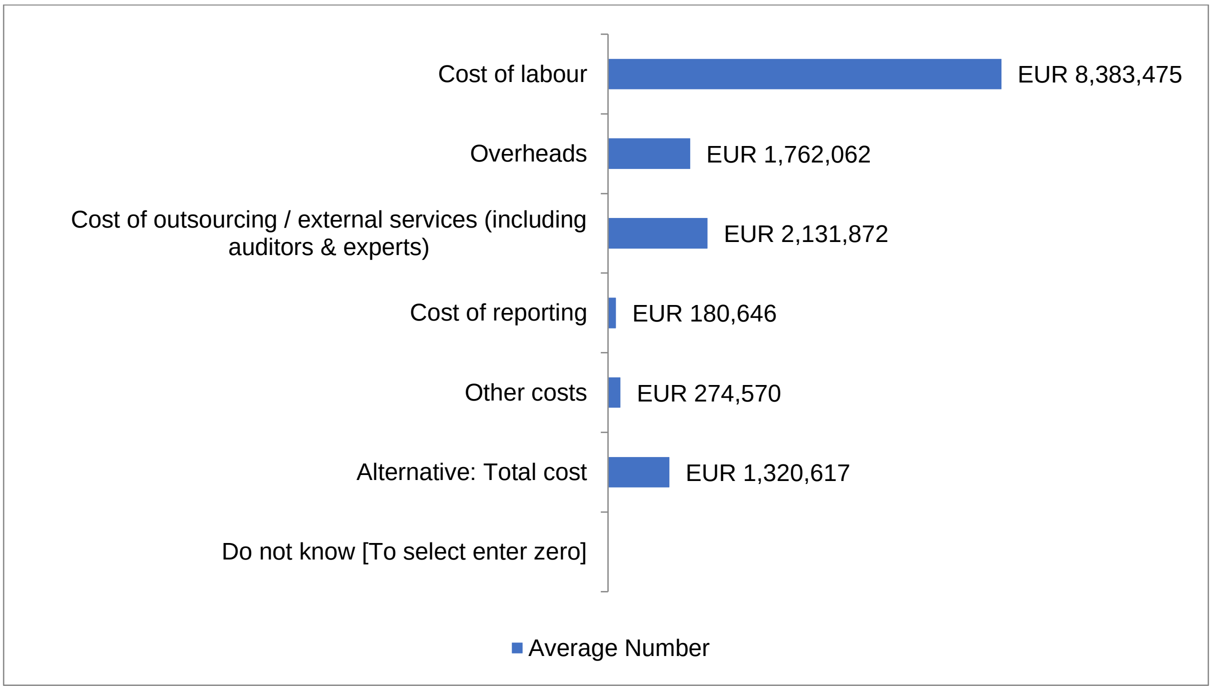
	MIN	MAX	AVERAGE	MEDIAN	1st quartile	2nd quartile
Impact assessments & tracking effectiveness of actions	0	2200	119	10	1	40
Training	0	400	49	10	3	20
Incorporation of standards into contracts / codes of conduct	0	1500	76	7	2	12
Audits / investigations	0	2400	119	10	3	61
Leverage (suppliers / investee companies / third parties) & collective engagement	0	4800	283	7	2	13
Reporting activities	0	560	67	5	3	33
Alternative: Total days	0	101010	3638	56	10	345

Note: 15.5% of business respondents were SMEs, 2.8% companies with 250-500 employees, 9.2% companies with 500-1000 employees, and 72.5% companies with >1000 employees.

Q41 Business Survey: To the best of your knowledge what is your estimation of the cost (in EUR) of all activities which your company would take in accordance with new regulation requiring mandatory due diligence through the supply chain in one year?

<u>Business responses</u>
Answered 103
Skipped 231

For Option 4 (mandatory due diligence), 103 business respondents stated estimates for the total cost of related due diligence activities. The numbers stated vary considerably depending on the size and nature of the company. As concerns total cost estimates, 25% of the respondents report total annual costs of less than 178 EUR (some companies state zero cost, implying that they do pursue meaningful due diligence policies). 50% of all respondents reports annual costs of less/more than 100,000 EUR (median) and 25% of the respondents report total annual cost exceeding 2 million EUR. Average data indicate that the costs are highest for internal labour, external services providers, and general overhead. This pattern is also generally reflected by the median data of the reported estimates.



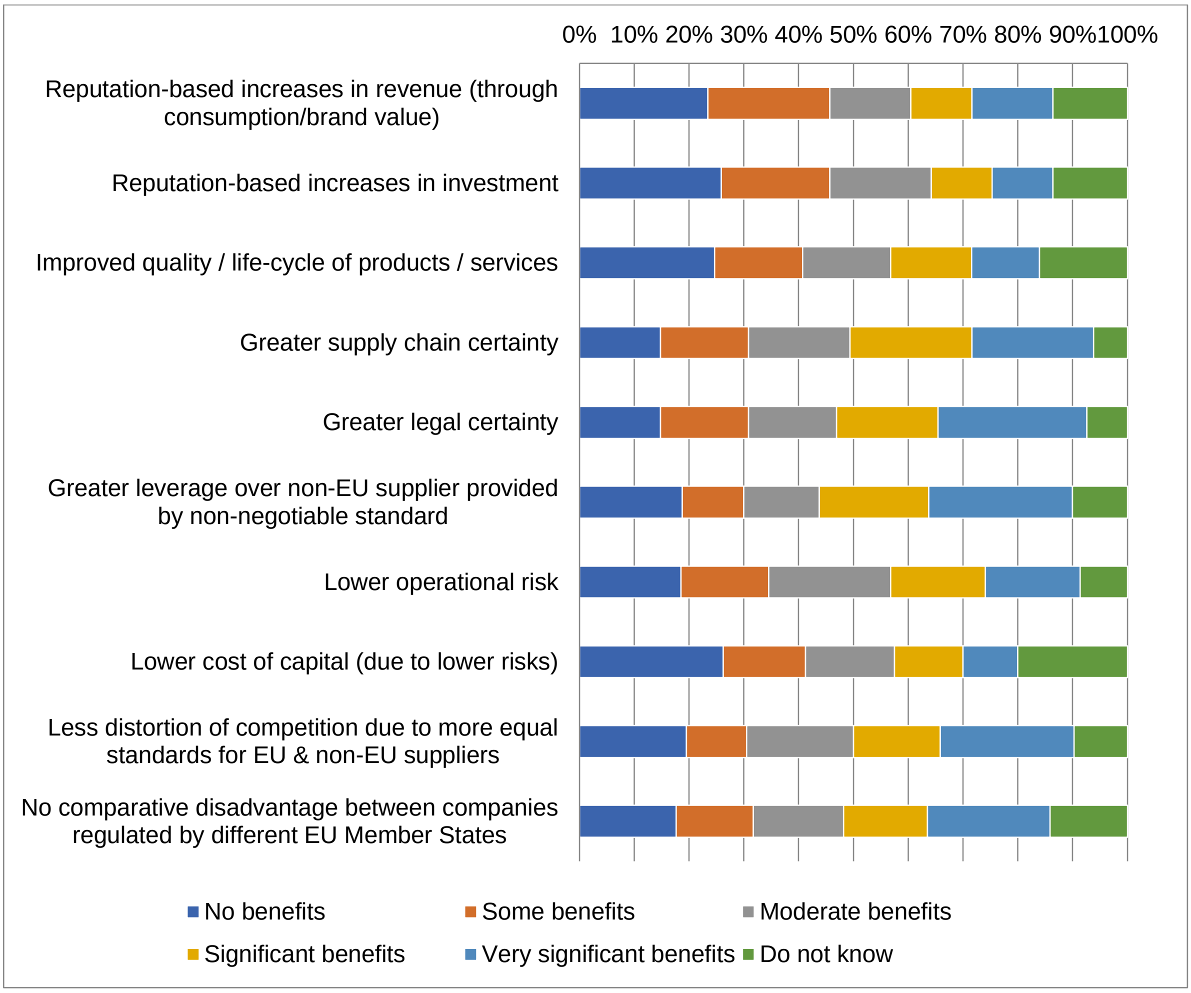
	MIN	MAX	AVERAGE	MEDIAN	1st quartile	2nd quartile
Cost of labour	-	108,000,000	8,383,475	30,000	1	1,950,000
Overheads	-	28,000,000	1,762,062	1,150	2	187,500
Cost of outsourcing / external services (including auditors & experts)	-	40,000,000	2,131,872	20,000	3	1,010,000
Cost of reporting	-	1,400,000	180,646	10,000	3	250,000
Other costs	-	3,000,000	274,570	10	1	75,000
Alternative: Total cost	-	10,000,000	1,320,617	100,501	178	2,025,000

Note: 16.4% of business respondents were SMEs, 1.5% companies with 250-500 employees, 9.5% companies with 500-1000 employees, and 72.6% companies with >1000 employees.

4.9 Expected Company Benefits from Option 4 (new regulation requiring mandatory due diligence)

Q42 Business Survey: In your opinion, where do you see the greatest additional benefits for your company that would result from new regulation requiring mandatory due diligence compared to the current situation? It is acknowledged that these benefits are difficult to quantify.

Business responses
Answered 85
Skipped 249



	No benefits	Some benefits	Moderate benefits	Significant benefits	Very significant benefits	Do not know
Reputation-based increases in revenue (through consumption/brand value)	23.46%	22.22%	14.81%	11.11%	14.81%	13.58%
Reputation-based increases in investment	25.93%	19.75%	18.52%	11.11%	11.11%	13.58%

Improved quality / life-cycle of products / services	24.69%	16.05%	16.05%	14.81%	12.35%	16.05%
Greater supply chain certainty	14.81%	16.05%	18.52%	22.22%	22.22%	6.17%
Greater legal certainty	14.81%	16.05%	16.05%	18.52%	27.16%	7.41%
Greater leverage over non-EU supplier provided by non-negotiable standard	18.75%	11.25%	13.75%	20.00%	26.25%	10.00%
Lower operational risk	18.52%	16.05%	22.22%	17.28%	17.28%	8.64%
Lower cost of capital (due to lower risks)	26.25%	15.00%	16.25%	12.50%	10.00%	20.00%
Less distortion of competition due to more equal standards for EU & non-EU suppliers	19.51%	10.98%	19.51%	15.85%	24.39%	9.76%
No comparative disadvantage between companies regulated by different EU Member States	17.65%	14.12%	16.47%	15.29%	22.35%	14.12%

Note: 16.0% of business respondents were SMEs, 3.7% companies with 250-500 employees, 6.2% companies with 500-1000 employees, and 74.2% companies with >1000 employees.

4.10 The Cost Impact of Digital Technologies

Q52 Business Survey: Do you think that new digital reporting and/or monitoring technologies would help your company reduce supply chain due diligence compliance cost?

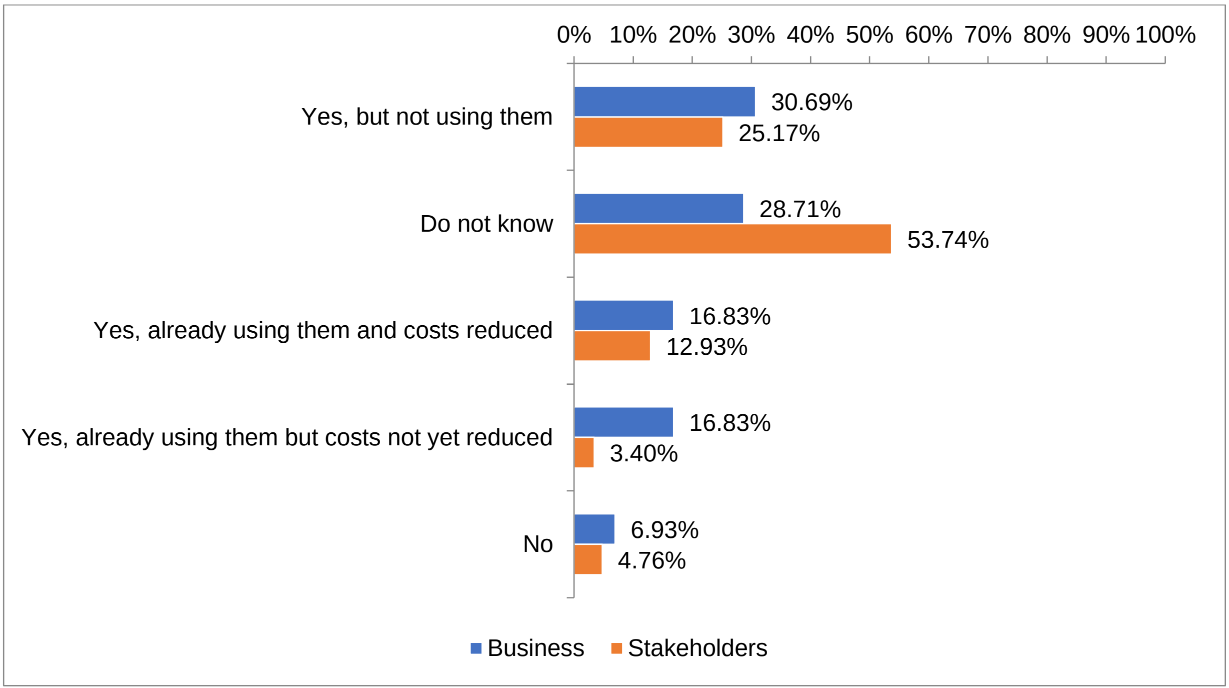
& Q45 Stakeholder Survey: Do you think that new digital reporting and/or monitoring technologies would help companies reduce supply chain due diligence compliance cost?

Business responses
Answered 101
Skipped 233

Stakeholder responses
Answered 147
Skipped 150

Most business respondents (31%) agree that new digital reporting and/or monitoring technologies would help to reduce supply chain due diligence compliance cost, but they have not yet used such technologies. However, a large share (29%) also does not know whether these technologies would help to reduce costs. 34% of business respondents report that they are already using such technologies with half of the group reporting a cost-reducing effect, while the other half has not yet observed a cost-reduction from the use of these technologies.

More than half (54%) of the stakeholders responding to this question have no knowledge about this question. 25% report that they do think that new digital reporting and/or monitoring technologies would help to reduce supply chain due diligence compliance cost, but they have not yet worked with companies that are using such technologies. Only 12% of stakeholder respondents agree with the cost-reducing effect of such technologies and have worked with companies which are already using such technologies and which have seen reduced costs from these technologies.



Note: 15.8% of business respondents were SMEs, 3.0% companies with 250-500 employees, 5.9% companies with 500-1000 employees, and 75.2% companies with >1000 employees.

Q53 Business Survey: Please indicate by how much (in Euro) you estimate that new digital reporting and/or monitoring technologies reduce (or could reduce) your company's due diligence compliance cost?

& Q46 Stakeholder Survey: Please indicate by how much (in Euro) you estimate that new digital reporting and/or monitoring technologies reduce (or could reduce) companies' due diligence compliance cost?

Business responses[2]
Answered 65
Skipped 269

Stakeholder responses
Answered 62
Skipped 235

Of the 65 businesses which responded to this question 37% indicated that they estimate a zero reduction of their company's due diligence compliance cost from new digital

[2] 12.3% of business respondents were SMEs, 4.6% companies with 250-500 employees, 4.6% companies with 500-1000 employees, and 78.5% companies with >1000 employees.

reporting and/or monitoring technologies. Another 18.5% indicated that they did not know about the magnitude of such a cost reduction. As a result, there were 29 respondents providing a quantitative estimation of the possible magnitude of cost reduction. Three estimated the cost reduction to amount to 10.000-100.000 EUR annually or 20 to 30 percent of the costs. The remaining 26 business responses range from 1 Euro to 3 million Euro with an average of 341.144 EUR. 25% of the estimations are below 4124 EUR (1^{st} quartile), 50% are below 24.212 EUR (2^{nd} quartile) and 75% are below 450.000 (3^{rd} quartile).

Of the 62 stakeholders who responded to this question 85.5% were not able to provide an estimation. Of the remaining respondents 4 respondents indicated that they would estimate a cost reduction of zero. Four stakeholders provided rough estimations of cost reductions ranging from 3.500 EUR to 1 million EUR, with an average of approximately 580.000 Euros. Another respondent estimated a cost reduction of 40%.

5 Survey Results: Impacts on Public Authorities and the Judicial System

5.1 Estimated Stakeholder Costs of Option 3 (new regulatory reporting requirements)

Q26 Stakeholder Survey: In your estimation, how much additional staff time would be required by public authorities and the judicial system in your country to enforce the new reporting requirements (option 3)? Please insert the estimated number of additional (8-hour) person-days per month:

<u>Stakeholder responses</u>
Answered 105
Skipped 192

This question was answered by 105 respondents. The great majority of respondents indicated that they were not able to report estimates. Common answers are "do not know" or "no idea". One respondent stated: "No answer. The additional staff time is entirely dependent on the scope of the requirements, which are currently unknown." Another respondent outlined that "This depends on the country and the context, i.e. the amount of internationally operating corporations in a country. It is also not only about capacity but also about efficiency and harmonisation between implementers. For example, the EU timber regulation is implemented in varying ways in different countries. There need to be strong, enforced agreements about implementation." One respondent highlighted that that this "[d]epends on the chosen enforcement model. Enforcement would have to be adequately resources to ensure its effectiveness. This would probably require a small team of people working full time." Only two respondents, both from governmental institutions in the Netherlands, stated rough numerical estimates: "at least 50 full time people throughout the country" and "100 days per month".

Q27 Stakeholder Survey: What would be your estimation of the total cost (in Euro) for public authorities and the judicial system in your country to enforce these new reporting requirements (option 3)?

<u>Stakeholder responses</u>
Answered 98
Skipped 199

This question was answered by 98 respondents. The great majority of respondents indicated that they were not able to report estimates. Common answers were "do not know" or "NA" or "no idea". One respondent stated that it is "impossible to calculate but if the impact on society and environment would be as expected these costs will be compensated by reduction of resources spent on addressing consequences of misbehaviour by companies. In principle prevention is cheaper than remedies ex post (if they are possible and effective)." One respondent reported: "Governments have the duty to protect human rights against abuses by third parties. This includes carrying out measures to regulate potential harmful activities by third parties and to enforce such regulations. States have also a duty to ensure access to judicial remedy. By doing so, governments also address costs that are occurring through harm when companies are not carrying out human rights due diligence." One respondent stated: "Don't know as it will depend on the country's approach to reporting - don't think there is much enforcement going on of the existing lighter directive and would not assume that would change - the directive's enforcement philosophy is getting info into the public domain so that interested users "enforce" through use of info. So overall estimate would be low. What would be useful is each Member State or the EU creating an open data hub where reports are accessible to limit burden on MS authorities while making the reports easily accessible to the public. One industry organisation from Germany quoted "100 million EUR" (for Germany).

5.2 Estimated Stakeholder Costs of Option 4 (new regulatory reporting requirements)

Q34 Stakeholder Survey: In your estimation, how much additional staff time would be required by public authorities and the judicial system in your country to enforce the new mandatory due diligence requirements (option 4)? Please insert the estimated number of additional (8-hour) person-days per month:

Stakeholder responses

Answered	105
Skipped	192

This question was answered by 105 respondents. The great majority of respondents indicated that they were not able to report estimates. Common answers are "do not know" or "no idea". One respondent stated "[t]he additional time is entirely dependent on the scope of the rules, which are unknown." One respondent stated "[o]utside business scope; impossible to measure without more concrete scope or definitions." Another respondent argued that "[b]oth, public authorities and judicial system[s] are currently experiencing costs when due diligence is not carried out." Another respondent outlined: "Unclear both because it will depend on whether authorities prioritise enforcement, limit themselves to only requiring evidence that some DD has been done, react only when prompted to specific cases, use resources to actually investigate on the ground (unlikely). It would be useful to review the French experience as well as the US experience in enforcing its requirements on forced labour and child labour as starting points for understanding what kind of approaches and resources could be used." One respondent stated: "Unknow[n] but substantial due to enforcement and monitoring. It requires a new oversight/supervising body or new task for existing bodies."

Q35 Stakeholder Survey: In your estimation, what would be the total cost (in Euro) for public authorities and the judicial system in your country to enforce these new mandatory due diligence regulations (option 4)?

Stakeholder responses

Answered	101
Skipped	196

This question was answered by 101 respondents. The great majority of respondents indicated that they were not able to report estimates. Common answers are "do not know" or "no idea". One respondent stated that "[w]ithout details about the scope of the reporting requirement and the nature of enforcement it is impossible to estimate this. Another respondent stated: "I don't know, but in any case, the cost of letting human rights being violated and the environment being destroyed is much higher than the cost of enforcing mandatory due diligence regulation, especially taking into account externality costs and long-term costs." Another respondent reported: "Hard to mention here a figure. But will be costly."

6 Survey Results: Social and Other Impacts

6.1 Expected Social Impacts of Option 2 (voluntary guidelines)

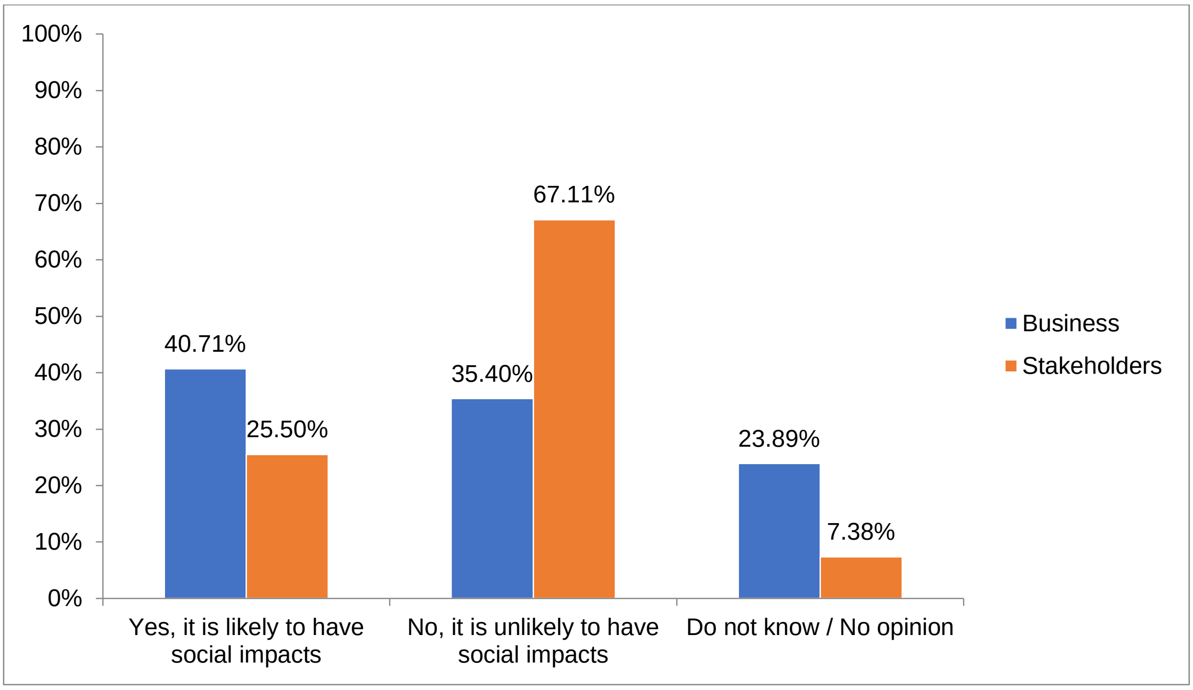
Q25 Business Survey: We are interested in understanding the likely impacts of regulatory options on sustainability, including with respect to social, environmental and human rights impacts. Do you foresee that the introduction of new voluntary guidelines on due diligence through the supply chain would have social impacts (including in relation to labour rights, employment, wages, gender-related issues, income equality)?

& Q20 Stakeholder Survey: We are interested in understanding the likely impacts of regulatory options on sustainability, including with respect to social, environmental and human rights impacts. Do you foresee that the introduction of new voluntary guidelines on due diligence through the supply chain would have social impacts (including in relation to labour rights, employment, wages, gender-related issues, income equality)?

Business responses
Answered 113
Skipped 221

Stakeholder responses
Answered 149
Skipped 148

Respondents' views differ regarding the likely social impacts of new voluntary guidelines. 67% of the stakeholders which have answered the question think it is unlikely that new voluntary guidelines on due diligence through the supply chain (regulatory option 2) would have social impacts (including in relation to labour rights, employment, wages, gender-related issues, income equality) and only 26% think there would be social impacts. In contrast, 40% of the business respondents think it is likely that such new guidelines would have a social impact, while only 35% think that there would not be such social impacts.



Note: 15.9% of business respondents were SMEs, 6.2% companies with 250-500 employees, 5.3% companies with 500-1000 employees, and 72.6% companies with >1000 employees.

6.2 Specific Social Impacts of Option 2 (voluntary guidelines)

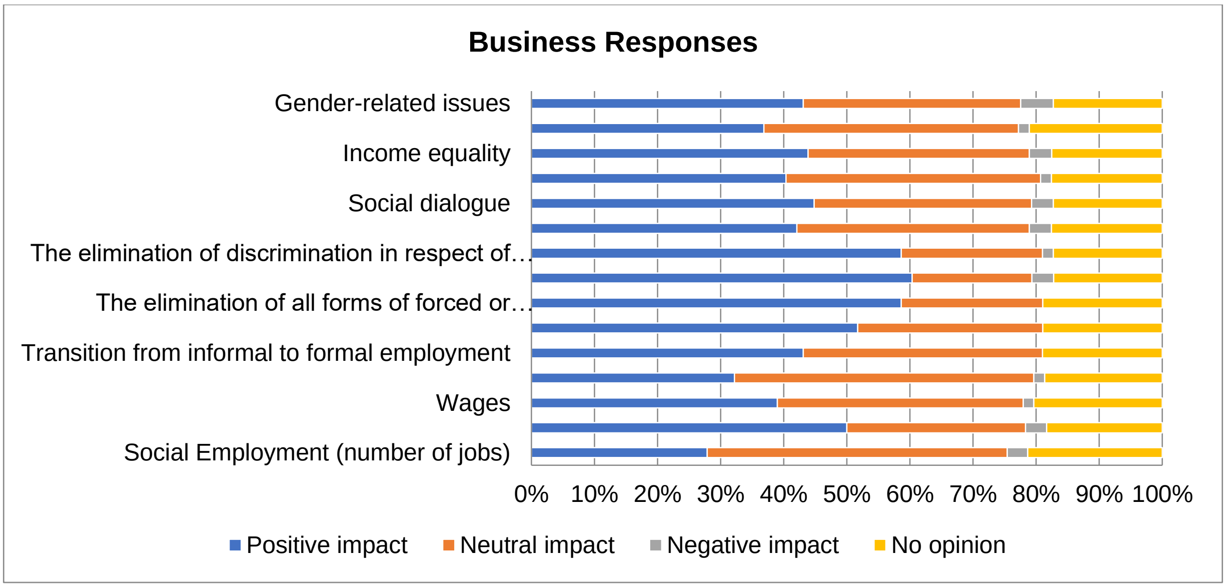
Q26 Business Survey: Please specify the impacts that new voluntary guidelines are likely to have on the following areas along your supply chain. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainability, e.g. improved quality of jobs, reduced poverty, etc.

& Q21 Stakeholder Survey: Please specify the impacts that new voluntary guidelines are likely to have on the following areas along global value chains. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainability, e.g. improved quality of jobs, reduced poverty, etc.

<u>Business responses</u>
Answered 61
Skipped 273

<u>Stakeholder responses</u>
Answered 45
Skipped 252

Most of the businesses which rated the potential impacts of each area of impact considered that new voluntary guidelines could have positive impacts on their supply chains regarding the effective abolition of child labour (60%), the elimination of all forms of forced or compulsory labour (59%), and the elimination of discrimination in respect of employment and occupation (59%). Positive impacts are also expected by many companies on the freedom of association and effective recognition of the right to collective bargaining (52%) and the quality of jobs (50%). Neutral impacts are expected mainly on the number of jobs (48% of respondents expect neutral rather than positive or negative impacts) and household income (47%). Very few (0%-3.5%) of the respondents expect negative rather than positive or neutral impacts.

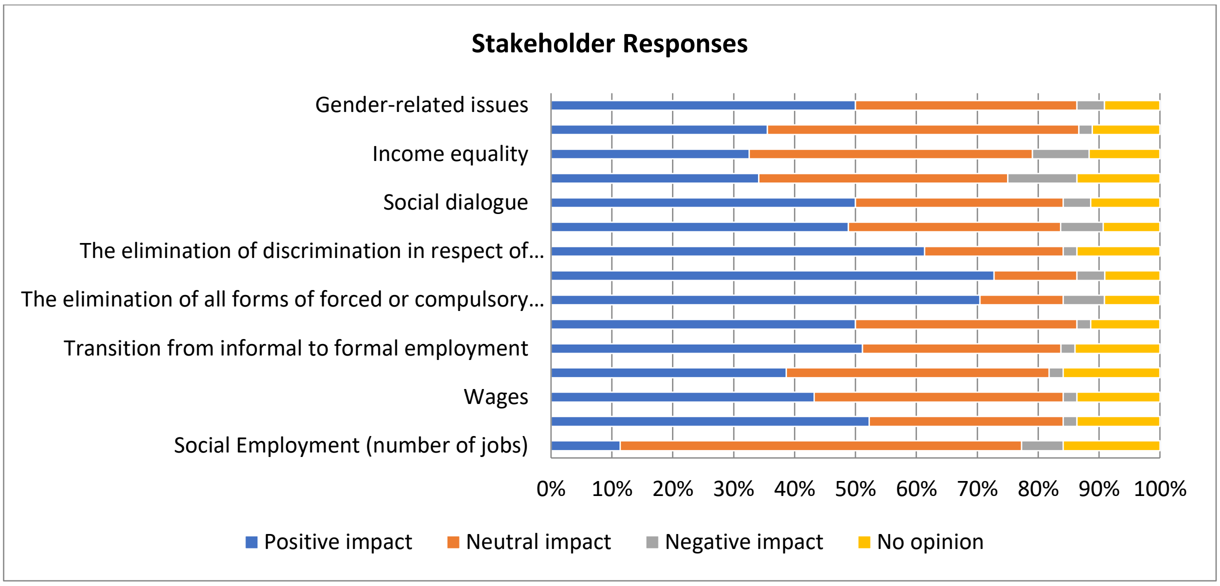


Answer choices	Positive impact	Neutral impact	Negative impact	No opinion
Social Employment (number of jobs)	27.9%	47.54%	3.28%	21.31%
Employment (quality of jobs)	50.0%	28.33%	3.34%	18.33%
Wages	39.0%	38.98%	1.69%	20.34%

Household incomes	32.2%	47.46%	1.69%	18.64%
Transition from informal to formal employment	43.1%	37.93%	0.00%	18.97%
Freedom of association and effective recognition of the right to collective bargaining	51.7%	29.31%	0.00%	18.97%
The elimination of all forms of forced or compulsory labour	58.6%	22.41%	0.00%	18.97%
The effective abolition of child labour	60.4%	18.97%	3.45%	17.24%
The elimination of discrimination in respect of employment and occupation	58.6%	22.41%	1.72%	17.24%
Social protection	42.1%	36.84%	3.50%	17.54%
Social dialogue	44.8%	34.48%	3.44%	17.24%
Poverty reduction	40.4%	40.35%	1.75%	17.54%
Income equality	43.9%	35.09%	3.51%	17.54%
Equality in the benefit distribution along the supply chain	36.9%	40.35%	1.75%	21.05%
Gender-related issues	43.1%	34.48%	5.17%	17.24%

Note: 12.0% of business respondents were SMEs, 3.4% companies with 250-500 employees, 5.4% companies with 500-1000 employees, and 79.1% companies with >1000 employees.

Stakeholders have similar views as they also expect that new voluntary guidelines could have positive impacts on companies' supply chains. Positive impacts are expected also y regarding the effective abolition of child labour (73%), the elimination of all forms of forced or compulsory labour (71%), and the elimination of discrimination in respect of employment and occupation (61%). Positive impacts are also expected for the quality of jobs (52%) and the transition from informal to formal employment (51%). Neutral impacts are expected mainly for the number of jobs (66%), equality in the benefit distribution along the supply chain (51%) and income equality (47%). Few respondents expect negative impacts compared to positive or neutral impacts. If respondents expect negative impacts, they expect negative impacts for poverty reduction (11% of respondents expect negative rather than positive or neutral impacts), income equality (9%) and social protection (7%).



Answer choices	Positive impact	Neutral impact	Negative impact	No opinion
Social Employment (number of jobs)	11.4%	65.91%	6.82%	15.91%
Employment (quality of jobs)	52.3%	31.82%	2.27%	13.64%
Wages	43.2%	40.91%	2.27%	13.64%
Household incomes	38.6%	43.18%	2.27%	15.91%
Transition from informal to formal employment	51.2%	32.56%	2.33%	13.95%
Freedom of association and effective recognition of the right to collective bargaining	50.0%	36.36%	2.27%	11.36%
The elimination of all forms of forced or compulsory labour	70.5%	13.64%	6.82%	9.09%
The effective abolition of child labour	72.7%	13.64%	4.55%	9.09%
The elimination of discrimination in respect of employment and occupation	61.4%	22.73%	2.27%	13.64%
Social protection	48.8%	34.88%	6.98%	9.30%
Social dialogue	50.0%	34.09%	4.55%	11.36%
Poverty reduction	34.1%	40.91%	11.36%	13.64%
Income equality	32.6%	46.51%	9.30%	11.63%
Equality in the benefit distribution along the supply chain	35.6%	51.11%	2.22%	11.11%
Gender-related issues	50.0%	36.36%	4.55%	9.09%

6.3 Expected Social Impacts of Option 3 (new regulatory reporting requirements)

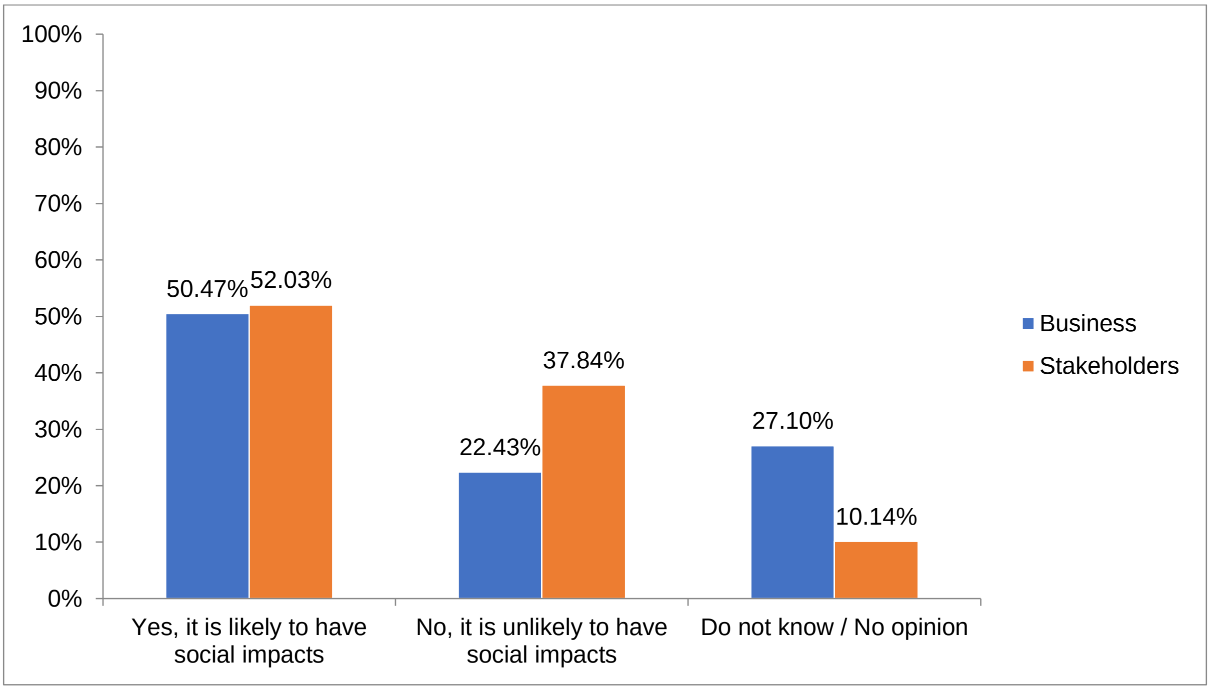
Q34 Business Survey: Do you foresee that the introduction of new regulatory reporting requirements on due diligence through the supply chain would have social impacts (including in relation to labour rights, employment, wages, gender-related issues, income equality)?

& Q28 Stakeholder Survey: Do you foresee that the introduction of new regulatory reporting requirements on due diligence through the supply chain would have social impacts (including in relation to labour rights, employment, wages, gender-related issues, income equality)?

Business responses
Answered 107
Skipped 227

Stakeholder responses
Answered 148
Skipped 149

Business and stakeholder respondents largely agree that the introduction of new regulatory reporting requirements on due diligence through the supply chain (regulatory option 3) would have social impacts (including in relation to labour rights, employment, wages, gender-related issues, income equality). 52% of stakeholders and 50% of the business respondents think that there would be a social impact of new reporting requirements on due diligence. However, 38% of stakeholders do not expect any social impacts, while only 22% of the business respondents do not expect any social impacts from this regulatory option.



Note: 15.9% of business respondents were SMEs, 3.7% companies with 250-500 employees, 5.6% companies with 500-1000 employees, and 74.8% companies with >1000 employees.

6.4 Specific Social Impacts of Option 3 (new regulatory reporting requirements)

Q35 Business Survey: Please specify the impacts that new regulatory reporting requirements are likely to have on the following areas along your supply chain.

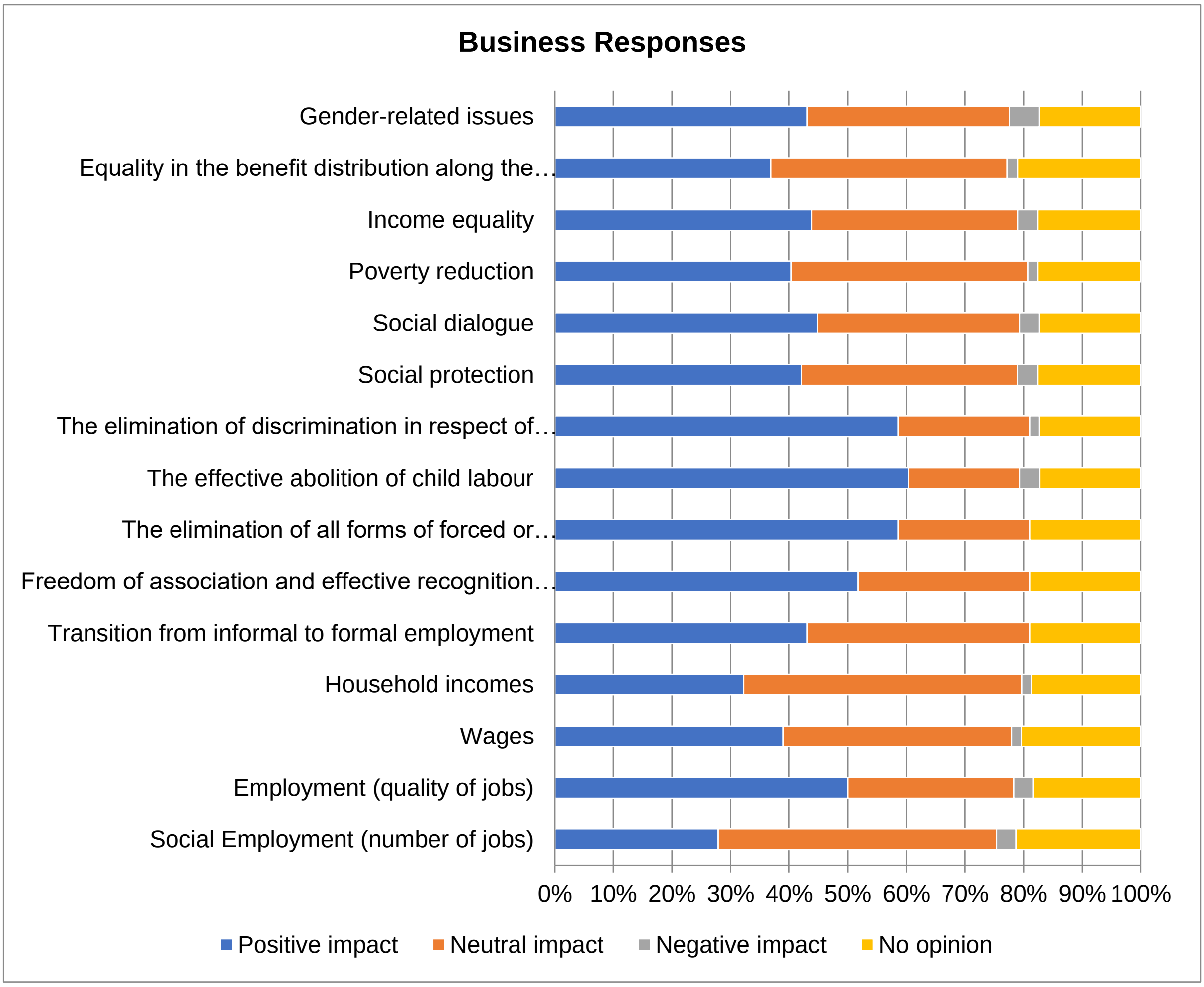
Note: A positive impact refers to a change due to the benefits accrued in terms of sustainability, e.g. improved quality of jobs, reduced poverty, etc.

& Q29 Stakeholder Survey: Please specify the impacts that new regulatory reporting requirements are likely to have on the following areas along global value chains. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainability, e.g. improved quality of jobs, reduced poverty, etc.

<u>Business responses</u>
Answered 66
Skipped 268

<u>Stakeholder responses</u>
Answered 83
Skipped 214

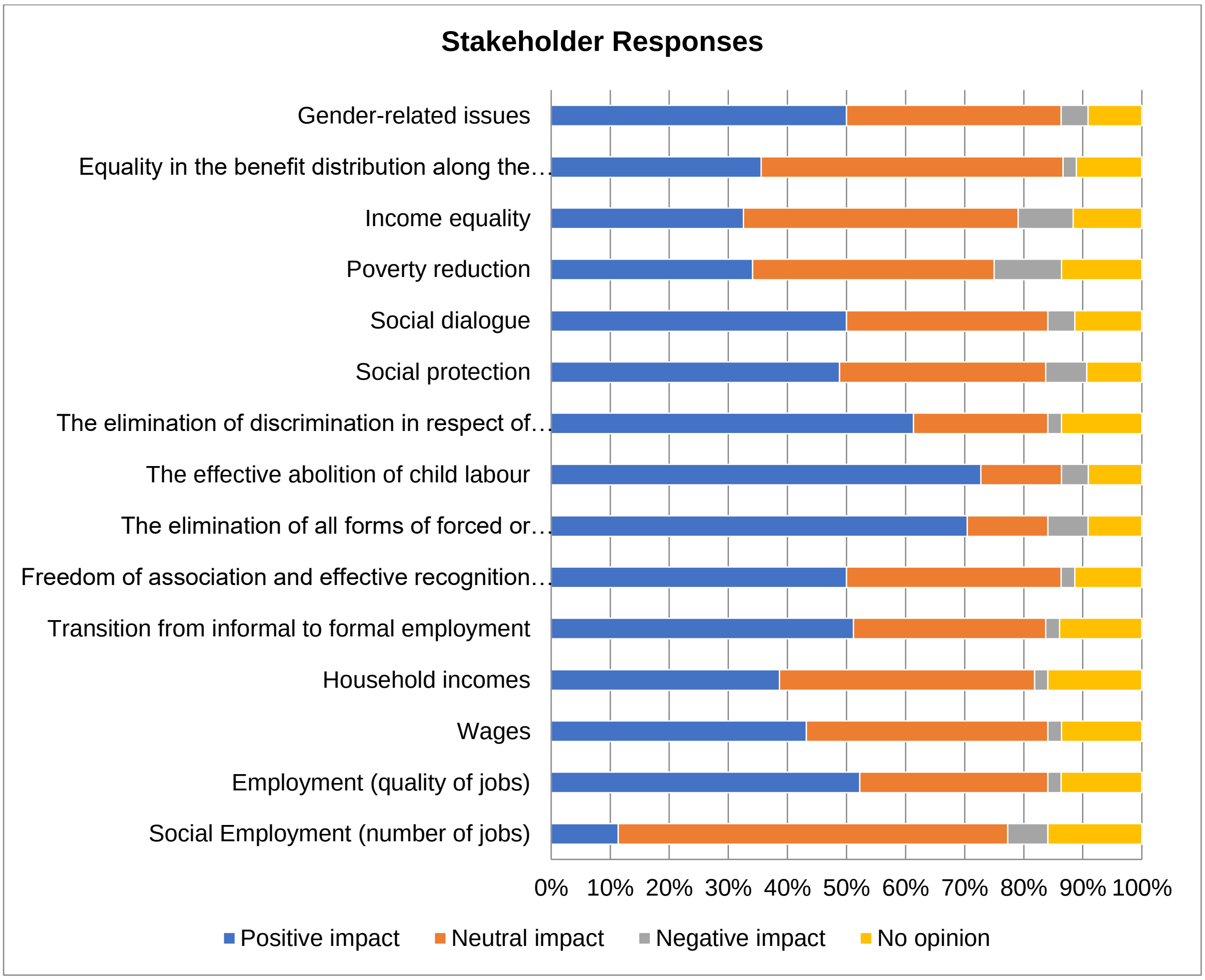
Most of the businesses which rated the potential impacts of new regulatory reporting requirements in each impact category expect similar impacts as from regulatory option 2 (voluntary guidelines). Business mainly expect positive impacts along their supply chains on the elimination of discrimination in respect of employment and occupation (64%), on the effective abolition of child labour (62%), and on the elimination of all forms of forced or compulsory labour (59%). Positive impacts are also expected by many companies on the social dialogue (58%), as well as the quality of jobs and social protection (56% each). Neutral impacts are expected mainly on the household incomes (44%). Very few (0%-5%) of the respondents expect negative rather than positive or neutral impacts.



Answer choices	Positive impact	Neutral impact	Negative impact	No opinion
The elimination of discrimination in respect of employment and occupation	63.5%	17.5%	3.2%	15.9%
The effective abolition of child labour	61.9%	17.5%	4.8%	15.9%
The elimination of all forms of forced or compulsory labour	58.7%	22.2%	3.2%	15.9%
Social dialogue	58.1%	24.2%	0.0%	17.7%
Employment (quality of jobs)	55.6%	23.8%	3.2%	17.5%
Social protection	55.6%	25.4%	1.6%	17.5%
Poverty reduction	50.8%	27.0%	3.2%	19.1%
Freedom of association and effective recognition of the right to collective bargaining	49.2%	27.0%	1.6%	22.2%
Transition from informal to formal employment	48.4%	29.7%	3.1%	18.8%
Gender-related issues	47.7%	30.8%	4.6%	16.9%
Wages	43.8%	32.8%	4.7%	18.8%
Income equality	41.3%	34.9%	3.2%	20.6%
Equality in the benefit distribution along the supply chain	40.3%	33.9%	3.2%	22.6%
Social Employment (number of jobs)	39.7%	34.9%	4.8%	20.6%
Household incomes	32.8%	43.8%	3.1%	20.3%

Note: 9.5% of business respondents were SMEs, 3.2% companies with 250-500 employees, 6.3% companies with 500-1000 employees, and 81.0% companies with >1000 employees.

Again, stakeholder views are relatively similar to those of the business respondents. Stakeholders also expect that new reporting requirements could have positive impacts mainly on the effective abolition of child labour and the elimination of all forms of forced or compulsory labour (65% each) as well as the social dialogue (59%). Positive impacts are also expected by many stakeholders on the quality of jobs (57%) and the freedom of association and effective recognition of the right to collective bargaining (55%). Similar to regulatory option 2, neutral impacts are expected mainly for the number of jobs (56%) and the equality in the benefit distribution along the supply chain (48%). Few respondents expect negative impacts compared to positive or neutral impacts. If respondents expect negative impacts, they expect negative impacts for the number of jobs (5% of respondents expect negative rather than positive or neutral impacts) or household incomes (2.5%).



Stakeholder	Positive impact	Neutral impact	Negative impact	No opinion
The elimination of all forms of forced or compulsory labour	64.6%	19.5%	1.2%	14.6%
The effective abolition of child labour	64.6%	18.3%	1.2%	15.9%
Social dialogue	58.5%	23.2%	0.0%	18.3%
Employment (quality of jobs)	57.3%	24.4%	1.2%	17.1%
Freedom of association and effective recognition of the right to collective bargaining	54.9%	25.6%	1.2%	18.3%
Gender-related issues	54.2%	28.9%	0.0%	16.9%
The elimination of discrimination in respect of employment and occupation	53.7%	28.1%	0.0%	18.3%

Wages	51.2%	30.5%	2.4%	15.9%
Transition from informal to formal employment	43.9%	34.2%	1.2%	20.7%
Poverty reduction	41.5%	40.2%	2.4%	15.9%
Social protection	39.0%	45.1%	0.0%	15.9%
Income equality	36.6%	46.3%	2.4%	14.6%
Equality in the benefit distribution along the supply chain	36.6%	47.6%	1.2%	14.6%
Household incomes	35.0%	45.0%	2.5%	17.5%
Social Employment (number of jobs)	18.3%	56.1%	4.9%	20.7%

6.5 Expected Social Impacts of Option 4 (new regulation requiring mandatory due diligence)

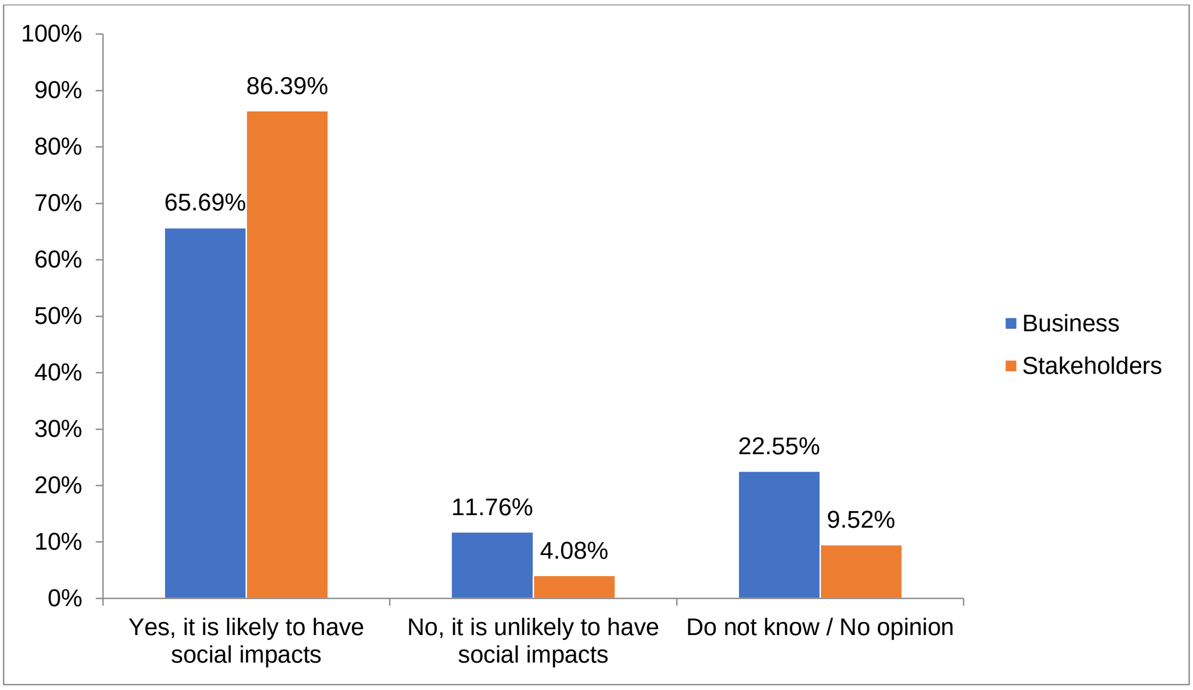
Q45 Business Survey: Do you foresee that the introduction of new regulation requiring mandatory due diligence through the supply chain would have social impacts (including in relation to labour rights, employment, wages, gender-related issues, income equality)?

& Q38 Stakeholder Survey: Do you foresee that the introduction of new regulation requiring mandatory due diligence through the supply chain would have social impacts (including in relation to labour rights, employment, wages, gender-related issues, income equality)?

<u>Business responses</u>
Answered 102
Skipped 232

<u>Stakeholder responses</u>
Answered 147
Skipped 150

Business and stakeholder respondents largely agree that a new regulation requiring mandatory due diligence (regulatory option 4) would have social impacts (including in relation to labour rights, employment, wages, gender-related issues, income equality). 86% of stakeholders and 66% of the business respondents think that there would be a social impact from mandatory due diligence. Only 4% of stakeholders and 12% % of the business respondents do not expect any social impacts from this regulatory option.



Note: 15.7% of business respondents were SMEs, 2.9% companies with 250-500 employees, 5.9% companies with 500-1000 employees, and 75.5% companies with >1000 employees.

6.6 Specific Social Impacts of Option 4 (new regulation requiring mandatory due diligence)

Q46 Business Survey: Please specify the impacts that new regulation requiring mandatory due diligence is likely to have on the following areas along your supply chain. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainability, e.g. improved quality of jobs, reduced poverty, etc.

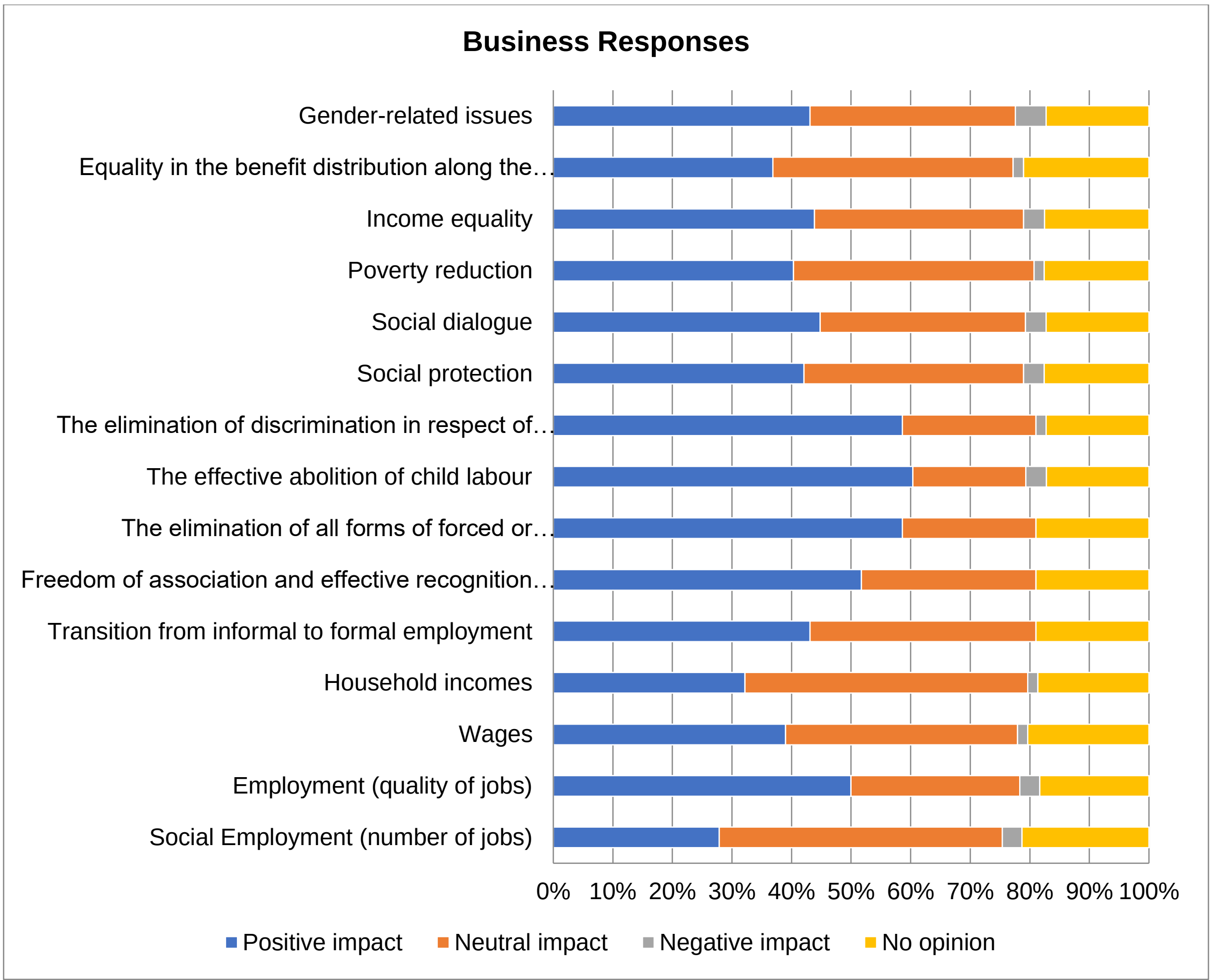
& Q39 Stakeholder Survey: Please specify the impacts that new regulation requiring mandatory due diligence is likely to have on the following areas along global value chains. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainability, e.g. improved quality of jobs, reduced poverty, etc.

Business responses
Answered 74
Skipped 260

Stakeholder responses
Answered 130
Skipped 167

Most of the businesses which rated the potential impacts of a new regulation requiring mandatory due diligence expect similar impacts as from regulatory options 2 and 3 (voluntary guidelines and new reporting requirement).

Business mainly expect positive impacts along their supply chains on the elimination of all forms of forced or compulsory labour (78%), on the effective abolition of child labour (77%), and on the elimination of discrimination in respect of employment and occupation (74%). Positive impacts are also expected by many companies on the quality of jobs and the freedom of association and effective recognition of the right to collective bargaining (each 67%). Compared to the regulatory options 2 and 3 more respondents expect these positive impacts. Neutral impacts are expected mainly on the household incomes and the number of jobs (each 37%). Very few (1%-4%) of the respondents expect negative rather than positive or neutral impacts.



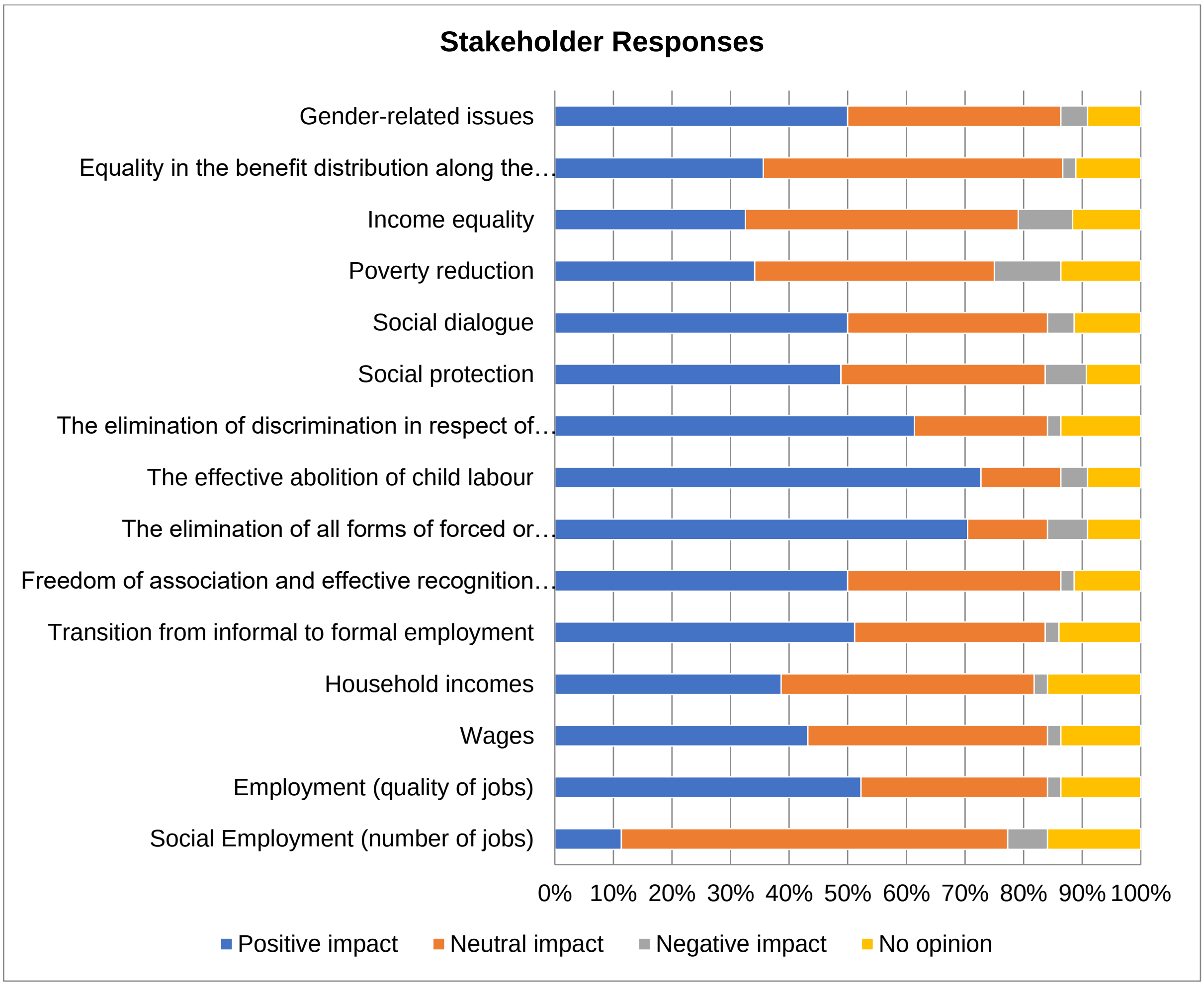
Answer choices	Positive impact	Neutral impact	Negative impact	No opinion
The elimination of all forms of forced or compulsory labour	77.5%	8.5%	2.8%	11.3%
The effective abolition of child labour	77.2%	10.0%	2.9%	10.0%
The elimination of discrimination in respect of employment and occupation	74.3%	12.9%	1.4%	11.4%
Employment (quality of jobs)	67.1%	14.3%	4.3%	14.3%
Freedom of association and effective recognition of the right to collective bargaining	67.1%	17.1%	1.4%	14.3%
Transition from informal to	65.7%	15.7%	1.4%	17.1%

formal employment				
Social dialogue	64.3%	20.0%	1.4%	14.3%
Gender-related issues	63.5%	18.9%	2.7%	14.9%
Poverty reduction	62.3%	20.3%	2.9%	14.5%
Social protection	61.4%	21.4%	1.4%	15.7%
Wages	61.4%	21.4%	4.3%	12.9%
Income equality	55.7%	25.7%	1.4%	17.1%
Equality in the benefit distribution along the supply chain	54.9%	23.9%	1.4%	19.7%
Household incomes	44.3%	37.1%	1.4%	17.1%
Social Employment (number of jobs)	40.0%	37.1%	4.3%	18.6%

Note: 12.8% of business respondents were SMEs, 2.8% companies with 250-500 employees, 5.6% companies with 500-1000 employees, and 78.8% companies with >1000 employees.

Again, stakeholder views are relatively similar to those of the business respondents and respondents also expect similar impacts from a new regulation requiring mandatory due diligence as from regulatory options 2 and 3 (voluntary guidelines and new reporting requirement).

Stakeholders also expect that a new regulation requiring mandatory due diligence could have positive impacts mainly on the elimination of all forms of forced or compulsory labour and the effective abolition of child labour (each 85%) and on the freedom of association and effective recognition of the right to collective bargaining (83%). Positive impacts are also expected by many stakeholders the elimination of discrimination in respect of employment and occupation (79%) and wages (78%). Similar to regulatory options 2 and 3, neutral impacts are expected mainly for the number of jobs (34%), social protection (24%) and income equality (23%). Few respondents expect negative impacts compared to positive or neutral impacts. If respondents expect negative impacts, they expect negative impacts for the number of jobs (4% of respondents expect negative rather than positive or neutral impacts) or household incomes, income equality and poverty reduction (3.9% each).



Answer choices	Positive impact	Neutral impact	Negative impact	No opinion
The elimination of all forms of forced or compulsory labour	85.3%	6.2%	0.8%	7.8%
The effective abolition of child labour	85.2%	5.5%	1.6%	7.8%
Freedom of association and effective recognition of the right to collective bargaining	83.6%	7.8%	0.8%	7.8%
The elimination of discrimination in respect of employment and occupation	78.9%	10.2%	0.8%	10.2%
Wages	78.3%	10.1%	3.1%	8.5%
Employment (quality of jobs)	78.1%	7.0%	3.1%	11.7%
Social dialogue	75.6%	12.6%	2.4%	9.5%
Gender-related issues	75.0%	14.1%	1.6%	9.4%
Household incomes	74.4%	10.1%	3.9%	11.6%
Poverty reduction	68.5%	15.8%	3.9%	11.8%
Equality in the benefit	67.7%	18.1%	2.4%	11.8%

distribution along the supply chain				
Transition from informal to formal employment	66.1%	18.1%	3.1%	12.6%
Social protection	63.8%	24.4%	1.6%	10.2%
Income equality	62.2%	22.8%	3.9%	11.0%
Social Employment (number of jobs)	45.2%	34.1%	4.0%	16.7%

6.7 Possible Application of Option 4 (new regulation requiring mandatory due diligence)

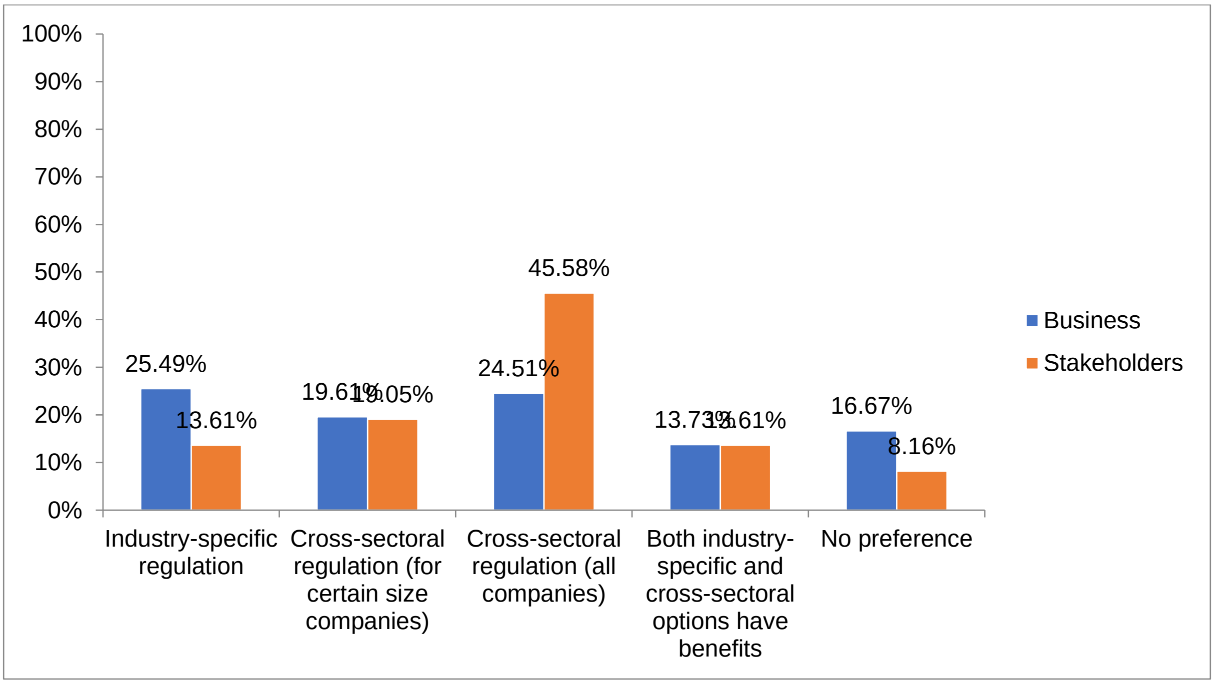
Q43 Business Survey: If such a mandatory due diligence requirement would be introduced, please select your preference for the application of the regulation.

& Q36 Stakeholder Survey: If such a mandatory due diligence requirement would be introduced, please select your preference for the application of the regulation.

Business responses
Answered 102
Skipped 232

Stakeholder responses
Answered 147
Skipped 150

Regarding the application of a new regulation requiring mandatory due diligence the majority of the stakeholders favours a cross-sectoral regulation which would apply to all companies regardless of size or sector (46%). 19% of stakeholders would prefer a cross-sectoral regulation, which only applies to companies of a certain size regardless of their sector. Responses from businesses indicate mixed preferences between a narrow and broad coverage of the regulation: Approximately 25% of the business respondents would prefer an industry-specific regulation, which is tailored to and applies to one specific sector. Another 25% would prefer a cross-sectoral regulation, which would apply to all companies regardless of size or sector.



Answer Choices	Business	Stakeholders
Industry-specific regulation, tailored for your company's sector only and applying only to companies operating within this sector.	25.49%	13.61%
Cross-sectoral regulation, applying to all companies regardless of size or sector.	24.51%	45.58%
Cross-sectoral regulation, applying to companies of a certain size regardless of their sector.	19.61%	19.05%
No preference	16.67%	8.16%
Both industry-specific and cross-sectoral options have their benefits (Please elaborate below)	13.73%	13.61%

Note: 15.7% of business respondents were SMEs, 2.9% companies with 250-500 employees, 5.9% companies with 500-1000 employees, and 75.5% companies with >1000 employees.

6.8 Possible Content of Option 4 (new regulation requiring mandatory due diligence)

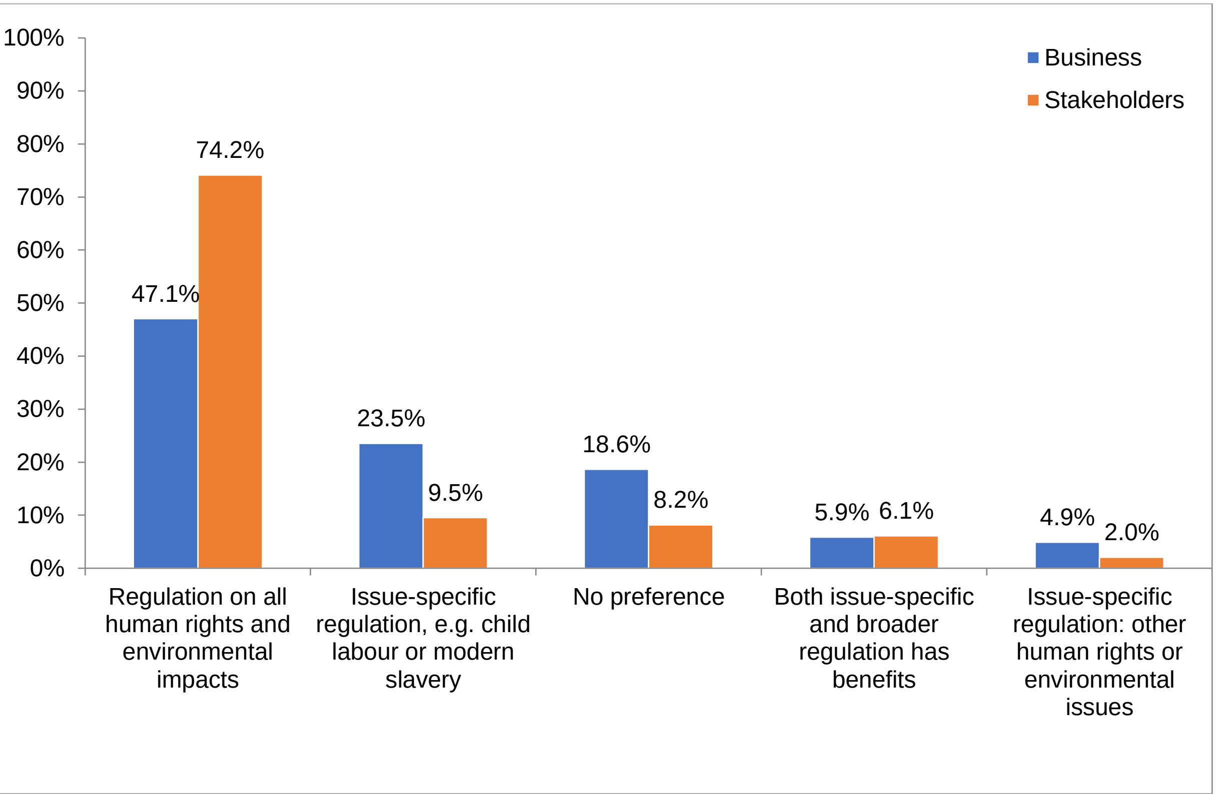
Q44 Business Survey: If such a mandatory requirement would be introduced, please select your preference for the content of the regulation.

& Q37 Stakeholder Survey: If such a mandatory requirement would be introduced, please select your preference for the content of the regulation.

Business responses
Answered 102
Skipped 232

Stakeholder responses
Answered 147
Skipped 150

Regarding the possible content or coverage of a new regulation requiring mandatory due diligence the majority of the stakeholders (74%) clearly favours a regulation which covers all EU-recognised human rights and environmental impacts. Few stakeholders favour a regulation with a narrower scope. Business respondents have a similar but less clear preference. 47% of business respondents also favour a regulation which covers all EU-recognised human rights and environmental impacts. 24% would favour an issue-specific regulation, for example covering only issues of child labour or modern slavery and 19% do not have any preferences.



Note: 15.7% of business respondents were SMEs, 2.9% companies with 250-500 employees, 5.9% companies with 500-1000 employees, and 75.5% companies with >1000 employees.

7 Survey Results: Human Rights and Environmental Impacts

7.1 Designation of Due Diligence Processes for Human Rights and Environmental Impacts

Q10 Stakeholder Survey: What language do companies use to describe their due diligence processes for human rights and/or environmental impacts? (Please select all that you have come across in your work).

& Q12 Business Survey: What language does your company use to describe its due diligence process for human rights and/or environmental impacts?

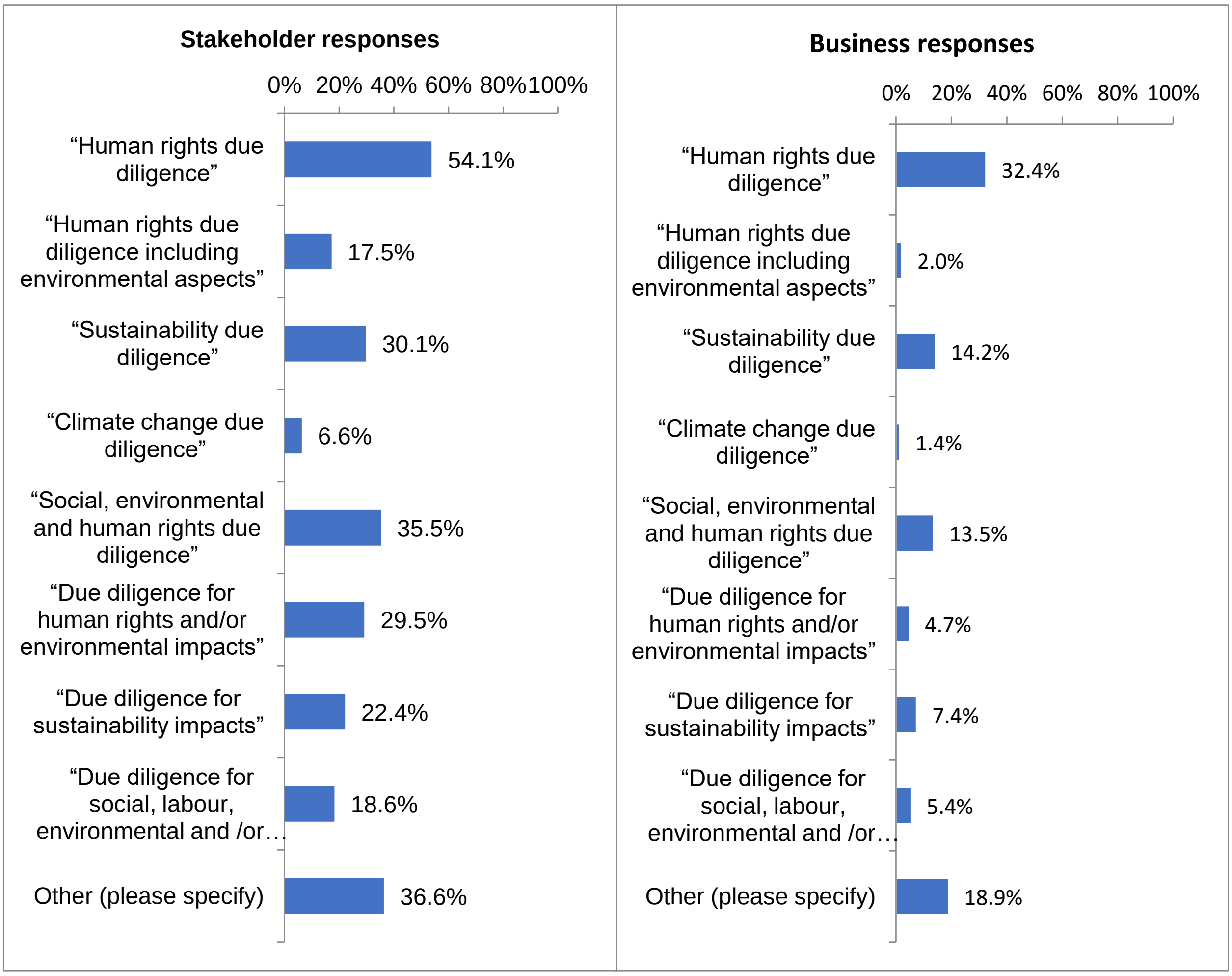
<u>Stakeholder responses</u>
Answered 183
Skipped 114

<u>Business responses</u>
Answered 148
Skipped 186

The majority of stakeholders noted that companies describe their due diligence processes as "Human Rights Due Diligence" (54.1%). Thereafter the second and third most used language of the given options for due diligence processes are "Social, Environmental and Human Rights Due Diligence" (35.5%) and "Sustainability Due Diligence" (30.1%). However, 36.6% noted that companies use other language to describe their processes. At 6.6%, the data demonstrates that the least used language for due diligence processes is "Climate Change Due Diligence".

The majority of companies also confirmed that they describe their due diligence processes as "Human Rights Due Diligence" (32.4%). Thereafter the second and third most used language of the given options for due diligence processes are "Sustainability Due Diligence" (14.2%) and "Social, Environmental and Human Rights Due Diligence" (13.5%). However, 18.9% noted that their companies use other language to describe their processes. At 1.4%, the data demonstrates that the least used language for companies' due diligence processes is "Climate Change Due Diligence".

Both demonstrated that "Human Rights Due Diligence" is the most commonly used terminology followed by "Sustainability Due Diligence", while "Climate Change Due Diligence" is the least commonly employed. Note that stakeholder respondents could choose several alternatives, whereas respondent companies could choose only one option.



Note: 14.9% of business respondents were SMEs, 4.7% companies with 250-500 employees, 5.4% companies with 500-1000 employees, and 75.0% companies with >1000 employees.

7.2 Actions Taken to Address Adverse Human Right and Environmental Impacts

Q13 Business Survey: What action, if any, does your company take to prevent, mitigate or remedy the adverse human rights and environmental impacts of its own operations? (Please select all that apply)[3] [Multiple response]

& Q8 Stakeholder Survey: What are the current practices that companies relevant to your work use for due diligence in their own operations? (Please select all that apply) [Multiple response]

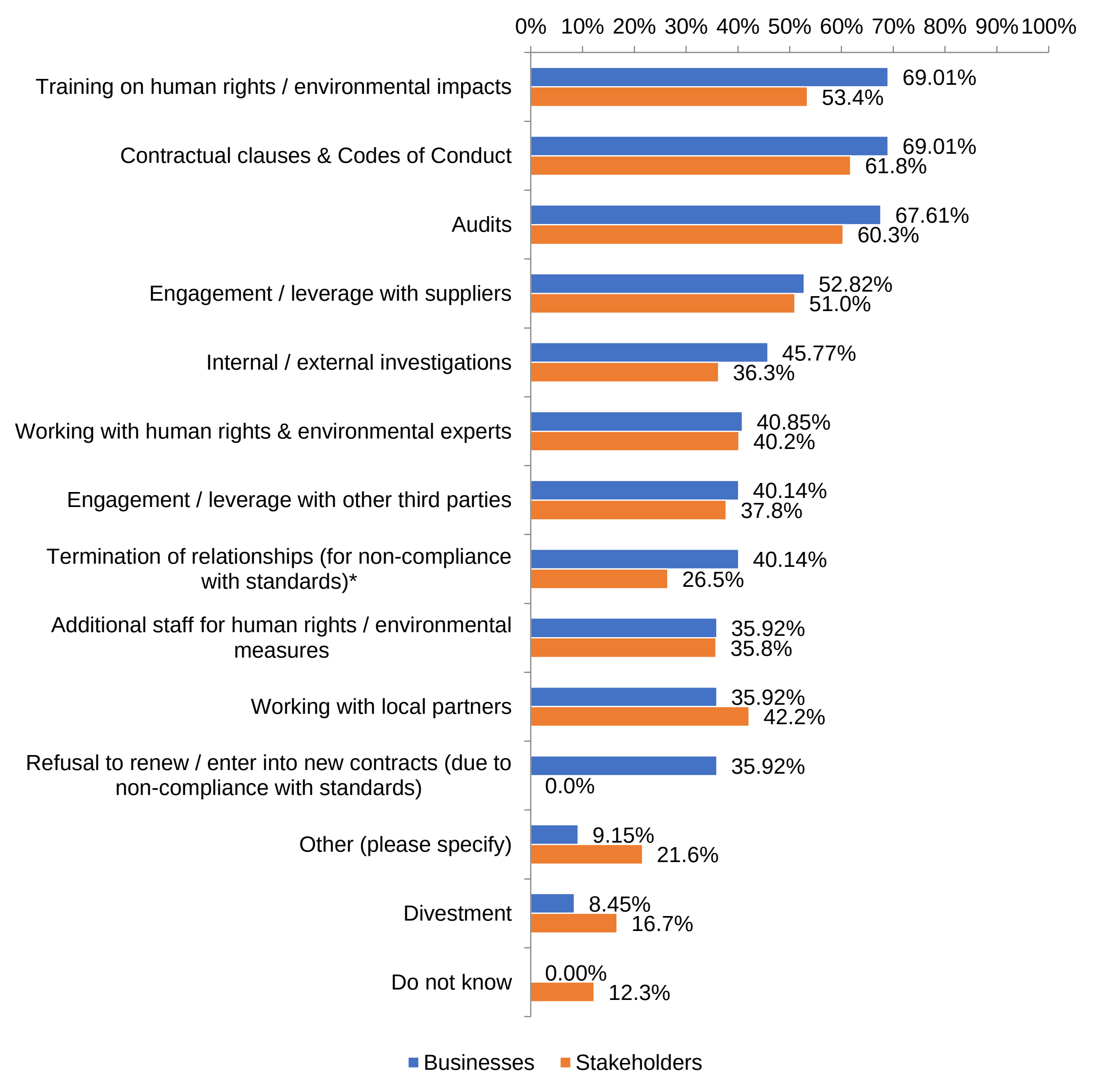
Business responses
Answered 142
Skipped 192

Stakeholder responses
Answered 204
Skipped 93

Of the 142 companies which answered the question, a large majority conducts training on human rights / environmental impacts, includes contractual clauses and Codes of Conduct (both 69%) and carries out regular audits (68%) in order to prevent, mitigate or remedy potential adverse human rights and environmental impacts of its own operations. This indicates that these three activities are the preferred types of action to avoid adverse human rights and environmental impacts. The results from the stakeholder survey confirm these three activities as the most common activities which companies use for due diligence in their operations. The only difference is the order of these three most used activities: Instead of first, trainings on human rights / environmental impacts are ranked third by stakeholders.

Some respondents have indicated also "other" activities. Here they have indicated, for example, actions such as supply chain traceability programs, annual business partner screening, factory visits, complaint mechanisms, industry and multi-stakeholder initiatives, or Supplier Code of Conduct as well as Supplier Self-Assessments and Supplier Qualification Schemes. Stakeholders have provided various views under the option "other". Some indicated that a selection of options is not adequately reflecting the complexity of the due diligence process, but that this is an ongoing process taken on a step-by-basis. Other stakeholders listed additional activities such as adopting monitoring and remediation systems by international NGOs, cooperation with multi-stakeholder initiatives and civil society, public communications on human rights and environment, strategic sourcing and transparency policies for supply chains, certification standards, and the use of Self-Assessment Tools (Higg Index).

[3] In the stakeholder survey this question covered various elements: Suspension / termination of relationships / refusal to enter into new contracts.



Note: 10.1% of the 782 business responses were provided by SMEs, 1.7% by companies with 250-500 employees, 3.8% by companies with 500-1000 employees, and 84.4% by companies with more than 1000 employees.

Q14 Business Survey: Does your company's due diligence include the human rights or environmental impacts of third parties in your company's supply chain or value chain? [Note: The value chain refers to the upstream and downstream life cycle of a product, process, or service, including material sourcing, production, consumption, and disposal/recycling.]

Business responses

Answered	137
Skipped	197

The due diligence activities of the majority of the 137 companies answering the question (52%) only address the first-tier suppliers and do not consider suppliers beyond the first tier.

Answer Choices	Business
Yes, first tier suppliers only	51.82%
Yes, entire upstream supply chain (beyond the first tier)	16.06%
Yes, entire value chain (including upstream and downstream)	16.06%
No	6.57%
Do not know	9.49%

Note: 14.6% of business respondents were SMEs, 5.1% companies with 250-500 employees, 5.1% companies with 500-1000 employees, and 75.2% companies with >1000 employees.

Q15 Business Survey: What action, if any, does your company take to prevent, mitigate or remedy the adverse human rights and environmental impacts of third parties in its upstream and downstream value chain?

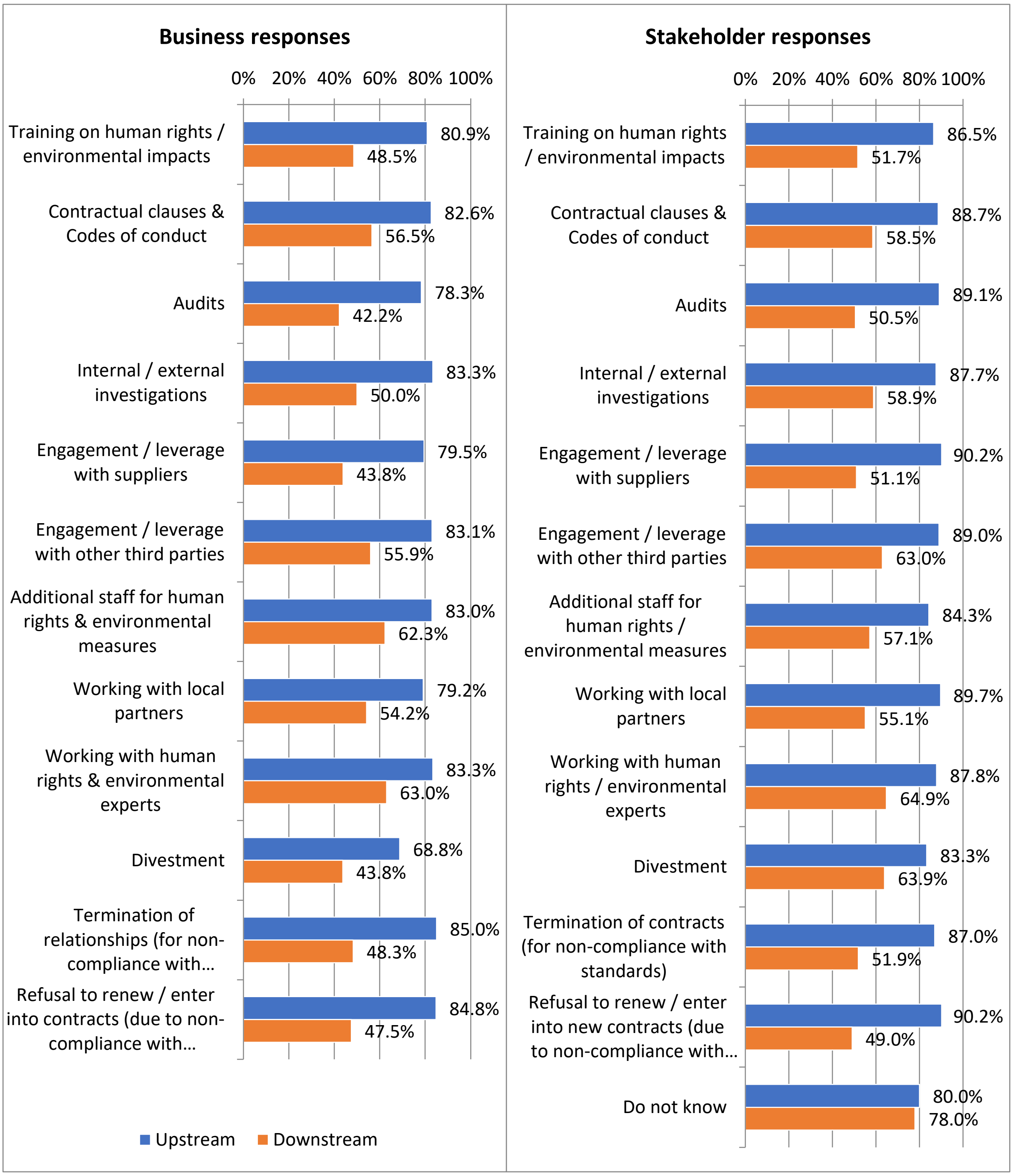
& Q9 Stakeholder Survey: What action, if any, do companies take to prevent, mitigate or remedy the adverse human rights and environmental impacts of their upstream and downstream supply chain or value chains, respectively? "Upstream" activities include operations that relate to the initial stages of producing a good or service, including material sourcing, material processing, and supplier activities. "Downstream" activities include operations that relate to processing the materials into a finished product and delivering it to the end user, including transportation, distribution, consumption and disposal/recycling. [Note: For investor companies, questions about suppliers should be answered with respect to investee companies, where possible] Please select all that apply.

Business responses
Answered 108
Skipped 226

Stakeholder responses
Answered 155
Skipped 142

108 business respondents made statements concerning various actions they take to prevent, mitigate or remedy the adverse human rights and environmental impacts of third parties in its upstream and downstream value chain. The survey data generally reveal that a large majority of respondents put in place certain actions regarding their relationships with upstream suppliers (>80% of the respondents across most categories). Actions targeting downstream suppliers are far less common and are usually implemented/enforced by only 40% to 50% of the respondents.

The statements made by stakeholder respondents tend to coincide with those declared by companies for both, upstream and downstream activities. The different activities are mentioned more frequently than in the case of the companies' responses, particularly for upstream activities related to engagement/leverage with suppliers, audits and divestment (differences of >10% between what was declared by companies and what is mentioned by stakeholder respondents). Differences regarding downstream activities are not as wide as the previous ones but divestment has a much larger proportion among stakeholder responses compared to the companies' statements.



Note: 13.6% of business respondents were SMEs, 3.0% companies with 250-500 employees, 4.5% companies with 500-1000 employees, and 78.9% companies with >1000 employees.

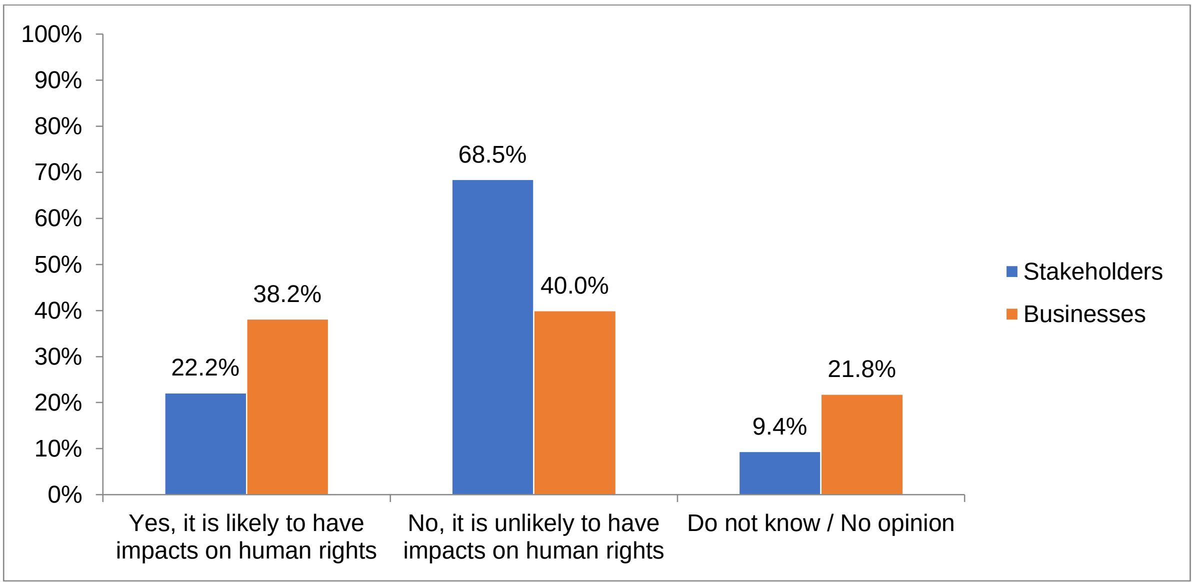
7.3 Expected Human Rights Impacts of Option 2 (voluntary guidelines) along Global Value Chains and Companies' Supply Chains

Q24 Stakeholder Survey: Do you foresee that the introduction of new voluntary guidelines on due diligence through the supply chain would have impacts on human rights?

& Q29 Business Survey: Do you foresee that the introduction of new voluntary guidelines on due diligence through the supply chain would have impacts on human rights?

Stakeholder responses
Answered 149
Skipped 148
Business responses
Answered 110
Skipped 224

The majority of stakeholders considered it unlikely that new voluntary guidelines on due diligence through the supply change would have any human rights impacts (68.5%). Only 22.2% of stakeholders foresee that the voluntary guidelines on due diligence are likely to have an impact on the enjoyment of human rights. The remaining subset of stakeholders (9.4%) did not know or did not have an opinion regarding the likelihood that new voluntary guidelines impact (or not) human rights. The majority of companies also foresee that it is unlikely that new voluntary guidelines on due diligence through the supply change have any human rights impacts (40%). However, the percentage of businesses that believe that it is likely that such guidelines could have an impact on human rights follows closely behind at 38.2%. Nevertheless, almost one in four companies (21.8%) is not able to say whether voluntary new guidelines would have human rights impacts or not. Both types of respondents differ most notably in their expectations that impacts on human rights are unlikely.



Note: 16.4% of business respondents were SMEs, 5.5% companies with 250-500 employees, 5.5% companies with 500-1000 employees, and 72.7% companies with >1000 employees.

7.4 Specific Human Rights Impacts of Option 2 (voluntary guidelines) along Global Value Chains and Companies' Supply Chains

Q25 Stakeholder Survey: Please specify the impacts that new voluntary guidelines are likely to have on the following areas along global value chains. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainable development, e.g. improved quality of jobs, reduced poverty, etc.

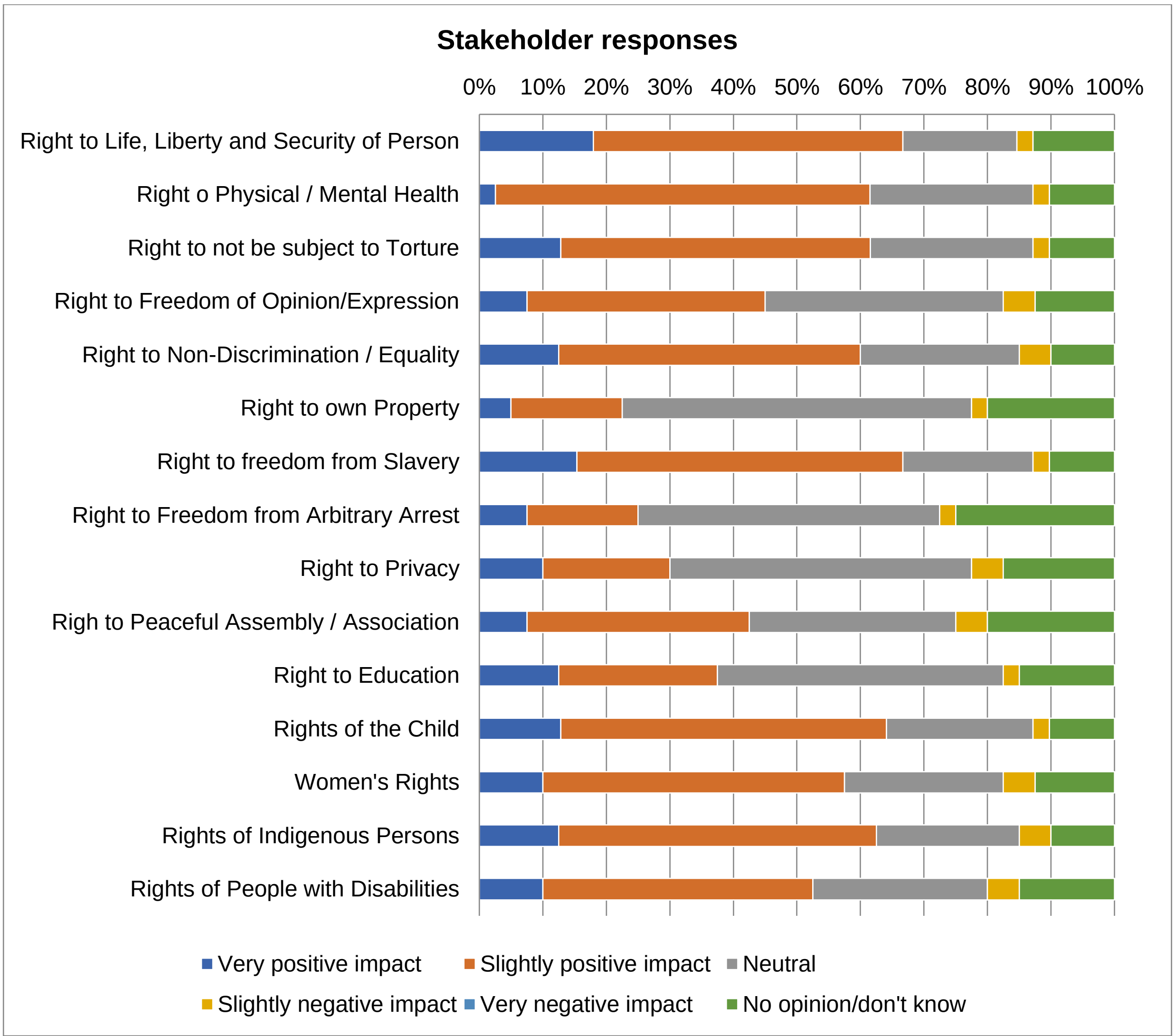
& Q30 Business Survey: Please specify the impacts that new voluntary guidelines are likely to have on the following areas along your supply chain. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainable development, e.g. improved quality of jobs, reduced poverty, etc.

Stakeholder responses

Answered 41
Skipped 256

Business responses
Answered 47
Skipped 287

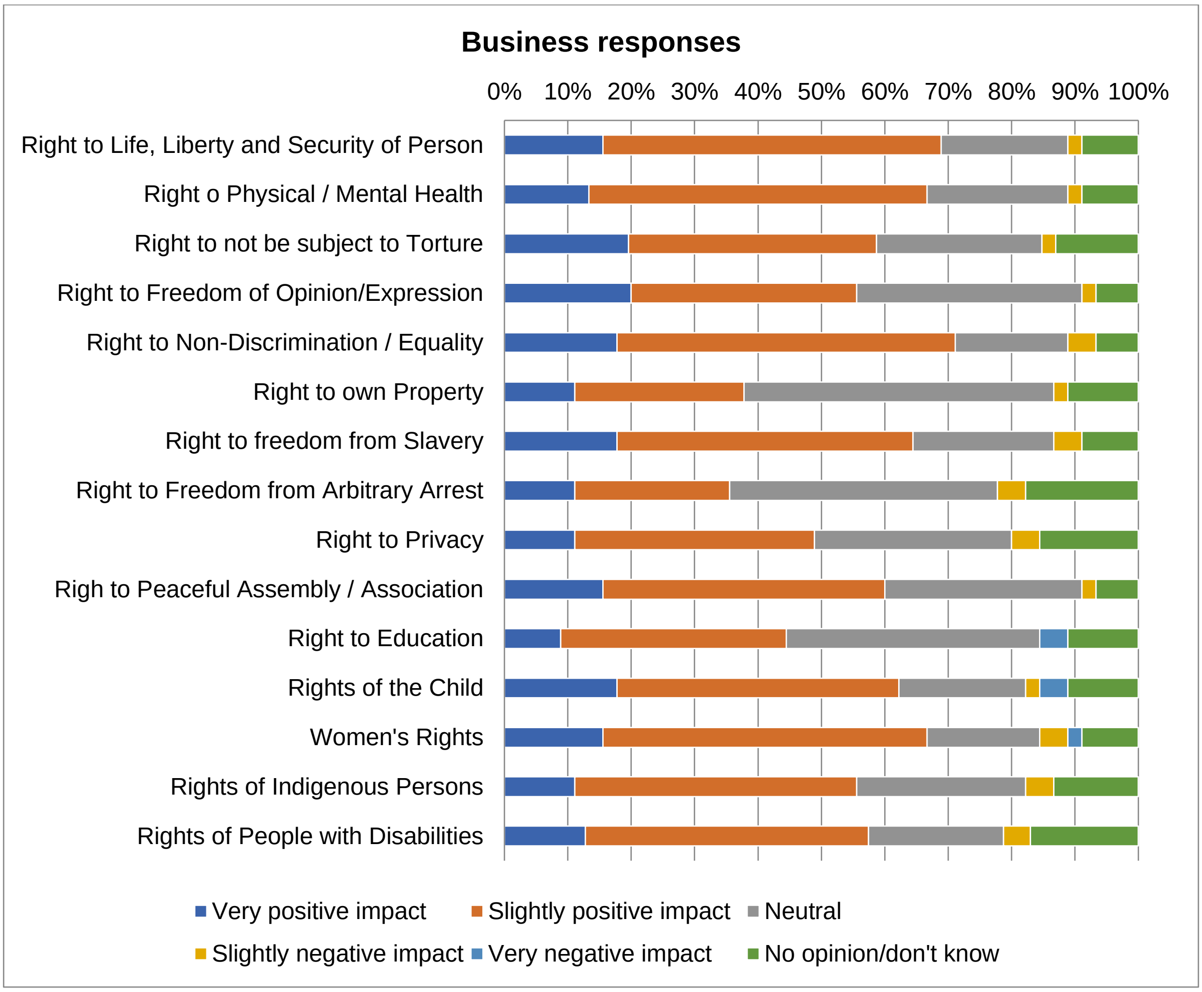
Considering the very and slightly positive categories together, most of the stakeholder respondents considered that new voluntary guidelines could have positive impacts on their global value chains regarding the right to life, liberty and security of person and to freedom from slavery (67% respectively). Also, over 60% of respondents foresee positive impacts on the rights of the child, the rights of indigenous persons, the right to physical/mental health, to not be subject to torture, and the right to non-discrimination/equality. The areas where most stakeholders expect neutral impacts are the right to own property (55%), to freedom from arbitrary arrest (47.5%), and the right to education (45%). Very few (0% to 5%) of respondents expect a negative rather than positive or neutral impact.



	Very positive impact	Slightly positive impact	Neutral	Slightly negative impact	Very negative impact	No opinion / don't know
Right to Life,	17.95%	48.72%	17.95%	2.56%	0.00%	12.82%

Liberty and Security of Person						
Right to Physical / Mental Health	2.56%	58.97%	25.64%	2.56%	0.00%	10.26%
Right to not be subject to Torture	12.82%	48.72%	25.64%	2.56%	0.00%	10.26%
Right to Freedom of Opinion/Expression	7.50%	37.50%	37.50%	5.00%	0.00%	12.50%
Right to Non-Discrimination / Equality	12.50%	47.50%	25.00%	5.00%	0.00%	10.00%
Right to own Property	5.00%	17.50%	55.00%	2.50%	0.00%	20.00%
Right to freedom from Slavery	15.38%	51.28%	20.51%	2.56%	0.00%	10.26%
Right to Freedom from Arbitrary Arrest	7.50%	17.50%	47.50%	2.50%	0.00%	25.00%
Right to Privacy	10.00%	20.00%	47.50%	5.00%	0.00%	17.50%
Right to Peaceful Assembly / Association	7.50%	35.00%	32.50%	5.00%	0.00%	20.00%
Right to Education	12.50%	25.00%	45.00%	2.50%	0.00%	15.00%
Rights of the Child	12.82%	51.28%	23.08%	2.56%	0.00%	10.26%
Women's Rights	10.00%	47.50%	25.00%	5.00%	0.00%	12.50%
Rights of Indigenous Persons	12.50%	50.00%	22.50%	5.00%	0.00%	10.00%
Rights of People with Disabilities	10.00%	42.50%	27.50%	5.00%	0.00%	15.00%

Considering the very and slightly positive impacts together, most respondent companies indicate that new voluntary guidelines could have positive impacts on their supply chain regarding the right to non-discrimination/equality (71%), the right to life, liberty and security of person (69%), and the right to physical/mental health (67%). Over 60% of respondents expect positive impacts on the rights of the child, the right to freedom from slavery and to peaceful assembly/association. Similar to stakeholder respondents, the areas where most companies foresee neutral impacts are the right to own property, to freedom from arbitrary arrest, and the right to education. Very few (0% to 6%) of respondents expect a negative impact, rather than a positive or neutral impact.



	Very positive impact	Slightly positive impact	Neutral	Slightly negative impact	Very negative impact	No opinion / don't know
Right to Life, Liberty and Security of Person	15.56%	53.33%	20.00%	2.22%	0.00%	8.89%
Right to Physical / Mental Health	13.33%	53.33%	22.22%	2.22%	0.00%	8.89%
Right to not be subject to Torture	19.57%	39.13%	26.09%	2.17%	0.00%	13.04%
Right to Freedom of Opinion/Expression	20.00%	35.56%	35.56%	2.22%	0.00%	6.67%
Right to Non-Discrimination / Equality	17.78%	53.33%	17.78%	4.44%	0.00%	6.67%
Right to own Property	11.11%	26.67%	48.89%	2.22%	0.00%	11.11%
Right to freedom	17.78%	46.67%	22.22%	4.44%	0.00%	8.89%

from Slavery						
Right to Freedom from Arbitrary Arrest	11.11%	24.44%	42.22%	4.44%	0.00%	17.78%
Right to Privacy	11.11%	37.78%	31.11%	4.44%	0.00%	15.56%
Right to Peaceful Assembly / Association	15.56%	44.44%	31.11%	2.22%	0.00%	6.67%
Right to Education	8.89%	35.56%	40.00%	0.00%	4.44%	11.11%
Rights of the Child	17.78%	44.44%	20.00%	2.22%	4.44%	11.11%
Women's Rights	15.56%	51.11%	17.78%	4.44%	2.22%	8.89%
Rights of Indigenous Persons	11.11%	44.44%	26.67%	4.44%	0.00%	13.33%
Rights of People with Disabilities	12.77%	44.68%	21.28%	4.26%	0.00%	17.02%

Note: 8.8% of business respondents were SMEs, 4.4% companies with 250-500 employees, 6.6% companies with 500-1000 employees, and 80.1% companies with >1000 employees.

7.5 Expected Human Rights Impacts of Option 3 (new regulatory reporting requirements) along Global Value Chains and Companies' Supply Chains

Q32 Stakeholder Survey: Do you foresee that the introduction of new regulatory reporting requirements on due diligence through the supply chain would have impacts on human rights?

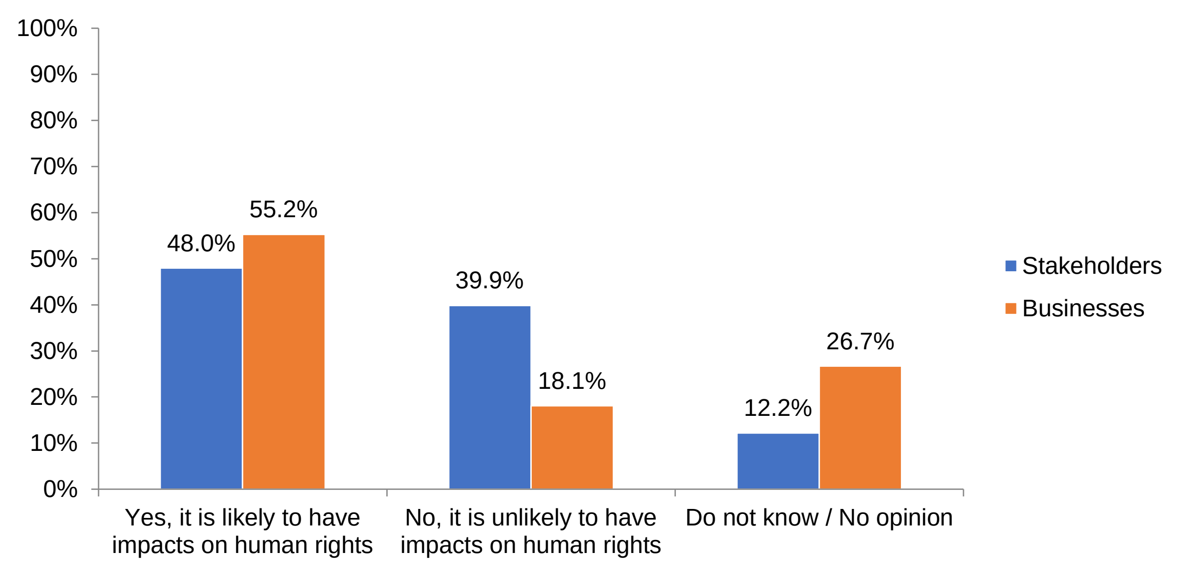
& Q38 Business Survey: Do you foresee that the introduction of new regulatory reporting requirements on due diligence through the supply chain would have impacts on human rights?

<u>Stakeholder responses</u>
Answered 148
Skipped 149

<u>Business responses</u>
Answered 105
Skipped 229

When stakeholders and companies were asked whether the introduction of new regulatory reporting requirements on due diligence through the supply chain would have an impact on human rights the perception on the impact of such requirements differed between the population surveyed. For stakeholders and companies almost half of those surveyed agreed that the introduction of such requirements is likely to have an impact on human rights, where stakeholders were slightly more sceptical about the impact (48%) than businesses (55.2%).

The difference between both was more stark when the survey looked into those that do not foresee that the introduction of such reporting requirements on due diligence through the supply chain will have an impact on human rights, with (39.9%) of stakeholders holding that perspective, versus (18.1%) of the companies surveyed declaring that this impact was unlikely. Finally, the remaining stakeholders surveyed (12%) expressed that they do not know or they do not have an opinion on the matter, while a higher percentage, (26.7%), of the companies declared that they did not have an opinion or they did not know.



Note: 16.2% of business respondents were SMEs, 2.9% companies with 250-500 employees, 5.7% companies with 500-1000 employees, and 75.2% companies with >1000 employees.

7.6 Specific Human Rights Impacts of Option 3 (new regulatory reporting requirements) along Global Value Chains and Companies' Supply Chains

Q33 Stakeholder Survey: Please specify the impacts which new regulatory reporting requirements are likely to have on the following areas along global value chains. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainable development, e.g. improved quality of jobs, reduced poverty, etc.

& Q39 Business Survey: Please specify the impacts which new regulatory reporting requirements are likely to have on the following areas along your supply chain. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainable development, e.g. improved quality of jobs, reduced poverty, etc.

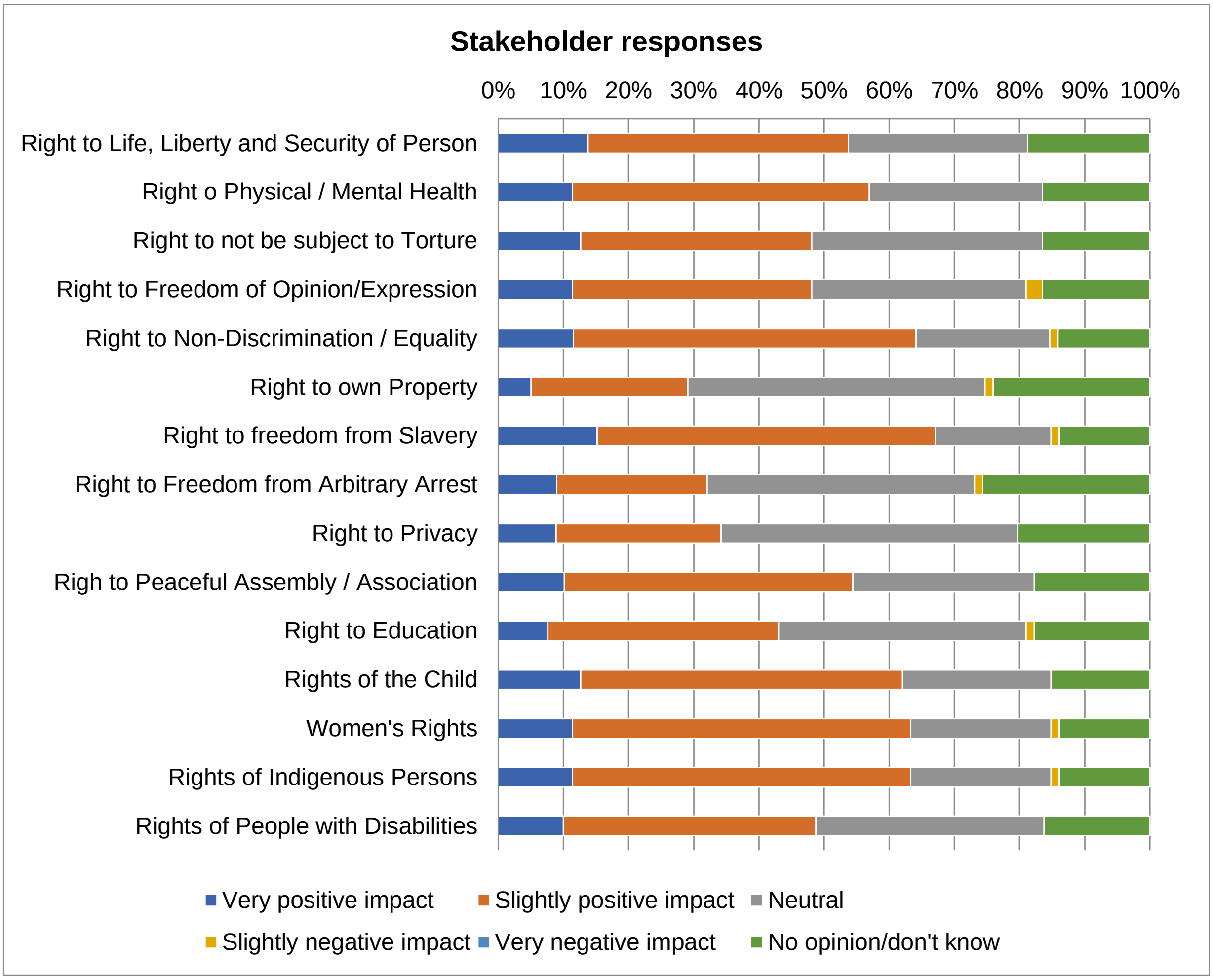
<u>Stakeholder responses</u>

Answered	81
Skipped	216

<u>Business responses</u>

Answered	70
Skipped	264

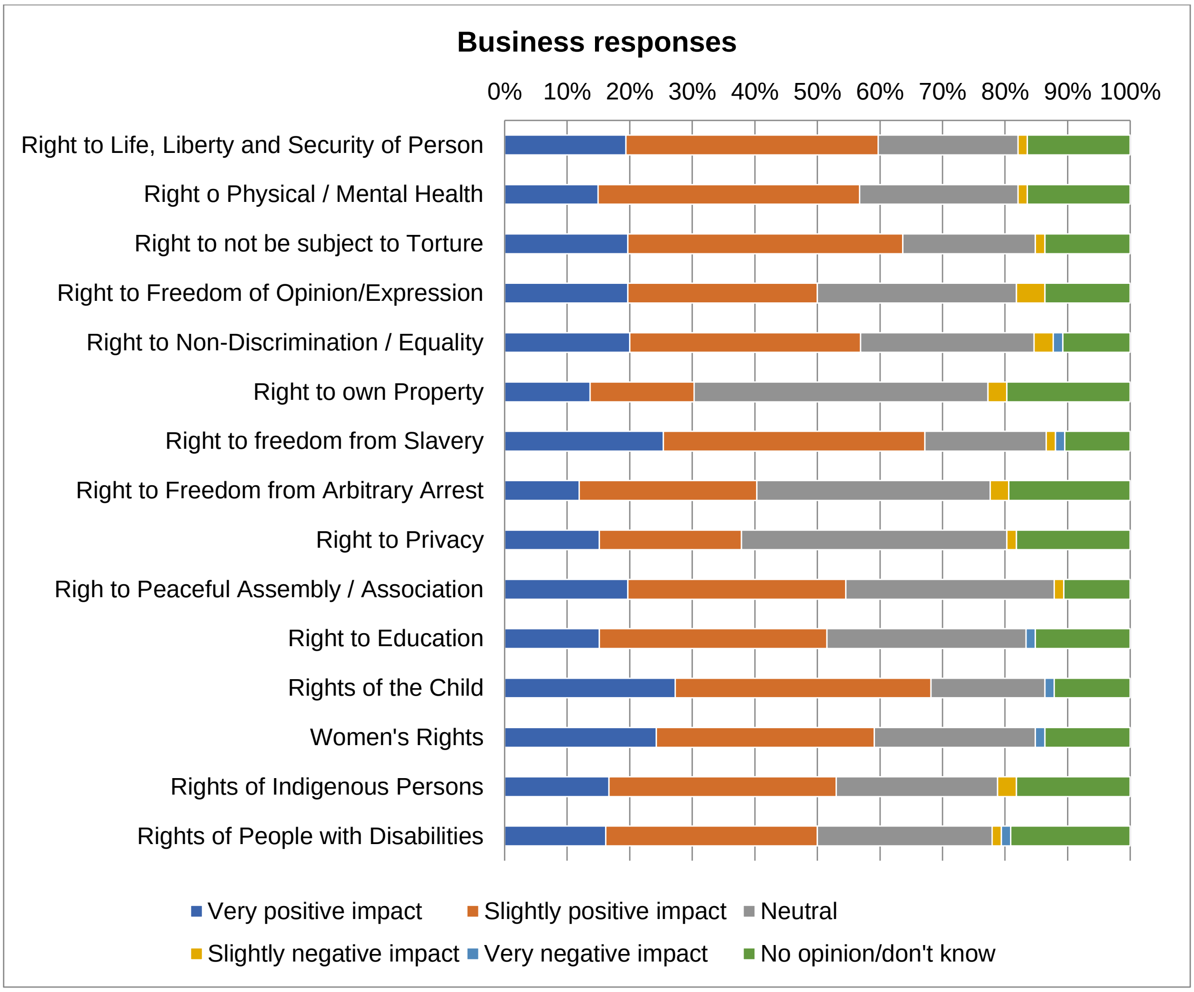
Considering the very and slightly positive categories together, most of the stakeholder respondents considered that new regulatory reporting requirements could have positive impacts on their global value chains regarding the right to freedom from slavery (67%) and to non-discrimination/equality (64%). Also, over 60% of respondents foresee positive impacts on women's rights, the rights of indigenous persons, and the rights of the child. The areas where most stakeholders expect neutral impacts are the right to privacy and to own property (46% respectively), and the right to freedom from arbitrary arrest (41%). Very few (0% to 2.5%) of respondents expect a negative rather than positive or neutral impact.



	Very positive impact	Slightly positive impact	Neutral	Slightly negative impact	Very negative impact	No opinion / don't know
Right to Life, Liberty and Security of Person	13.75%	40.00%	27.50%	0.00%	0.00%	18.75%
Right to Physical / Mental Health	11.39%	45.57%	26.58%	0.00%	0.00%	16.46%
Right to not be subject to Torture	12.66%	35.44%	35.44%	0.00%	0.00%	16.46%
Right to Freedom of Opinion/Expression	11.39%	36.71%	32.91%	2.53%	0.00%	16.46%
Right to Non-Discrimination / Equality	11.54%	52.56%	20.51%	1.28%	0.00%	14.10%
Right to own Property	5.06%	24.05%	45.57%	1.27%	0.00%	24.05%
Right to freedom	15.19%	51.90%	17.72%	1.27%	0.00%	13.92%

from Slavery						
Right to Freedom from Arbitrary Arrest	8.97%	23.08%	41.03%	1.28%	0.00%	25.64%
Right to Privacy	8.86%	25.32%	45.57%	0.00%	0.00%	20.25%
Right to Peaceful Assembly / Association	10.13%	44.30%	27.85%	0.00%	0.00%	17.72%
Right to Education	7.59%	35.44%	37.97%	1.27%	0.00%	17.72%
Rights of the Child	12.66%	49.37%	22.78%	0.00%	0.00%	15.19%
Women's Rights	11.39%	51.90%	21.52%	1.27%	0.00%	13.92%
Rights of Indigenous Persons	11.39%	51.90%	21.52%	1.27%	0.00%	13.92%
Rights of People with Disabilities	10.00%	38.75%	35.00%	0.00%	0.00%	16.25%

Considering the very and slightly positive impacts together, most respondent companies indicate that new regulatory reporting requirements could have positive impacts on their supply chain regarding the rights of the child (68%), and the right to freedom from slavery (67%). Over 60% of respondents expect positive impacts on the right to not be subject to torture and to life, liberty and security of person. Similar to stakeholder respondents, the areas where most companies foresee neutral impacts are the right to own property (47%) and the right to privacy (42%). Very few (0% to 5%) of respondents expect a negative impact, rather than a positive or neutral impact.



	Very positive impact	Slightly positive impact	Neutral	Slightly negative impact	Very negative impact	No opinion / don't know
Right to Life, Liberty and Security of Person	19.40%	40.30%	22.39%	1.49%	0.00%	16.42%
Right to Physical / Mental Health	14.93%	41.79%	25.37%	1.49%	0.00%	16.42%
Right to not be subject to Torture	19.70%	43.94%	21.21%	1.52%	0.00%	13.64%
Right to Freedom of Opinion/Expression	19.70%	30.30%	31.82%	4.55%	0.00%	13.64%
Right to Non-Discrimination / Equality	20.00%	36.92%	27.69%	3.08%	1.54%	10.77%
Right to own Property	13.64%	16.67%	46.97%	3.03%	0.00%	19.70%
Right to freedom from Slavery	25.37%	41.79%	19.40%	1.49%	1.49%	10.45%
Right to Freedom from Arbitrary Arrest	11.94%	28.36%	37.31%	2.99%	0.00%	19.40%

Right to Privacy	15.15%	22.73%	42.42%	1.52%	0.00%	18.18%
Right to Peaceful Assembly / Association	19.70%	34.85%	33.33%	1.52%	0.00%	10.61%
Right to Education	15.15%	36.36%	31.82%	0.00%	1.52%	15.15%
Rights of the Child	27.27%	40.91%	18.18%	0.00%	1.52%	12.12%
Women's Rights	24.24%	34.85%	25.76%	0.00%	1.52%	13.64%
Rights of Indigenous Persons	16.67%	36.36%	25.76%	3.03%	0.00%	18.18%
Rights of People with Disabilities	16.18%	33.82%	27.94%	1.47%	1.47%	19.12%

Note: 13.6% of business respondents were SMEs, 3.0% companies with 250-500 employees, 6.0% companies with 500-1000 employees, and 77.4% companies with >1000 employees.

7.7 Expected Human Rights Impacts of Option 4 (new regulation requiring mandatory due diligence) along Global Value Chains and Companies' Supply Chains

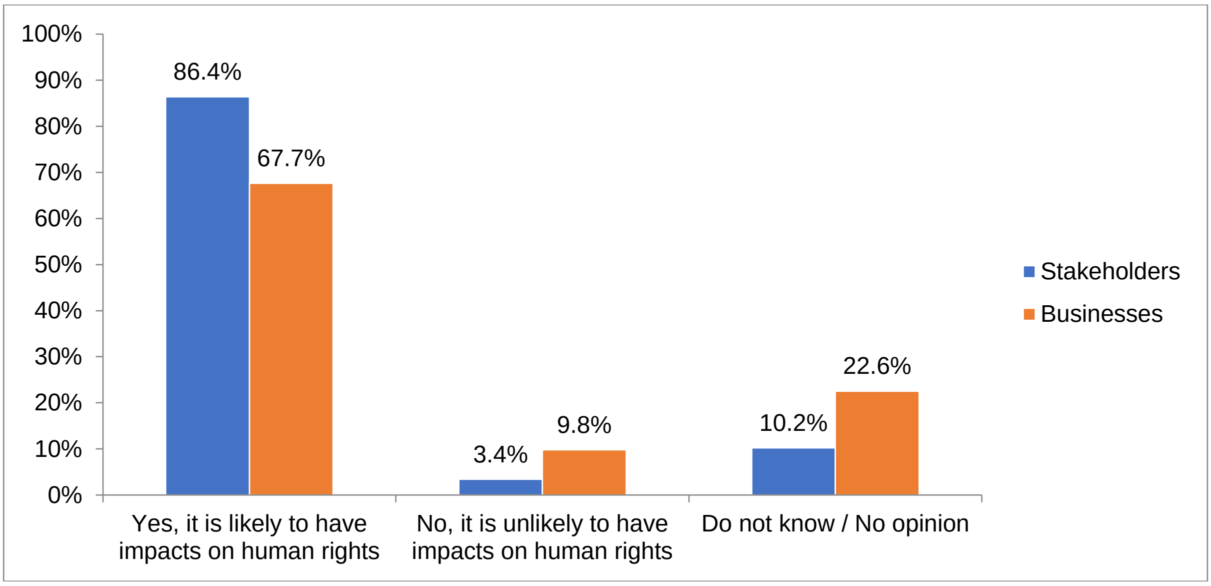
Q42. Stakeholder Survey: Do you foresee that the introduction of new regulation requiring mandatory due diligence through the supply chain would have impacts on human rights?

& Q49 Business Survey: Do you foresee that the introduction of new regulation requiring mandatory due diligence through the supply chain would have impacts on human rights?

Stakeholder responses
Answered 147
Skipped 150

Business responses
Answered 102
Skipped 232

When asked about their perception on the effects that the introduction of mandatory due diligence requirements through the supply chain would have on human rights. While the majority of stakeholders (86.4%) expressed that it is likely that the introduction of mandatory due diligence requirements has an impact on human rights, although the difference on views with businesses was less notable in this case since (67.7%) of businesses also expressed that the requirement of mandatory due diligence is likely to impact human rights. A very small percentage of stakeholders (3.4%) expressed that the introduction of mandatory regulation would be unlikely to have an effect on human rights, while a higher percentage of businesses (9.8%) perceived that to be the case. Finally, (10.2%) of stakeholders answered that they do not know or do not have an opinion on the matter, while in the case of the businesses this percentage was (22.6%).



Note: 15.7% of business respondents were SMEs, 2.9% companies with 250-500 employees, 5.9% companies with 500-1000 employees, and 75.5% companies with >1000 employees.

7.8 Specific Human Rights Impacts of Option 4 (new regulation requiring mandatory due diligence) along Global Value Chains and Companies' Supply Chains

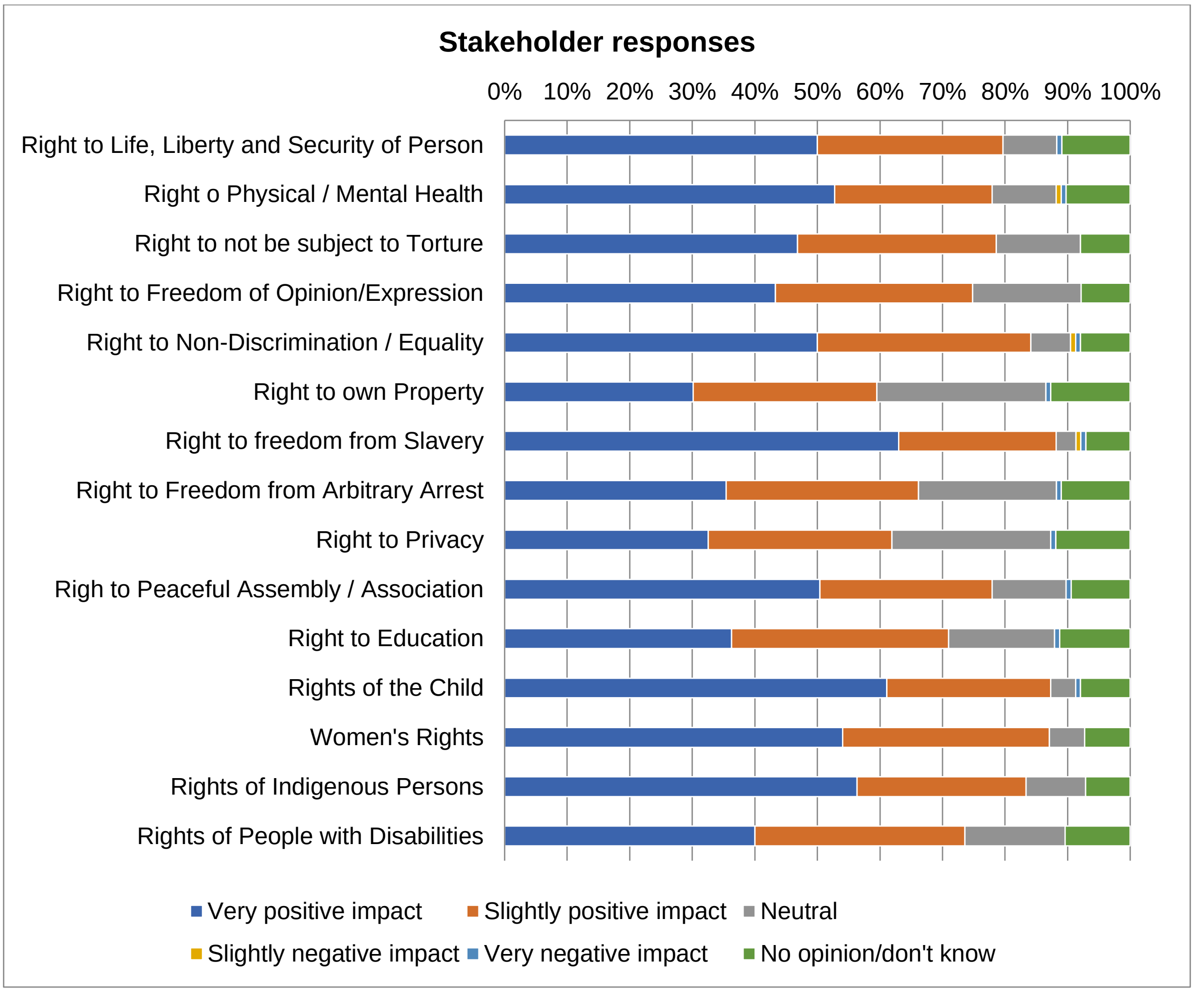
Q43 Stakeholder Survey: Please specify the impacts which new regulation requiring mandatory due diligence is likely to have on the following areas along global value chains. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainable development, e.g. improved quality of jobs, reduced poverty, etc.

& Q50 Business Survey: Please specify the impacts which new regulation requiring mandatory due diligence is likely to have on the following areas along your supply chain. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainable development, e.g. improved quality of jobs, reduced poverty, etc.

<u>Stakeholder responses</u>
Answered 131
Skipped 166

<u>Business responses</u>
Answered 77
Skipped 257

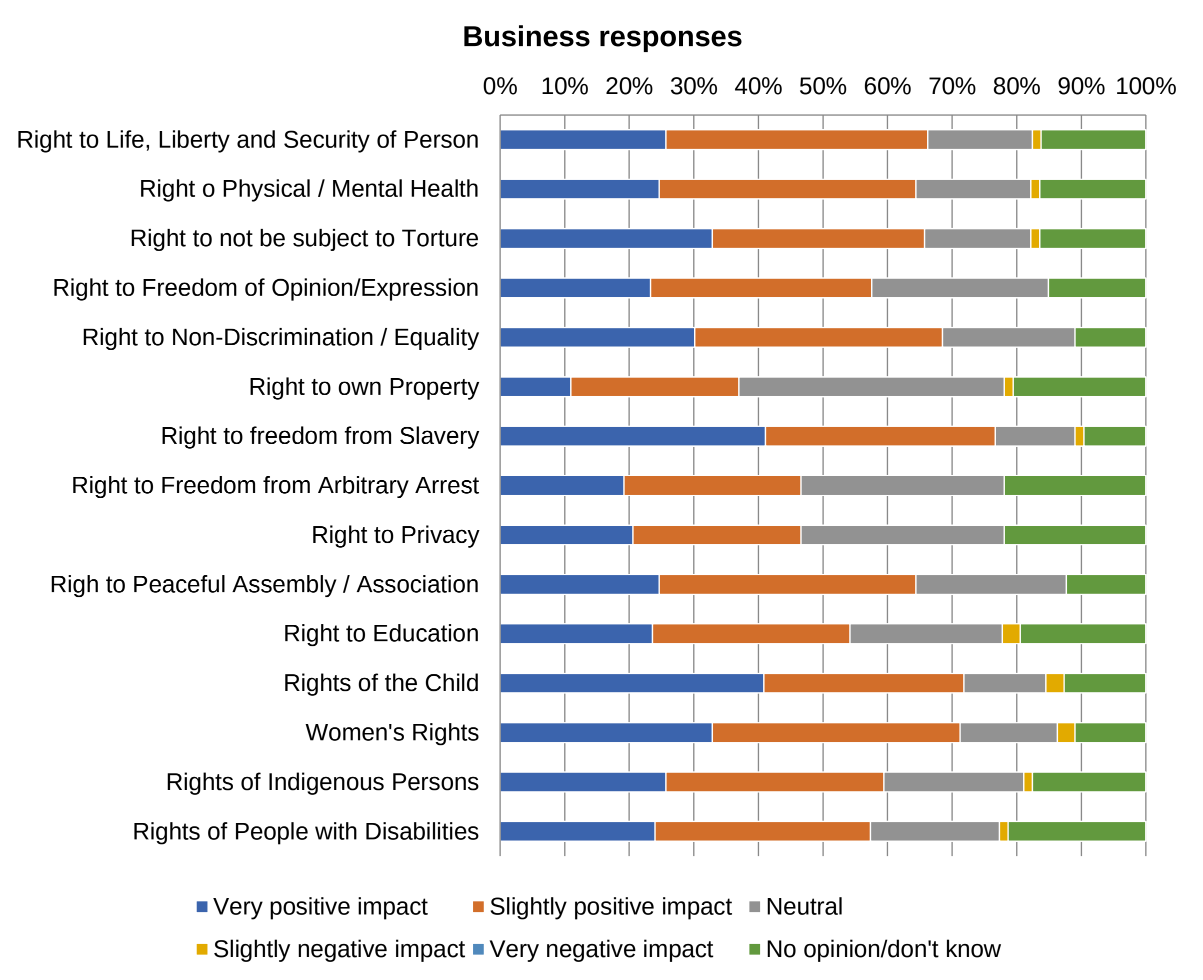
Considering the very and slightly positive categories together, the large majority of the stakeholder respondents considered that new regulation requiring mandatory due diligence could have positive impacts on their global value chains. Over 60% of respondents expect positive impacts on all human rights areas, and the top areas – with above 80% of responses- are the right to freedom from slavery, the rights of the child, women's rights, the right to non-discrimination/equality, the rights of indigenous persons, and the right to life, liberty and security of person. Similar to the previous alternatives, but with a smaller proportion, expectations of neutral impacts concentrate on the right to own property (27%), to privacy (25%), and to freedom from arbitrary arrest (22%). Very few (0% to 2%) of respondents expect a negative rather than positive or neutral impact.



	Very positive impact	Slightly positive impact	Neutral	Slightly negative impact	Very negative impact	No opinion / don't know
Right to Life, Liberty and Security of Person	50.00%	29.69%	8.59%	0.00%	0.78%	10.94%
Right to Physical / Mental Health	52.76%	25.20%	10.24%	0.79%	0.79%	10.24%
Right to not be subject to Torture	46.83%	31.75%	13.49%	0.00%	0.00%	7.94%
Right to Freedom of Opinion/Expression	43.31%	31.50%	17.32%	0.00%	0.00%	7.87%
Right to Non-Discrimination / Equality	50.00%	34.13%	6.35%	0.79%	0.79%	7.94%
Right to own Property	30.16%	29.37%	26.98%	0.00%	0.79%	12.70%
Right to freedom from Slavery	62.99%	25.20%	3.15%	0.79%	0.79%	7.09%

Right to Freedom from Arbitrary Arrest	35.43%	30.71%	22.05%	0.00%	0.79%	11.02%
Right to Privacy	32.54%	29.37%	25.40%	0.00%	0.79%	11.90%
Right to Peaceful Assembly / Association	50.39%	27.56%	11.81%	0.00%	0.79%	9.45%
Right to Education	36.29%	34.68%	16.94%	0.00%	0.81%	11.29%
Rights of the Child	61.11%	26.19%	3.97%	0.00%	0.79%	7.94%
Women's Rights	54.03%	33.06%	5.65%	0.00%	0.00%	7.26%
Rights of Indigenous Persons	56.35%	26.98%	9.52%	0.00%	0.00%	7.14%
Rights of People with Disabilities	40.00%	33.60%	16.00%	0.00%	0.00%	10.40%

Considering the very and slightly positive categories together, the large majority of the surveyed companies considered that new regulation requiring mandatory due diligence could have positive impacts on their supply chains. Over 60% of respondents expect positive impacts on 9 out of the 15 human rights areas, and the top areas – with above 70% of responses- are the right to freedom from slavery, the rights of the child and women’s rights. The companies’ expectations of neutral are similar to stakeholder respondents but with larger proportions. Neutral impacts concentrate on the right to privacy, the right to freedom from arbitrary arrest (47% respectively), and the right to own property (41%). Very few (0% to 3%) of respondents expect a negative rather than positive or neutral impact.



	Very positive impact	Slightly positive impact	Neutral	Slightly negative impact	Very negative impact	No opinion / don't know
Right to Life, Liberty and Security of Person	25.68%	40.54%	16.22%	1.35%	0.00%	16.22%
Right to Physical / Mental Health	24.66%	39.73%	17.81%	1.37%	0.00%	16.44%
Right to not be subject to Torture	32.88%	32.88%	16.44%	1.37%	0.00%	16.44%
Right to Freedom of Opinion/Expression	23.29%	34.25%	27.40%	0.00%	0.00%	15.07%
Right to Non-Discrimination / Equality	30.14%	38.36%	20.55%	0.00%	0.00%	10.96%
Right to own Property	10.96%	26.03%	41.10%	1.37%	0.00%	20.55%
Right to freedom from Slavery	41.10%	35.62%	12.33%	1.37%	0.00%	9.59%

Right to Freedom from Arbitrary Arrest	19.18%	27.40%	31.51%	0.00%	0.00%	21.92%
Right to Privacy	20.55%	26.03%	31.51%	0.00%	0.00%	21.92%
Right to Peaceful Assembly / Association	24.66%	39.73%	23.29%	0.00%	0.00%	12.33%
Right to Education	23.61%	30.56%	23.61%	2.78%	0.00%	19.44%
Rights of the Child	40.85%	30.99%	12.68%	2.82%	0.00%	12.68%
Women's Rights	32.88%	38.36%	15.07%	2.74%	0.00%	10.96%
Rights of Indigenous Persons	25.68%	33.78%	21.62%	1.35%	0.00%	17.57%
Rights of People with Disabilities	24.00%	33.33%	20.00%	1.33%	0.00%	21.33%

Note: 13.7% of business respondents were SMEs, 2.7% companies with 250-500 employees, 4.1% companies with 500-1000 employees, and 79.5% companies with >1000 employees.

7.9 Expected Environmental Impacts of Option 2 (voluntary guidelines) along Global Value Chains and Companies' Supply Chains

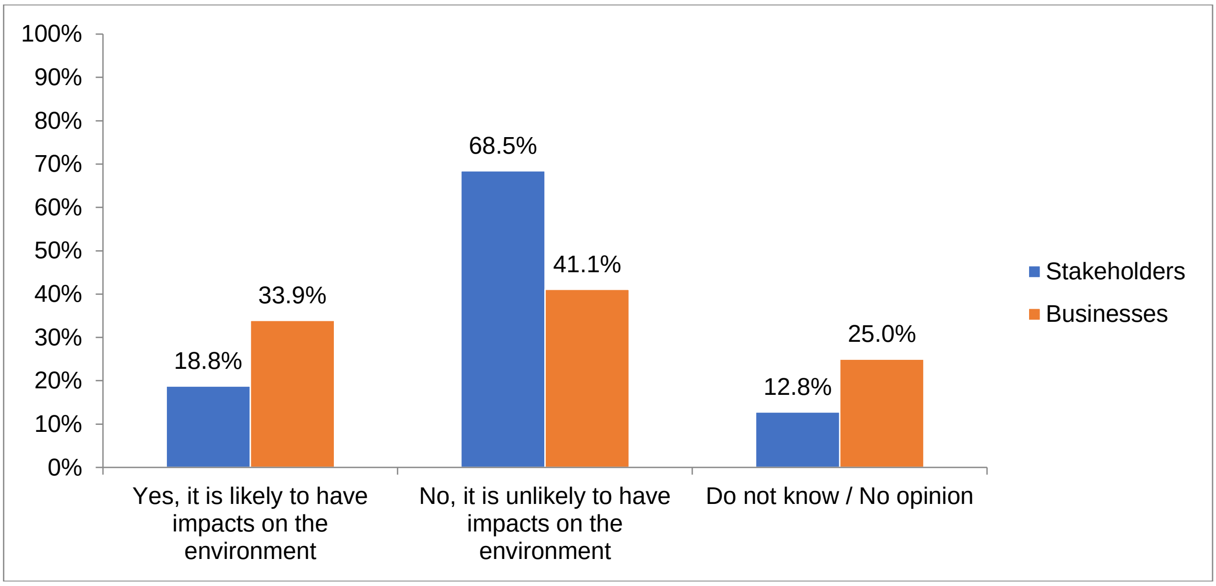
Q22 Stakeholder Survey: Do you foresee that the introduction of new voluntary guidelines on due diligence through the supply chain would have impacts on the environment? (Including on pollution, waste, natural resources, biodiversity, greenhouse gas emissions, climate change)?

& Q27 Business Survey: Do you foresee that the introduction of new voluntary guidelines on due diligence through the supply chain would have impacts on the environment? (Including on pollution, waste, natural resources, biodiversity, greenhouse gas emissions, climate change)

Stakeholder responses
Answered 149
Skipped 148

Business responses
Answered 112
Skipped 222

The majority of stakeholders considered it unlikely that new voluntary guidelines on due diligence through the supply change have any environmental impact (68.5%). Only 18.8% of stakeholders foresee that the voluntary guidelines on due diligence are likely to have an impact on the environment. The remaining subset of stakeholders (12.8%) did not know or did not have an opinion regarding the likelihood that new voluntary guidelines impact (or not) the environment. The majority of businesses also foresee that it is unlikely that new voluntary guidelines on due diligence through the supply change have any environmental impact (41.1%). Nonetheless, the percentage of businesses that believe that it is likely that such guidelines have an impact on the environment is at 33.9%. Finally, one in four businesses (25%) is not able to say whether voluntary new guidelines would have environmental impacts or not. A substantially larger proportion of stakeholder respondents foresee that the new voluntary guidelines are unlikely to have impacts.



Note: 16.1% of business respondents were SMEs, 6.3% companies with 250-500 employees, 5.4% companies with 500-1000 employees, and 72.3% companies with >1000 employees.

7.10 Specific Environmental Impacts of Option 2 (voluntary guidelines) along Global Value Chains and Companies' Supply Chains

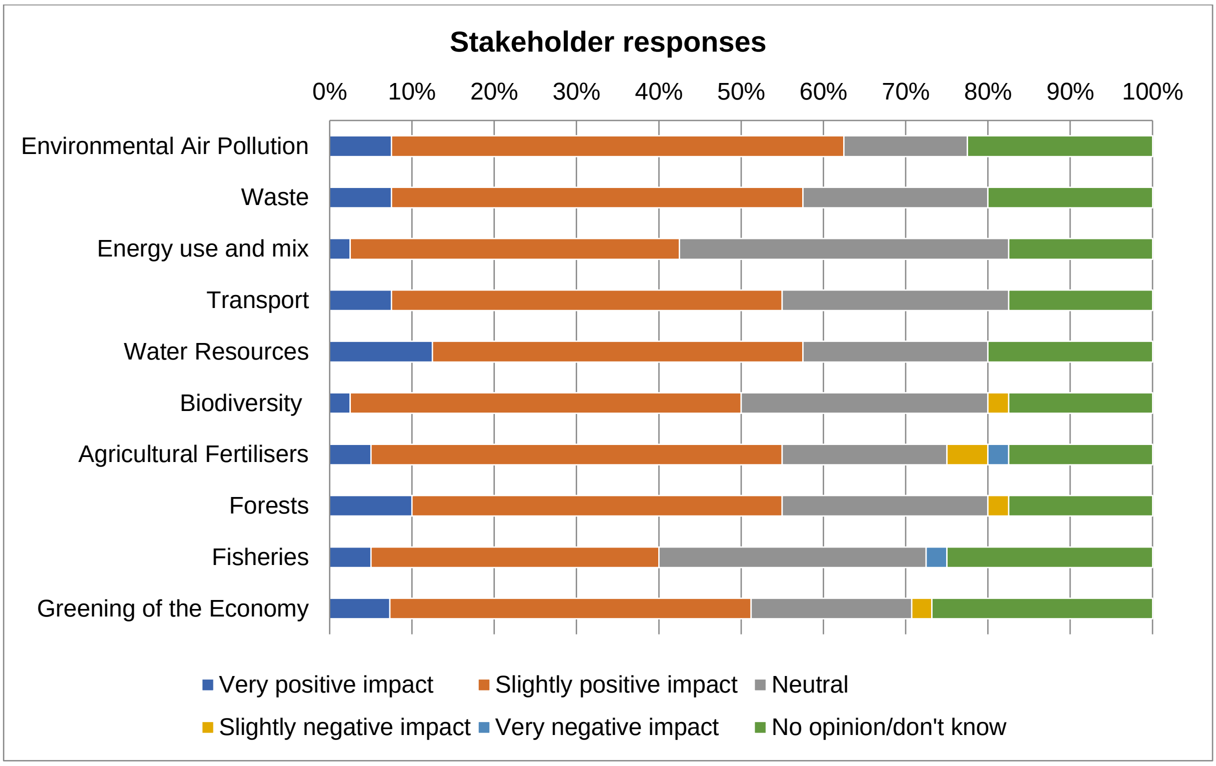
Q23 Stakeholder Survey: Please specify the impacts that new voluntary guidelines are likely to have on the following areas along global value chains. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainable development, e.g. improved quality of jobs, reduced poverty, etc.

& Q28 Business Survey: Please specify the impacts that new voluntary guidelines are likely to have on the following areas along your supply chain. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainable development, e.g. improved quality of jobs, reduced poverty, etc.

Stakeholder responses
Answered 41
Skipped 256

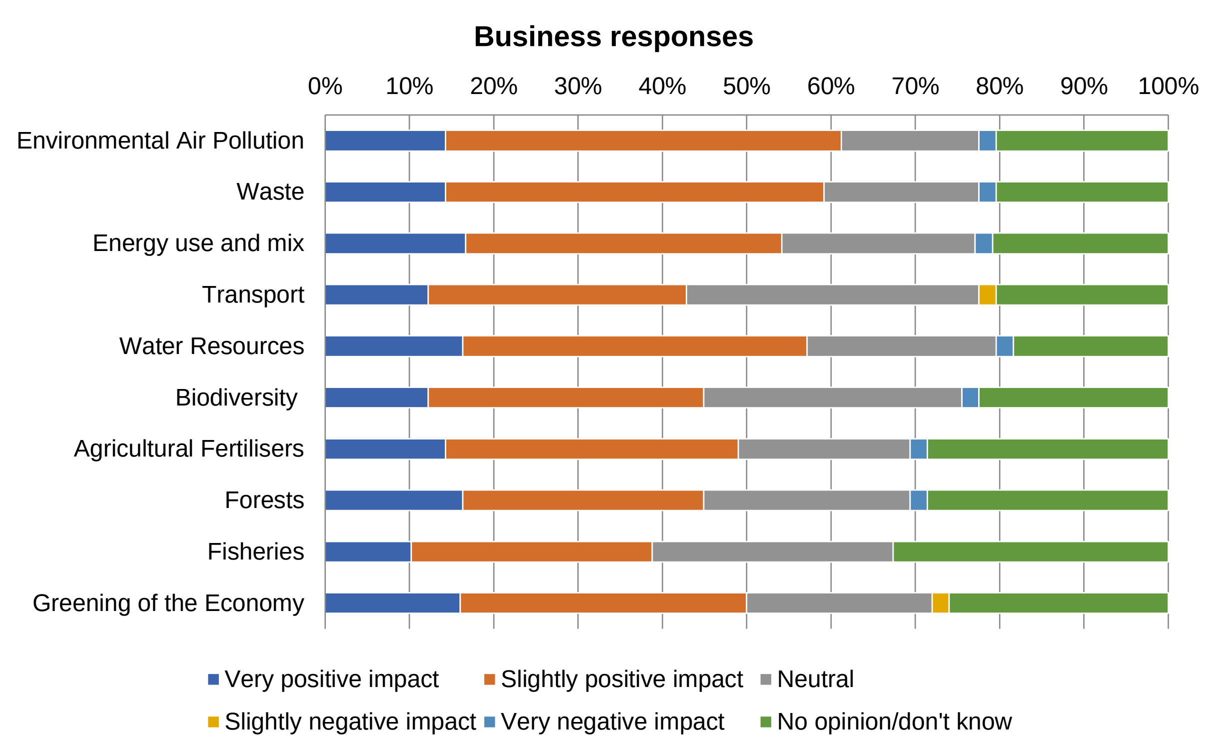
Business responses
Answered 50
Skipped 284

Considering the very and slightly positive categories together, most of the stakeholder respondents considered that new voluntary guidelines could have positive impacts on their global value chains regarding the environmental air pollution (63%). Also, on 7 out of 10 environmental areas, between 50% and 60% of stakeholders expect positive impacts (e.g. on waste, water resources, agricultural fertilisers, among others). The areas where most stakeholders expect neutral impacts are the energy use and mix (40%), fisheries (32.5%), and biodiversity (30%). Very few (0% to 2.5%) of respondents expect a negative rather than positive or neutral impact; nevertheless there is a 7.5% of respondents who expect negative impacts on agricultural fertilisers.



	Very positive impact	Slightly positive impact	Neutral	Slightly negative impact	Very negative impact	No opinion / don't know
Environmental Air Pollution	7.50%	55.00%	15.00%	0.00%	0.00%	22.50%
Waste	7.50%	50.00%	22.50%	0.00%	0.00%	20.00%
Energy use and mix	2.50%	40.00%	40.00%	0.00%	0.00%	17.50%
Transport	7.50%	47.50%	27.50%	0.00%	0.00%	17.50%
Water Resources	12.50%	45.00%	22.50%	0.00%	0.00%	20.00%
Biodiversity	2.50%	47.50%	30.00%	2.50%	0.00%	17.50%
Agricultural Fertilisers	5.00%	50.00%	20.00%	5.00%	2.50%	17.50%
Forests	10.00%	45.00%	25.00%	2.50%	0.00%	17.50%
Fisheries	5.00%	35.00%	32.50%	0.00%	2.50%	25.00%
Greening of the Economy	7.32%	43.90%	19.51%	2.44%	0.00%	26.83%

Considering the very and slightly positive categories together, most of the surveyed companies considered that new voluntary guidelines could have positive impacts on their supply chains regarding the environmental air pollution (61%). Similar to stakeholders, on 5 out of 10 environmental areas, between 50% and 60% of stakeholders expect positive impacts (e.g. on waste, water resources, energy use and mix, and greening of the economy). The areas where most companies expect neutral impacts are transport (35%), biodiversity (31%), and fisheries (29%). Very few (0% to 2%) of respondents expect a negative rather than positive or neutral impact.



	Very positive impact	Slightly positive impact	Neutral	Slightly negative impact	Very negative impact	No opinion / don't know
Environmental Air Pollution	14.29%	46.94%	16.33%	0.00%	2.04%	20.41%
Waste	14.29%	44.90%	18.37%	0.00%	2.04%	20.41%
Energy use and mix	16.67%	37.50%	22.92%	0.00%	2.08%	20.83%
Transport	12.24%	30.61%	34.69%	2.04%	0.00%	20.41%
Water Resources	16.33%	40.82%	22.45%	0.00%	2.04%	18.37%
Biodiversity	12.24%	32.65%	30.61%	0.00%	2.04%	22.45%
Agricultural Fertilisers	14.29%	34.69%	20.41%	0.00%	2.04%	28.57%
Forests	16.33%	28.57%	24.49%	0.00%	2.04%	28.57%
Fisheries	10.20%	28.57%	28.57%	0.00%	0.00%	32.65%
Greening of the Economy	16.00%	34.00%	22.00%	2.00%	0.00%	26.00%

Note: 12.2% of business respondents were SMEs, 4.1% companies with 250-500 employees, 6.1% companies with 500-1000 employees, and 77.6% companies with >1000 employees.

7.11 Expected Environmental Impacts of Option 3 (new regulatory reporting requirements) along Global Value Chains and Companies' Supply Chains

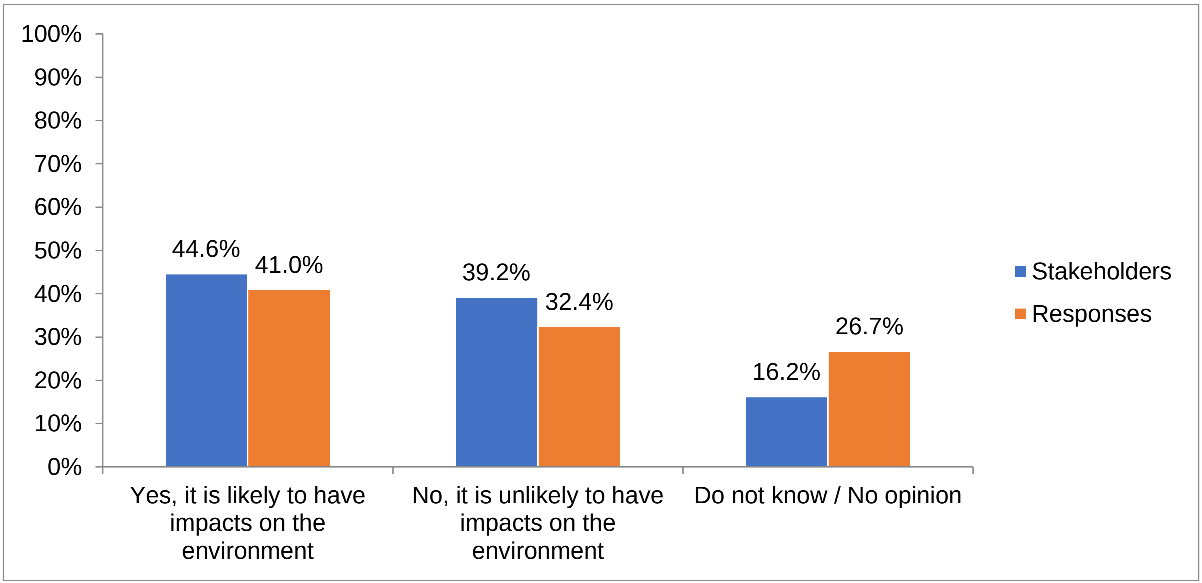
Q30 Stakeholder Survey: Do you foresee that the introduction of new regulatory reporting requirements on due diligence through the supply chain would have

impacts on the environment? (Including on pollution, waste, natural resources, biodiversity, greenhouse gas emissions, climate change)?

& Q36 Business Survey: Do you foresee that the introduction of new regulatory reporting requirements on due diligence through the supply chain would have impacts on the environment? (Including on pollution, waste, natural resources, biodiversity, greenhouse gas emissions, climate change)?

<u>Stakeholder responses</u>
Answered 148
Skipped 149

<u>Business responses</u>
Answered 105
Skipped 229



Note: 16.2% of business respondents were SMEs, 2.9% companies with 250-500 employees, 5.7% companies with 500-1000 employees, and 75.2% companies with >1000 employees.

7.12 Specific Environmental Impacts of Option 3 (new regulatory reporting requirements) along Global Value Chains and Companies' Supply Chains

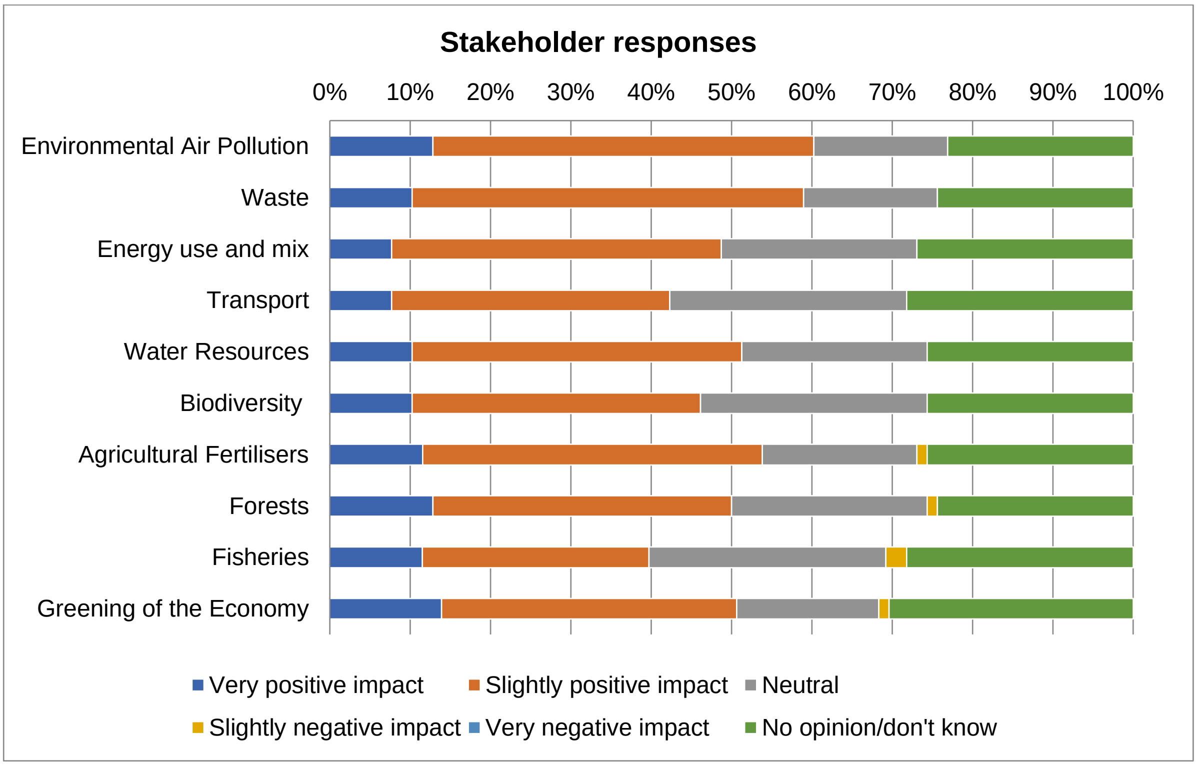
Q31 Stakeholder Survey: Please specify the impacts that new regulatory reporting requirements are likely to have on the following areas along global value chains. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainable development, e.g. improved quality of jobs, reduced poverty, etc.

& Q37 Business Survey: Please specify the impacts that new regulatory reporting requirements are likely to have on the following areas along your supply chain. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainable development, e.g. improved quality of jobs, reduced poverty, etc.

<u>Stakeholder responses</u>
Answered 79
Skipped 218

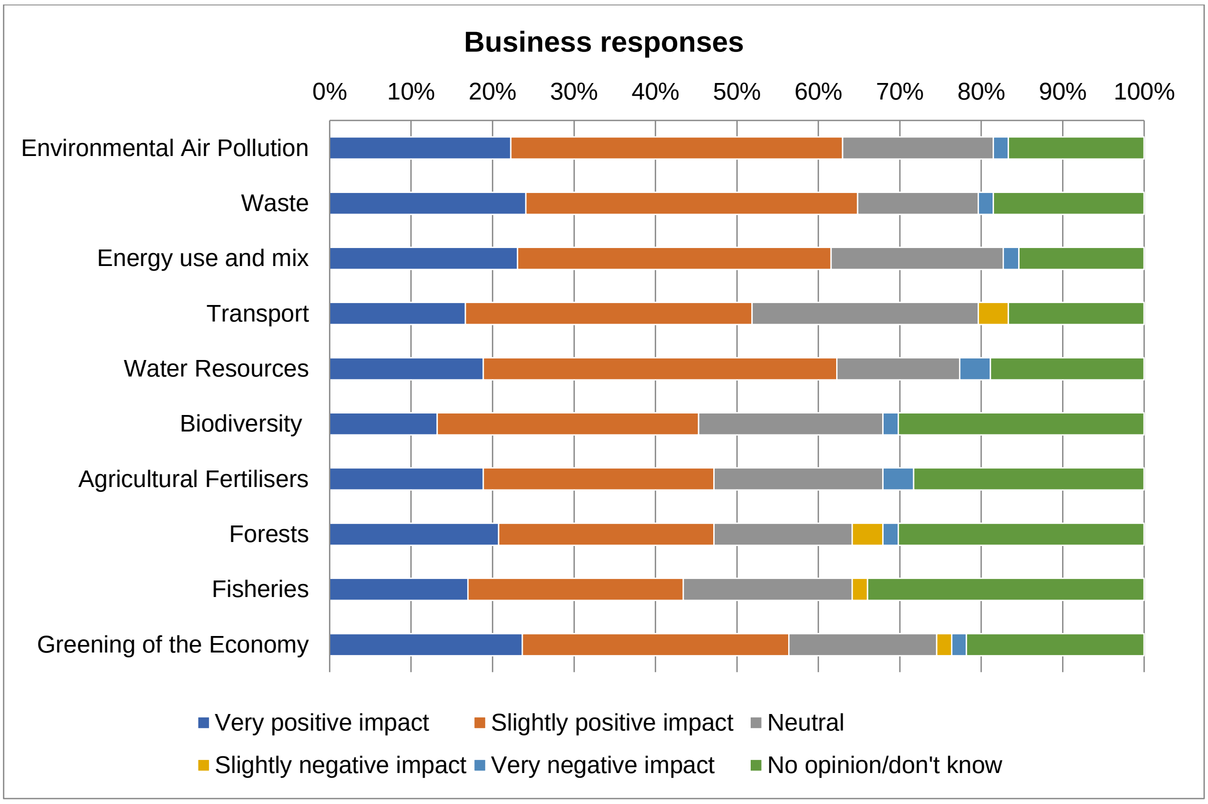
<u>Business responses</u>
Answered 56
Skipped 278

Considering the very and slightly positive categories together, most of the stakeholder respondents considered that new regulatory reporting requirements could have positive impacts on their global value chains. On 6 out of 10 environmental areas, between 50% and 60% of stakeholders expect positive impacts (e.g. on waste, agricultural fertilisers, water resources among others). Similar to the previous alternative, the top area in terms of potential positive impact is environmental air pollution (60%). The areas where most stakeholders expect neutral impacts are transport and fisheries (29.5% respectively), and biodiversity (28%). Very few (0% to 2.5%) of respondents expect a negative rather than positive or neutral impact.



	Very positive impact	Slightly positive impact	Neutral	Slightly negative impact	Very negative impact	No opinion / don't know
Environmental Air Pollution	12.82%	47.44%	16.67%	0.00%	0.00%	23.08%
Waste	10.26%	48.72%	16.67%	0.00%	0.00%	24.36%
Energy use and mix	7.69%	41.03%	24.36%	0.00%	0.00%	26.92%
Transport	7.69%	34.62%	29.49%	0.00%	0.00%	28.21%
Water Resources	10.26%	41.03%	23.08%	0.00%	0.00%	25.64%
Biodiversity	10.26%	35.90%	28.21%	0.00%	0.00%	25.64%
Agricultural Fertilisers	11.54%	42.31%	19.23%	1.28%	0.00%	25.64%
Forests	12.82%	37.18%	24.36%	1.28%	0.00%	24.36%
Fisheries	11.54%	28.21%	29.49%	2.56%	0.00%	28.21%
Greening of the Economy	13.92%	36.71%	17.72%	1.27%	0.00%	30.38%

Considering the very and slightly positive categories together, most of the surveyed companies considered that new regulatory reporting requirements could have positive impacts on their supply chains regarding waste (65%). Other areas where positive impacts are foreseen are environmental air pollution and water resources (63% respectively), and energy use and mix (62%). More than 40% of companies expect a positive impact on all the environmental areas. The areas where most companies expect neutral impacts is transport (28%); other areas with more than 20% of mentions are biodiversity, energy use and mix, agricultural fertilisers and fisheries. Very few (0% to 4%) of respondents expect a negative rather than positive or neutral impact, and the area with higher proportions of expected negative impacts corresponds to forests (5.7%).



	Very positive impact	Slightly positive impact	Neutral	Slightly negative impact	Very negative impact	No opinion /don't know
Environmental Air Pollution	22.22%	40.74%	18.52%	0.00%	1.85%	16.67%
Waste	24.07%	40.74%	14.81%	0.00%	1.85%	18.52%
Energy use and mix	23.08%	38.46%	21.15%	0.00%	1.92%	15.38%
Transport	16.67%	35.19%	27.78%	3.70%	0.00%	16.67%
Water Resources	18.87%	43.40%	15.09%	0.00%	3.77%	18.87%
Biodiversity	13.21%	32.08%	22.64%	0.00%	1.89%	30.19%
Agricultural Fertilisers	18.87%	28.30%	20.75%	0.00%	3.77%	28.30%
Forests	20.75%	26.42%	16.98%	3.77%	1.89%	30.19%
Fisheries	16.98%	26.42%	20.75%	1.89%	0.00%	33.96%
Greening of the Economy	23.64%	32.73%	18.18%	1.82%	1.82%	21.82%

Note: 13.1% of business respondents were SMEs, 3.7% companies with 250-500 employees, 7.5% companies with 500-1000 employees, and 75.7% companies with >1000 employees.

7.13 Expected Environmental Impacts of Option 4 (new regulation requiring mandatory due diligence) along Global Value Chains and Companies' Supply Chains

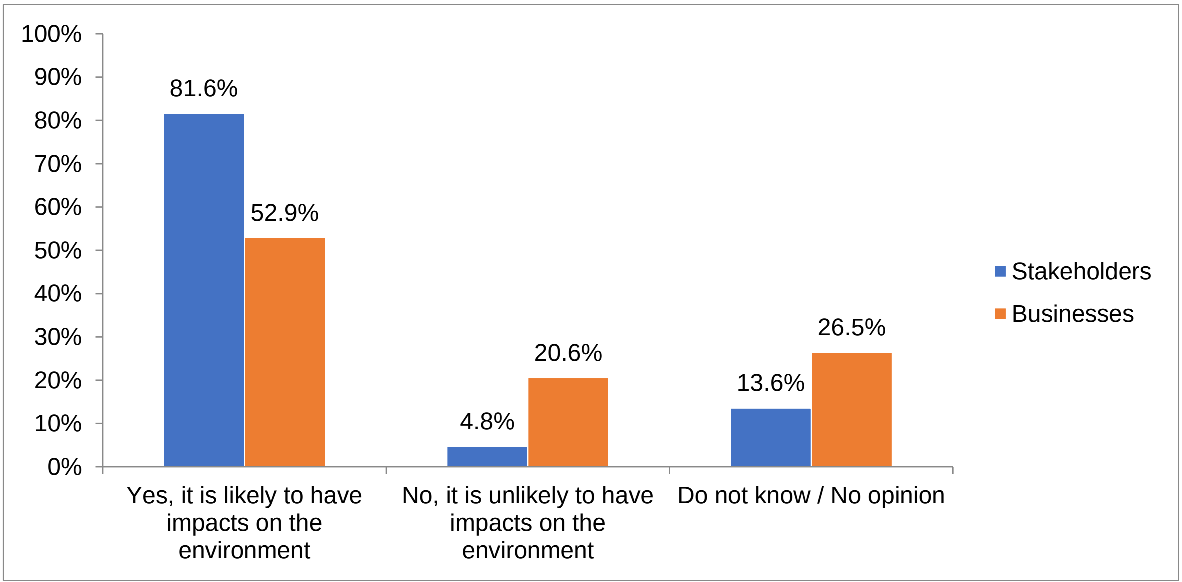
Q40 Stakeholder Survey: Do you foresee that the introduction of new regulation requiring mandatory due diligence through the supply chain would have impacts on the environment? (Including on pollution, waste, natural resources, biodiversity, greenhouse gas emissions, climate change)

& Q47 Business Survey: Do you foresee that the introduction of new regulation requiring mandatory due diligence through the supply chain would have impacts on the environment? (Including on pollution, waste, natural resources, biodiversity, greenhouse gas emissions, climate change)?

<u>Stakeholder responses</u>
Answered 147
Skipped 150

<u>Business responses</u>
Answered 102
Skipped 232

Similarly to questions 42 and 49, questions 40 and 47 look into what do stakeholders and businesses think that about the potential effects derived from the introduction of mandatory due diligence through the supply chain, this time on the environment. In this case, again a larger percentage of stakeholders (81.6%) answered that the introduction of mandatory due diligence requirements in the regulation is likely to have impacts on the environment, a smaller percentage (52.9%) of businesses declared to agree with that statement. On the other hand, only (4.8%) of stakeholders perceived that inserting new regulations with mandatory due diligence would unlikely have impact on the environment, while (20.6%) of businesses expressed this point of view. Finally, those who did not know or who did not have an opinion on whether mandatory regulations would have an impact on the environment amounted to (13.6%) in the case of stakeholders, rising to (26.5%) for businesses. The percentage of answers per category differed notably between stakeholders and business responders.



Note: 15.7% of business respondents were SMEs, 2.9% companies with 250-500 employees, 5.9% companies with 500-1000 employees, and 75.5% companies with >1000 employees.

7.14 Specific Environmental Impacts of Option 4 (new regulation requiring mandatory due diligence) along Global Value Chains and Companies' Supply Chains

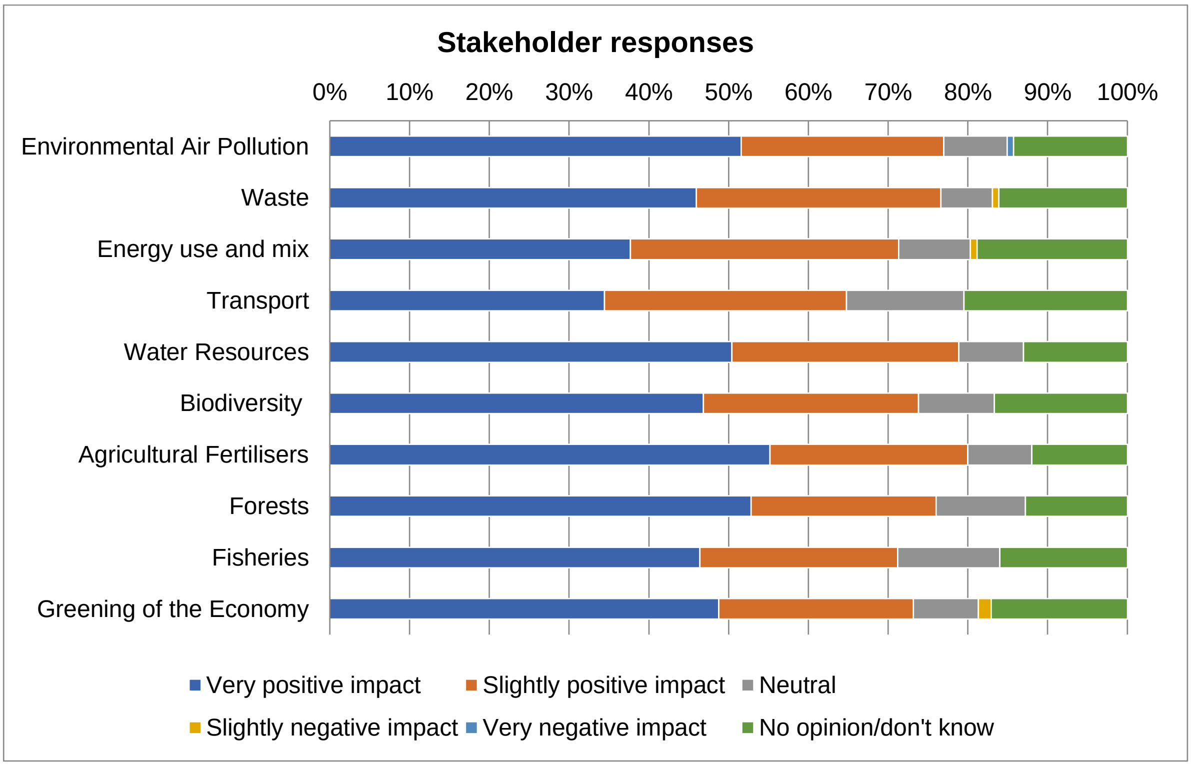
Q41 Stakeholder Survey: Please specify the impacts that new regulation requiring mandatory due diligence is likely to have on the following areas along global value chains. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainable development, e.g. improved quality of jobs, reduced poverty, etc.

& Q48 Business Survey: Please specify the impacts that new regulation requiring mandatory due diligence is likely to have on the following areas along your supply chain. Note: A positive impact refers to a change due to the benefits accrued in terms of sustainable development, e.g. improved quality of jobs, reduced poverty, etc.

Stakeholder responses
Answered 128
Skipped 169

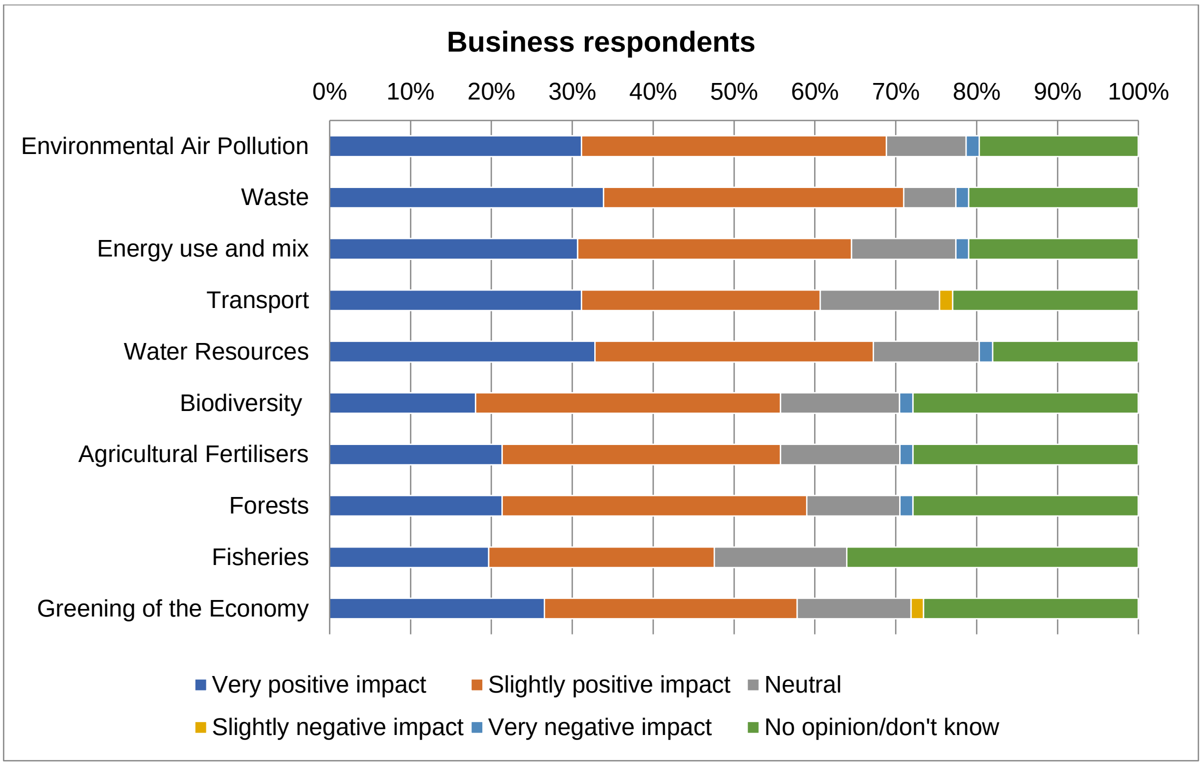
Business responses
Answered 65
Skipped 269

Considering the very and slightly positive categories together, the large majority of the stakeholder respondents considered that new regulation requiring mandatory due diligence could have positive impacts on their global value chains. All environmental areas have proportions over 65% of respondents who expect a positive impact. The top areas are agricultural fertilisers (80%) and water resources (79%). Similar to the previous alternatives, but with a smaller proportion, expectations of neutral impacts concentrate on transport (15%), fisheries (13%) and forests (11%). Very few (0% to 1.6%) of respondents expect a negative rather than positive or neutral impact.



	Very positive impact	Slightly positive impact	Neutral	Slightly negative impact	Very negative impact	No opinion / don't know
Environmental Air Pollution	51.59%	25.40%	7.94%	0.00%	0.79%	14.29%
Waste	45.97%	30.65%	6.45%	0.81%	0.00%	16.13%
Energy use and mix	37.70%	33.61%	9.02%	0.82%	0.00%	18.85%
Transport	34.43%	30.33%	14.75%	0.00%	0.00%	20.49%
Water Resources	50.41%	28.46%	8.13%	0.00%	0.00%	13.01%
Biodiversity	46.83%	26.98%	9.52%	0.00%	0.00%	16.67%
Agricultural Fertilisers	55.20%	24.80%	8.00%	0.00%	0.00%	12.00%
Forests	52.80%	23.20%	11.20%	0.00%	0.00%	12.80%
Fisheries	46.40%	24.80%	12.80%	0.00%	0.00%	16.00%
Greening of the Economy	48.78%	24.39%	8.13%	1.63%	0.00%	17.07%

Considering the very and slightly positive categories together, the large majority of the stakeholder respondents considered that new regulation requiring mandatory due diligence could have positive impacts on their supply chains. Nine out of ten environmental areas have proportions over 55% of respondents who expect a positive impact. The top areas correspond to waste (71%) and environmental air pollution (69%). Expectations of neutral impacts are similar to the previous alternatives bus have smaller proportions. They are focused on fisheries (16%), transport, agricultural fertilisers, biodiversity and greening of the economy (14% respectively). Very few (0% to 1.6%) of respondents expect a negative rather than positive or neutral impact.



	Very positive impact	Slightly positive impact	Neutral	Slightly negative impact	Very negative impact	No opinion / don't know
Environmental Air Pollution	31.15%	37.70%	9.84%	0.00%	1.64%	19.67%
Waste	33.87%	37.10%	6.45%	0.00%	1.61%	20.97%
Energy use and mix	30.65%	33.87%	12.90%	0.00%	1.61%	20.97%
Transport	31.15%	29.51%	14.75%	1.64%	0.00%	22.95%
Water Resources	32.79%	34.43%	13.11%	0.00%	1.64%	18.03%
Biodiversity	18.03%	37.70%	14.75%	0.00%	1.64%	27.87%
Agricultural Fertilisers	21.31%	34.43%	14.75%	0.00%	1.64%	27.87%
Forests	21.31%	37.70%	11.48%	0.00%	1.64%	27.87%
Fisheries	19.67%	27.87%	16.39%	0.00%	0.00%	36.07%
Greening of the Economy	26.56%	31.25%	14.06%	1.56%	0.00%	26.56%

Note: 13.0% of business respondents were SMEs, 3.3% companies with 250-500 employees, 4.9% companies with 500-1000 employees, and 78.9% companies with >1000 employees.

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