



Thank you Mr Chairperson Rapporteur,

I am part of the IOE's delegation and I am speaking on behalf of the Foreign Trade Association, the leading business association that promotes trade with purpose worldwide. We practice sustainable trade and we endorse and implement the UN Guiding Principles on Business and Human Rights.

Let me start this intervention by providing some reflections on this Subject and then by sharing specific information about my organisation's work as it relates to this topic.

First, we are most concerned about the suggested "options" at the international level. In particular, the two options for possible judicial mechanisms clearly demonstrate that any new instrument would not address *all* companies (domestic and multinational, private, public and state-owned) but TNCs alone. Furthermore, we echo the point raised by the EU earlier this week that taking the judicial and non-judicial mechanisms as a whole, it is very problematic that TNCs would be potentially subject to an International Court or special chambers of existing international or regional courts, while States would only be subject to a UN Treaty Body.

Second, allow me to explain the FTA's Business Social Compliance Initiative (BSCI). This is the largest sustainable supply chain management scheme that supports companies to drive social compliance and improvements within the factories and farms in their global supply chains, and its Code of Conduct provides businesses with practical guidance to embed the UN Guiding Principles into business operations. Over 2000 companies (retailers, fashion companies, and many micro and small companies) are committed to respect, promote and implement our Code of Conduct throughout their supply chain.

We recognize that the traditional compliance approach, pre the UNGPs, was insufficient not only to identifying potential human right abuses, but even more importantly to remediate them with full protection to victims. This is why BSCI's approach is multi-dimensional:

- We train companies and their partners to understand what due diligence is, and how to embed it. We also train "enablers" who themselves train the relevant persons on the logic of due diligence, empowering them to continuously improve working conditions over time.
- We set-up the necessary mechanisms to remediate to issues whenever it is needed.
- We help create an enabling environment to support companies to take more pro-active steps in accelerating the sustainability of their supply chains.
- We monitor progress.

Of course, not everything is perfect yet, but we are seeing real progress. We work with our partners on the ground to prevent corruption and we engage with our members and their business partners to monitor, support and remedy to human rights abuses.

As many have said already, we believe that creating more complex structures at the supranational level will be ineffective, take too long and be too expensive. Instead, our joint efforts should focus on reinforcing existing mechanisms. While some may see a Treaty as a logical and intuitive next step, we should be careful not to get blinded by the notion of "legally binding", especially at the international level. The UN Guiding Principles talk about a "smart mix of measures" and we should not discount the valuable contribution of voluntary measures.

Instead of looking at a supranational treaty that defines the stick instead of the carrot, we believe the international community should put its energy and good will into creating thorough and systematic mechanisms to embed the UN Guiding Principles into national action plans, as well as to review progress on a regular basis, highlighting what works and finding practical, operational answers to shortcomings.