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**This is the submission of the European Institute for Crime Prevention and Control, affiliated with the United Nations (HEUNI) for the preparation of the OHCHR Working Group on Business and Human Rights’ report to be presented to the 56th session of the Human Rights Council in June 2024.**

HEUNI is an independent research and policy-making institute functioning under the auspices of the Finnish Ministry of Justice and is the European regional institute in the United Nations Criminal Justice and Crime Prevention programme network.

Background:

In recent years, HEUNI has studied the various dimensions of the phenomenon of human trafficking and related exploitation, which has resulted in several research reports and guidelines for enhancing the skills of businesses and public procurement agencies to identify and prevent labour exploitation within national supply chains in Europe (see Annex 1).

Issues in global supply chains are often addressed within ESG approaches, however, with increased mobility of workers and increasingly complex supply chains, there is a growing need to ensure that all parties involved, including investors, are aware of the existing human rights risks in supply chains within European countries. In this written input, HEUNI wishes to address a few selected topics raised by the Working Group and especially highlight the importance of increasing awareness and risk assessment among investors on the issue of labour trafficking and exploitation in intra-European investments. The recommendations offered in this statement are targeted at financial actors and other relevant stakeholders.

In recent years, cases of severe labour exploitation have been increasingly uncovered around Europe in construction, agriculture, cleaning and hospitality sectors. Businesses, including investors, may unknowingly be involved in violations in multiple ways through the use of labour leasing, temporary work agencies, posted workers or subcontracting. There are legitimate business structures that are often used in cases of labour exploitation and trafficking that include misleading, deceiving or forcing victims to engage in various schemes aiming to cut labour costs such as bogus self-employment, posted worker schemes, cascade subcontracting and use of letterbox companies. Being associated with such cases can lead to reputational issues, occupational safety hazards and operational difficulties for the businesses and investors.

Corporate responsibility to respect human rights and prevent labour exploitation:

Current frameworks, directives and national legislation including obligations of States to mitigate the adverse human rights implications of their business conduct, are unable to cover all the different aspects of exploitation. Therefore, HEUNI believes that investors in and funders of business in risk sectors should take concrete steps to strengthen businesses’ actions in regulating the labour supply and identifying the risks of labour exploitation. Investors should especially focus efforts on the well-known risk sectors such as construction, cleaning, manufacturing, and agriculture. In all investments, especially when talking about ‘green’ or responsible or ESG investing, the social safeguards, including due diligence processes, should be included in the investment decisions. Investors can conduct due diligence on companies in their portfolios to identify any involvement in labour exploitation by through background checks. Labour-related ESG factors can be added to investment decision-making processes. Also, investors are able to use leverage and power to advocate for transparency and improved labour practices through raising awareness among about the risks of labour exploitation, as well as companies’ obligations and workers’ rights.

Investors are able to support the implementation of UNGPs, in particular the responsibility to respect the rights and equal treatment of migrant workers, by taking into account also the conditions of persons employed through national subcontracting chains. In practice, HEUNI sees that investors should have a role in placing requirements on businesses to a) commit to preventing labour exploitation and trafficking in their values and policies, b) include national subcontracting chains in their risk assessments, c) support national authorities in informing migrant workers about their rights at work and access to remedies, d) and monitor working conditions among employees and subcontractors, and the ensure the existence of complaint mechanisms. Lastly investors should establish oversight of businesses’ performance in prevention of labour exploitation by encouraging portfolio companies to disclose relevant information on their labour practices and supply chain management. Investors should also explore possible collaborations focused on labour rights with other investors, and other stakeholders such as NGOs, labour unions and socially responsible investment organisations which could increase pressure on companies to address labour exploitation issues.

In the end, if investors want to be truly responsible, they should analyze the business models of their possible investments and how the value is created in them. Currently, too many business models in several sectors rely on exploitative labour practices and even forced labour, also in the low-risk countries. Investors have a possibility to affect this by requiring fairer labour practices from their investments.

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Annex 1: Most relevant HEUNI-publications on prevention of labour exploitation and due diligence:

International Organization for Migration (IOM), (2022): Mapping risks to migrant workers in supply chains in Europe: Case studies and best practices from the agriculture, food-processing, manufacturing and hospitality sectors. IOM, Geneva.

Lietonen, A. et al. (2020): Normative Framework Guide Responsibility of Businesses Concerning

Human Rights, Labour Exploitation and Human Trafficking. HEUNI Publication Series No. 94, Helsinki.

Lietonen, A. et al. (2020): Navigating through your supply chain Toolkit for prevention of

labour exploitation and trafficking. HEUNI Publication Series No. 93a, Helsinki.

Lietonen, A. and Ollus, N. (2018): Guidelines for businesses and employers for risk management in subcontracting chains. HEUNI Publication Series No. 88c, Helsinki.

Sorrentino, L. and Jokinen, A. (2014): Guidelines to prevent abusive recruitment,

exploitative employment and trafficking of migrant workers in the Baltic Sea region. HEUNI Publication Series No. 78, Helsinki.