

Annex to “Respecting Rights in Renewable Energy: Investor guidance to mitigate Uyghur forced labour risks in the renewable energy sector”

This Annex compiles current and forthcoming regulations from around the world on human rights, due diligence, and green investments for readers of *“Respecting Rights in Renewable Energy: Investor guidance to mitigate the risk of Uyghur forced labour in the renewable energy sector.”*

As outlined in the guidance, existing and pending regulation is creating legal requirements and incentives for investors and/or their investee companies to address the risk of Uyghur forced labour, as well as broader human rights harm, adverse environmental impacts, and carbon emissions. Investors can use this information to stress the growing importance of due diligence, ESG risk management and responsible engagement, stewardship and as well responsible divestment with investee companies and senior leadership representatives.

Please note, the following table only includes a selection of relevant laws and should not be read as an exhaustive list.

Law/Regulation	Relevance
EU Forced Labour Regulation (in progress)	Prohibits products made using forced labour from being imported into, traded on and exported from the EU market.
EU Corporate Sustainability Due Diligence Directive (in progress)	Mandates companies of a certain size trading in the EU (whether headquartered there or not) adhere to a six-step due diligence framework to identify, prevent, and mitigate adverse human rights and environmental impacts (including forced labour) in companies’ value chains. Notably, the financial sector has been excluded from the scope of the directive.
UK Modern Slavery Act of 2015	Requires large companies registered in the UK to publish an annual statement on activities taken to ensure there is no modern slavery in their business or supply chains.
German Supply Chain Law (effective since 2023)	Imposes due diligence obligations on large companies to identify and act on risk of forced labour, among other human rights violations, and report on their fulfillment of these obligations annually. The duty extends to due diligence with direct suppliers and indirect suppliers only when there is “substantial knowledge” of potential human rights violations.
French Duty of Vigilance (effective since 2017)	Imposes due diligence obligations on large French companies to prevent or end forced labour, among other human rights violations within their entities they have direct business relationships with, and requires them to publish their activities within an annual “vigilance plan.”

Law/Regulation	Relevance
Norwegian Transparency Act (effective since 2022)	Imposes due diligence obligations on companies registered in or paying taxes in Norway to prevent or end forced labour, among other human rights violations in their operations and supply chains, and requires them to publish an annual account of their due diligence.
US Uyghur Forced Labor Prevention Act, or UFLPA (effective since June 2022)	Established a rebuttable presumption that goods mined, produced, or manufactured wholly or in part in the Uyghur Region or by an entity on the UFLPA Entity List are prohibited from US importation.
Section 307 of US Tariff Act of 1930	Prohibits importing any product that was mined, produced, or manufactured wholly in part by forced labour. Was supplemented via the UFLPA to specifically establish a rebuttable presumption on goods mined, produced, or manufactured wholly or in part in the Uyghur Region.
United States-Mexico-Canada Agreement Forced Labor Import Prohibitions (effective since 2023)	Requires the Parties to take measures to prohibit the importation of goods produced by forced labour. The US and Canada’s implementation included import prohibitions on goods manufactured in the Uyghur Region, and Mexico’s relied upon a blanket prohibition on imports of goods produced by forced labour.
Canada Fighting Forced Labour and Child Labour in Supply Chains Act (effective since 2020)	Amends the Customs Tariff to require companies doing business or with a place of business in Canada or on the Canada stock exchange to report on risks of forced labour and child labour in their operations and supply chains and actions to address those risks.
Canada Xinjiang Manufactured Goods Importation Prohibition Act (in progress)	Amends the Customs Tariff to prohibit the importation of goods manufactured in the Uyghur Region.
Australia Modern Slavery Act of 2018	Requires companies doing business in Australia to report annually on risks of modern slavery in their operations and supply chains and actions to address those risks.
Austrian Motion for a Resolution on Supply Chain (draft bill)	Requires companies operating in Austria to conduct human rights and environmental due diligence and take action to prevent and mitigate impacts.
Belgian Proposal on Duty of Vigilance (draft bill)	Requires large companies to create, implement, and publish an annual vigilance plan to prevent, mitigate, and remediate impacts to human rights and the environment.

Law/Regulation	Relevance
<u>Dutch Proposal on Responsible Business Conduct</u> (draft bill)	Requires large companies to integrate human rights and environmental due diligence into their policies, management systems, and business processes and take action to prevent, mitigate, and remediate impacts.
<u>South Korea Bill on Human Rights and Environmental Protection for Sustainable Business Management</u> (draft bill)	Requires large companies to take action to identify, prevent, and mitigate modern slavery, among other human rights and environmental violations, in their operations and with direct and indirect suppliers in their value chains.

Relevant Greenhouse Gas Emissions Legislation

Law/Regulation	Relevance
<u>EU Corporate Sustainability Due Diligence Directive</u> (As above, in progress)	Draft regulation states that member states <i>must ensure emission reduction objectives are included</i> in companies' due diligence plans in cases where climate is identified as a principal risk/impact of the company's operations.
EU Corporate Sustainability Reporting Directive (CSRD) (effective 2024)	Mandates companies to report according to the European Sustainability Reporting Standards (ESRS), which state that companies must report on material impacts/risks, defined as impacts on people or the environment caused or contributed to by the business undertaking or linked to the undertaking's operations through business relationships, including the upstream and downstream value chain.
EU New Batteries Regulation (effective since August 2023)	Requires EV battery manufacturers to draw up carbon footprint declarations for each battery model and disclose their percentage of recycled content.
EU Sustainable Finance Disclosure Regulation (SFDR) (effective since 2021)	Requires funds to disclose adverse impacts of investment decisions on sustainability factors, consider sustainability (ESG) risk in their investment processes, and provide sustainability information with respect to financial products.
EU Taxonomy Regulation (effective since 2020)	Provides criteria for EU member states to classify the environmental sustainability of economic activities. To meet the definition, an activity must contribute to at least one of six environmental objectives and <i>must not do significant harm to any of the objectives</i> . One of the objectives is climate change mitigation, <i>including greenhouse gas emissions reduction</i> .

<p>UK Sustainability Disclosure Requirements (UK SDR) (expected July 2024)</p>	<p>Provides a standardised corporate sustainability disclosure regime with specifics to be confirmed. In consultation, the Financial Conduct Authority (FCA) proposed that classification/labelling of sustainable investment products should emphasise active investor stewardship and screening out of assets lacking strong sustainability credentials.</p>
<p>UK Green Taxonomy (in progress)</p>	<p>Provides criteria to classify the environmental sustainability of economic activities in the UK. Expected to be modeled after the EU Taxonomy Regulation.</p>
<p>UK Consumer Protection from Unfair Trading Regulations (CPUT) 2008</p>	<p>Protects consumers from unfair or misleading trading practices and bans misleading omissions. A misleading omission is where a trader deliberately misses out key information that the consumer might need to make an informed decision about their purchase.</p>
<p>Switzerland CO2 Act (effective December 2023)</p>	<p>Lays out measures, including a carbon tax, to reduce greenhouse gas emissions from fossil fuels. Specifies that <i>reductions in emissions abroad must not have negative social or ecological impacts.</i></p>