

Follow-up of Sweden's action plan for business and human rights

February 2018

Policy for sustainable and responsible business

The adoption of the UN Guiding Principles on Business and Human Rights means that since 2011, there has been a global undertaking to promote respect for human rights within business. The guiding principles are central to Swedish policy and the Government expects business and human rights to overlap and be interdependent. The role of the private sector in promoting corporate responsibility is also emphasised in Agenda 2030.

In 2015, the Government prepared a new and more ambitious policy for corporate social responsibility (CSR), linked to trade and business policy and promotion through the export strategy. In addition to a communication to the Riksdag regarding sustainable business (skr. 2015/16:69), Sweden was the sixth country in the world to adopt a National action plan for business and human rights in line with the UN Guiding Principles. The Government has a clear expectation for Swedish companies to act responsibly, for example by respecting human rights in all of their operations, in Sweden as well as abroad.

The action plan, which was launched in August 2015, marked the beginning of Sweden's work to implement the UN Guiding Principles on a national level and included over fifty ongoing and planned measures. After two years, the time has come to follow up on the action plan to see what it has achieved. It can be noted that the Government has taken a number of measures to implement the UN Guiding Principles. We would especially like to highlight the following results:

- The Government has introduced new legislation on **sustainability reporting** for major companies, which is more ambitious than the EU directives, clearer sustainability criteria in the **Public Procurement Act**, and stronger legal protection for **whistleblowers**.
- The Government has, for example via **Business Sweden**, provided additional support in the area of sustainable business, including human rights, when conducting trade-promoting visits abroad.
- The Ministry for Foreign Affairs has produced an **online course in corporate social responsibility** for all its embassies, to allow them to help companies with

sustainability work. The Ministry for Foreign Affairs has also produced the country-specific **reports on human rights, democracy and the rule of law**, which are to provide guidance for companies.

- The Government has strengthened the focus on human rights in the **steering of state-owned companies**, for example through revised ownership policies, competence-enhancing measures and follow-up of the UN Guiding Principles.
- The Government has launched the **Global Deal**, a partnership aimed to promote social dialogue and good labour market relations, including freedom of association and collective bargaining, in order to create good working conditions, which in turn will strengthen business and human rights.
- The Government has developed its **cooperation with China** regarding CSR to now also include business and human rights, equality and working conditions, and it has secured funding for the **CSR centre** at the embassy. Corporate social responsibility has also been brought up with other countries and international organisations such as the **EU**.
- The Government has produced a **communication to the Riksdag** with clear expectations regarding the companies' work on sustainable business. The Swedish Agency for Public Management has also been commissioned to evaluate Sweden's compliance with the UN Guiding Principles ("**Base Line Study**") as the foundation for continued policy development.

But the most important thing is that many Swedish companies are working with human rights as part of their own business and with their business partners, in Sweden and abroad. The Government will continue to work with and support companies in this work, as we are convinced that the successful companies of tomorrow will be those who make sustainability part of their core business. We can all benefit from corporate social responsibility with respect for human rights.

Stockholm, February 2018

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Clearer corporate sustainability requirements in Swedish legislation

Based on two EU directives, the Riksdag has approved new legislation on compulsory sustainability reporting for major companies and new legislation on public procurement, with clearer sustainability criteria and new rules to help investors determine which sustainability aspects to consider when administering funds. The Agency for Public Management is also conducting a review of Swedish legislation and rules based on the UN Guiding Principles to determine if there are gaps that need to be addressed.

According to the UN Guiding Principles, states are expected to adopt legislation that requires companies to respect human rights, ensure that the legislation does not hinder companies from respecting human rights, and companies must communicate how they handle their impact on human rights.

The Government's overall human rights work is based on the strategy for the national work on human rights (skr. 2016/17:29). The strategy is based on the goal of ensuring full respect for Sweden's international undertakings in the field of human rights. One factor required for reaching the goal is strong support for human rights work in trade and industry.

New legislation on sustainability reporting came into effect in December of 2016. The legislation means that all major companies, i.e. companies that meet certain criteria regarding balance sheet total, net revenue and number of employees, must now submit sustainability reports. In addition to information on environmental impact, social conditions, equality and anti-corruption measures, the reports shall, where necessary for the understanding of the companies' development, position and results, also include information on measures to ensure the respect for human rights, including employees' rights. One goal is to increase the transparency of the companies' sustainability work. Sweden has chosen to go further than the EU directive by including companies with more than 250 employees in the provisions, rather than the directive's limit of 500 employees. This means that approximately 1 600 companies will submit sustainability reports from 2018 onward, which is a significantly higher number than if Sweden only complied with the EU directive's minimum level.

In January 2017, **three new procurement acts** were adopted with the aim of ensuring that potential suppliers for public contracts meet certain stricter requirements regarding environmental, social and labour law obligations. According to the new provisions, suppliers shall be excluded from procurements if they have been convicted of offences

including human trafficking, forced labour, slavery or slavery-like conditions, or child labour. In June 2017, **new procurement law provisions** also came into effect, intended to ensure that public contracts are not completed by employers with unacceptable working conditions. This means that procuring government agencies are required in certain procurements to set labour law requirements regarding salary, vacation and working hours equal to central collective agreements applied in Sweden for corresponding employers in the industry in question, if necessary. Public funds shall not contribute to employees working in other countries than Sweden under conditions that are incompatible with ILO's core conventions.

In January 2018, new regulations come into effect regarding **sustainability information for funds**. The new regulations mean that fund managers, management companies and administrators of alternative investment funds must provide information on sustainability aspects to be considered in the administration of the fund, including issues concerning the environment, social conditions, employees, respect for human rights, and combating corruption. Operators on the financial market have an important role in steering investments in a sustainable direction, for which access to comparable sustainability information is a prerequisite. The demands for fund managers to provide sustainability information is expected to also affect sustainability reporting for the companies that the funds invest in. In consultation with the Pension Group, the Government has proposed new investment rules and a modernised steering of sustainability issues in the administration of the First to Fourth **AP funds**. The proposal was circulated for comments in the summer of 2017 and matter is currently being prepared by the Government Offices.

Additionally, in January of 2017 the Riksdag adopted **stricter legislation for the protection of employees bringing attention** to unacceptable conditions ("whistleblowing"). The special protection means that employees who are subjected to reprisals by their employer are entitled to damages. **The Conflict Minerals Regulation** came into effect in June 2017 and includes compulsory requirements for importers to carry out due diligence to avoid importing minerals from conflict areas. The regulation comes into force as of January 2021. In January 2016, a **new act on reporting payments from major companies** in the extractive industry or in the industry of felling natural forests was adopted. The increased transparency is intended to combat corruption. In July 2017, the Government also decided to refer a proposal for integrating the **UN Convention on the Rights of the Child** into Swedish law to the Council on Legislation. The Government believes that the UNCRC's strong position needs to be clarified and that the rights of the child shall have significant impact on the application of law.

In July 2017, the Government commissioned the Agency for Public Management to evaluate Sweden's compliance with the UN's Guiding Principles for Business and Human Rights ("**Base Line Study**"). The Agency for Public Management shall primarily focus on any gaps, for example in legislation, and the chance of addressing these. An assessment shall be presented in March 2018, and proposals for possible measures for improved compliance shall be given. The Agency for Public Management's report will form the basis of continued policy development and dialogue about what is needed to further strengthen the work in the field of business and human rights.

Better support to companies in respecting human rights while promoting Swedish export

When business is conducted in countries where legislation or exercise of authority fall short in respect to human rights, these matters must be given special consideration. The Government has therefore increased the support given to companies when it comes to corporate social responsibility and human rights in conjunction with Swedish exports, for example through Business Sweden.

According to the UN Guiding Principles, states shall be clear about what they expect of companies with regards to respect for human rights. This especially applies to those offering governmental business support. Support shall also be given to businesses in terms of ways to respect human rights in their operations.

Business Sweden's task is to support the internationalisation of Swedish companies and promote foreign investments in Sweden. In 2016 and 2017, Business Sweden has received additional resources in order to increase the CSR expertise, including business and human rights, both within the organisation and when assisting the government's trade-promoting visits abroad. A number of measures have been taken, including the publishing of an online guide on the Business Sweden website, providing advice on how companies should act in exports and business abroad. Sustainability risks are noted when preparing for and conducting promotional visits abroad and a new procedure has been introduced, which entails that all companies who wish to participate in a promotional visit are expected to sign a declaration on the importance of corporate social responsibility, including respect for human rights, in order to do so. Business Sweden has also improved the training offered for small and medium-sized companies in order to promote sustainable export ("steps to export"). Business Sweden and the Swedish Institute have also published material on corporate social responsibility ("tool kit") to be used to promote Swedish companies' work on sustainable business abroad.

The **Swedish Export Credits Guarantee Board (EKN)** is a government agency that promotes Swedish exports by issuing government export credit insurance and investment insurance. The Government's appropriation directions state that EKN shall ensure that businesses operate in accordance with the UN Guiding Principles for business and human rights, and that work on sustainability issues shall be developed. In June 2017, EKN published a report commissioned by

the Government on sustainability assessment of its business.¹ For most guarantee products, a risk assessment is made of the business operations' negative impact on the enjoyment of human rights, for example work conditions, health and local security, migration, native populations, vulnerable groups, and cultural areas. For business in areas of conflict, and in countries with an especially high risk of breach of or lack of respect for human rights, special care should be taken and more in-depth sustainability assessments should be made. Business guaranteed by EKN also requires companies to take responsibility for environmental consequences, human rights and work conditions. For major projects, EKN can make on-site visits and make specific demands regarding how sustainability issues are handled. EKN and SEK arrange annual stakeholder dialogues with civil society organisations, and in 2016–2017 the topics included human rights. EKN is in continuous dialogue with and conducts education measures for exporting companies regarding the handling of human rights in export matters.

The government-owned company **Svensk Exportkredit (SEK)** provides financial solutions for the Swedish export industry on commercial and sustainable grounds. In accordance with its instructions, SEK shall promote compliance with international guidelines on sustainable business with respect to the environment, anti-corruption measures, human rights, working conditions and business ethics. The company's credit decision includes sustainability risks regarding human rights, including working conditions, corruption and environmental impact. For business in areas of conflict, and in countries with an especially high risk of human rights violations, special care should be taken and more in-depth sustainability assessments should be made. SEK annually assesses the operations' risks of causing, contributing to or being linked to violations of human rights, including working conditions. In the spring of 2017, SEK joined the Equator Principles framework which is intended to ensure that projects are developed in a socially and environmentally responsible way. SEK is expected to also promote cooperation with export companies in order to implement the UN Guiding Principles in different industries.

In April 2017 the Ministry for Foreign Affairs published **135 new country reports with regards to human rights, democracy and rule of law**. The reports, whose purpose is to give a broad view of human rights, democracy and rule of law in the countries in question, have been developed to better help guide companies regarding

¹ Hållbarhetsprövning av affärer på EKN. Exempel och status, June 2017.

the human rights situation in countries where the companies operate, or intend to operate, with regards to the occurrence of child labour, discrimination, the rights of indigenous peoples, corruption, the right to join labour unions, working conditions, and access to justice. The work on these country reports will continue.

In the autumn of 2017, the Ministry for Foreign Affairs launched its **online course in corporate social responsibility** for employees at Sweden's approximately one hundred embassies and missions abroad. The purpose is to initially increase knowledge about sustainable business related to matters such as human rights, working conditions, equality, environmental issues and anti-corruption. The goal is for the embassies to be able to more actively help and encourage Swedish companies' work with sustainability abroad and in relation to various countries' decision makers. All embassies are expected to have undergone the training by February 2018, along with representatives of Business Sweden and Sida. Companies, chambers of commerce and civil society organisations can also participate in the training, in order to improve the cooperation between different stakeholders and to promote sustainable business.

Since 2015, several **Swedish embassies** have arranged meetings, seminars, and exhibitions about corporate social responsibility, including business and human rights, in order to disseminate information about the Government's policies, the work of Swedish companies, and the importance of these issues. In Latin America, a number of embassies have also established sustainability networks for Swedish companies. The Ministry for Foreign Affairs, represented by the **CSR ambassador**, has organised roundtables and participated in conferences, seminars and a large number of other meetings with individual companies (of all sizes) and civil society organisations to inform them of the Government's policies and expectations of business owners, for example regarding human rights.

For more information, see:

- <https://www.business-sweden.se/Export/0>
- www.ekn.se
- www.sek.se
- www.regeringen.se
- www.sharingsweden.se/toolkits

Stronger focus on human rights in the Government's corporate governance

State-owned companies shall act as role models in the area of sustainable business. Sustainable business, including human rights, is therefore an integral part of the corporate governance. In the past few years, the human rights work has been especially highlighted and measures have been implemented to strengthen the corporate governance and follow-up regarding the UN Guiding Principles.

According to the UN Guiding Principles, states should take additional measures to avoid human rights violations by state-owned companies. The companies should also account for how they promote respect for human rights.

Sustainable business has been a central part of the **Government's corporate governance** for a number of years. According to the Government's ownership policy, state-owned companies shall act responsibly and work actively to comply with international guidelines on environmental consideration, human rights, working conditions, anti-corruption and business ethics. The boards are also responsible for setting strategic targets for sustainable business and, since 2017, for analysing the global sustainability goals and identifying goals which the company's operations impact on and contribute to. It is also important that the state, in its capacity as owner, ensures that state-owned companies act responsibly and exemplary when making purchases. As the state's company portfolio forms an important part of Swedish industry, the companies' actions can serve as examples for other companies. In 2017 the state's company portfolio consisted of 48 wholly or partially owned companies worth around SEK 510 billion.

The UN Guiding Principles for Business and Human Rights is one of the guidelines that the companies with state ownership are expected to comply with according to the ownership policy.² The government's ownership policy of 2017 states that it is especially

important for companies with state ownership to promote respect for human rights. The UN's Working Group on Business and Human Rights has in various contexts also highlighted Swedish corporate governance as a positive example of human rights work.³

In order to increase awareness of the UN Guiding Principles, the Ministry of Enterprise and Innovation organised a number of workshops with the state-owned companies between 2015 and 2017. Human rights have also been given greater scope in the owner's tracking of the companies' progress. Where necessary, the issues have also been followed up on in the ownership dialogue. Work on integrating human rights into the governance of the state-owned companies and improving awareness of human rights and board responsibilities continues in 2018.

In the spring of 2017, the Ministry of Enterprise and Innovation carried out an analysis of how well state-owned companies communicate regarding their work on human rights.⁴ The analysis will be used to allow state-owned companies to continue improving their human rights work in accordance with the UN Guiding Principles.

In the autumn of 2017, **the agreement between the state and Systembolaget** was amended. The new agreement included adjustments to the provisions on product selection in order to allow Systembolaget to act responsibly from a sustainability perspective. This means that Systembolaget can now make clearer and more far-reaching demands of its suppliers and products, for example when it comes to human rights.

For more information, see:

- www.regeringen.se/regeringens-politik/bolag-med-statligt-agande/

² Other guidelines include Global Compact and the OECD's guidelines for multinational companies.

³ "Leading by example – The state, State-owned enterprises, and Human Rights", UN Working Group on Business and Human Rights

⁴ The analysis method is based on the Corporate Human Rights Benchmark (CHRB) and consists of 44 indicators divided into six areas.

A stronger international voice for business and human rights

Sweden cannot effect change alone. The UN Guiding Principles should be implemented in all countries. Sweden is therefore striving for more countries to adopt national action plans based on the guiding principles. Sweden has also been a strong proponent of the EU leading the way in CSR matters, including business and human rights.

According to the UN Guiding Principles, states shall work to ensure that multilateral organisations promote corporate respect for human rights and support other states in this area. Human rights should also be highlighted in trade agreements and other international financial agreements.

Sweden has been a driving force behind increasing **the EU's commitment to CSR**, including business and human rights. Sweden was in favour of adopting the 2016 Council conclusions on responsible global value chains and business and human rights, respectively. Two prioritised issues have been to encourage the European Commission to produce an action plan on CSR, and to encourage all EU member states to adopt national action plans on business and human rights.⁵ Following work by Sweden and a number of like-minded countries, CSR is also included as one of ten high-priority areas in the European Commission's communication on the implementation of Agenda 2030.⁶ Despite this, the Commission has yet to present a new action plan. It is, however, good that EU leads the way in this matter, and this is reflected in 14 of the world's 19 action plans on business and human rights being produced in EU member states.⁷ Sweden has also, together with the rest of the EU, participated in negotiations in the UN Human Rights Council in Geneva on a potential **legally binding instrument on business and human rights**.

Sweden is actively working to include references to CSR, including the UN Guiding Principles on Business and Human Rights in **the sustainability chapters of the EU's trade and investment agreements** with third countries. This is reflected in the negotiations with Mexico and Mercosur, for example. Sweden is also a driving force behind the current efforts to strengthen the implementation of and compliance with these chapters, both in relation to third countries and the EU. **Kommerskollegium** (KK) has conducted two investigations with concrete recommendations on how to strengthen the implementation of and compliance with the sustainability chapters and has contributed to increased capacity in this area in relation to Ecuador and Sri Lanka. Sweden has also participated in capacity-increasing measures regarding the implementation of the sustainability chapters in free trade agreements, for example between the EU and South Korea and the EU

and Vietnam, respectively.

Sweden has a unique **cooperation with China on CSR**, based on an agreement with the Chinese Ministry of Commerce (MoU) from 2007. The agreement was updated in the autumn of 2015 and expanded to also include issues such as decent working conditions and rights of workers, strengthening women's position in the labour market, and business and human rights. The agreement has become a unique platform for also discussing matters such as corruption, equality, and the importance of social dialogue between independent parties in the labour market. The cooperation also included the founding of a CSR centre at the Swedish Embassy in Beijing in 2010, which was awarded additional funding in 2015. So far, the centre has educated more than 1 000 Chinese civil servants and company representatives on responsibility issues. There are multiple reports about an increase in awareness and interest in CSR among companies and government agencies in China. For example, the number of companies who publish sustainability reports has increased significantly. The increased interest can benefit Swedish companies looking to trade with China. For example, it will be easier to make clear sustainability demands of Chinese suppliers and sub-suppliers. The increased consumer focus on health and safety also provides new opportunities for Swedish companies.

Sweden also has a **memorandum of understanding (MoU) with Chile on business and human rights**, which was updated in 2016 in connection with president Bachelet's state visit to Sweden. The memorandum explicitly states that respect for human rights is at the core of responsible business in accordance with the UN Guiding Principles on Business and Human Rights. The cooperation has resulted in a better exchange of experiences in social action plans for business and human rights. Chile's action plan was published in the autumn of 2017. Issues regarding

⁵ Council Conclusions on Business and Human Rights, FAC 20 June 2016.

⁶ European action for sustainability, COM (2016) 739, 22.11.2016.

⁷ United Kingdom, the Netherlands (2013), Denmark, Finland (2014), Lithuania, Sweden, Norway (2015), Colombia, Switzerland, Italy, USA, Germany, (2016), France, Poland, Spain, Belgium, Chile (2017).

business and human rights are also mentioned in other **memoranda of understanding** (MoU), including the agreement between the Ministry of Economy in Mexico and the Ministry of Enterprise and Innovation in Sweden on sustainable mining that was signed in 2017. Similar MoU's have been drawn up with China and Chile.

Sweden supports **other countries' work on producing national action plans**. Through Sida's support to the Danish Institute for Human Rights, Sweden has supported Kenya and Chile's production of action plans. The Ministry for Foreign Affairs has also shared Swedish experiences and views on sustainable business with countries such as Argentina, Canada, Chile, China, Colombia, the Czech Republic, Indonesia, Mexico, the Philippines, Poland, Spain, Thailand and all ASEAN countries. Dialogues have also been held on a ministerial level about these issues.

The Ministry for Foreign Affairs also **funds organisations** which work to implement the UN Guiding Principles, such as Shift Project Ltd, which along with Mazars has produced effective tools for improving companies' reporting on human rights in their business that are used by many Swedish companies.⁹ In 2017 the UN High Commissioner for Human Rights (OHCHR) received Swedish support in promoting the implementation of the UN Guiding Principles in Latin American and the Caribbean. Via the Swedish Institute's management programme, more than a hundred individuals yearly from Africa, Asia and Eastern Europe are also trained in leadership. Business and human rights have long been an important part of the training. Sweden also helps fund the Swedish Standards Institute (SIS), which in turn contributes to several international ISO standards aimed at promoting business and human rights.

The OECD's guidelines for multinational companies include human rights principles. Sweden has continued to work to promote cooperation within the **OECD** to communicate its guidelines among countries which have not yet adopted them and has promoted capacity-increasing measures, through the Swedish National Contact Point, for countries that have recently adopted the guidelines, through active participation in seminars, workshops etc. One of Sweden's priorities in working with the UN Global Compact is to strengthen local networks in order to disseminate the CSR principles in complex markets.

The ILO's norms and its monitoring of these norms are important for ensuring human rights in the labour market, but also for promoting free and fair trade and, by extension, contributing to the UN's global goals in Agenda 2030. Gainful employment with decent working conditions and the development of social security for all is a precondition for financially sustainable development. Within the framework of the ILO, Sweden contributes to maintaining basic global labour market rights. In 2017

Sweden ratified ILO's Protocol to Convention 29 on Forced Labour. The EU, including Sweden, has contributed to the ILO and Qatar now cooperating to improve the conditions for the millions of migrant workers that are currently working in the country. Through the ILO, Sweden has also helped combat child labour and forced labour. **Global framework agreements** between international trade union organisations and employer's organisations are also a tool for improving conditions internationally, especially in global value chains. The agreements include references to ILO's core conventions but also often to Global Compact and the OECD's guidelines for multinational companies.

For more information, see:

- www.swedenabroad.com/csrbeijing/sv
- www.shiftproject.org/

⁸ Association of Southeast Asian Nations (ASEAN)

⁹ Reporting and Assurance Framework Initiative (RAFI)

A stronger global partnership for decent work – Global Deal

The right to unionise, good working conditions, and social dialogue are central issues in business and human rights. In order to promote these developments, the Government has initiated the Global Deal partnership for decent work and inclusive growth. The partnership creates political momentum to show the importance of social dialogue, good labour market relations, the right to unionise, and collective bargaining. The Global Deal is therefore linked to the issue of business and human rights.

According to the UN Guiding Principles, companies shall respect the ILO's core conventions and carry out structured, meaningful and recurring dialogues with employees and trade unions. This is in line with the Global Deal.

In September of 2016, Prime Minister Stefan Löfven, along with the ILO, OECD and around ten other actors, launched a global initiative known as **“The Global Deal for decent work and inclusive growth”**. The focus is on the potential for good labour market relations and social dialogue as an important tool for more and better jobs, which contributes to increased productivity, equality and inclusive financial growth. By promoting decent working conditions, the right to unionise and the right to collective bargaining, the Global Deal also helps strengthen Sweden's commitment to business and human rights. To date, almost 80 partners have joined the initiative, and the number continues to grow steadily.

Within the Global Deal framework, Sweden supports innovative collaboration forms between public and private actors in various countries, with a focus on social dialogue. The collaborations concern major global companies, trade unions, governments and the ILO as parties. The purpose is to promote good working conditions and social dialogue, in order to improve salaries and other working conditions for employees, and increase productivity and promote stable labour markets, not least for companies in the textile industry.

So far, a number of conferences, seminars and dialogue meetings have been organised with partners such as the World Economic Forum and the WTO in order to create momentum for a stronger dialogue and to identify new potential areas of collaboration. Activities have also been conducted on a national level, for example in Tunisia, where a number of companies have participated.

Global Deal also helps with knowledge and capacity development, acts as a platform for exchanging experience and drives more actors to do more. In 2017 it published a study which examined the potential benefits of social dialogue and good labour market relations from a business perspective. The study shows that a well-functioning social dialogue can have positive effects on productivity, quality, improved working conditions, inclusive growth and results. Further dialogues are also held with companies about the study's results and conclusions. The Government's commitment to strengthening and developing the Global Deal along with the ILO, OECD and others continues in 2018.

For more information, see:
www.theglobaldeal.com

Clearer focus on corporate social responsibility in development policy

Industry is an important actor in promoting financially, socially and environmentally sustainable development. But this presupposes that the business operations are sustainable. Sweden has therefore, in a number of contexts, highlighted the importance of corporate social responsibility and the active participation of industry in sustainable global development. Issues concerning sustainability and human rights have also been strengthened through cooperation with industry during development work.

According to the UN Guiding Principles, states shall ensure that human rights are integrated into other areas of business policy. This can include development work.

Through **Agenda 2030, Addis Abeba Action Agenda** and the **Paris climate accord**, the global community agreed in 2015 on a comprehensive framework for sustainable development. Industry plays a key role in implementing the various undertakings, including the global sustainable development goals. The Government has clarified its expectations on the industry by encouraging companies to work towards some of the most relevant goals based on their own areas of operation. The companies' work with Agenda 2030 has also been highlighted in various dialogue meetings organised by the Ministry for Foreign Affairs and in situation reports to the High Level Political Forum held in the summer of 2017, where a number of Swedish companies were part of the delegation.

The development cooperation is a central tool for helping developing countries implement Agenda 2030. 2016 saw the introduction of a new **policy framework for Swedish development work and humanitarian aid**. The long-term focus of the policy includes improving conditions for dynamic and sustainable business. Sustainability is an integral part of the Government's work on its Policy for global development (PGU). The PGU document from the spring of 2016 includes examples of the Government's work on sustainable business and potentially conflicting goals for business in difficult markets. Cooperation with industry is important for **Sida's** work on promoting fair and sustainable development. Sida's work shall be carried out in accordance with international guidelines on sustainable business, including the UN Guiding Principles. Special principles have been produced

concerning the requirements that companies must meet in order to cooperate with Sida, including business and human rights. Sida is currently reviewing the government agencies' various tools for assessing cooperation with industry, including the existing Sustainability Screening Framework, which is used to evaluate companies ahead of cooperation. Sida also monitors measures specifically aimed at influencing companies to include and integrate sustainability into its operations, for example through support to Swedwatch, Global Reporting Initiative (GRI), Fair Finance Guide and The Danish Institute for Human Rights.

One example of industry's commitment to sustainability is the **Swedish Leadership for Sustainable Development (SLSD)** network, which is coordinated by Sida. It consists of around twenty leading companies and three expert organisations. SLSD has agreed on a joint undertaking to contribute to the fulfilment of the global sustainability goals. In 2017, more than 80 examples of how Swedish companies shall contribute to the global goals have been identified.¹⁰ Since 2016, Sida also coordinates **Swedish Investors for Sustainable Development**, a platform for exchanging knowledge and experiences about Agenda 2030 for Swedish long-term investors and actors in the financial sector. These types of actors have significant opportunities to influence companies to become more sustainable.

The state-owned company **Swedfund International AB** is tasked with investing in sustainable business in developing countries. The responsibility to respect human rights is included in the company's control instruments and is an integrated part of the due diligence before making new investments. Since 2016, the UN Guiding Principles are included in the company's sustainability policy which is part of Swedfund's share and loan agreements. In 2016, Swedfund also reviewed its human rights work to ensure that it is carried out in accordance with applicable directives. The study found that the company does well, but that additional efforts are needed in some areas. The work has continued during 2017.

In 2016, the **World Bank** adopted new environmental and social standards (safeguards), which will regulate all new World Bank projects as of summer 2018. Leading up to this, the Government successfully worked to include provisions on employee rights and a general reference to human rights in the standards.

¹⁰ Swedish Leadership for Sustainable Development the Global Goals at the Core of Business (2017)

Sweden has also been a driving force behind sustainable procurement within the World Bank's new procurement framework, including follow-up of how the framework is applied, both in the bank's own procurements and how borrowing countries' capacity for considering sustainability criteria in their national procurement processes can be improved. The purpose is to promote sustainable long-term investments in line with the global sustainability goals of Agenda 2030.

For more information, see:

- www.regeringen.se/regeringsn-politik/globala-malen-och-agenda-2030/
- www.sida.se/Svenska/
- www.swedfund.se/

Continued efforts to ensure the right to have your case tried by a court

The right to court examination and various supervisory functions are crucial for ensuring that human rights are respected and complied with in practice. Limited possibilities to investigate, punish or compensate for companies' offences lead to an erosion of human rights. The Government therefore works to ensure that the legal system and supervisor authorities have the resources and expertise they need.

According to the UN Guiding Principles, state shall ensure that those subjected to violations by companies are able to have their cases tried in an efficient way. Companies are also responsible for establishing their own complaint mechanisms and compensate for the negative impact they may have.

The legal remedies found in the **Swedish legal system** are deemed to be in line with the international conventions on human rights that Sweden has signed. As long as Swedish jurisdiction applies, e.g. if the company is Swedish, the chances of having the case tried by a court in Sweden are fairly good, even in the event of a human rights violation being committed abroad, according to one report.¹¹

There are different instances to turn to, if a potential human rights violation needs to be examined. The Government's website has information on courts, various supervisory bodies, and other law enforcement organisations, e.g. the various ombudsmen, the National Board of Health and Welfare, the Health and Social Care Inspectorate, the Press Ombudsman, the Swedish Financial Supervisory Authority, and the Swedish Bar Association. Work is underway to review and collect Government information on human rights in one place via regeringen.se.

When it comes to the **legal system**, the Government's goal is for investigation and legal proceedings to be characterised by rule of law, high quality and efficiency. The Police Authority has been commissioned to present a plan for how the operational results can be improved. The Government also continually works to create better long-term sustainability in the Swedish Courts and more efficient working methods. In 2018, preparatory work continues on the investigation for a modern, effective and legally secure administrative process (SOU 2014:76) and modernised penal regulations for companies

(SOU 2016:82), as does the work on the ongoing investigation regarding procedural code and major criminal cases (Dir 2016:31). In the autumn of 2017, the proposals found in the official report *Rättsisans pris* [The price of justice] (SOU 2014:86) have been referred to the Council on Legislation.

If a company is believed to have breached the OECD guidelines for multinational companies, this can be reported to the **National Contact Point (NCP)** for OECD's guidelines. Sweden's NCP is a three-party collaboration between the state, industry organisations and trade unions, chaired by the Ministry for Foreign Affairs. NCP cannot retry court rulings but can issue recommendations and mediate between parties. Sweden's NCP has handled a number of cases where companies are considered to have been in violation of the chapters on human rights in OECD's guidelines and has in these cases been able to negotiate settlements between the parties. The conditions for strengthening NCP will be further investigated.

As the action plan on business and human rights states, the Government expects companies to produce guidelines for how employees can **bring attention to unacceptable conditions**, and that there should be a process for compensating parties for negative impact. As this follow-up has shown, the Government has tightened legislation to protect employees who bring attention to unacceptable conditions in their work.

Through development collaborations, Sweden supports human rights defenders, journalists and civil society organisations in developing countries. These actors play an important part by giving a voice to persons in vulnerable positions who are negatively affected by corporate operations. Sida also supports organisations that monitor companies' influence and how they fulfil their responsibilities, such as Swedwatch and the Fair Finance Guide.

For more information, see:

- www.regeringen.se
- och-investeringsframjande/nationella-kontaktpunkten/

¹¹ memo to the Ministry for Foreign Affairs Regarding the possibility of individuals bringing action before Swedish courts against Swedish companies

due to human rights violations committed abroad. Mannheimer Swartling (2015).

Summary

In summary it can be noted that since 2015, the Government has implemented the majority of the measures included in the action plan for business and human rights. Among these, some especially noteworthy are the ambitious legislation regarding sustainability reporting, the online course for embassies, the increased commitment to sustainable business of Business Sweden, the launch of the Global Deal, and increased focus on human rights in the governance of state-owned companies. Work also continues in other areas, such as the investigation regarding the introduction of a modern and efficient handling of criminal cases, modernised penal regulations for companies and the work to implement the sustainability chapters of the EU's free trade agreements. However, additional measures are needed, for example in order to make the European Commission draw up a CSR action plan, carry out consequence analyses in industries with special challenges, or strengthening Sweden's NCP.

Issues concerning business and human rights are also an important part of the Government's strategy for the national work on human rights (skr. 2016/17:29), the Government's communication on human rights, democracy and the rule of law in Swedish foreign policy (skr. 2016/17:62), the Government's governance of state-owned companies, and the implementation of Agenda 2030. This follow-up report, along with the Agency for Public Management's upcoming report (Base Line Study), should be seen as input for the Government's future development work in the field of sustainable business, including business and human rights. One important issue will be to reinforce the link to Agenda 2030.