

IN THE SPOTLIGHT



NEW

The Council of the European Union has just given final approval to the Corporate Sustainability Due Diligence Directive, which will now become law.

This marks a historic moment for business respect for human rights. Like the international due diligence standards that were adopted a decade ago (with which it is substantially aligned), the CSDDD expects companies to prevent and address negative impacts on workers, local communities and the environment in their value chains.

Many actors from civil society, business and government have collaborated to reach this milestone. At Shift, we are proud to stand with them.

Approval of the Corporate Sustainability Due Diligence Directive

In excellent news, the Council of the European Union approved the Corporate Sustainability Due Diligence Directive (CSDDD) on Friday 24 May. This marks the end of the legislative process, and a historic moment for business respect for human rights.

Throughout the debate, Shift and others consistently highlighted the key elements of a final Directive that would be central to alignment with the international due diligence standards – the UNGPs and OECD Guidelines for Multinational Enterprises. Shift is heartened by the directive's substantial alignment with these standards, which have proven time and again their potential to drive better human rights and environmental outcomes.



Ruben Zandvliet
Deputy Director, Standards

“In the face of significant obstacles, tireless efforts and unprecedented collaboration between business, civil society organizations and state actors have pushed this momentous legislation over the line and ensured the directive’s alignment with the international standards. This represents a pivotal moment in the creation of the ‘new regulatory dynamic’ that John Ruggie, the author of the UN Guiding Principles on Business and Human Rights, intended them to inspire. We are looking forward to seeing the CS3D come to life in the coming years to deliver better outcomes for people and planet, and to seeing actors from across the field continuing to work together to advance business respect for human rights.”

Companies have time to get their houses in order if they start now – and because the Directive is grounded in the international standards, there’s no need to wait for formal guidance to begin identifying and addressing risks to people and the environment in a company’s value chain.

To get started, check out our [Frequently Asked Questions about the EU CSDDD](#), with answers from Shift’s Standards experts Rachel Davis and Ruben Zandvliet covering everything from civil liability to downstream impacts - plus immediate next steps.

HIGHLIGHTS

Strengthening the S in ESG

How can we meaningfully measure company performance on social issues?

With growing recognition of the need for common metrics, we’ve launched our new 6-part series, Strengthening the S in ESG, based on our analysis of almost 1300 social and governance indicators used by ESG data providers. Throughout May and June, we’re releasing Guardrails and Guidelines to unpack how to support the design, selection and use of better metrics. We look at indicators focused on specific

issues like forced labor or indigenous rights or living wages, and on evaluations of companies' governance, risk management processes, responsible supply chain initiatives, and stakeholder engagement.

Across the series, we exemplify the good, bad and ugly of social indicators and metrics. Our goal is not to offer yet another set of competing indicators, but to share what we've learned about good indicator design in order to strengthen the S in ESG.

Better S metrics are key to equipping investors, business leaders, regulators and civil society with the tools to advance business respect for human rights. The series is for everyone and anyone working to improve the ways in which we evaluate companies' social performance.

[Check out the series this far.](#)



Strengthening the S in ESG

Throughout May and June, Shift is releasing **research findings from our analysis of almost 1300 social and governance indicators** used in ESG data providers' products or reporting requirements.

In our [Guardrails](#), we'll focus first on the problems, spotlighting the types of indicators that offer minimal insight, or worse, incentivize poor practices.

We'll then turn to indicators and metrics that are more robust in our [Guidelines](#), illuminating the pathway to better measurement.

Harmonized Responsible Sourcing Framework for Recycled Plastics

Shift is pleased to have supported The Circulate Initiative to develop and launch part 1 of the Harmonized Responsible Sourcing Framework for Recycled Plastics.

We are facing a plastic pollution crisis. But in the pursuit of a circular economy for plastics, it's vital that the experiences of informal waste pickers and workers are recognized. An estimated 20 million informal waste workers and waste pickers account for roughly 60% of plastic collected globally. Their experiences are shaped

by persistent marginalization, lack of social safety nets, vulnerability to human rights abuses, gender inequality, child labor, and insufficient incomes. The harmonized framework seeks to recognize their pivotal role by establishing standardized responsible sourcing practices and enabling companies to evaluate and address human rights conditions across the recycled plastics value chain.


Part I of the framework includes themes, definitions, and indicators that companies and other stakeholders can begin to use to better understand and evaluate their recycled plastics supply chains.



[Read Part 1 of the Harmonized Responsible Sourcing Framework for Recycled Plastics here.](#)

JUST RELEASED

The Harmonized Responsible Sourcing Framework for Recycled Plastics

A harmonized and actionable framework to implement responsible sourcing practices in the plastics recycling supply chain



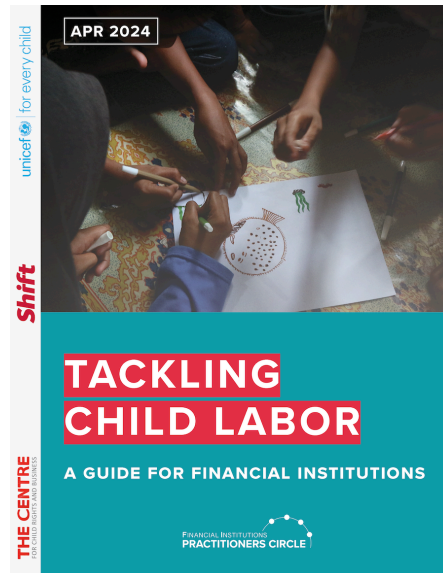


[EXPLORE NOW](#)

FINANCIAL INSTITUTIONS PRACTITIONERS CIRCLE

Tackling Child Labor: A Guide for Financial Institutions

The connection between banks, the finance sector and child labor is significant - but not always obvious. And often, common indicators that banks might screen for in client portfolios - such as the existence of policies and "zero tolerance" approaches - are failing to yield meaningful insights into a client's ability to manage child labor risks.



In June 2023, following concern from member banks over the persistent scourge of child labor in global value chains and recent reports of the alarming increase in child labor – particularly migrant child labor – in the United States, Shift held a peer-learning session of its Financial Institutions Practitioners Circle on the topic with expert speakers from with UNICEF and The Centre for Child Rights and Business.

Together, we jointly developed our latest Financial Institutions Practitioners Circle publication, capturing some of the key take-aways and drawing on the experience of the three organizations working with real-economy companies and financial institutions. In the resource, we explore how banks and financial institutions can play their part in tackling child labor by:

- asking clients better questions;
- leveraging key points of influence; and
- meaningfully participating in multi-stakeholder initiatives.

Goal 8.7 of the SDGs is to eliminate all forms of child labor by 2025 - yet in 2022 child labor figures rose for the first time in two decades (UNICEF, 2022). This means banks and financial institutions have a vital opportunity as providers of capital and financing to influence companies to take steps to tackle child labor.

[Read the report to find out how.](#)

NEW | Meet Shift's new Head of Global Communications

Danny Stevens

Head of Global Communications

We're delighted to announce that Danny Stevens will be joining Shift as Head of Global Communications, where he will lead the development and implementation of Shift's communications strategy.



Danny's wide ranging communications experience spans almost two decades. He has a track record of creating and executing successful communications strategies to influence wide-ranging audiences on issues like climate change and poverty. Danny has led political parties through media crises and election campaigns, led communications and campaigns for a trade union, and worked with legislators, businesses and technical experts to promote policies and legislation on sustainability.

[Read Danny's full biography here.](#)

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