

Template Shareholder Proposal on Responsible Contracting

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RESOLVED: Shareholders of **XXX** Company urge the Board of Directors to prepare and provide a report to shareholders, at reasonable cost and omitting proprietary information, assessing the effectiveness of current Company contracts for integrating human rights and environmental due diligence (HREDD) into the Company's processes and operations. HREDD should be designed to identify and address the salient risks that may exist or arise in the Company's supply chain, including, for example: **[TO BE TAILORED AS NEEDED:** modern slavery, forced labor, child labor, adverse environmental impacts, violence from company security forces, compromised workplace safety, violations of workers' rights, and discrimination and harassment]. HREDD-aligned contracts formalize a joint or shared responsibility for buyers and suppliers to cooperate in conducting HREDD, rather than simply transfer such responsibility from one party to the other.

SUPPORTING STATEMENT: Shareholders recommend that the report, at Board and management's discretion:

- Assess the appropriateness and fitness of the existing contractual approach for effectively preventing and, if needed, remediating adverse human rights and environmental impacts;
- Consider, according to the human rights and environmental risks that do or may exist in the Company's supply chain, the feasibility and appropriateness of adopting proactive solutions such as following the core [Responsible Contracting Principles](#) and making strategic use of the [Responsible Contracting Toolkit](#).
- Identify a process to revise Company contracts to support effective HREDD and avoid a mere transfer of responsibility for upholding human rights and environmental standards from one party to the other, as such transfer is unlikely to effectively prevent adverse impacts or to effectively remedy such impacts when they occur.

WHEREAS: **[MATERIAL BELOW TO BE USED AS APPROPRIATE TO JUSTIFY THE RESOLVED CLAUSE ABOVE. ARGUMENTS INCLUDED WILL DEPEND ON THE STATE OF THE COMPANY'S HREDD PROCESSES]**

XXX ("the Company") sources from approximately **XXX** vendors in over **XXX** countries (if this can't be found it could be said sources from multiple vendors in multiple countries), including locations where human rights and environmental risks are known to exist in the manufacturing chain of product categories.

In the current legal and regulatory environment, the expectations of companies' human rights and environmental performance are increasing. There is significant movement in the current legal and regulatory landscape to codify the principles of the 2011 [United Nations Guiding Principles for Business and Human Rights](#) (UNGPs), the 2023 Organisation for Economic Cooperation and Development's (OECD) [Guidelines for Multinational Enterprises on Responsible Business Conduct](#), the 2018 Due

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Diligence Guidance for Responsible Business Conduct, and other sector-specific OECD guidance (together, the OECD Guidance), and the UN Sustainable Development Goals into law, including via the French [Duty of Vigilance law](#), the German [Supply Chain Due Diligence Act](#) (LkSG), the [Norwegian Transparency Act](#), and the proposed [European Union \(EU\) Corporate Sustainability Due Diligence Directive](#) (CS3D).

Companies are becoming expected, even required, to demonstrate how effectively they implement HREDD to address salient human rights risks across their operations and supply chains. These regulatory schemes will hold parent companies accountable for certain violations in their supply chain. Responsible contracts that embed HREDD and that establish a shared responsibility for the companies involved in the supply chain to cooperate in carrying out on-going, risk-based HREDD, are therefore necessary for companies to comply with these forthcoming regulations and to meet fast-evolving expectations.

[While **XXX** Code of Conduct prohibits [forced, child, and prison labor,] it does not adequately integrate HREDD into the contractual obligations of **XXX** and its suppliers or of **XXX's** suppliers and their suppliers].

[In addition, the Company/Board is aware of several human rights benchmarks, which track corporate progress of human rights-related issues. **[INSERT RELEVANT INFORMATION ABOUT COMPANY SCORE ON HREDD/CONTRACTING ASPECTS OF BENCHMARK]** The Company is committed to implementing comprehensive HREDD mechanisms, including in its contracts, in order to continuously improve its human rights and environmental performance.]