



What the changing business and human rights legal landscape means for businesses in Brazil

The [Global Business Initiative on Human Rights](#) (GBI), the [World Business Council for Sustainable Development](#) (WBCSD) and the [Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável](#) (CEBDS) convened an online discussion on 6 July 2021.

Thirty-five business practitioners from a diverse range of companies in Brazil came together to discuss how the changing business and human rights legal landscape will impact their companies – and what they can do to get ready.

Key takeaways and insights from the discussion include:

- **Human rights due diligence is becoming a matter of hard legal compliance.** Human rights-related reporting requirements have become more widespread over the past decade. However, governments are increasingly introducing legislation that requires companies to go further and implement human rights due diligence processes. The European Union (EU) is currently in the process of developing a draft mandatory human rights and environmental due diligence law, as part of a broad package of initiatives to create a more sustainable economy. France, Germany and Norway have already enacted due diligence laws, while similar initiatives are underway in a number of other European countries, and under discussion in Mexico. It seems clear that mandatory due diligence requirements are the direction of travel, and businesses would be well-advised to anticipate that they will become increasingly common in the coming years.
- **Legal developments in Europe and around the world will affect businesses in Brazil.** An increasingly broad range of companies fall directly within the scope of emerging mandatory due diligence laws. For example, the forthcoming EU law is expected to apply to EU-domiciled companies, as well as companies that sell or provide services in the internal market. So, Brazilian companies that do business in the EU may be required to comply with European mandatory due diligence laws. Further, these laws increasingly expect companies within their scope to conduct effective human rights and environmental due diligence across their supply chain. The EU law may go further and require value chain due diligence – which would require companies to strengthen their product and customer due diligence. Accordingly, Brazilian companies in global value chains should expect stronger pressure to demonstrate good human rights risk management from their investors, customers and other business partners. For more information, see GBI's insight pieces on: [What an EU-level law will mean for business](#) and [Responsible Product Usage](#).
- **There are several contextual factors that businesses in Brazil should be aware of.** For example, in recent years, Brazil – like many countries – has been in the spotlight internationally regarding human rights and environmental concerns. These issues may prompt foreign business partners to prioritise businesses in Brazil for deeper due diligence and engagement.

Further, the rapid rise of the ESG agenda in Brazil reflects investors' increasing focus on social and environmental impacts, as well as transparency. This more holistic approach to risk assessments and due diligence aligns with emerging mandatory due diligence requirements. Finally, as a large commodity producer, many businesses in Brazil contribute to the value chains of major European corporations, including those headquartered in countries that have already or recently enacted due diligence laws. Accordingly, pressure from European customers can be expected in Brazil sooner rather than later.

- **Implementing effective human rights due diligence is key to positioning your business to meet hardening expectations.** Emerging regulatory requirements are increasingly using the [UN Guiding Principles on Business and Human Rights](#) and the [OECD Guidelines for Multinational Enterprises](#) as the reference point for human rights due diligence obligations. Effective human rights due diligence should enable your company to identify, understand and respond to human rights risks and issues that it is involved in on an ongoing basis. It should also be informed by engagement with relevant stakeholders, including affected people and groups. Good human rights risk management will require effort, creative, teamwork and collaboration, reflecting that people can be impacted by business activity in complex ways. Ideally, human rights due diligence processes will be supported by a policy commitment to meet the company's responsibility to respect human rights, strong senior management support and effective grievance processes. For more details, see: [GBI Business Practice Portal](#), WBCSD' [CEO Guide to Human Rights](#) and [Getting Ready for Mandatory Due Diligence: Five Steps Businesses Can Take Now](#).

Looking ahead

This webinar was the first in a series that GBI, WBCSD and CEBDS will convene with Brazil-based business practitioners in the coming months.

The forthcoming business-only webinars will build on this first discussion and provide a space for open, practical conversations that enable participants to share approaches, experiences and lessons learned on implementing effective human rights risk management in their organisations. They will focus, in particular, on implementing human rights due diligence processes, managing risks and issues deeper in the supply chain, and the need to better connect human rights risk management with responses to the climate crisis.

For more information, please contact [Catie Shavin](#) (GBI), [James Gomme](#) (WBCSD) or [Henrique Luz](#) (CEBDS).

