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Now more than ever, we need mandatory supply chain due diligence to stop corporate abuse and guarantee global solidarity.

Through their operations, irresponsible companies are complicit in acts of violence and suffering. We, Catholic leaders throughout the world, call on states to put an end to this.

With the outbreak of Covid-19, humanity faces an unprecedented global crisis. In addition to the threat to public health, the economic and social disruption threatens the long-term livelihoods and wellbeing of millions. Particularly vulnerable to the worst impacts of the crisis are the millions of workers lower down the supply chain – many of whom are women. For instance, some big fashion brands and retailers have cancelled orders and refused to pay for textiles already produced, resulting in millions of workers being sent home without pay, social security or compensation. This pandemic has sown chaos in the global supply chains that link factories across borders, exposing our dependence on vulnerable labourers doing essential work across the globe.

To face this crisis, solidarity among the members of our human family will be crucial. Our strong interconnectedness requires all of us to show responsibility to one another, but too often, private interest of multinational companies prevails as they fail to step up in solidarity. Irresponsible companies have long been involved in various abuses, by evading taxes that could serve to build and maintain public services such as hospitals or schools, by polluting our soils, water and air, or by being complicit in gross human rights violations around the world, like forced and child labour. In addition a, when environmental or social laws are jeopardising profits, there is clear evidence that transnational companies sometimes threaten to sue states, using the Investor-State Dispute Settlement Mechanism[i]. This profit-driven system and the throwaway culture it brings needs to be challenged, now more than ever.

> *"Economy, as the very word indicates, should be the art of achieving a fitting management of our common home, which is the world as a whole. Each meaningful economic decision made in one part of the world has repercussions everywhere else; consequently, no government can act without regard for shared responsibility".*
> Pope Francis, *Evangelii Gaudium - 206*

The violations of workers' rights and the damaging consequences on the environment of unprecedented levels of consumption and production are currently under the spotlight, and governments are trying to counter-act these systematic violations. At the same time, public awareness on the vulnerability of global supply chains is growing and opens the doors for stricter regulation and more resilient supply chains. As Bishops, we feel we have a moral and spiritual obligation to speak about the urgency of reordering the priorities during and in the aftermath of this crisis.

> *"The overriding consideration, never to be forgotten, is that we are all members of the one human family. The moral obligation to care for one another flows from this fact, as does the correlative principle of placing the human person, rather than the mere pursuit of power or profit, at the very centre of public policy. This duty, moreover, is incumbent upon business sectors and governments alike, and is indispensable in the search for equitable solutions to the challenges we face. As a result, it is necessary to move beyond short-term technological or economic approaches and to give full consideration to the ethical dimension in seeking resolutions to present problems or proposing initiatives for the future".*
> Pope Francis, Message to the Executive Chairman of the "World Economic Forum" [Davos, Switzerland, 21-24 January 2020]

To counter this worrying situation, the United Nations, the European Union and states have a unique opportunity to step up, by introducing effective and robust legislation that would establish mandatory human rights and environmental due diligence obligations for all companies. Such legislation should improve access to courts for people affected by human rights violations, holding companies accountable for damages they have caused.

A recent study[ii] published in February 2020 by the European Commission unequivocally affirms that voluntary measures are failing and that there is urgent need for regulatory action at EU level. A monitoring study[iii] commissioned by the German government concludes that less than 20 percent of German companies conduct human rights due diligence, despite being a requirement in international frameworks for almost a decade.

Indeed, guidelines and voluntary approaches are failing to prevent, and protect, people and the planet from environmental destruction and human rights abuses. In 2011, the United Nations Human Rights Council (UNHRC) unanimously endorsed the UN Guiding Principles for Business and Human Rights (UNGPs), but for affected communities, very little has changed. States have implemented the UNGPs with approaches based on the goodwill of companies which are not backed by sanctions of any kind.

In 2014, the UNHRC adopted a resolution establishing an open-ended intergovernmental working group with the mandate to elaborate an international legally binding instrument on transnational corporations and other business enterprises, with respect to human rights. But to the date we have not seen substantive, constructive engagement by the EU, Canada, the United States and other powerful states in the UN binding treaty process.

At national level, a milestone was reached in 2017 when France paved the way with a groundbreaking law that requires that French major transnational companies publish a vigilance plan in order to identify and prevent negative impacts caused by their activities throughout their value chain. This new law set a minimum standard throughout the world, showing that it is indeed possible to hold transnational corporations accountable for their actions, including beyond their national territory, without harming the economy. In Switzerland, Germany, the Netherlands, Finland and Norway, similar national legislation is being considered.

We call on all governments to uphold their obligations under international law to protect human rights and prevent corporate abuses. In that sense we welcome the results of the above-mentioned European Commission's study and the announcement by the EU Commissioner for Justice of mandatory and robust legislation. The legislation should introduce mandatory environmental and human rights due diligence, that is, to identify, assess, stop, prevent and mitigate the risks and violations to the environment and all human rights throughout the supply chains of businesses and to substantially improve the possibilities of affected people to claim for compensation in national civil courts.

We believe the laws can succeed in bringing tangible change to communities if they also include enhanced access to judicial remedy for victims, in order to comply with states' duty to protect against corporate human rights abuses such as land grabbing, the killing of human rights defenders, forced and child labour, gender-based violence, and environmental degradation and deforestation.

Accordingly, all states should also ensure their constructive and active participation in the UN negotiations for a legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises. Such Treaty would prevent any country or company to make use of exploitative models of production and accept the destruction of the creation in order to improve their competitive position in the world market.

The existing system hurts people and the planet and we are called to do better. We trust our potential to collectively learn from past experiences and the current crisis, and propose a way forward which values justice and human rights, and puts life above profits. **The coronavirus crisis should be taken as an opportunity to start a just transition and to put in place a new economic system that serves people and the planet first.**

> *"In these weeks, the lives of millions of people have suddenly changed. For many, remaining at home has been an opportunity to reflect, to withdraw from the frenetic pace of life, stay with loved ones and enjoy their company. For many, though, this is also a time of worry about an uncertain future, about jobs that are at risk and about other consequences of the current crisis. I encourage political leaders to work actively for the common good, to provide the means and resources needed to enable everyone to lead a dignified life".* Pope Francis' *Urbi et Orbi* message, Easter 2020

[i] https://stopisds.org/
[ii] https://op.europa.eu/en/publication-detail/-/publication/8ba0a8fd-4c83-11ea-b8b7-01aa75ed71a1/language-en
[iii] https://www.auswaertiges-amt.de/blob/2333700/d15fc19d05e831966bccb305ad7622ca/nap-monitoring--summary-of-the-interim-report-2019-final-data.pdf

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