

Wednesday 15 December

## Joint statement on delay to EC's Sustainable Corporate Governance initiative

The EU's legislative proposal for a Sustainable Corporate Governance initiative, including mandatory human rights and environmental due diligence for EU businesses across their global value chains, and improved corporate accountability, was again expected this month – and was again delayed. With no clear indication when this much delayed document will be published, we the undersigned are uniting to ensure this essential legislation is not put on ice indefinitely.

The implications of these delays are not just administrative – they have serious consequences. Since the beginning of 2020, the Business & Human Rights Resource Centre (BHRRC) has approached European companies over 600 times in response to allegations of human rights abuses, with 500 of those cases occurring outside of Europe. Delaying regulation means the most vulnerable workers and communities on the planet – the ones who toil to make our clothes, source our food, make our cars, phones and everything else we rely on every day – continue to be left without safeguards and justice.

There is a chorus of support for this legislation – alongside [80% of citizens](#), workers, European governments, trade unions as well as responsible business and investors are all calling for effective legislation to introduce a level playing field for companies and rights protections for workers and communities across their full value chains. There is increasing consensus voluntary measures cannot bring about the necessary changes; Europe needs mandatory legislation now.

Ambitious Sustainable Corporate Governance legislation building on corporate accountability will also be the cornerstone of an effective EU sustainable finance framework, and a fast and fair transition towards zero carbon.

The proposed mandatory human rights and environmental due diligence legislation should include:

- **A strong civil liability regime** ensuring [access to remedy](#) for harms, as well as a strong preventative effect, complemented by robust administrative enforcement
- **Effective and safe stakeholder engagement**, [including with](#) human rights and environmental defenders
- **Sufficient scope** – to cover all businesses active in the EU market, of all sizes and sectors, including [finance](#), and a duty of care and due diligence obligation for these businesses that extends across their full global value chain
- **Mandatory requirements which go beyond tick box** exercises and auditing, address irresponsible business models and purchasing practices, and are embedded in appropriate governance and accountability structures, including at [board level](#)
- **Protection of all internationally recognised human rights and environmental standards**, including [women's](#), workers' and Indigenous peoples' rights, and the obligation for businesses to reduce and account for their climate change impacts

We, the undersigned, call on President Ursula von der Leyen and the European Commission to ensure this seriously concerning delay is used for positive impact: to ensure the proposal sets an ambitious standard of care and requires the widest possible range of businesses to reach it, while improving access to justice and remedy for those affected by corporate abuse. The key measure of success is tangible improvements for workers and communities. There is simply no time to lose.

Signed:

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*Gilbert Pregno, President, Commission consultative des Droits de l'Homme du Grand-Duché de Luxembourg*

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