

EU contribution to the upcoming thematic report on the 10th anniversary of the UN Guiding Principles on Business and Human Rights

Introduction

The European Union would like to thank the Chairperson of the UN Working Group on the issue of human rights and transnational corporations and other business enterprises, Ms Anita Ramasastry, for providing the EU with the opportunity to contribute to the report on the 10th anniversary of the UN Guiding Principles on Business and Human Rights. The contribution from the European Union comprises the EU's internal and external actions and policies based on inputs from the European Commission and the European External Action Service. As recommended, the questionnaire proposed has been used to structure the input.

Replies to the questionnaire

Questions addressed to all stakeholders:

(1) Where has progress taken place in UNGPs implementation over the course of the last decade? What are the promising developments and practices (by governments, businesses, international organizations, civil society organizations, etc.) that can be built on?

Since the UN Human Rights Council endorsed the UNGPs in 2011, the global efforts to promote responsible business conduct (RBC) that respects human rights and seeks to prevent and remedy negative impacts of business activities have stepped up. The UNGPs have gained extensive support from States, businesses and civil society. States and international organisations have adopted concrete actions to promote and implement the UNGPs, in particular by developing National Action Plans (NAPs) and due diligence guidance. A number of businesses have made RBC an integral part of their operations and strategies and taken steps to implement due diligence processes in line with the UNGP's corporate responsibility to respect human rights. The UNGPs have become the first global standard and the authoritative framework for preventing and addressing the risk of adverse human rights impact linked to business activities.

The EU has been at the forefront of those global efforts since its endorsement of the UNGPs in the 2011 renewed Strategy for Corporate Social Responsibility (CSR)¹, putting forward a “smart mix” of voluntary and mandatory actions and supporting initiatives undertaken by partner countries. To date, the EU has developed a solid body of legislation and measures based on international guidelines on business and human rights and RBC (including mandatory due diligence obligations for timber² and minerals³, legislation on non-financial reporting for certain companies⁴ and measures to ensure access for remedy for victims⁵). Work is ongoing to further reinforce the EU RBC framework. The European Commission's Work Programme for 2021⁶ refers to

¹ [Communication “A renewed EU strategy 2011-14 for Corporate Social Responsibility”](#) (COM/2011/0681 final).

² [Regulation \(EU\) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market Text with EEA relevance](#) (OJ L 295, 12.11.2010, p. 23–34).

³ [Regulation \(EU\) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas](#) (OJ L 130, 19.5.2017, p. 1–20).

⁴ [Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups](#) (OJ L 330, 15.11.2014, p. 1–9).

⁵ [Directive 2012/29/EU of the European Parliament and of the Council of 25 October 2012 establishing minimum standards on the rights, support and protection of victims of crime](#) (OJ L 315, 14.11.2012, p. 57–73); [Communication “EU Strategy on victims' rights \(2020-2025\)”](#) (COM/2020/258 final).

⁶ [Commission Work Programme 2021](#) (COM(2020) 690 final).

a legislative proposal on sustainable corporate governance for the second quarter of 2021 “to foster long-term sustainable and responsible corporate behaviour”, which may introduce mandatory human rights due diligence across value chains. In addition, several EU Member States have adopted or are preparing legislation establishing mandatory human rights due diligence obligations for companies. These developments reflect a growing consensus among citizens, governments and the business community on the need for mandatory standards to ensure the effective implementation of the human rights due diligence. EU legislation may facilitate efforts towards a global level playing field and uptake by partner countries.

In 2015, the EU adopted the EU Human Rights and Democracy Action Plan for the period of 2015-2019⁷, which included commitments to develop capacity and knowledge on Business and Human Rights; to raise awareness on the UNGPs and CSR in external action and policy dialogue; and to promote the adoption of National Action Plans (NAPs) by partner countries. Since then, 15 EU Member States have developed NAPs on Business and Human Rights and the EU has developed (in partnership with OHCHR, ILO and OECD) comprehensive projects in Latin America⁸ and Asia^{9,10} assisting governments and businesses in stepping up concrete action to foster Responsible Business Conduct.

The EU has taken stock of its efforts to implement the UNGPs in several occasions. In 2015, the Commission prepared a Staff Working Document on the EU implementation of the UNGPs¹¹. In 2019 the Commission published the Reflection Paper “Towards sustainable Europe 2030”¹² that recognised the role of RBC in implementing the SDGs. The latest relevant reference document is the 2019 Staff Working Document¹³ that provides an overview of EU actions to implement RBC/CSR and Business and Human Rights in a number of policy areas, including access to remedy, due diligence, transparency, sustainable finance, public procurement, trade and development. We refer you to that document of a detailed overview of progress in the EU.

(2) Where do gaps and challenges remain? What has not worked to date?

The UNGPs are the authoritative framework to prevent, address and remedy negative human rights impacts of business activities and provide solid basis for further progress. However, challenges and gaps preventing their effective implementation exist.

Although an increasing number of States have adopted NAPs on Business and Human Rights and others have indicated their intention to do so, the global number of NAPs remains low. It is necessary that more States commit themselves to promoting and implementing the UNGPs. The EU supports the development of NAPs in EU Member States and partner countries, in particular through dedicated projects and the engagement of EU Delegations with governments, companies and civil society.

In addition, the level of development of the different dimensions of the “smart mix” has been uneven. For instance, while attention to due diligence rules has been widespread, other aspects of the UNGPs such as the state-business nexus, transparency, non-judicial grievance mechanisms or the engagement and protection of human rights defenders have remained underdeveloped.

⁷ [EU Human Rights and Democracy Action Plan \(2015-2019\)](#).

⁸ [“Responsible Business Conduct in Latin America and the Caribbean \(RBLAC\)”](#).

⁹ [“Responsible Supply Chains in Asia”](#).

¹⁰ [“Business and Human Rights in Asia”](#).

¹¹ [Commission Staff Working Document on Implementing the UN Guiding Principles on Business and Human Rights](#) (SWD(2015) 144 final).

¹² [Commission Reflection Paper “Towards sustainable Europe 2030”](#) (COM(2019)22).

¹³ [Commission Staff Working Document “Corporate Social Responsibility, Responsible Business Conduct, and Business & Human Rights - Overview of progress”](#) (SWD(2019) 143 final).

Regarding access to remedy, research in the framework of the OHCHR Accountability and Remedy Project has shown that victims often face practical and legal challenges to obtain remedy in cases where business enterprises are involved in human rights abuses.

Another challenge is the development of appropriate methodology and benchmarks for assessing the impact and monitoring progress of actions, policies and measures on Business and Human Rights.

Finally, it is necessary to strengthen requirements on non-financial reporting to ensure the transparency of impacts caused by business activities.

(3) What are key obstacles (both visible and hidden), drivers, and priorities that need to be addressed to achieve fuller realization of the UNGPs?

A number of States and businesses have not yet committed themselves to implementing the UNGPs (or to RBC in general) and are not taking action to prevent or address human rights abuses. In many cases, the driver for this lack of engagement is limited knowledge and awareness of the UNGP framework, including regarding opportunities and potential benefits of promoting and adopting RBC policies. A priority in this regard is to raise the level of awareness of the different actors on the Business and Human Rights agenda, in particular governments and companies.

Moreover, whereas the uptake of UNGPs and other internationally recognised guidelines on Business and Human Rights and RBC have largely contributed to enhance respect for human rights by businesses, some reports¹⁴ indicate that voluntary initiatives alone may not sufficiently incentivise good practice. It is necessary to adopt measures that ensure the effective implementation of the UNGPs, where necessary by means of mandatory standards. In addition, frontrunner businesses face issues of legal uncertainty and level playing field, which could hamper their leading efforts in the long term. EU mandatory human rights due diligence would contribute to secure a global level playing field and greater legal and business certainty.

In addition, the actions oriented to implement the UNGPs are not always connected to wider agendas, such as national or regional policies on related areas (e.g. development, trade, labour) or multilateral initiatives (e.g. Agenda 2030). This can hinder effective UNGP implementation by creating inconsistencies, incoherencies and redundancies. Enhancing policy coordination and coherence of actions at national, regional and international level should be a priority.

Furthermore, whereas an increasing number of abuses and resulting disputes have a transnational character, the approaches and concrete measures are often designed at national level. This makes it difficult to ensure that companies with supply chains in third countries carry out due diligence obligations appropriately or that victims that suffer abuses abroad can access justice effectively. It is necessary to adopt measures adapted to complex and globalised supply chains.

(4) What systemic or structural challenges need to be tackled to realize sustainable development based on respect for human rights?

The European Commission has carried and is carrying out consultative and analytical work with the aim to identify obstacles that hinder the transition to a socially and environmentally sustainable economy, and the possible root causes thereof in corporate governance regulation and practices.

¹⁴ <https://op.europa.eu/en/publication-detail/-/publication/8ba0a8fd-4c83-11ea-b8b7-01aa75ed71a1/language-en>

A study on **human rights and environmental “due diligence requirements in the supply chain”**¹⁵, published in February 2020, shows that only one in three businesses participating in the study survey claim to undertake due diligence which takes into account all human rights and environmental impacts. The study shows wide stakeholder support, including from frontrunner businesses, for mandatory horizontal EU due diligence rules.¹⁶ Another study on **“directors’ duties and sustainable corporate governance”**¹⁷, published in July 2020, shows that many companies (in particular those listed on regulated markets) face pressure to generate short-term financial return for their shareholders, which reduces companies’ incentives to identify and address human rights, social and environmental risks and impacts in their operations and supply chains. Moreover, after having collected feedback to the Inception Impact Assessment on the initiative on sustainable corporate governance, the European Commission has launched a public consultation that will be open until 8 February 2021, covering key elements to be considered in the impact assessment of that initiative.¹⁸ According to the mentioned studies, the drivers of these problems are both market and regulatory failures; although company laws require corporate boards to act in the interest of the company as a whole, the company’ interest and directors’ duties are interpreted narrowly favouring maximisation of short-term financial value for shareholders. The legal framework lags behind the development of global value chains and corporate structures when it comes to the responsibility of a company for identifying and preventing harm in its operations and production channels.

The public consultation on the revision of the EU **Non-Financial Reporting Directive (NFRD)**¹⁹ that ran from February-June 2020, has confirmed that publicly available information regarding the impact of non-financial issues on companies and society is inadequate and difficult to access, due to inconsistencies and uncertainties regarding the companies’ reporting obligations. As a result, investors cannot take sufficient account of the social and environmental risks and impacts of their investments and civil society organisations cannot effectively hold companies to account for their impacts on society and the environment.

The underlying drivers of these problems also arise from regulatory and market failures: the reporting requirements in the NFRD are not sufficiently detailed, are difficult to enforce and leave a large degree discretion to reporting companies, which in turn face significant challenges in deciding whether and to what extent they should use the different frameworks and standards available.

Furthermore, the research of the European Union Agency for Fundamental Rights (FRA) on **access to remedy**²⁰ in EU Member States, published in October 2020, identifies factors that obstruct access to justice in cases of business-related human rights abuses. The research shows that the effectiveness of judicial remedies is often hampered by practical, procedural and financial obstacles (e.g. restrictive rules on legal standing, evidence barriers, high legal costs, restrictive rules on legal aid, length of proceedings). Most interviewees consider that existing relevant instruments do not take sufficient account of the reality and complexity of disputes involving corporations, in most cases multinational entities with complex structures and networks of subsidiaries and supply chains. The findings of the research also indicate that non-judicial remedies remain largely unknown, lack sufficient effectiveness, or their potential is not fully used.

¹⁵ <https://op.europa.eu/en/publication-detail/-/publication/8ba0a8fd-4c83-11ea-b8b7-01aa75ed71a1/language-en>

¹⁶ 70% of businesses responding to the survey conducted for the study agreed that EU regulation might provide benefits for business, including legal certainty, level playing field and protection in case of litigation.

¹⁷ <https://op.europa.eu/en/publication-detail/-/publication/e47928a2-d20b-11ea-adf7-01aa75ed71a1/language-en>

¹⁸ <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12548-Sustainable-corporate-governance>

¹⁹ <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12129-Revision-of-Non-Financial-Reporting-Directive>

²⁰ <https://fra.europa.eu/en/publication/2020/business-human-rights-remedies#TabPubOverview0>

(5) In concrete terms, what will be needed in order to achieve meaningful progress with regard to those obstacles and priority areas? What are actionable and measurable targets for key actors in terms of meeting the UNGPs' expectations over the coming years?

The COVID-19 crisis has clearly underlined the importance and urgency of the Business and Human Rights agenda. In some cases, the crisis has put further pressure on businesses and their workers by leading to new or aggravated human rights abuses. At the same time, it has shown that supply chains are more resilient when companies act responsibly and respect human rights, including labour rights and safe and healthy working conditions. The COVID-19 recovery offers an opportunity for “building back better” and scaling up implementation of the UNGPs.

The new **EU Action Plan on Human Rights and Democracy**²¹ for the period 2020-2024, adopted in November 2020, reflects the EU priorities on Business and Human Rights for the years to come.

One of those priorities is to increase ownership of the UNGPs by States. It is necessary to further engage with and raise awareness of governments around the world for States to step up action to advance implementation of a “smart mix” of measures. The new EU Action Plan includes a commitment to strengthen the EU’s engagement with partner countries to actively promote and support global efforts to implement the UNGPs, including by fostering the development and implementation of NAPs in EU Member States and partner countries. The EU is also committed to developing tools and training material on Business and Human Rights, RBC and due diligence, in order to enable EU Delegations to step up their engagement. In addition, the EU will continue supporting regional projects to build capacity and increase government uptake of the UNGPs and RBC.

Another EU priority is to strengthen engagement with the private sector and to develop a more compelling “business case” for UNGPs. Frontrunner businesses and investors already make the case that RBC can lead to more sustainable profits and growth, new market opportunities and long-term value for shareholders; however it is necessary that this understanding is mainstreamed among the business community, including SMEs. The future initiative on sustainable corporate governance should serve to increase legal certainty and provide a level playing field as to the measures to be taken by companies to identify, prevent, mitigate and account for adverse human rights and environmental impacts in their value chains. The new EU Action Plan commits the EU to engage with the business sector on upholding and promoting human rights and best practices on RBC, CSR, due diligence, accountability and access to remedies in a participative manner, and to develop tools and training material for EU Delegations on private/public sector engagement. A solid business and human rights agenda should address the expectations of businesses and investors and demonstrate that companies also have an interest to secure compliance with human rights along their supply chains, including to ensure legal certainty and a level playing field.

In addition, it is necessary to ensure policy coherence and a coordinated approach within and among the different actors. For governments this implies ensuring the coherence and coordination of actions within and between different departments and with other governments, international organisations and, where relevant, other stakeholders. UNGP implementation needs to be articulated in connection to related agendas such as the 2030 Agenda for Sustainable Development and the fight against climate change. The new EU Action Plan sets as a priority to work on a new comprehensive EU framework on UNGP implementation to enhance coordination and coherence of EU action. Recent and possible future EU actions on Business and Human Rights and RBC include, for instance, mandatory cross-sectoral due diligence requirements in the supply chain embedded into sustainable corporate governance, decent work in supply chains, zero tolerance against child

²¹ <https://www.consilium.europa.eu/media/46838/st12848-en20.pdf>

labour, revision of rules on non-financial reporting, new policy developments in the area of trade, and implementation of the strategy for victims' rights.

It is also crucial to strengthen convergence around the UNGPs in multilateral fora, including by using the UN system to reinforce governmental efforts or by building upon alignment between the UNGPs and related initiatives such as the ILO's agenda for promoting decent work and international labour standards, and the OECD's agenda on RBC. Ongoing projects promoting due diligence in support of responsible supply chains in Asia and Latin America (funded by the EU and run in partnership with OHCHR, OECD and ILO in collaboration with the UN WG) are good examples of greater coordination and coherence between relevant actors. The EU will continue engaging in multilateral processes and supporting multi-stakeholder initiatives related to Business and Human Rights as offered by OHCHR, the UN Working Group on Business and Human Rights, UNDP, the ILO and the UN Global Compact, just to name a few. The new EU Action Plan commits the EU to: (1) strengthen its engagement in international fora to actively promote UNGP implementation; (2) support multi-stakeholder processes to develop, implement and strengthen standards on business and human rights and due diligence; (3) engage with development banks and international financial institutions; and (4) promote regional projects, peer learning, exchanges of good practices and internationally recognised guidelines and mechanisms, including the UNGPs, the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

Finally, appropriate attention must be provided to all the dimensions of the UNGPs. For example, it is critical to ensure that the rights of CSOs and human rights defenders working on Business and Human Rights are duly protected. In line with this, one of the priorities of the new EU Action is to support advocacy work and enabling spaces for business engagement with civil society and human rights defenders in decent job creation, sustainable development, and women's entrepreneurship and economic empowerment along the supply chain. Moreover, initiatives such as the review of the EU rules on non-financial reporting should enable civil society and others to hold companies to account for their negative impacts on fundamental rights. It is also crucial to achieve tangible progress in promoting effective remedy for those affected by business-related human rights abuses, including by building on recommendations made by OHCHR's Accountability and Remedy Project. The EU Agency for Fundamental Rights (FRA) has collected information on access to remedy mechanisms in EU Member States with the aim to identify possible future actions in this area.

Preventing and addressing human right abuses and building sustainable value chains will continue to be a priority for the EU in the coming years. The EU will continue working to enhance its internal instruments and engaging with all States and stakeholders to promote and support the implementation of the UNGPs, encouraging all parties involved to maintain or step up their current efforts and engagement.

Questions addressed specifically to States:

Please provide information about the following aspects related to UNGPs implementation, including links to public documents wherever relevant.

UNGPs	Existing practices and challenges	Actionable goals and targets for next decade
Commitment to implementing the UNGPs		
State commitment to implement the UNGPs,	The EU firmly believes that States and companies around the world have to fulfil their responsibility to prevent business-related human rights abuses and to provide effective remedy for victims of such abuses.	The new EU Action Plan for Human Rights and Democracy 2020-2024 includes a dedicated section on the business sector with specific commitments to strengthen engagement with partner countries to support

<p>e.g., National Action Plans, public statements, national baseline assessments.</p>	<p>The UNGPs are the key instrument for the EU to promote the Business and Human Rights agenda within the Union and worldwide. The EU's commitment to the implementation of the UNGPs was first declared in the 2011 renewed Strategy for Corporate Social Responsibility and has since then been reiterated in numerous documents.</p> <p>The EU Action Plan for Human Rights and Democracy 2015-2019 included commitments to develop capacity and knowledge on the implementation of Business and Human Rights guidelines, in particular as regards the UNGPs and other tools/initiatives that contribute to the implementation of the UNGPs; strengthen the role and expertise of EU Delegations and EU Member State embassies in this context; raise awareness on the UNGPs and CSR in external action and policy dialogue with partner governments and regional organisations; promote the adoption of NAPs by partner countries.</p> <p>15 EU Member States have developed National Action Plans on Business and Human Rights, which contribute to implement the UNGPs at national level. The EU supports the work on business and human rights and RBC carried out in multilateral fora, in particular by the UN, OECD and ILO. We support the work of the UN Working Group on Business and Human Rights and the UN Office of the High Commissioner on Human Rights (OHCHR), including on implementation of the UNGPs. We also support the work of the OECD Working Party on Responsible Business Conduct with the aim to foster due diligence in supply chains, including the promotion of the OECD guidelines horizontal and sector specific due diligence guidelines.. The EU actively engages in the work of the ILO, including the 2017 revision of the Tripartite Declaration of Principles concerning Multinational Enterprises and the 2016 Resolution concerning decent work in global supply chains.</p>	<p>global efforts to implement the UNGPs, including through National Action Plans.</p>
<p>State structures mandated to implement the UNGPs, e.g., government ministry tasked with implementation</p>	<p>Services of the European Commission and the European External Action Service work closely on implementation of the UNGPs in a number of policy areas, including those of human rights (including children rights, gender aspects and environmental protection), CSR, RBC, company law, due diligence, access to</p>	<p>The new EU Action Plan on Human Rights and Democracy 2020-2024 will strengthen the EU's commitment to support the implementation of the UNGPs, including work on a new comprehensive EU framework on UNGP implementation to enhance coordination and coherence of EU action.</p>

measures; allocation of internal resources.	remedy, labour rights and decent work, development and trade. EU delegations are actively engaged in raising awareness of host governments and European and local companies, and in empowering civil society to advance the implementation of the UNGPs around the world.	
Regulatory and policy efforts		
Legal and regulatory developments that enable or require business enterprises to respect human rights, e.g., mandatory human rights due diligence, duty of care, reform of securities law.	The EU has adopted legislation on due diligence in supply chains. The EU Timber Regulation (2010/995) prohibits the placing on the EU market of illegal timber and requires operators to set up and implement a due diligence system to minimise the risk that the timber might have been harvested in violation of applicable laws. The EU Conflict Minerals Regulation (2017/821) lays down supply chain due diligence obligations for EU importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas with the aim to break the nexus between mineral trade, armed conflict and human rights abuses.	The EU is preparing an initiative on sustainable corporate governance for 2021, which will take the form of a legislative proposal “to foster long-term sustainable and responsible corporate behaviour”, the content of which will be determined after the impact assessment.
Legal or regulatory developments that enable or require reporting and transparency on how business enterprises address human rights risks (own activities and value chain)	The EU Non-Financial Reporting Directive (NFRD) (2014/95/EU), requires large listed companies, banks and insurance companies with more than 500 employees to report information regarding the environment, social and employee issues, human rights, and bribery and corruption, on an annual basis, including information on due diligence processes implemented to manage risks linked to the companies’ operations. Companies under the scope of the NFRD had to meet these reporting requirements for the first time in 2018, for information covering financial year 2017.	The EU is working on the revision of the Non-Financial Reporting Directive with the following objectives: (1) To ensure investors have access to adequate non-financial information from companies to be able to take account of sustainability-related risks, opportunities and impacts in their investment decisions; (2) to ensure that civil society organisations, trade unions and others have access to adequate non-financial information from companies to be able to hold them accountable for their impacts on society and the environment; and (3) to reduce unnecessary burden on business related to non-financial reporting. The Commission will adopt a proposal to revise the NFRD on the first quarter of 2021. A likely outcome of the process is to revise and strengthen provision of the NFRD and to develop accompanying standards that companies under the scope of the NFRD will be required to use. A new multi-stakeholder Task Force has been created within EFRAG for preparatory work on possible EU non-financial reporting standards. The new Task Force will deliver its recommendations in early 2021.
Legal or regulatory	The EU has strengthened the rights of shareholders and investors, helping them to	The European Commission is working on a Renewed Sustainable Finance Strategy ,

<p>developments that enable or require financial institutions, including institutional investors, to embed respect for human rights throughout their core business activities</p>	<p>understand both the financial and non-financial aspects of companies' performance and to enable them to better hold companies to account.</p> <p>The EU Shareholder Rights' Directive (2007/36/EC) was revised and amended in 2017 by the Shareholders Rights' Directive II (Directive (EU) 2017/828) to encourage long-term shareholder engagement. The revision aims at providing incentives for institutional investors and asset managers to be more long-term oriented, responsible shareowners and engage with investee companies. The Directive now requires investors to disclose their engagement policy and their strategy to monitor the non-financial performance of their investee companies, environmental and social impact. In 2018, the European Commission adopted the Action Plan on Financing Sustainable Growth, which aims to provide investors with more tools and the right framework to integrate sustainability considerations in their investment decisions and identify sustainable investment opportunities.</p> <p>The Action Plan has three main objectives: (1) reorient capital flows towards sustainable investment, in order to achieve sustainable and inclusive growth; (2) manage financial risks stemming from climate change, environmental degradation and social issues; and (3) foster transparency and long-termism in financial and economic activity.</p> <p>In May 2018, the Commission presented a package of regulatory measures as a follow-up to this action plan. The package includes 3 proposals aimed at (i) establishing a unified EU classification system of sustainable economic activities ('taxonomy'); (ii) improving disclosure requirements on how institutional investors integrate environmental, social and governance (ESG) factors in their risk processes; (iii) creating two new categories of benchmarks which will help investors compare the carbon footprint of their investments.</p> <p>In 2019, the EU adopted the Disclosures Regulation, which lays down sustainability disclosure obligations for manufacturers of financial products and financial advisers toward end-investors, and the Regulation on benchmarks, which requires environmental, social and governance (ESG) disclosure requirements for benchmarks. In 2020, the EU adopted the Taxonomy Regulation, which requires the European Commission to</p>	<p>which will predominantly focus on three areas: (1) strengthening the foundations for sustainable investment by creating an enabling framework to avoid that financial and non-financial companies focus excessively on short-term financial performance instead of their long-term development; (2) increase the opportunities to have a positive impact on sustainability for citizens, financial institutions and companies; (3) manage and integrate climate and environmental risks (and social risks where relevant) are duly taken into account by financial institutions and the financial system as a whole. The Commission carried out in 2020 a public consultation on the new Strategy with the objective to collect the views and opinions of interested parties on how better integrating social and environmental risks in the management framework of financial institutions, including development financial institutions.</p> <p>The new EU Action Plan on Human Rights and Democracy 2020-2024 sets as a priority to engage with development banks and international financial institutions;</p>
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	establish lists of environmentally sustainable activities by defining technical screening criteria for each environmental objective.	
<p>Incentives for responsible business (e.g. sanctions for practice that breaches human rights standards; or, “carrots” or “sticks” by export credit or finance institutions to encourage responsible business)</p>	<p>The EU legislation on mandatory due diligence includes provisions regulating infringements.</p> <p>The EU Timber Regulation requires EU Member States to lay down rules to ensure that infringements are sanctioned by effective, proportionate and dissuasive penalties and to take all measures necessary to ensure that those sanctions are implemented; penalties may include, inter alia, fines, seizure of the timber and timber products concerned and immediate suspension of authorisation to trade.</p> <p>The EU Conflict Minerals Regulation provides that EU Member States must lay down the rules applicable to infringements and issue a notice of remedial action to be taken by the Union importer that committed an infringement. This Regulation also provides incentives for industry associations and groupings of interested organisations to obtain recognition of their supply chain due diligence schemes.</p> <p>The Employer Sanction Directive establishes minimum standards across the EU on financial and criminal sanctions against employers who recruit illegal third country nationals with the knowledge that they are victims of trafficking.</p>	<p>The new EU Action Plan on Human Rights and Democracy 2020-2024 commits the EU to engage with the business sector on upholding and promoting human rights and best practices on RBC, CSR, due diligence, accountability and access to remedies in a participative manner.</p> <p>The future EU initiative on sustainable corporate governance may have an impact in this regard.</p>
<p>Guidance on human rights expectations for business enterprises, including financial institutions</p>	<p>As part of the implementation of the EU Conflict Minerals Regulation, in 2018 the European Commission adopted non-binding guidelines to EU importers on how to identify conflict-affected and high-risk areas, and to the competent authorities of the Member States on how to carry out ex post checks on importers. The Commission also adopted in January 2019 a delegated regulation on the recognition of supply chain due diligence schemes and has selected external expertise that will provide an indicative non-exhaustive list of conflict-affected and high-risk areas. New implementation measures include a list of global responsible smelters and refiners.</p> <p>In 2017, as required by the Non-Financial Reporting Directive, the European Commission published non-binding guidelines on methodology for reporting non-financial information. In June 2019 the Commission published additional guidelines on how to report climate-related information, which integrate the recommendations of the</p>	<p>The EU Conflict Minerals Regulation will start applying from 1 January 2021.</p>

	FSB Task Force on Climate-related Financial Disclosures.	
<p>Integration of the UNGPs in other policy tools oriented to responsible business (e.g. do other policy instruments relating to responsible business or “CSR” refer to the UNGPs, or if not are there plans to strengthen alignment)</p>	<p>The European Commission ensures that fundamental rights considerations are taken into account in new policy proposals and the EU Charter of Fundamental Rights is respected in Commission’s legislative proposals and by Member States when they implement EU law.</p> <p>In June 2016 the EU issued the EU Global Strategy on Foreign and Security Policy, which calls for systematic mainstreaming of human rights across policy sectors and institutions.</p> <p>The EU Action Plan for Human Rights and Democracy 2015-2019 included a commitment to ensure a strong focus on business and human rights in the overall EU strategy on CSR including priorities for the effective implementation of the UNGPs.</p> <p>Regarding specifically EU development policy, the EU has a legal commitment to Policy Coherence for Development stemming from the Treaty on the Functioning of the European Union. The EU moved in 2014 towards a rights-based approach for its development policy on the basis of the Commission Staff Working Document “A right based approach, encompassing all human rights for EU development cooperation”, which designing a tool box to this purpose.</p>	<p>The EU will maintain its approach that respect for human rights (including in business activities) is mainstreamed and promoted across EU policies as part of the EU’s wider human rights agenda.</p> <p>The new EU Action Plan for Human Right and Democracy 2020-2024 seeks to develop tools and training material on business and human rights, responsible business conduct, private/public-sector dialogue and due diligence to enable EU Delegations to step up their engagement on business and human rights. The Action Plan also aims at updating the EU development cooperation rights-based approach methodology by updating it and broadening its scope.</p> <p>The has also developed a toolkit on Business and Human Rights to provide guidance to EU Delegations on how business and human rights issues can be systematically incorporated into development cooperation activities.</p>
Human rights at the “state-business nexus” - leading by example		
<p>State efforts to protect human rights among business enterprises that are owned or controlled by the State, and when providing funding or other support to business. e.g., export credit agencies.</p>	<p>The EU has adopted measures to incorporate sustainable finance into the EU’s own investments.</p> <p>In March 2014 under the network of EU Public Employment Services a ‘PES-to-PES Dialogue Conference- Targeted services for employers’ formed part of activities to examine how PES organize and deploy services to employers. One of the key discussion points was what role company agreements including CSR projects play in PES relationships with employers. A range of practical approaches for PES support to employers' CSR endeavours was discussed. For instance, it identified the need for practical toolkits and tailored resources for employers, for detailed explanation of the targeted use of financial incentives to raise awareness of the benefits of CSR for them. It also recommended that PES collaborate with non-governmental organisations, social</p>	<p>Some of the European Commission’s proposals for the next EU Multiannual Financial Framework put emphasis on the climate, environmental and social sustainability of investments.</p>

	partners and intermediaries in order to raise their profile in this area.	
State efforts to protect human rights when contracting with businesses to provide services, e.g., health care, social security, education.	EU Member States are competent to decide of the use of public procurement for contracts with service providers in the listed areas.	
State efforts to protect human rights through public procurement.	<p>The EU promotes the use of environmental and social criteria in its public procurement legislation to encourage companies to develop socially responsible products and services.</p> <p>EU Directives on public procurement require Member States to ensure compliance with national, EU and international social and labour standards in the performance of procurement contracts, including human rights obligations and the core ILO conventions. The promotion of sustainability criteria is a priority for the European Commission's policy on public procurement, as highlighted in the 2017 Communication on public procurement "Making Public Procurement work in and for Europe".</p>	An upcoming guide on socially responsible public procurement (SRPP) will give public buyers practical recommendations on how to integrate social considerations in procurement, including those related to human rights due diligence. The European Commission also collected and disseminated a number of good practices on the same topic.
State efforts to protect human rights through development finance	The European Investment Bank has largely integrated UNGPs in its Environmental and Social (E&S) Standards. The projects financed by the European Investment Bank are also subject to regular monitoring of compliance with their E&S standards, which are grounded in human rights principles. Monitoring activities would cover for instance engagement with stakeholders including civil society and availability of complaint mechanisms at the project and institutional level.	
Policy coherence at the national, regional, and international levels		
Horizontal and vertical policy coherence, e.g., coordination on business and human rights policies across government agencies and departments, at multiple levels of	<p>Policy coherence on business and human rights within the EU is needed at different levels: within different EU institutions, between those institutions, and between the EU and its Member States. Within the European Commission policy coherence is ensured through the collegial decision-making processes and procedures and the clusters under the responsibility of the HR/VP and respective Commissioners.</p> <p>Coordination on business and human rights and CSR/RBC is ensured through dedicated formal and informal inter-service groups and</p>	The new EU Action Plan on Human Rights and Democracy 2020-2024 will strengthen the EU's commitment to support the implementation of the UNGPs, including work on a new comprehensive EU framework on UNGP implementation to enhance coordination and coherence of EU action.

<p>government. (e.g. BHR and SDG NAPs cross-reference or are integrated, government training curriculum on BHR, NHRI recommendations to government)</p>	<p>meetings. Services of the European Commission and the European External Action Service work closely on implementation of the UNGPs in a number of policy areas, including those on CSR, RBC, due diligence, access to remedy, labour rights, decent work, development and trade.</p> <p>Action Plans on Human Rights and Democracy constitute the main framework of reference for the implementation of external policy activities in the area of human rights and aim to provide for improved coherence and consistency between internal and external policies of the EU. The EU Action Plan for Human Rights and Democracy 2015-2019 included a commitment to ensure a strong focus on business and human rights in the overall EU strategy on CSR, including priorities for the effective implementation of the UNGPs. The Commission also works with EU Member States to promote a shared understanding of in respect of business and human rights, based on the UNGPs, including through peer review exercises. The COHOM Council Working Group actively cooperates with relevant geographic and thematic Working Parties of the Council, with the aim of mainstreaming human rights (including business and human rights) in all aspects of EU external relations. The European External Action Service has produced practical guidance to coordinate actions of EU Delegations to advance business and human rights through their engagement with host governments, companies and civil society.</p>	
<p>Business-related policy with other State and businesses (e.g. trade and investment agreements, investor-state contracts)</p>	<p>In its bilateral relations with third countries and at the multilateral level, the EU is promoting international human rights standards worldwide and the implementation of the UNGPs. The EU uses political dialogues, human and right dialogues and engagement in the context of trade preference schemes (GSP+/EBA) with partner countries to promote business and human rights and ratification and effective implementation of relevant international human rights, labour and environmental conventions. The EU also uses trade instruments to promote business and human rights and RBC standards. This is in accordance with the 2015 EU trade and investment policy (“Trade for all”), which includes a chapter on promoting sustainable development,</p>	<p>In June 2020, the European Commission launched a review of the EU’s trade and investment policy. The promotion of international values and standards (including human rights, responsible business conduct and sustainable development) is an essential part of the review process.</p>

	<p>human rights and good governance including a dedicated section on fair and ethical trade as well as responsible management of supply chains, The Trade and Sustainable Development (TSD) chapters of recent EU trade and investment agreements contain specific provisions committing the parties to promote labour and environmental standards and responsible business practices, with reference to the international standards developed by the UN, OECD and ILO.</p>	
Access to remedy		
<p>Effectiveness of judicial mechanisms to address business-related human rights abuse allegations</p>	<p>The EU has adopted legislation to harmonise some aspects concerning access to remedy for victims. The EU Victims' Rights Directive (2012/29/EU) creates minimum standards to ensure that victims of crimes committed in the EU can effectively participate in criminal proceedings, irrespective of the victims' nationality or residence status.</p> <p>In the area of civil justice, the EU has harmonised the rules on jurisdiction and law applicable to cross-border cases. The Brussels I Regulation (recast) regulates the international jurisdiction of national courts in the Member States in cross-border cases, insofar as disputes involving EU domiciled companies as defendants are concerned (with few exceptions where the domicile of the defendant is irrelevant). The Rome II Regulation establishes the applicable law for tort cases, including torts relating to human rights infringements.</p> <p>In certain policy areas, the EU has adopted specific measures to ensure that victims of corporate related harm have access to judicial remedies. For instance, the Anti-Trafficking Directive (2011/36/EU) provides that EU Member States must take the necessary measures to ensure that legal persons can be held liable for the offense of trafficking in human beings.</p> <p>The EU also supported the work of the OHCHR on judicial mechanisms in cases of business-related human rights abuses under the Accountability and Remedy Project.</p>	<p>In June 2020, the European Commission presented its first ever EU Strategy on victims' rights to ensure that all victims of crime can fully rely on their rights, no matter where in the EU the crime took place.</p> <p>In the area of civil justice, human rights issues will also be included in the evaluation of the Rome II and Brussels I Regulation (recast), with a view to a decision on a possible review in 2022.</p> <p>The EU Agency for Fundamental Rights (FRA) has published information on access to remedy mechanisms in EU Member States with the aim to identify possible actions in this area. In October 2020, FRA presented a report with the findings of its fieldwork research, which provides evidence of obstacles that victims of business-related human rights abuses face when seeking remedies. The report includes practices and suggestions on measures to improve access to justice at national and EU levels.</p>
<p>Effectiveness of and access to non-judicial state-based processes, e.g., OECD NCPs, NHRIs, multi-stakeholder</p>	<p>The EU Conflict Minerals Regulation requires Union importers of minerals and metals covered in its scope to establish a grievance mechanism as an early-warning risk-awareness system or provide such mechanism through collaborative arrangements with other economic operators or organisations, or by facilitating recourse to</p>	<p>The research of the EU Agency for Fundamental Rights (FRA) on access to remedy mechanisms in EU Member States also concerns non-judicial grievance mechanisms. The EU will also use the information collected in the recent report with the aim to identify possible actions in this area.</p>

grievance mechanisms, international grievance and regional mechanisms.	<p>an external expert or body, such as an ombudsman;</p> <p>With respect to the grievance mechanisms of the OECD Guidelines for Multinational Enterprises, while the EU does not have an operational National Contact Point (NCP) function, it contributes to the implementation of the guidelines by encouraging coordination among the EU Member States NCPs, including regarding their working practices and monitoring.</p> <p>The EU also supported the work of the OHCHR on State-based non-judicial mechanisms in cases of business-related human rights abuses under the Accountability and Remedy Project (ARP).</p>	
Multi-stakeholder platforms		
Multi-stakeholder initiatives to support responsible business and accountability	<p>Through its Partnership Instrument (PI) the EU forges alliances with key actors and cooperates with partner countries around the globe, including on promotion of Business and Human Rights and Responsible Business Conduct. PI actions supports multilateralism as the key principle for a rules-based global order. In particular, the EU has created partnerships with international organisations such as the ILO, the OECD, UNDP and the OHCHR for the implementation of due diligence in specific sectors. In Asia, the EU promotes responsible supply chains in six trading partners in Asia (China, Japan, Myanmar, the Philippines, Thailand and Vietnam) through the project “Responsible supply chains in Asia” (EUR 9 million) as well as the implementation of the UNGPs through National Action Plans in six other partners (India, Indonesia, Malaysia, Myanmar, Sri Lanka, Thailand) through the project “Business and Human Rights in Asia” (EUR 5.5 million). In Latin America, the EU supports the development of National Action Plans in nine countries (Argentina, Brazil, Chile, Mexico, Ecuador, Peru, Colombia, Panama, Costa Rica) through the project “Responsible business conduct in Latin America and Caribbean” (EUR 9.5 million). The PI also supports projects promoting RBC and labour standards. Three programmes implemented in partnership with UN Women and the ILO on "Promoting economic empowerment of women at work through Responsible Business Conduct" in Latin America and Caribbean (LAC) (EUR 9 million), in G7 countries (EUR 6 million) and in Asia (EUR 7,5 million) aim to support sustainable, inclusive and equitable</p>	<p>The new EU Action Plan on Human Rights and Democracy 2020-2024 includes a commitment to support multi-stakeholder processes to develop, implement and strengthen standards on business and human rights and due diligence.</p> <p>As part of negotiations of the new Neighbourhood, Development and International Cooperation Instrument (NDICI) the European Commission and the Council have agreed to include wording to further promote corporate accountability and redress mechanisms for violations of human rights related to business activities and to support efforts at local, regional and global level to ensure corporate compliance with human rights standards. This commitment will act as a strong legal basis on the long-run regarding actions to take to strengthen our partnership with third countries on Business and Human Rights and RBC.</p>

	<p>economic growth by promoting economic empowerment of women.</p> <p>The European Instrument for Democracy and Human Rights (EIDHR) currently funds several projects aiming at strengthening business accountability through multi-stakeholder approach and community-based monitoring, reporting and prevention of corporate human rights violations. EIDHR also annually supports actions of civil society organisations on including human rights defenders and indigenous groups to promote their participation in business and human rights processes either through its Country Based Support Scheme at EUD Delegation level or through global calls for proposals (2016 – EUR 4.5 million and 2020 – EUR 5 million).</p>	
Other relevant information		
<p>Please include information about other efforts and developments involving the State that you consider relevant</p>	<p>The EU uses development cooperation funding instruments to promote business and human rights and RBC. In Asia, the ILO project “Ship to Shore Rights” (EUR 4.2 million) concluded in 2020, provided support the Thai government to combat forced labour in the Thai fishing and seafood industries, mostly migrant workers from Cambodia and Myanmar. The EU funds the project “Safe and Fair” (EUR 25 million) to ensure that labour migration is safe and fair for all women workers in the ASEAN region. The EU also participates in initiatives such as the “Bangladesh Sustainability Compact” and the “Myanmar Labour Rights Initiative” to promote improvements in labour rights and safety conditions for workers in the garment industries of Bangladesh and Myanmar. In Africa the EU supports the development of the African Union Policy Framework on the implementation of the UNGPs as part of its global support to the implementation of the Africa-EU Partnership under the so-called JAES Support Mechanism II.</p> <p>EU Development cooperation also funds several projects to improve labour conditions in developing countries in specific value chains under both the Development Cooperation Instrument and the European Development Fund. For instance, in the garment and textiles sector, the EU provides funding to the “Clear Cotton” project (EUR 7.5 million), implemented by ILO, to combat child labour and forced labour in the cotton, textile and garment supply chains in Burkina Faso, Mali and Pakistan. Several projects are run under the</p>	

	<p>programme “Increasing Knowledge, Awareness, Transparency and Traceability for Responsible Value Chains in the Cotton and Garment Sectors” (EUR 5.5 million) which aims at reducing labour rights abuses in the cotton and garment sector value chains by improving awareness and transparency on production and consumption. DCI also funds the project “Enhancing decent work, transparency and traceability for sustainable garment and footwear value chains” (EUR 19.5 million) to improve global standards for traceability and the social and sustainable dimension of audit in the garment and footwear industry.</p> <p>Regarding the minerals sector, EU development cooperation supports partner countries in the sustainable development and good governance of their mineral resources to an amount up to EUR 35 million. This dedicated support entails support to the European Partnership on Responsible Minerals (EPRDM) as an accompanying measure to the EU Conflict Minerals regulation (binding in January 2021) and a multi-stakeholder partnership between governments, companies and civil society. EU development cooperation also tackles the issue of artisanal and small-scale mining private sector through its EU ACP Development Minerals Programme which in its Phase I (2015-2019) managed to provided dedicated training to more than 15.000 economic operations under an EU contribution of EUR 12 million. Other dedicated EU support in the sector are directed towards the Extractive Industries Transparency Initiative (EITI – EUR 2.25 million), Extractives Global Programmatic Support (EGPS- EUR 5 million) a multi-donor trust fund working on resources governance and the CONNEX programme (EUR 1 million) which entails technical support to the negotiation of large-scale investment contracts.</p> <p>Moreover with additional EUR 2.5 million from IcSP funding, the Commission supports responsible sourcing and trade in diamonds and other minerals in Sub-Saharan African countries by filling identified gaps in research, information provision and capacity in the responsible sourcing sector. Finally, EUR 1.5 million of IcSP funding is devoted to responsible sourcing of diamonds and gold from the Central African Republic.</p>	
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