



## EP Committee vote on corporate due diligence:

### A step in the right direction, further improvements needed

Brussels, 27 January 2021

This afternoon, the Legal Affairs Committee of the European Parliament adopted an important report requesting the European Commission to submit a formal proposal for an EU due diligence law. The law requires business enterprises, including financial institutions, to address human rights, environmental and governance risks and impacts throughout their global value chains. Such a corporate accountability law is needed as voluntary business commitments have failed to stop continued corporate abuse.

The report, a political compromise with strong cross-party backing, deserves to be supported by all Members of the European Parliament in the March plenary. While it represents a step in the right direction, the Commission will need to build on this proposal to put forward an even more robust, coherent and ambitious legislative proposal that will work in practice and provide access to justice for victims of human rights violations.

**We, the undersigned organisations, welcome the report as a positive start to achieve corporate accountability.** It imposes a due diligence obligation on some companies, recognises the need for penalties for company non-compliance, including administrative sanctions, and creates civil liability for harm or failure to do proper due diligence.

The report also rightly insists on corporate transparency, reporting, and disclosure, as well as on the importance of including stakeholders - such as local communities or trade unions - in the due diligence process.

#### **Commission must be ambitious**

**The European Commission must use the report as a starting point to propose more ambitious legislation** by widening the scope to cover all businesses, and by removing exemptions and distinctions in levels of obligation depending on the location of the activities or the type of company.

The Commission must introduce stronger and harmonized due diligence obligations, as well as more robust company liability and enforcement provisions, aimed at protecting victims of corporate abuse. We recommend that the Commission establish a civil liability regime supported by Member State-backed enforcement with criminal liability or equivalent instruments.

To ensure the final law really delivers results for people and the planet, stronger provisions are needed to facilitate access to justice for victims of corporate abuses, and to address the power imbalances when they seek remedy. Victims must be financially supported when they start court cases, and they must be enabled to go to court when companies fail to do due diligence.

**Next steps**

The report will be put to a vote during the first March plenary. If Parliament follows the vote of the Committee, the report's recommendations could help shape the sustainable corporate governance law initiative announced by the European justice commissioner Didier Reynders in April 2020.

Once the Commission offers a proposed law, the European Parliament and the EU's 27 Member States will have to agree on the text for it to come into force.

**Signed by:**

Amnesty International

Antislavery International

CIDSE

Clean Clothes Campaign

ClientEarth

European Center for Constitutional and Human Rights

European Coalition for Corporate Justice

FIDH

Friends of the Earth Europe

Global Witness

Oxfam EU