

Support for meaningful and safe stakeholder engagement as a central aspect of the EU framework on mandatory human rights and environmental due diligence

We, the undersigned companies, business associations, and investors, are strongly in support of mandatory human rights and environmental due diligence (mHREDD) legislation. We believe mHREDD is key to ensure that efforts by companies that respect people and the planet, both during and post COVID-19, are not undercut by the lack of a uniform standard of conduct applying to all business actors based in the EU or active on the EU market. We see the upcoming EU framework on mHREDD as a vital and long overdue step in the right direction that sends a strong signal that corporate responsibility for human rights and the environment is a duty and not a voluntary matter.

This law can bring about a paradigm shift if it both widely establishes responsible business conduct and leads to concrete improvements for people and the environment along global supply chains. However, to achieve this, and to make a substantial contribution towards a more sustainable economy, we believe it needs to centre the importance of meaningful and safe stakeholder engagement with communities and individuals actually and potentially affected by EU companies' business, including in their value chains.

We believe meaningful engagement with rightsholders and civil society, including human rights defenders (HRDs), that is gender-sensitive and intersectional, is critical to a due diligence process that effectively identifies human rights impacts and responds to their concerns. For Indigenous Peoples, meaningful engagement will also mean full respect of the principle and process of Free, Prior and Informed Consent (FPIC). For these reasons, we believe it should be prioritized in the upcoming legislation.

We recognize that for stakeholder engagement to be meaningful, it must inform all stages of due diligence, starting with the risk identification and analysis. It must also be safe, so that defenders, their communities, and other rightsholders speaking out about adverse corporate impacts can do so without suffering or fearing retaliation. Many reports document increasing restrictions of fundamental human rights, repression and violence against civil society and HRDs in business contexts, sometimes stemming from lack of meaningful engagement. The protection of civic freedoms and respect for the rule of law are vitally important for both civil society and business. Free, open societies enable well-functioning markets, stable financial systems and good governance. In contrast, efforts to limit civil society and civic freedoms undermine open societies, foster corruption, limit competition, critical thought and innovation.

We recognise that defenders are important partners in identifying potential or actual adverse impacts in our investments, operations and global value chains, in improving corporate due diligence, and in the provision of remedy when harm occurs. By recognising the value of early and constructive engagement with rightsholders and HRDs, businesses including investors can also avoid significant problems and costs down the line. As some of us have stated previously, when defenders are under attack, so are sustainable business practices.

We therefore agree the mHREDD law also needs to serve as a vehicle to safeguard HRDs through requirements of consultation, FPIC for Indigenous Peoples, engagement and access to information, as well as through ensuring proper access to effective remedy, as was recently recommended by the UN Working Group on the issue of human rights and transnational corporations and other business enterprises. As part of the law, business enterprises should be required to continually assess, address and mitigate risks to HRDs in their investments, operations and value chains, including by integrating accessible, safe and respectful engagement with local stakeholders and HRDs into their entire due diligence process. This would both strengthen due diligence practices and improve rightsholder outcomes at large.

A strong and ambitious law, rooted in mandatory safe and meaningful engagement, would make a tangible contribution to improving human rights and environmental conditions along global value chains. It would also help our companies become resilient and future oriented.

As companies, business associations, and investors, we stand ready to support this recommendation through open dialogue with EU policymakers and HRDs and their communities, in and outside of the EU.

Signatories:

ACTIAM	Natural Investments
Ardevora Asset Management	NEI Investments
As You Sow	NN Investment Partners
Australian Ethical	P+, Pensionskassen for Akademikere
Aviva Investors	Patagonia
Boston Common Asset Management	PBU
ClearBridge Investments	Phitrust
Cometa	RELX Group
Comitato Lady Lawyer Village	SDG Invest
Cruelty Free Super	Seventh Generation Interfaith
Dwight Hall Socially Responsible Fund	Shift Phones
EFG Asset Management	Sisters of Mary Reparatrix
Ethos Foundation	Sisters of the Good Shepherd
Friends Fiduciary Corporation	SOC Investment Group
Future Super	Socially Responsible Investment Coalition
Heartland Initiative	Storebrand Asset Management
IAMGOLD Corporation	Tchibo
Justice in Fashion CIC	Tony's Chokoloney
Lady Lawyer Foundation	Trillium Asset Management
Local Authority Pension Fund Forum	Unilever
Miller/Howard Investments	Verve Super