Investor Statement in Support of Mandated Human Rights and Environmental Due Diligence in the European Union

We, the undersigned 94 investors representing over $6.3 trillion in assets under management and advisement, in anticipation of the forthcoming legislative proposal from the European Commission on Sustainable Corporate Governance, support mandated human rights and environmental due diligence. All businesses, including investors and other financial actors, have a responsibility to respect human rights and the environment. The process of continuously conducting robust human rights and environmental due diligence is a core requirement for businesses in fulfilling that responsibility, as framed in the recognized international standards of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The investment community views rigorous due diligence legislation as good for businesses, investors, the economy, and the people it serves, as detailed in The Investor Case for Mandated Human Rights Due Diligence, supported by over 100 global investors representing $5 trillion in assets under management. Investors can be directly linked to adverse impacts through their investment holdings in companies or projects implicated in human rights abuses and environmental harms. Comprehensive human rights and environmental due diligence by companies enables investors to identify the greatest risks to people and planet linked to portfolios and to fulfill our own responsibility to respect human rights. It allows investors to make more informed and sustainable investment decisions and demonstrate to beneficiaries that their money is being managed in line with international standards and expectations.

Governments have a duty to protect against human rights abuses, including those of businesses, through effective regulatory measures, particularly where voluntary corporate measures continue to leave significant gaps in human rights protections throughout value chains. Legislation can articulate the needed mandatory due diligence and contribute to a level playing field, increase legal coherence and certainty about the standards expected from businesses, clarify legal consequences for when those standards are not met, and increase engagement and leverage with value chain partners.

Therefore, recognizing the European Parliament’s March 2021 resolution as a valuable starting point, we, as investors, make the following recommendations for robust legislation on mandatory human rights and environmental due diligence.

Scope

- Mandated human rights and environmental due diligence should be cross-sectoral, covering all business enterprises and financial institutions, public and private, domiciled or based in, operating, or offering a product or service within the EU. Critically, it should cover small as well as large businesses, recognizing that they are part of the same value chain.
• Businesses having an obligation to respect human rights and the environment in their own operations and in their global value chains should use their leverage to ensure that human rights and the environment are respected in those global value chains.

*Due diligence process aligned with international frameworks*

• In line with the requirements detailed in the UN Guiding Principles and the OECD Guidelines, businesses should have an obligation to identify, prevent, mitigate, and account for how they address their potential and actual human rights and environmental impacts through an ongoing human rights and environmental due diligence process.

• Throughout the human rights and environmental due diligence process, businesses should meaningfully engage with actually and potentially affected stakeholders or their appointed representatives.

*Remedy and accountability*

• Due diligence legislation should ensure accountability for harms which businesses cause or contribute to and should enable and support the provision of adequate and effective remedy. Dependent upon their connection to a harm, businesses should provide for, cooperate in, or use leverage to ensure remediation of adverse impacts in their global value chains and within their operations.

• Businesses should be held accountable through appropriate administrative and civil liability legislative provisions for human rights and environmental adverse impacts within their operations and throughout their global value chains.

*Enforcement*

• EU Member States should ensure robust enforcement of all obligations and provide the right to an effective remedy. Any barriers that inhibit affected rights-holders from accessing remedy should be removed.

*Governance*

• As investors, we look to good corporate governance to ensure that mandated due diligence requirements are fulfilled. Corporate boards should oversee and be accountable for the implementation of rigorous human rights and environmental due diligence processes; monitor, discuss, and report on their development; and ensure their results are reflected in forward-looking targets relevant for the prevention and mitigation of human rights and environmental risks and impacts and adequately considered and integrated in the company’s overall strategy.

Finally, recognizing the positive steps the European Union is taking towards sustainable corporate governance and that robust European legislation will serve as a benchmark for other national due diligence proposals, we renew our call on all governments to develop, implement, and enforce mandatory human rights and environmental due diligence requirements for businesses headquartered or operating within their own jurisdictions or, where appropriate, to further strengthen these regulatory regimes where they already exist.
Investor Signatories:

Achmea Investment Management
ACTIAM
Adasina Social Capital
Adrian Dominican Sisters, Portfolio Advisory Board
AkademikerPension
Amber Capital UK
Ardevora Asset Management
AREAM GmbH
ASN Impact Investors
Australian Ethical
Aviva Investors
Azzad Asset Management
Bâtirente
BMO Global Asset Management (EMEA)
Boston Common Asset Management
Boussard & Gavaudan
CANDRIAM
CCLA Investment Management
CCOO, FP
CG Asset Management
Christian Brothers Investment Services, Inc.
Cometa pension fund
Comitato Lady Lawyer Village
Congregation of Sisters of St. Agnes
Congregation of St. Joseph
CorpGov.net
CRIC e.V.
Daughters of Charity, Province of St. Louise
Domini Impact Investments, LLC
Dominican Sisters of Sparkill
Ecofi
EFG Asset Management
ESG Portfolio Management GmbH
Ethos Foundation
Fondo de Pensiones Empleados de Telefónica España
Friends Fiduciary Corporation
Geroa Pentsioak EPSV de Empleo Preferente
GLS Investment Management GmbH
Heartland Initiative, Inc.
Impax Asset Management LLC
Investor Advocates for Social Justice
Jupiter Asset Management
Lady Lawyer Foundation
LAPFF
Le Regroupement pour la Responsabilité Sociale des Entreprises (RRSE)
Maryknoll Sisters
Maryknoll Sisters
Mercy Investment Services, Inc.
Miller/Howard Investments, Inc.
Natural Investments
NEI Investments
Newton Investment Management
Nia Impact Capital
Niederösterreichische Vorsorgekasse AG
NN IP
Nordea Asset Management
Norron Asset Management
NorthStar Asset Management, Inc.
Northwest Coalition for Responsible Investment
Nugent Properties
NZ Funds
P+
Pacifica Partners Capital Management Inc.
Phitrust
PKA
Plan de Pensiones de Empleo Santander Empleados
RAIR
Region VI Coalition for Responsible Investment
Robeco
School Sisters of St. Francis
SDG Invest
Seventh Generation Interfaith Coalition for Responsible Investment
SharePower Responsible Investing
Sisters of Charity of Cinti. OH
Sisters of Charity of Cinti. OH
Sisters of St. Dominic of Blauvelt, New York
Sisters of St. Dominic of Caldwell
Sisters of St. Francis of Philadelphia
Sisters of St. Francis of Philadelphia
Sisters of St. Joseph of Boston
Sisters of the Holy Names of Jesus and Mary
Sisters of the Holy Names of Jesus and Mary
Sisters of the Precious Blood
Sisters of the Presentation of the Blessed Virgin Mary
SOC Investment Group
Social Justice for Sisters of St. Joseph of Carondelet
Socially Responsible Investment Coalition
Storebrand Asset Management
Sustainalytics, Stewardship Services
Trillium Asset Management
Unitarian Universalist Association
United Church Funds
Unovis Asset Management BV
Zevin Asset Management