

Corporate liability for serious human rights abuses in third countries

2015/2315(INI) - 19/07/2016 - Committee report tabled for plenary, single reading

The Committee on Foreign Affairs adopted the own-initiative report by Ignazio CORRAO (EFD, IT) on corporate liability for serious human rights abuses in third countries.

Increasing globalisation and internationalisation of business activities and supply chains will make the role that corporations play in ensuring respect for human rights more important.

In this regard, Members are deeply concerned by cases of human rights violations committed in third countries, including as a result of some EU corporations and business enterprises management decisions.

They reaffirmed the **urgent need to act in a continuous, effective and coherent manner at all levels**, including national, European and international, in order to effectively address human rights abuses by international corporations when they appear.

While welcoming the adoption of the UN Guiding Principles (UNGPs) on Business and Human Rights, Members called for all the UNGPs and other international corporate responsibility standards to be consistently raised by EU representatives in human rights dialogues with third countries.

Calls addressed to corporations: recognising the major importance of CSR and welcomes the growing use of instruments based on CSR and the self-commitment by corporations, the report strongly emphasised that **respecting human rights is a moral duty and a legal obligation on corporations and their management** and should be integrated into a long-term economic perspective, wherever they may act and whatever their size or industrial sector.

Members welcomed the Commission's active cooperation with the participation of the Parliament and the Council together with other international bodies to achieve a fundamental convergence of CSR initiatives in the long term and the exchange and promotion of good corporate practice regarding CSR, as well as to **push forward the guidelines provided in the International Organisation for Standardisation's ISO 26000** so as to ensure a single global, coherent and transparent definition of CSR.

Calls addressed to Member States: the report called on the Union and the Member States to:

- ensure that human rights are protected, including against abuses committed by companies;
- adopt **binding instruments** devoted to the effective protection of human rights in the field of corporate responsibility;
- implement the **UNGPs swiftly and robustly** in all areas falling under their respective competence, including by developing action plans;
- lay down **clear rules** setting out that companies established in their territory or under their jurisdiction must respect human rights throughout their operations, in every country and context in which they operate, and in relation to their business relationships, including outside the EU;
- prioritise for immediate action the establishment of mandatory human rights **due diligence** for business enterprises which are owned or controlled by the state, and/or receive substantial support and services from state agencies or European institutions as well as for businesses that provide goods or services through public procurement contract;

- address companies that **use raw materials or commodities** under the current legislature procedure that might originate from conflict affected areas to disclose their sourcing and use of such materials by product labelling, to provide complete information on the content and origin of products.

Access to effective remedies: Member States should take any appropriate steps, in cooperation with international partners, to ensure, through **judicial, administrative, legislative or other appropriate means**, that when such human rights violations occur, those affected have access to an effective remedy, when a corporation based in the given states holds, directs or controls companies that are responsible for human rights violations in other countries.

Calls addressed to the Commission: welcoming the non-binding private sector initiatives for responsible supply chain management introduced by the Commission's services are by themselves not sufficient, Members called for **urgent binding and enforceable rules and related sanctions and independent monitoring mechanisms**.

The Commission is called upon to:

- systematically include in **trade and investment agreements** rules on corporate liability for violations of human rights;
- come forward with a **legislative proposal for the export control of dual use items**, since technologies made by European companies are still causing human rights violations all over the world;
- establish **minimum rules concerning the definition of criminal offences and sanctions** in the areas of particularly serious crimes with a cross-border dimension pertaining to serious human right violations in third countries committed by corporations, given the nature and impact of such offences and the special need to combat them on a common basis;
- **report** regularly on the steps taken to ensure effective protection of human rights in the context of business activity.

In order to promote increased awareness among producers and consumers, Members recommended the **creation of a certified 'abuse-free' product label at EU level**. This label shall be monitored by an independent body governed by strict rules and endowed with powers of inspection, devoted to verifying and certifying that no abuse has been committed at any stage in the chain of production of the relevant good.

Lastly, the Commission is called upon to launch an **EU-wide campaign**, introducing and promoting the 'abuse-free' label regarding respect for human rights.