



**INVESTOR ALLIANCE
FOR HUMAN RIGHTS**
AN INITIATIVE OF ICCR

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

We, the undersigned XX investors representing \$XX 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.

Signatories: