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Corporate Social Responsibility, Responsible Business Conduct, and Business & Human Rights: Overview of Progress

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1. Introduction

The actions of companies have significant impacts on the lives of citizens in the EU and around the world not just in terms of the products and services that they offer or the jobs and opportunities they create, but also in terms of working conditions, human rights, health, the environment, innovation, education and training .

EU citizens expect that companies understand their positive and negative impacts on society and the environment, and prevent, manage and mitigate any negative impacts that they may cause, including in their global supply chains.

Living up to this duty is commonly known as “Corporate Social Responsibility”, or “Responsible Business Conduct”¹ and the United Nations have developed the concept of Business and Human Rights.

Public authorities, including the EU, have an important role to support and encourage companies in their efforts to conduct their business responsibly.

This can be facilitated by: (i) helping firms across the industry or in individual sectors to work together on best solutions, (ii) providing incentives for the uptake of Corporate Social Responsibility or Responsible Business Conduct, including by setting benchmarks and other requirements, (iii) raising awareness and (iv) providing necessary training. When necessary and appropriate, adopting legislation represents another option.

Over the last years, the Commission has done much to promote Corporate Social Responsibility or Responsible Business Conduct, and to implement the UN Guiding Principles on Business and Human Rights (UNGPs)², through a smart mix of voluntary and mandatory actions. This work has also formed part of the Commission’s recent wider work on supporting implementation of the United Nations 2030 Agenda for Sustainable Development and associated Sustainable Development Goals (SDGs)³.

This staff working document provides an overview of progress in implementation that has been made on Corporate Social Responsibility or Responsible Business Conduct and Business and Human Rights by the Commission and European External Action Service (EEAS) since

¹ The EU uses CSR and RBC interchangeably.

² https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

³ http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E

the renewed EU strategy for Corporate Social Responsibility⁴ of 2011. It covers social, environmental, ethical, customer and human rights as defined in the strategy and their international dimension.

Corporate Social Responsibility (CSR) was defined in the CSR Strategy as the *"the responsibility of enterprises for their impacts on society"*. To fully meet their social responsibility, companies *"should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of maximising the creation of shared value for their owners/shareholders and civil society at large and identifying, preventing and mitigating possible adverse impacts."*⁵

Responsible Business Conduct (RBC) is an alternative term introduced by the OECD in close cooperation with business, trade unions and non-governmental organisations. The OECD has defined RBC as *(a) making a positive contribution to economic, environmental and social progress with a view to achieving sustainable development and (b) avoiding and addressing adverse impacts related to an enterprise's direct and indirect operations, products or services*⁶. Governments adhering to these guidelines have made a legally-binding commitment to set up dedicated authorities (so-called National Contact Points) to promote RBC, respond to enquiries, and provide mediation and conciliation platform to help resolve cases of alleged non-observance of the OECD MNE Guidelines (known as "specific instance").

A key reference for **Business and Human Rights** are the UN Guiding Principles on Business and Human Rights (UNGPs). These were endorsed by the UN Human Rights Council in 2011 and provide that *"(a) States' existing obligations to respect, protect and fulfil human rights and fundamental freedoms; (b) The role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights; (c) The need for rights and obligations to be matched to appropriate and effective remedies when breached."* The UNGPs thus recognise that preventing and remedying abuses or toleration of abuses by businesses is a joint responsibility of the private sector and public authorities.

⁴ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions: A renewed EU strategy 2011-14 for Corporate Social Responsibility, 25.10.2011 COM (2011)681 final

⁵ Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. The International Labour Organization (ILO) refers to the EU terminology "CSR" in advancing responsible and sustainable business through applying the principles of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).

⁶ The OECD has articulated what constitutes RBC through the OECD Guidelines for Multinational Enterprises (OECD MNE). These cover all major areas of business responsibilities, such as: information disclosure, human rights, employment and industrial relations, environment, combatting bribery and corruption, consumer interests, science and technology, competition and taxation.

2. Ensuring coherence among Corporate Social Responsibility, Responsible Business Conduct, Human Rights, and Sustainability

The EU has made progress along three **interlinked** fronts:

- **CSR/RBC**;
- **Business and Human Rights** and the protection of human rights in general; and
- Sustainability and the implementation of the **UN 2030 Agenda for Sustainable Development**.

In 2011, the Commission adopted a **renewed Strategy for CSR**, which combined horizontal approaches to promote CSR with more specific approaches for individual sectors or policy areas such as environmental and trade policies, transparency reporting, public procurement, and a specific chapter on Business and Human Rights.

A public consultation on the Commission's activities on CSR in 2014 revealed a high rate of approval for the Commission's actions on CSR including Business and Human Rights, with two thirds of respondents assessing the overall impact as having been generally useful or very useful⁷, but flagged further actions needing support such as improving transparency, international engagement, awareness raising and support targeted to SMEs.

In the light of this positive response, the Commission focused on implementing the actions listed in the Strategy as well as promoting CSR/RBC through other actions.

At the same time, in 2011, the UN Human Rights Council endorsed unanimously a set of 31 **"Guiding Principles on Business and Human Rights"** (UNGPs), structured in three distinct but interrelated pillars:

- **The state duty** to protect against human rights abuses by third parties, including businesses, through appropriate policies, regulation and adjudication;
- **The corporate responsibility** to respect human rights, in essence meaning to act with due diligence to avoid infringing on the rights of others; and
- The need for an effective **access to judicial and non-judicial remedy** by victims of corporate abuse.

⁷https://ec.europa.eu/growth/content/european-commission%E2%80%99s-strategy-csr-2011-2014-achievements-shortcomings-and-future-challenges_en
<https://ec.europa.eu/digital-single-market/en/news/public-consultation-eu-corporate-social-responsibility-strategy>

The Commission and Member States have been actively implementing the UNGPs. The Commission detailed its actions in this regard in a 2015 Staff Working Document⁸.

The implementation of the UNGPs is also a strongly emphasised in the **EU Action Plan on Human Rights and Democracy 2015-2019**⁹.

Finally, in 2015 the **UN 2030 Agenda and its SDGs** were adopted. Due to their scope and ambition, the Agenda 2030 and SDGs represent the most significant international commitment the EU has made to sustainable development.

In response to the 2030 Agenda, the EU adopted in June 2017 the new European Consensus on Development¹⁰: a shared vision and a common framework for action in development cooperation for the EU and its Member States. The Consensus is based on the “5 Ps” of the 2030 Agenda: People, Planet, Prosperity, Peace and Partnership, and systematically integrates the social, economic and environmental dimensions. It promotes the integration of CSR in work with the private sector, including employers’ and workers’ organisations, to ensure responsible, sustainable and effective approaches.

Given the overlaps between CSR/RBC, the SDGs and UNGPs, the Commission has taken a holistic and integrated approach focused on practical action, irrespective of whether it is labelled ‘CSR’, ‘RBC’, ‘Business and Human Rights’, ‘SDG’ or all four together, while at the same time recognising the differences in focus between those agendas.

This approach was embedded in the Commission’s 2016 **Communication “Next steps for a sustainable European future: European action for sustainability”**, with CSR/RBC featuring as a contributory set of actions under SDG 8. The Communication stated that: *“The Commission will intensify its work on Responsible Business Conduct, focusing on concrete actions to meet current and future social, environmental and governance challenges, building upon the main principles and policy approach identified in the Commission's 2011 EU Corporate Social Responsibility Strategy”*.

⁸ SWD(2015) 144 final

⁹ https://eeas.europa.eu/sites/eeas/files/eu_action_plan_on_human_rights_and_democracy_en_2.pdf

¹⁰ https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626_en.pdf

Moreover, on 30 January 2019, the Commission issued a Reflection Paper “Towards sustainable Europe 2030”¹¹. This Reflection Paper reports on SDG implementation in the EU and presents illustrative scenarios for the future sustainable development. In its dedicated section on RBC, CSR and new business models, it underscores the relevance these issues have for the sustainable development agenda. It states that *“Businesses have a vital role to play in the sustainability transition. Over the last decades, both on a voluntary basis and spurred on by public authorities, an ever-growing number of companies have made environmental and social responsibility a core part of their corporate missions”*. It also indicates that there is a space to do more at all levels including: *“At EU level, working to identify a number of appropriate measures and tangible ways in which more sustainable business conduct can be promoted bring further results and reinforce the EU companies’ competitive edge in this area”*.¹²

¹¹ https://ec.europa.eu/commission/files/reflection-paper-towards-sustainable-europe_en

¹² In addition, it provides a reference to the EU commitment to Policy Coherence for Development (PCD) and to its latest report, which showcases examples where PCD supported the achievements of SDGs in partner countries, including in promoting responsible supply chains and responsible business practices.

3. Progress overview

The Commission services have carried out an internal stocktaking exercise on the progress that has been made on CSR/RBC and Business and Human Rights since the 2011 CSR Strategy.

This Staff Working Document reflects the outcome of that exercise and summarises the EU's activity on a number of fronts¹³:

- Acting to **respect and protect human rights, providing adequate access to remedy** for victims of business-related abuses, whenever those rights are infringed;
- Encouraging companies to carry out **appropriate due diligence**, including with respect to human rights protection along their supply chains;
- Increasing transparency and promoting **sustainable finance**, including providing greater information on non-financial conduct of companies to citizens and investors;
- Encouraging **socially and environmentally-friendly business practices**, including through **public procurement**¹⁴;
- Promoting the implementation of CSR/RBC including UNGPs on Business and Human Rights **outside the EU** through EU trade and development policies and programmes, engagement in multilateral fora, as well as through bilateral cooperation with third countries;
- Developing dedicated approaches for **specific sectors** or company types;
- Pursuing **horizontal approaches**, including working with Member States on **National Action Plans**.

The actions presented in this document are not exhaustive and merely represent the main actions taken by the EU since 2011, in particular under the 2014-19 European Commission.

This document does not attempt to distinguish between actions undertaken to promote CSR/RBC, Business and Human Rights or the SDGs, given that many actions support the delivery of all three sets of objectives¹⁵.

¹³ This document is a European Commission staff working document for information purposes. It does not represent an official position of the Commission on this issue, nor does it anticipate such a position.

¹⁴ In compliance with EU public procurement rules.

¹⁵ For the purposes of clarity, actions have been listed under specific sections. However, it will be clear that many of these actions such as those on child labour are cross-cutting and/or would fit under a number of categories. The same goes for the sections, which are closely linked to one another. For instance, "Socially and

EU Member States have also undertaken numerous activities in this area. However, the scope of this document is limited to actions adopted by EU institutions and falling under the EU CSR definition and its international dimension.

environmentally responsible conduct” is inter-linked with almost all other sections, including on human rights due diligence, non-financial reporting requirements, trade and development policies.

4. Acting to respect and protect human rights and provide adequate access to remedy to victims of corporate-related abuses

Key actions

- The EU Treaties and EU Charter of Fundamental Rights, their implementation and enforcement;
- **Prevention and remedy of discrimination on any grounds;**
- **Data protection;**
- **Access to remedy, including non-judicial remedy** for victims of corporate related abuses (including outside the EU).

4.1. A strong basis in the Treaties and Charter of Fundamental Rights

Human rights are among the common values upon which the EU has been founded, as stated in Article 2 of the Treaty¹⁶. Aside from the respect of human rights, these values include the respect for human dignity, freedom, democracy, equality, the rule of law, rights of persons belonging to minorities, pluralism, non-discrimination, tolerance, justice, solidarity, and equality between women and men.

With the entry into force of the Lisbon Treaty in 2009, the Charter of Fundamental Rights of the European Union became legally binding. The provisions of the Charter are primarily addressed to the EU institutions and to the national authorities, in cases when they are implementing EU law.

The EU treaties and the Charter are both important in ensuring human rights protection and business responsibility within the EU and externally.

For instance, Article 21 of the Treaty on the Functioning of the European Union (TFEU), states that the *“Union is to pursue actions all fields of international relations in order to (...) consolidate and support democracy, the rule of law, human rights and the principles of international law”*. This extends further into EU action into ensuring responsible supply chains and appropriate due diligence in business engagements in third countries.

In addition, Article 10 TFEU states the right to equality and non-discrimination. It stipulates that in defining and implementing its policies and activities, the EU shall aim to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

¹⁶<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:12007L/TXT>

The Charter recognizes the freedom to conduct business (Article 16). In addition, it contains provisions related to the rights of the child (Article 24) and the prohibition of child labour as well as the protection of young people at work (Article 32). It also includes provisions on fair and just working conditions (Article 31), the prohibition of slavery, trafficking in human beings and forced labour is developed in Article 5. Article 47 provides the right to an effective remedy and to a fair trial, which guarantees judicial protection against violations of any EU or national rule, which grants rights to people.

In order to ensure the protection and promotion of the fundamental rights defined in the Charter and the EU treaties, the EU established in 2007 the European Union Agency for Fundamental Rights (FRA).

4.2. Implementing fundamental rights in practice

A "Strategy for the effective implementation of the Charter of Fundamental Rights by the EU"¹⁷ was adopted in October 2010. Commission services are ensuring that fundamental rights considerations are taken into account in new policy proposals. Likewise, all Commission legislative proposals and their implementation at Member States level have to respect the Charter of Fundamental Rights.

In addition, the Communication on Smart Regulation¹⁸ introduced an assessment of the impact of any future legislation and policies on fundamental rights. For this purpose, in 2011, the Commission developed Operational Guidance on taking account of Fundamental Rights in Commission Impact Assessments¹⁹. Based on these guidelines, depending on the policy context, it is necessary to take international human rights conventions into account when interpreting the rights set out in the Charter²⁰.

This approach is also supported in the Commission Better Regulation Guidelines²¹: *“Where relevant, the impact assessments should examine the impact of the different options on fundamental rights and the potential exposure to fraud in the context of spending programmes”*.

¹⁷ COM(2010)573final

¹⁸ COM(2010)543

¹⁹ SEC(2011) 567 final

²⁰ This concerns conventions to which either the EU is a contracting party - such as the UN Convention on Rights of Persons with Disabilities - or all Member States are contracting parties – namely the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Convention on the Elimination of All Forms of Discrimination against Women, the Convention on the Elimination of Racial Discrimination, the Convention against Torture and the Convention on the Rights of the Child.

²¹ SWD (2017) 350; <https://ec.europa.eu/info/sites/info/files/better-regulation-guidelines.pdf>

Each year the Commission reports on the application of the Charter²².

In addition, in June 2016 the EU issued the EU Global Strategy on Foreign and Security Policy²³ which calls for systematic mainstreaming of human rights and gender equality across policy sectors and institutions. It also engages the EU to foster the resilience of its democracies, and live up to the values that have inspired its creation and development. These include respect for and promotion of human rights, fundamental freedoms and the rule of law.

4.3. Protecting and enforcing fundamental rights

The EU has also acted in specific areas to protect and enforce fundamental rights.

A significant action has been the EU **Victims' Rights Directive**²⁴ which entered into application in November 2015.

It lays down a set of clear rights for all victims of all crimes and corresponding obligations to the Member States. According to the Directive, victims must be recognised and treated in a respectful, sensitive, tailored and non-discriminatory manner. In particular, the Directive lays down rights to information, support and to protection according to victims' individual needs. When it comes to victims of corporate crimes, the Directive applies if the act constitutes a crime under national law, unless a crime is defined at EU level (e.g. environmental crimes).

Under the JUSTICE programme, the Commission has financed a research project related to the application of the Victims' Rights Directive to corporate crimes. The results of the project (including Guidelines for enterprises, training material for justice professionals in Italy, Germany and the Netherlands) and the project's final publication are available online²⁵.

The Directive on **preventing and combating trafficking in human beings and protecting its victims**²⁶ and the **EU Strategy towards the Eradication of Trafficking in Human Beings 2012-2016**²⁷ recognise cooperation with the private sector as an essential element in reducing the demand for trafficking in human beings and developing supply chains which are "trafficking-free".

²² http://ec.europa.eu/justice/fundamentalrights/charter/application/index_en.htm

²³ https://eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf

²⁴ Directive 2012/29/EU establishing minimum rights, support and protection of victims of crime, and replacing Council Framework Decision 2001/220/JHA

²⁵ <http://www.victimsandcorporations.eu>

²⁶ Directive 2011/36/EU of the European Parliament and of the Council of 5 April 2011 on preventing and combating trafficking in human beings and protecting its victims, and replacing Council Framework Decision 2002/629/JHA

²⁷ https://ec.europa.eu/anti-trafficking/sites/antitrafficking/files/eu_strategy_towards_the_eradication_of_trafficking_in_human_beings_2012-2016_1.pdf

In particular, the Anti-trafficking Directive creates legal obligations on businesses, namely the liability and sanctioning of legal persons for trafficking in human beings offences (Article 5). Moreover, in the context of the EU Strategy, in cooperation with Eurofound²⁸ Commission services developed a best practice guide for labour market intermediaries and the role of the social partners in preventing trafficking in human beings for the purpose of labour exploitation. Commission services are in the process of developing a post-2016 policy framework.

The Child Safeguarding Standards²⁹, launched by the "Keeping Children Safe" coalition, outline four core standards, drawn up by consensus among a wide range of experts and organisations and are designed to assist organisations to meet their responsibilities for safeguarding children.

As a way to help eliminate all forms of violence against children, the submission of organisations' internal child safeguarding policies is increasingly a precondition for EU funding (e.g. under the Rights, Equality and Citizens Programme, child safeguarding policies are assessed under the quality criteria and as of 2019 will be looked at under the operational capacity). Calls for proposals therefore reference these standards.

In early 2018, the Commission proposed a **Directive on the protection of persons reporting on breaches of EU law³⁰**. The Directive would guarantee a high level of protection for whistle-blowers who report breaches of EU law by setting new EU-wide standards³¹. The new law would establish safe channels for reporting both within an organisation and to public authorities. It would also protect whistle-blowers against dismissal, demotion and other forms of retaliation and require national authorities to inform citizens and provide training for public authorities on how to deal with whistle-blowers.

4.4. Preventing and remedying discrimination on any grounds

■ Discrimination based on gender or sex

The Commission has undertaken a number of actions to prevent and combat **gender-based violence and discrimination**.

²⁸ The European Foundation for the Improvement of Living and Working Conditions

²⁹ https://ec.europa.eu/info/sites/info/files/standards_child_protection_kcsc_en_1.pdf

³⁰ COM(2018) 218 final

³¹ The proposed Directive covers the fields of public procurement; financial services, money laundering and terrorist financing; product safety; transport safety; environmental protection; nuclear safety; food and feed safety, animal health and welfare; public health; consumer protection; privacy, data protection and security of network and information systems. It also applies to breaches of EU competition rules, violations and abuse of corporate tax rules and damage to the EU's financial interests.

The 2016 EU Global Strategy for Foreign and Security Policy³², the Gender Action Plan II for the period 2016–2020³³, the Strategic Engagement for Gender Equality for the period 2016-2019³⁴ and the 2017 European Consensus for development-”Our world, our dignity, our future”³⁵ are the main cornerstones of the EU's gender mainstreaming strategy both internally and externally.

Both the Strategic Engagement for Gender Equality and the Gender Action Plan II indicate women's economic empowerment as a prerequisite for inclusive and equitable economic growth and place it at the core of EU action. Women who are economically empowered not only have greater access to income and economic assets but enjoy increased control over their own economic gains and more equitable decision making power.

Directive 2006/54/EC³⁶ lays down a general framework on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation. In December 2013, the Commission adopted a Report on the application of this Directive³⁷, focusing on assessing the application of the provisions on equal pay in practice.

An important step has been the **2017 EU Action Plan on tackling the gender pay gap**³⁸. This includes actions to be undertaken by the Commission to prevent or address pay gaps, as well as initiatives involving public authorities, the social partners and private companies. Implementation of the 24 actions is on-going and shall be completed by the end of the current Commission’s mandate.

In November 2012, the Commission issued a proposal for a **Directive on improving the gender balance among directors of companies listed on stock exchanges**³⁹. The purpose of the proposal is to increase gender balance on boards in large publicly listed companies by making the selection of candidates for board positions procedure more fair and transparent. The proposal is still under negotiation.

³² http://eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf

³³ <https://europa.eu/capacity4dev/public-gender/minisite/eu-gender-action-plan-2016-2020>

³⁴ https://ec.europa.eu/info/policies/justice-and-fundamental-rights/gender-equality/gender-equality-strategy_en

³⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C:2017:210:FULL&from=EN>

³⁶ Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation

³⁷ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A8-2015-0213+0+DOC+XML+V0//EN>

³⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017DC0678>

³⁹ Proposal for a Directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures - COM(2012)0614 final

Other actions

Moreover, the Commission has developed, in line with the Strategic Engagement for Gender Equality 2016-20, a policy to increase **gender balance in the transport sector**. This took place with the launch of the *Women in transport-EU Platform for Change*⁴⁰ where its members (main employers' and workers' organisations in the transport sector, Member States' representatives, the European Union Agency for Railways and the Shift2Rail Joint Undertaking) share good practices on how to increase women's employment and equal opportunities in the transport sector. They are also encouraged to take concrete actions to meet this objective ranging from developing a gender equality plan, setting targets for the employment of women, implementing a "zero tolerance to violence" policy, to drafting gender-neutral vacancies or improving sanitary facilities. To inspire stakeholders, a list of measures that companies can take to increase their gender balance with an indication of their cost was published on the Europa Website.

The Commission implements a wide range of actions in the area of gender equality in the workplace including awareness raising, good practice exchanges and financial support to Member States and civil society through the Rights, Equality and Citizenship programme⁴¹ and other EU funds, such as the European Social Fund.

In addition, the Commission's #SayNoStopVAW⁴² campaign has raised awareness on violence against women, drawing attention to the work done by a variety of stakeholders, disseminating good practices and supporting all those who work towards combatting this problem throughout the EU. Within this campaign, EU developed materials, such as the Harassment Free Zone sign. The Commission has also supported Member States' participation in negotiations at the International Labour Organisation (ILO) on new international standards against violence and harassment in the world of work.

■ **Discrimination based on racial or ethnic origin**

The **Race Equality Directive**⁴³ prohibits discrimination based on racial or ethnic origin in employment, social protection (including social security and health care), education and access to goods and services.

The Commission also facilitates the exchange of information and good practice on non-racial discrimination through several networks and expert groups⁴⁴:

⁴⁰ https://ec.europa.eu/transport/themes/social/women-transport-eu-platform-change_en

⁴¹ http://ec.europa.eu/justice/grants1/programmes-2014-2020/rec/index_en.htm

⁴² <https://ec.europa.eu/justice/saynostopvaw/>

⁴³ Directive 2000/43/EC

⁴⁴ <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=3328>

- EU-Israel seminars on the fight against antisemitism, racism and xenophobia in the framework of the EU-Israel Action Plan;
- The EU High Level group on non-discrimination, equality and diversity.

The Single Permit Directive⁴⁵ provides a common set of rights to third-country workers legally residing in a Member State, irrespective of the purposes for which they were initially admitted to the territory of that Member State, based on equal treatment with nationals of that Member State. These equal treatment rights pertain to working conditions (including pay and dismissal as well as health and safety at the workplace), freedom of association and affiliation and membership of an organisation representing workers or employers, education and vocational training, recognition of diplomas, certificates and other professional qualifications in accordance with the relevant national procedures, branches of social security, access to goods and services, advice services afforded by employment offices and tax benefits, in so far as the worker is deemed to be resident for tax purposes in the Member State concerned.

■ **Discrimination on grounds of religion or belief, disability, age, sexual orientation or any other status**

The Directive for equal treatment in employment and occupation⁴⁶ prohibits **discrimination** on grounds of religion or belief, disability, age, or sexual orientation in employment and occupation.

Commission services monitor the implementation of this Directive and implement a wide range of activities (awareness raising, good practice exchanges, policy discussions etc.) in the framework of the EU High Level group on non-discrimination, equality and diversity⁴⁷. They provide financial support to Member States and civil society through the PROGRESS programme and the Rights, Equality and Citizenship programme for this purpose.

In December 2015, the Commission published a “**List of Actions to Advance LGBTI** (lesbian, gay, bisexual, transgender and intersex) Equality”. The Council adopted the first conclusions on LGBTI equality in June 2016 requiring the Commission to annually report on the implementation of the list of actions. These reports have so far been presented for the years 2016 and 2017. The Commission services are currently preparing one for the year 2018.

In addition, in 2013 the Council issued Guidelines to promote and protect the enjoyment of all human rights by LGBTI persons⁴⁸ when involved in external action. This priority is also

⁴⁵ Directive 2011/98/EU of the European Parliament and of the Council of 13 December 2011 on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State, OJ L 343

⁴⁶ Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation

⁴⁷ <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=3328>

⁴⁸ <https://ec.europa.eu/europeaid/sites/devco/files/137584.pdf>

recognized under the EU Action Plan on Human Rights and Democracy 2015-2019 with an objective aiming at cultivating an environment of non-discrimination.

In the framework of EU's external human rights policy, the Council issued guidelines on the promotion and protection of freedom of religion or belief⁴⁹; on violence against women and girls and combating all forms of discrimination against them⁵⁰, and on children and armed conflict⁵¹.

Given that persons affected by **caste-based discrimination** (discrimination based on work and descent) are disproportionately affected by bonded labour, an increasing attention has been given to fight caste-based discrimination, including by the calls for proposals under the European Instrument for Democracy and Human rights (EIDHR)⁵².

The EU is also part of the UN Convention on the **Rights of Persons with Disabilities**. In particular Article 9 obliges States Parties to take appropriate measures to ensure to persons with disabilities access, on an equal basis with others, to the physical environment, to transportation, to information and communications, including information and communications technologies and systems, and to other facilities and services open or provided to the public, both in urban and in rural areas. Among other things, States Parties shall take appropriate measures to ensure that private entities that offer facilities and services which are open or provided to the public take into account all aspects of accessibility for persons with disabilities.

4.5. Data protection

The right to privacy and the protection of data is a fundamental aspect of modern society. In 2016 the EU adopted a new General Data Protection Regulation ('GDPR')⁵³, which regulates the processing by an individual, a company or an organisation of personal data relating to individuals in the EU. It increases the transparency on the use of data by the company or public authority.

⁴⁹ <https://eeas.europa.eu/sites/eeas/files/137585.pdf>

⁵⁰ https://eeas.europa.eu/sites/eeas/files/16173_en08.pdf

⁵¹ https://ec.europa.eu/europeaid/sites/devco/files/170703_eidhr_guidelines_single_09_children_armed_conflicts.pdf

⁵² https://ec.europa.eu/europeaid/devco-aap-thematic/european-instrument-democracy-and-human-rights-eidhr_en

⁵³ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), OJ L 119, 4.5.2016, p. 1

4.6. Access to remedy

The EU Non-discrimination Directives⁵⁴ provide that persons who consider themselves victims of discrimination are entitled to defend their rights by bringing their case before the competent national authorities, including courts.

The **Brussels I⁵⁵, Rome I⁵⁶ and II⁵⁷ Regulations** help victims of business-related human rights abuses to assert their rights in cross-border cases. The EU has harmonised the rules of private international law, i.e. the rules on jurisdiction of Member State courts to adjudicate private law disputes with a foreign element and the rules determining the law applicable to such disputes. These rules provide a framework for both victims domiciled within the EU and victims domiciled in third countries, suing EU-domiciled companies.

The Brussels I Regulation (recast)⁵⁸ for example makes it possible to take EU-domiciled companies⁵⁹ to European courts for damages caused and/or arising outside the EU. The Rome II Regulation establishes the applicable law for tort cases, including torts relating to human rights infringements.

At the international level, the EU is active in the ongoing negotiations within the framework of the Hague Conference on Private International Law on the Judgements Project⁶⁰. This should be finalised in mid-2019 by the adoption of the new Convention on the recognition and enforcement of judgments in civil and commercial matters.

In 2016, the Council adopted the **Directive on legal aid for suspects or accused persons in criminal proceedings and in European arrest warrant proceedings**⁶¹. It ensures financial or judicial support to suspects or accused persons who do not have the resources to cover the costs of the proceedings.

Recommendation 2013/396 requires Member States to put in place **collective redress mechanisms** on the basis of the principles set out in this Recommendation.

⁵⁴ <https://www.equalitylaw.eu/legal-developments/16-law/76-key-eu-directives-in-gender-equality-and-non-discrimination>

⁵⁵ Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters

⁵⁶ Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I), OJ L 177, 4.7.2008, p. 6 - 16

⁵⁷ Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II), OJ L 199, 31.7.2007, p. 40 - 49

⁵⁸ Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Brussels I - recast)

⁵⁹ Art. 63 of Regulation 1215/2012 defines the domicile of the company, for the purposes of the Regulation, as being at the place where the company has its seat or central administration or principal place of business.

⁶⁰ <https://www.hcch.net/en/projects/legislative-projects/judgments>

⁶¹ Directive (EU) 2016/1919 of the European Parliament and of the Council of 26 October 2016 on legal aid for suspects and accused persons in criminal proceedings and for requested persons in European arrest warrant proceedings

In addition to the past Directive 2009/52/EC which put in place minimum standards on sanctions and measures against employers of illegally staying third-country nationals, in 2012 the EU adopted a new Directive establishing minimum standards on the rights, support and protection of victims of crime⁶², covers the standing of victims in criminal proceedings.

The EU is continuing to monitor the application of the Directive on certain aspects of **mediation in civil and commercial matters**⁶³ of the Directive to improve access to justice in cross-border disputes by establishing **minimum common rules relating to legal aid for such disputes**⁶⁴.

Specific measures in the context of online platforms were designed in the Regulation on promoting fairness and transparency for business users of online intermediation services⁶⁵ setting up requirements for information to business users and redress through internal mechanisms of online platforms, mediation agreements, and judicial proceedings by representative organisations.

4.7. Actions to monitor and support these rights

The European **e-Justice Portal** is a one-stop shop in justice matters available in 23 languages. The Portal aims at interconnecting existing national justice applications, facilitating judicial cooperation, as well as providing information to a wide variety of stakeholders.

The Portal provides an interactive tool facilitating access to justice by determining the competent body in case of fundamental rights violations⁶⁶ and contains an extensive section on relevant national case law pertaining to the freedom of movement and other EU citizens' rights⁶⁷.

In October 2018, Commission services launched a revamped section on fundamental rights on the new version of the Portal, including valuable information and an additional interactive tool aiming to assist citizens in protecting their rights. The Commission's work was based on a close cooperation with the FRA.

In addition, a number of actions⁶⁸ were taken under the 2007-13 **Fundamental Rights and Citizenship programme and Civil Justice programme** to promote judicial cooperation

⁶² Directive 2012/29/EU

⁶³ Directive 2008/52/EC, OJ L136, 24.5.2008, p. 3

⁶⁴ Directive 2002/8/EC, OJ L26, 31.01.2003, p. 41

⁶⁵ Commission's proposal available at <https://ec.europa.eu/digital-single-market/en/news/regulation-promoting-fairness-and-transparency-business-users-online-intermediation-services>

⁶⁶ https://e-justice.europa.eu/content_where_to_turn_for_help-459-en.do

⁶⁷ https://beta.e-justice.europa.eu/579/EN/freedom_of_movement_and_other_union_citizens_rights

⁶⁸ The actions financed cover a large range of subjects, including:

- Awareness raising and information campaigns on data protection, rights of the child, racism and xenophobia
- Creation and maintenance of websites: rights of the child, consular protection

(particularly on certain aspects of mediation) in civil and commercial matters in the EU, as well as at training EU legal practitioners on the operation of mediation in civil matters and on mediation techniques, especially for cross-border cases. Additional support for legal practitioners' training (in the field of gender equality, anti-discrimination and on the UN Convention on the Rights of Persons with Disabilities), exchanges of best practices was provided through the PROGRESS programme 2007-2013. Much of this work has been continued and developed under the 2014-20 Justice and Rights, Equality and Citizenship Programme, including projects aiming at promotion, respect and protection of fundamental rights, including training and networking activities.

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- Comparative study on Member States' legislation and practices in the area of diplomatic and consular protection;
 - Study on national legislation on combating racism and xenophobia
 - 3 Eurobarometers (data controllers and citizens; awareness of EU citizenship; memory of the crimes committed by totalitarian regimes)

5. Ensuring appropriate due diligence including on respect of human rights along the supply chain

Key actions

- Due diligence disclosure requirement in the Non-Financial Reporting Directive;
- Responsible sourcing of timber, minerals and diamonds;
- Sectorial due diligence measures in textile, garment and leather supply chains.

5.1. Due diligence disclosure requirement in the Non-Financial Reporting Directive

The Non-Financial Reporting Directive⁶⁹ requires about 6,000 of the largest EU companies to disclose, amongst other things, the due diligence process that they implement with regard to environmental and social issues, human rights, and bribery and corruption. Companies covered had to report for the first time in 2018. (For more details see Section 6).

Study on due diligence

In addition, in line with the announcement in the Action Plan on Financing Sustainable Growth (see Section 6.5 below) of March 2018, Commission services have launched an external study aimed at assessing the possible need to require corporate boards to develop and disclose a sustainability strategy, including due diligence throughout the supply chain, and measurable sustainability targets. The study will analyse how companies define and implement due diligence processes to prevent, mitigate and account for abuses of human rights, including the rights of the child and fundamental freedoms, serious bodily injury or health risks, environmental damage, including with respect to climate.

5.2. Engagement with international organisations work on due diligence

The Commission is represented at the **OECD** Investment Committee, which oversees the implementation of the OECD Guidelines for Multinational Enterprises⁷⁰ and under which a Working Party on Responsible Business Conduct has been established. The OECD Guidelines for Multinational Enterprises are a comprehensive set of recommendations on responsible business conduct agreed by governments, industry and civil society including trade unions.

⁶⁹ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups Text with EEA relevance; OJ L 330, 15.11.2014, p. 1–9

⁷⁰ <http://www.oecd.org/daf/inv/mne/48004323.pdf>

Within this framework, the Commission is actively involved in and is supporting the OECD's horizontal and sector-specific work, in particular on the financial sector due diligence; on responsible supply chains in agriculture, minerals and garment and stakeholder engagement in the extractive sector. Major developments include:

- The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals⁷¹ from Conflict-Affected and High-Risk Areas lastly updated in April 2016;
- The OECD paper on Responsible Business Conduct for Institutional Investors⁷² in February 2017;
- The OECD-FAO Guidance for Responsible Agricultural Supply Chains⁷³ released in March 2016 with a pilot implementation programme launched in early 2018;
- The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector⁷⁴ in February 2017. Key activities to support the awareness raising and capacity building of industry and stakeholders are ongoing;
- The May 2018 OECD Recommendation on the OECD General Due Diligence Guidance for Responsible Business conduct⁷⁵ applicable to all sectors.

Co-operation with the OECD is also ongoing with relation to the SME due diligence supply system under the various sectorial streams of work. For example, on conflict minerals, the OECD is currently providing technical input for the drafting of a guiding document to help European SMEs understand how they are expected to carry out due diligence in their supply chains and comply with the provision of the Regulation.

Co-operation and support on due diligence also takes place with the **UN** including the UN Working Group on Business and Human Rights and the **ILO** as part of the Commission's broader engagement with these organisations on the implementation of the UNGPs as well as the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policies⁷⁶ (see Section 8).

⁷¹ <http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

⁷² <http://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf>

⁷³ <http://mneguidelines.oecd.org/OECD-FAO-Guidance.pdf>

⁷⁴ <https://www.oecd-ilibrary.org/docserver/9789264290587-en.pdf?expires=1551264623&id=id&accname=oid031827&checksum=B51F3859F69B87FA4F394EDE20CF C7FD>

⁷⁵ <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

⁷⁶ https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf

5.3. EU Timber Regulation⁷⁷

This Regulation prohibits the sale of illegally harvested timber and derived products in the EU and requires that operators undertake a risk management exercise/due diligence for this purpose. The three key elements of the "due diligence system" are:

- Information: The operator must have access to information describing the timber and timber products, country of harvest, species, quantity, details of the supplier and information on compliance with national legislation.
- Risk assessment: The operator should assess the risk of illegal timber in his supply chain, based on the information identified above and taking into account criteria set out in the Regulation.
- Risk mitigation: When the assessment shows that there is a risk of illegal timber in the supply chain, that risk can be mitigated by requiring additional information and verification from the supplier.

For further information on the subject, see Section 7.3.

5.4. Responsible sourcing of minerals originating in conflict-affected and high-risk areas

The EU is the global leader in responsible sourcing of metals and minerals from conflict-affected and high-risk areas (sometimes referred to as "conflict minerals"). As mentioned above, it is actively supporting the OECD's work on due diligence in this field. The EEAS chairs the work of the OECD's Multi-Stakeholder Steering Group which guides the work of the OECD and the annual forum on "conflict minerals".

Conflict Minerals Regulation

In 2017 the EU adopted the "Conflict Minerals Regulation"⁷⁸ which was based on the 2014 strategy on responsible sourcing of metals and minerals (adopted jointly by the Commission and the EEAS). This Regulation sets out requirements (applicable as of 1 January 2021) for importers of tin, tantalum, tungsten and gold from conflict-affected and high risk area, to undertake supply chain due diligence to identify and mitigate risks associated with conflict-affected and high-risk areas. The Regulation is consistent with the five-step approach set out in the OECD Guidance.

Commission services are now bringing forward the necessary measures to prepare for the proper implementation of the Regulation. In August 2018, for example, the Commission adopted non-binding guidelines to i) EU importers on how to identify conflict-affected and

⁷⁷ Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market

⁷⁸ Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas

high-risk areas⁷⁹, and to ii) the competent authorities of the Member States on how to carry out ex post checks on importers⁸⁰. The Commission also adopted in January 2019 a delegated regulation on the recognition of supply chain due diligence schemes⁸¹ and has initiated the process to select external expertise that will provide an indicative non-exhaustive list of conflict-affected and high-risk areas. Forthcoming implementation measures include a list of global responsible smelters and refiners.

Accompanying Measures to support the Conflict Minerals Regulation

Commission services are also developing a series of so-called **accompanying measures** to support it. The Commission is providing financial support to OECD for their work on Due Diligence for responsible sourcing of minerals from the Instrument contributing to Stability and Peace (IcSP), worth a total of €4 million for the period 2014-2019, which makes the EU by far the OECD's largest funder in this regard.

It is also providing support to the ICGLR⁸² Regional Initiative against the illegal exploitation of Natural Resources (RINR). This comprises €3 million from the IcSP's total budget of €4 million and through the European Development Fund (EDF) under the Annual Action Programme (AAP) 2017 for an indicative amount of €3.6 million.

Under the IcSP the Commission has financed in 2018 two projects in Côte d'Ivoire and Burkina Faso (globally €2.5 million) with the objective of bringing legal, conflict-free, and traceable gold from artisanal mines to the international market, thereby contributing to peace-building and stabilization efforts as well economic development and poverty alleviation.

In addition, the Commission is fostering cooperation between producer and consumer countries and stakeholders on responsible sourcing of minerals through the European Partnership on Responsible Minerals (with a total EU support of €5.395 million to date). The programme, approved in December 2017, is carried out in close partnership with the public sectors entities, private sector operators along the supply chain and civil society to promote responsible mining practices. The programme is funded by the Development Cooperation Instrument (DCI)⁸³ under the Global Public Goods and Challenges (GPGC) thematic programme.

⁷⁹ Commission Recommendation (EU) 2018/1149

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32018H1149>

⁸⁰ <https://www.regulationtomorrow.com/eu/the-european-commission-has-published-a-recommendation-in-relation-to-compliance-with-the-guidelines-to-the-conflict-minerals-regulation/>

⁸¹ Supplementing Regulation (EU)2017/821 of the European Parliament and of the Council as regards the methodology and criteria for the assessment and recognition of supply chain due diligence schemes concerning tin, tantalum, tungsten and gold

⁸² International Conference on the Great Lakes Region

⁸³ https://ec.europa.eu/europeaid/funding/funding-instruments-programming/funding-instruments/development-cooperation-instrument-dci_en

The Commission is also taking measures to support SMEs in their efforts to implement policies for responsible sourcing of minerals. In January 2018 Commission services finalised a study on the Support System for SME Supply Chain Due Diligence. Based on this the Commission, in close cooperation with key stakeholders, will deliver an online SMEs Due Diligence Support System by the end of 2019. This will be available to SMEs in the EU that want to develop and implement due diligence of mineral supply chains, irrespectively whether they have obligations under the Regulation. Particular attention will be paid to the competitiveness aspects of SMEs applying due diligence. Of particular relevance to SMEs will also be the translation of the OECD Guidance that Commission services will provide already in the course of the spring 2019.

In parallel, Commission services will in 2019 put online a transparency platform to give in particular downstream companies with conflict minerals in the supply chain the opportunity to share information on their due diligence practices on a voluntary basis.

5.5. The Kimberley Process – conflict-free diamonds

In December 2000, the UN General Assembly adopted a landmark resolution supporting the creation of an international certification scheme for rough diamonds. By November 2002, negotiations between governments, the international diamond industry and civil society organisations resulted in the creation of the Kimberley Process Certification Scheme (KPCS).

The KPCS imposes extensive requirements on its members to enable them to certify shipments of rough diamonds as 'conflict-free' and prevent conflict diamonds from entering the legitimate trade⁸⁴. Under the terms of the KPCS, participating states must meet 'minimum requirements' and must put in place national legislation and institutions; export, import and internal controls; and also commit to transparency and the exchange of statistical data. Participants can only legally trade with other participants who have also met the minimum requirements of the scheme, and international shipments of rough diamonds must be accompanied by a KP certificate guaranteeing that they are conflict-free.

Through the Foreign Policy Instrument (FPI), the Commission represents the EU in the Kimberley Process, and is advised by the EU KP Committee. The Commission also coordinates and monitors the implementation of KP rules within the EU.

In 2018 the EU chaired the Kimberley Process. In this capacity, the EU made progress on all of its priorities in supporting the honest diamond trade, by reinforcing the tripartite structure of governments, industry and civil society; strengthening the Kimberley Process's implementation and effectiveness; and by focusing on the prosperity of mining communities.

⁸⁴ Within the EU, Council Regulation (EC) No 2368/2002, as amended, sets out the criteria for importing or exporting rough diamonds in order to ensure adherence to the requirements of the Kimberley Process.

5.6. Sectorial due diligence in garment, textile and leather industry

Development support to Responsible Value Chains in the Garment Sector

The Commission Staff Working Document "Sustainable garment value chains through EU development action" was released on 26 April 2017⁸⁵.

The main objective of sustainable garment value chains is to foster improvements in the medium- to long-term in terms of environmental impacts and working conditions in producing countries. This includes development support, i.e. stepping up funding and engaging jointly to address this issue (e.g. with Member States and the private sector in designing, conceptualising and implementing projects); promoting best practices on social and environmental standards, including fostering collaboration between Member States, existing private initiatives, business, civil society and stakeholders from producing countries; and reaching out to consumers to increase awareness on supply chain issues. The Staff Working Document has three thematic priorities, including transparency and traceability in the garment value chains.

In December 2017 the Commission launched a call for proposals on Increasing Knowledge, Awareness, Transparency and Traceability for Responsible Value Chains in the Cotton and Garment Sectors⁸⁶. Five projects were selected at the end of 2018 for the total envelope of €5.5 million funded under the DCI programme GPGC. The objective of this call for proposals is to improve working conditions, promote labour and environmental standards and reduce labour rights abuses in the cotton and garment sector value chains by:

- improving knowledge, awareness and advocacy on social and environmental conditions to promote responsible production and consumption;
- enhancing and up-scaling voluntary transparency and traceability schemes through existing multi-stakeholder initiatives to support sustainable and responsible production.

An additional DCI funding of €19.265 million was adopted in December 2018 aiming at Enhancing decent work, transparency and traceability for sustainable garment value chains (see Point 9.13 for more detailed information).

CSR Risk Assessment Tool

The social partners EURATEX and industriAll, supported by the Commission under the social dialogue budget line, have developed a CSR Risk Assessment Tool for textile and garment industry. The finalised version of the tool was presented to stakeholders in a final

⁸⁵ SWD (2017) 147

⁸⁶ EuropeAid/157515/DH/ACT/Multi - <https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome&PubliList=15&orderby=upd&orderbyad=Desc&searchtype=RS&aof=157515>

conference in 2017, and is available to companies on this [website](#). An ongoing follow-up project focuses on training for the tool.

Supply chain traceability in leather supply chains to support due diligence

The social partners COTANCE and IndustriAll, supported by the Commission under the social dialogue budget line, have been developing a project to improve tannery workplace conditions in Europe's leather supply chains and contribute to a more realistic public perception of working conditions in tanneries in Europe and abroad.

Within the framework of this initiative, a conference "Due Diligence for healthy workplaces in the tanning industry" took place on 9 October 2018. The final report was published in June 2018.

6. Increasing transparency and promoting sustainable finance

Key Actions

- Measures to improve tax transparency;
- Country-by-country reporting;
- Directive on disclosure of non-financial information;
- Revised Shareholder Rights Directive;
- Sustainable Finance Action Plan.

6.1. Tax transparency

The EU tax transparency framework has been substantially reinforced in the past few years as part of the fight against tax evasion and avoidance.

The 2015 **Communication on Tax Transparency**⁸⁷ to Fight Tax Evasion and Avoidance states that *"There must also be a stronger onus on companies to engage in tax practices that are transparent and fair."* The package set out a series of measures to increase transparency in corporate taxation. These included a proposal for the exchange of information between Member States on tax rulings and advanced pricing agreements to ensure that preferential tax treatment is not given to certain companies over others. On 8 December 2015 Member States adopted this proposal with the Directive⁸⁸ on automatic exchange of tax rulings and advance pricing agreements entering into force in 2017.

In June 2015, the Commission presented an **Action Plan for Fair and Efficient Corporate Taxation**⁸⁹ in the EU. It laid the foundation for an ambitious EU agenda to tackle corporate tax avoidance and aggressive tax planning. It states that *"companies that benefit from the Single Market and generate profits there should pay tax on those profits within the EU, at the place of activity."* Following on from this Action Plan, a number of major proposals to curb corporate tax avoidance and ensure fair taxation have been adopted. These include the Anti - Tax Avoidance Directives⁹⁰ and the proposals to re-launch the Common Consolidated Corporate Tax Base (CCCTB). On 12 April 2016, the Commission adopted a proposal for a **Directive on corporate tax transparency** (public country-by-country reporting across all sectors-see below). It imposes on EU and non-EU multinational groups the publication of a

⁸⁷ COM (2015) 136

⁸⁸ Directive 2015/2376/EU on automatic exchange of tax rulings and advance pricing agreements

⁸⁹ http://ec.europa.eu/taxation_customs/business/company-tax/action-plan-corporate-taxation_en

⁹⁰ Directive (EU) 2016/1164 laying down rules against tax avoidance practices that directly affect the functioning of the internal market

yearly report on the profit and tax paid and other information. This report will enable citizens to assess the tax strategies and the contribution to welfare by multinationals.

On 25 May 2018, Member States adopted a Directive⁹¹ on **new transparency rules for intermediaries relating to cross-border arrangements**. Intermediaries include tax advisors, accountants and lawyers. The Directive, which becomes applicable as from July 2020, requires tax intermediaries who provide their clients with schemes that could help avoid tax to report these structures to their tax authorities. Member States will then exchange this information with each other.

The Commission also hosts the **Platform on Tax Good Governance**, established in 2012. This brings together businesses, NGOs and Member States to discuss key issues related to corporate taxation. A key focus of the Platform is on measures to prevent corporate tax avoidance and ensure that all businesses pay a fair share of tax where they make their profits, in the EU and beyond.

6.2. Country-by-country reporting

Linked to this, in May 2016, Member States adopted a Directive⁹² which requires multinationals to report key tax-related information to Member State authorities, on a country-by-country basis.

Since July 2018, Member States have been automatically exchanging these reports with other Member States in which one or more Constituent Entities (i.e. companies) of the multinational group are either resident for tax purposes, or are subject to tax with respect to the business carried out through a permanent establishment there. The purpose is to allow national tax authorities a clearer overview of the tax practices of companies that operate in their territories and to better target their audits against tax avoidance.

In the same vein, the EU has adopted a Directive on **Country-by-country reporting**⁹³. It entered into force in July 2013 and aims to enhance transparency in the oil, gas, mining and forestry sectors. It requires companies in these sectors to report payments of more than €100,000 made to governments of the countries in which they operate, including taxes levied on their income, production or profits, royalties, and licence fees. This enhances government accountability and facilitates the adoption of the Extractive Industry Transparency Initiative by countries⁹⁴.

⁹¹ Directive 2018/822/EU on automatic exchange of cross-border arrangements

⁹² Directive 2016/881/EU on automatic exchange of country by country reports

⁹³ Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings

⁹⁴ <https://eiti.org/supporter/european-commission>

At the same time, the **Fourth Capital Requirements Directive**⁹⁵ entered into force, aiming to enhance transparency in the banking sector as regards taxes paid in the countries where banks operate.

6.3. Directive on disclosure of non-financial information

The Directive on disclosure of non-financial information⁹⁶ requires large companies as well as other public-interest entities with more than 500 employees listed on EU markets and operating in the banking or insurance sectors to disclose certain non-financial information. Specifically, the Directive requires companies to disclose their business model, policies (including due diligence processes), outcomes, principal risks and risk management, and Key Performance Indicators (KPIs) relevant to the particular business, in four areas: environment, social and employee matters, respect for human rights, and anti-corruption and bribery. Companies had to report according to the provisions of the Directive for the first time in 2018, covering financial year 2017.

In mid-2019 a first review of the Directive will be published, as part of a broader Fitness Check exercise on the overall EU framework for company reporting. For that purpose a public consultation took place in mid-2018.

The Commission published supplementary **Non-Binding Guidelines for reporting non-financial information** in July 2017, as mandated in the Directive. These should help companies implement the Directive. The Commission will update these guidelines by mid-2019, with regard to the disclosure of climate-related information to integrate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the G20's Financial Stability Board.

A **European Corporate Reporting Laboratory** was launched in November 2018, with the aim to identify and document innovations in reporting practices, especially non-financial reporting. The laboratory is hosted by the European Financial Reporting Advisory Group (EFRAG). Its first project will be on company reporting of climate-related information; subsequent work is envisaged in the area of environmental accounting.

6.4. Revised Shareholder Rights Directive⁹⁷

The Directive was adopted in 2017. It aims to improve the governance of EU companies listed on stock exchanges. It incentivises institutional investors and asset managers to be more long-term oriented, responsible shareowners and engage with investee companies. It requires these investors to disclose on a "comply or explain" basis their engagement policy and how

⁹⁵ Directive 2013/36/EU

⁹⁶ Directive 2014/95/EU

⁹⁷ Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (Text with EEA relevance)

they monitor the non-financial performance of their investee companies, environmental and social impact. It also requires disclosure by certain institutional investors about how their equity investment strategy and their asset management mandates are aligned with their long-term liabilities. It requires disclosure about how board remuneration policies are linked to the long-term sustainability of companies.

6.5. Sustainable finance

Sustainable Finance aims to align private capital with the long term needs of our society such as the transition to a low-carbon and circular economy. In March 2018, the Commission adopted the **Action Plan on Financing Sustainable Growth**⁹⁸ considering the recommendations provided by the High Level Expert Group on Sustainable Finance⁹⁹. It aims to provide investors with more tools and the right framework to integrate sustainability considerations in their investment decisions and identify sustainable investment opportunities.

The Action Plan has three main objectives: (1) reorient capital flows towards sustainable investment, in order to achieve sustainable and inclusive growth; (2) manage financial risks stemming from climate change, environmental degradation and social issues; and (3) foster transparency and long-termism in financial and economic activity.

In May 2018, the Commission presented a package of regulatory measures as a follow-up to this action plan. The package includes 3 proposals aimed at i) establishing a unified EU classification system of sustainable economic activities ('taxonomy'); ii) improving disclosure requirements on how institutional investors integrate environmental, social and governance (ESG) factors in their risk processes; iii) creating two new categories of benchmarks which will help investors compare the carbon footprint of their investments.

Corporate governance actions:

Commission services announced in the Action Plan that it would carry out analytical and consultative work (by Q2 2019) with relevant stakeholders to assess: (i) (as noted above) the possible need to require corporate boards to develop and disclose a sustainability strategy, including appropriate due diligence throughout the supply chain, and measurable sustainability targets; and (ii) the possible need to clarify the rules according to which directors are expected to act in the company's long-term interest. The Commission has also asked the European Supervisory Authorities (ESAs) to collect evidence of undue short-term pressure from the financial sector on corporations and present relevant advice to the Commission by Q4 2019.

⁹⁸ COM(2018)97final https://ec.europa.eu/info/publications/180308-action-plan-sustainable-growth_en

⁹⁹ <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=3485>

6.6. Incorporating sustainable finance into the EU's own investments

Some of the Commission proposals for the next EU Multiannual Financial Framework put emphasis on the climate, environmental and social sustainability of investments. For instance, the Invest EU proposal introduces specific provisions as regards the investments under the Sustainable Infrastructure window (specific earmarking for climate and environment objectives and proofing and tracking of these investments).

Under the European Regional Development Fund and Cohesion Fund proposal, the policy objective of *“a greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management”* is now part of the thematic concentration; the majority (65% to 85%) of resources will be concentrated on contributing to this policy objective, together with the policy objective of *“a smarter Europe by promoting innovative and smart economic transformation”*.

The European Investment Bank has integrated the UNGPs in their standards on investments abroad, as laid out in their Environmental and Social Handbook.

7. Encouraging socially- and environmentally-friendly business practices

Key Actions

- Sustainable public procurement rules;
- The European Pillar of Social Rights;
- Promoting social entrepreneurship and social innovation;
- An EU Action Plan for the circular economy;
- Supporting the sustainability of agriculture; fisheries and aquaculture; forestry, logging and timber;
- Promoting market uptake through labelling.

7.1. Public procurement

The 2014 Public Procurement Directives¹⁰⁰ expand possibilities for EU contracting authorities to use sustainable procurement criteria in their tenders¹⁰¹.

Promotion of quality criteria, and in particular sustainability criteria, is a priority for the Commission's policy on public procurement, as highlighted in the Communication on public procurement "Making Public Procurement work in and for Europe"¹⁰² of October 2017.

The use of Green Public Procurement (GPP)/ Socially Responsible Public Procurement (SRPP) in public purchasing can create additional market opportunities for sustainable products, promote supply chain due diligence and encourage the market to shift towards more environmentally friendly and socially responsible solutions. To support the use of these criteria, the Commission has taken a number of actions. EU guidance exists in the field of GPP and SRPP. (The latter will be updated in 2019 to reflect the 2014 Directives).

Furthermore, the Commission has produced GPP criteria in over 20 sectors, which are periodically updated through scientific research and a consultation process. The Commission is also engaged in awareness-raising actions on the importance of sustainable procurement and in the dissemination of good practices to inspire procurement initiatives at national level.

¹⁰⁰ Directive 2014/24/EU on public procurement;

Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors;

Directive 2014/23/EU on the award of concession contracts.

¹⁰¹ Although the deadline for transposition expired in April 2016, so far 26 EU Member States have transposed them entirely, and all 28 partially. The Commission has taken enforcement actions to ensure that all Member States proceed to full transposition as soon as possible.

¹⁰² COM(2017) 572 final

7.2. Encouraging socially-friendly business practices

■ The European Pillar of Social Rights

In 2017, the Leaders of the EU institutions proclaimed the European Pillar of Social Rights¹⁰³ setting out 20 key principles and rights to support fair and well-functioning labour markets and welfare systems. These principles and rights are structured around three categories: equal opportunities and access to the labour market, fair working conditions and social protection and inclusion.

It provides a compass for EU and Member States' social and economic governance with the objective to improve upward convergence in the EU. It also gives guidance for EU employers and workers and their representatives for addressing challenges and opportunities on the EU labour market and on social policy, as the Pillar insists on the shared responsibility between EU and Member State level as well as the role of the social partners in acting upon the Pillar's principles and rights.

■ Promoting dialogue between partners

The EU has 43 **Sectoral Social Dialogue Committees** (SSDCs) covering a wide variety of sectors. Several of them have produced joint opinions, declarations, guidelines and follow-up reports in the field of CSR. These are stored as reference documents in the social dialogue texts database on Europa webpage¹⁰⁴.

More specifically, social partners in the contract catering sector have signed an agreement on the matter (October 2014) and are following up with specific actions. Social partners in the sugar sector have a CSR Code of Conduct of the European Sugar Industry and they regularly produce implementation reports. The EU social partners of the banking sector, as a follow-up to their updated joint statement on CSR, organised a dedicated workshop on company practices in November 2016.

The Commission also promotes **transnational company agreements** which are concluded by one or more representatives of a company or a group of companies on the one hand, and one or more workers' organisations on the other. They cover working and employment conditions and/or relations between employers and workers or their representatives. Half of these agreements deal with CSR and fundamental rights. Support is provided by exchanges of experience, financial support, monitoring and studies. A searchable database of those agreements¹⁰⁵ was set up for this purpose and was updated in 2018.

¹⁰³ https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en

¹⁰⁴ <http://ec.europa.eu/social/main.jsp?catId=521&langId=en&day=&month=&year=§orCode=&themeCode=DOMS23&typeCode=&recipientCode=&keyword=&mode=searchSubmit>

¹⁰⁵ <http://ec.europa.eu/social/main.jsp?catId=978&langId=en>

In addition, in December 2017, the Commission signed a European Partnership on Integration of third-country nationals with EU Economic and Social Partners Organisations. The objective of the partnership is to establish a cooperation and support between the Commission Economic and Social Partners Organisations for the integration in the labour market of third-country nationals in Member States. The implementation of the partnership has already produced results in 2018 and will continue to be implemented in 2019.

■ **Public employment services (PES) support**

In March 2014 under the network of EU Public Employment Services a ‘**PES-to-PES Dialogue Conference- Targeted services for employers**’ formed part of activities to examine how PES organize and deploy services to employers. One of the key discussion points was what role company agreements including CSR projects play in PES relationships with employers. A range of practical approaches for PES support to employers' CSR endeavours had been demonstrated. For instance, it identified the need for practical toolkits and tailored resources for employers, for detailed explanation of the targeted use of financial incentives to raise awareness of the benefits of CSR for them. It also recommended that PES collaborate with non-governmental organisations, social partners and intermediaries in order to raise their profile in this area.

■ **Addressing youth unemployment**

CSR Europe with Commission support initiated in November 2015 the **European Pact for Youth** to boost the number and quality of business-education partnerships for youth employability and inclusion, to reduce the skills gap and contribute to relevant EU and national policies. It ended in November 2017 with a showcasing Business-Education Summit and resulted in creating 24,000 business-education partnerships and 162,000 new apprenticeships/traineeships/entry-level jobs. Solvay, Google, Samsung and the Titan Group were among the enterprises that pledged significant action.

To strengthen the quality, supply, image and mobility of apprenticeships in Europe the **European Alliance for Apprenticeships** (EAfA) was created. It has facilitated networking, cooperation and sharing of good practices. EAfA platform has since its launch in July 2013 mobilised 36 EU, EFTA and candidate countries as well as a large number of key stakeholders (e.g. businesses, social partners, chambers of commerce, industry and crafts, VET providers, regions, youth and parents organisations etc.) including CSR Europe. 282 apprenticeships pledges have been made by the different stakeholders. Cedefop and the European Training Foundation (ETF) have provided strategic expert support.

■ Promoting social entrepreneurship and social innovation

The Commission is supporting the development of social enterprises that focus on achieving wider social, environmental or community objectives and prioritise their social impact over profit. They are managed in an open and responsible manner, and involve employees, consumers and stakeholders affected by their commercial activities.

The current initiatives of the Commission to stimulate the development of social entrepreneurship and social innovation find their origin in **the Social Business Initiative (SBI)** of 2011¹⁰⁶, as well as the recommendations of an Expert Group on social entrepreneurship (“GECES”)¹⁰⁷ and the Communication “Europe’s next leaders: the Start-up and Scale-up Initiative”¹⁰⁸, both adopted at the end of 2016.

The Commission has improved social enterprises’ access to funding and markets. For example, the European social entrepreneurship fund (EuSEF)¹⁰⁹ label was introduced in 2013 to identify funds focusing on European social businesses, and make it easier for them to attract private investments. In addition, in 2014, the Commission launched the EU Programme for Employment and Social Innovation (EaSI)¹¹⁰ - to promote a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty and improving working conditions. Social enterprises also became an investment priority of the European Regional Development Fund¹¹¹ and European Social Fund¹¹² and thematic focus of the 7th framework programme and Horizon 2020¹¹³.

Finally, the Commission has been promoting the concept of social innovation since 2010 and is running several projects to support its development, as well as the uptake of new technologies by social enterprises. For example, in the context of the European Social Innovation Competition, the best new initiatives aiming to address specific societal needs in a sustainable and impactful way receive support ranging from mentoring and coaching to prize money. Another example is the Horizon Prize in Social Innovation to improve the mobility of older people. In addition, the Commission supports the Social Challenges Innovation Platform launched in 2017, a digital market place for social innovation, where

¹⁰⁶ COM(2011) 0682 final

¹⁰⁷ https://ec.europa.eu/growth/sectors/social-economy/enterprises/expert-groups_en

¹⁰⁸ COM(2016) 733 final

¹⁰⁹ Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds

¹¹⁰ <https://ec.europa.eu/social/main.jsp?catId=1081>

¹¹¹ https://www.welcomeurope.com/european-funds/erdf-1-european-regional-development-fund-815+715.html#tab=onglet_details

¹¹² <http://ec.europa.eu/esf/home.jsp>

¹¹³ <https://www.welcomeurope.com/horizon2020.html>

local authorities looking to solve a specific societal challenge can meet with entrepreneurs who propose innovative solutions.

■ **Minimising negative social impact of restructuring**

A number of directives^{114,115} lay down minimum requirements for the protection of workers, including on information and consultation in particular on mitigating the consequences of collective redundancies.

At the end of 2013, the Commission published the EU Quality Framework for anticipation of Change and Restructuring (QFR)¹¹⁶. It offers guidance to companies, workers, trade unions, employers' organisations and public administrations in order to facilitate the process of restructuring for businesses and workers via better anticipation and investment in human capital, while minimising the social impact. In November 2018, the Commission's services published a Stocktaking Report¹¹⁷ on the Application of the QFR.

Although mainly addressing the employment and social dimensions of the anticipation of structural change, the Quality Framework also aims to contribute to companies' long-term competitiveness. It also considers the broader industrial and social impact of restructuring on cities and regions affected.

7.3. Encouraging environmentally-friendly business practices

■ **An EU Action Plan for the circular economy**

The 2015 Communication 'Closing the loop - **An EU action plan for the Circular Economy**'¹¹⁸ aims at fostering green growth, creating local jobs and strengthening social cohesion and integration.

The Commission will actively engage stakeholders in the implementation of this action plan, in particular through existing sectorial platforms.

■ **EU Plastics Strategy**

In January 2018, the Commission adopted the first European Strategy for Plastics in a Circular Economy¹¹⁹. The strategy is part of Europe's transition towards a circular economy

¹¹⁴ Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community, OJ L 80, 23.3.2002

¹¹⁵ Directive 98/59/EC of the Council of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies, OJ L 225, 12.8.1998

¹¹⁶ COM/2013/0882 final

¹¹⁷ <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8153&furtherPubs=yes>

The report builds on an [independent monitoring study on the QFR](#) to assess its implementation

¹¹⁸ COM/2015/0614 final

¹¹⁹ COM/2018/028 final

and transforms the way plastic products are designed, used, produced and recycled in the EU. It supports more sustainable and safer consumption and production patterns for plastics and will protect our environment, reduce marine litter, greenhouse gas emissions and EU dependence on imported fossil fuels.

The EU strategy for plastics includes an Annex III which is about encouraging industry to take voluntary action to increase the recycling of plastics in Europe. This is called the “Pledging Campaign”. The Commission has run the campaign to mobilise industry to take up more recycled plastics into products. Pledges have been received by 30 September 2018 and were assessed in the last quarter of 2018.

■ **EU Battery Alliance**

The cooperative platform European Battery Alliance was launched in October 2017 with the objective to create a competitive, innovative and sustainable value chain in Europe for sustainable battery cells production. The outcome of this alliance is the Strategic Action Plan for Batteries¹²⁰ covering all the activities which can help Member States, regions and European industry establish competitive, innovative and sustainable battery manufacturing projects in the EU with the lowest environmental footprint possible.

These include measures on access to raw materials and in particular to secondary raw materials by recycling, research and innovation, skills, the regulatory framework that will ensure that the batteries placed on the market are not only competitive, high quality and safe but also sustainable and recyclable. For this purpose the Commission is investigating a possible Eco-design Regulation which could set the performance and sustainability criteria that batteries would have to comply with before they can be placed on the EU market.

■ **Supporting the sustainability of agriculture**

Since the 2013 Common Agricultural Policy (CAP)¹²¹ reform, in addition to fulfilling basic environmental and health rules (cross-compliance) in order to receive direct payments, farmers are required to undertake three practices which are beneficial for the environment and climate. These are crop diversification which promotes soil fertility, the establishment or maintenance of certain areas of the holding in view of promoting biodiversity, and the protection of permanent pasture which acts as a carbon sink. Farmers receive 30% of direct payments in exchange for the implementation of these practices.

The agri-environment-climate measure supports farmers who commit to apply environment and/or climate-friendly practices contributing to climate change mitigation and adaptation, protecting and improving the environment, landscape and its features, natural resources, soil

¹²⁰ COM(2018) 293 final

¹²¹ COM(2011) 625 final

and genetic diversity. The support under this measure compensates the extra costs incurred and income foregone linked to the commitments that farmers and other land managers (individual or grouped) carry out during the period of 5-7 years. The support can be granted for applying concrete prescribed management practices or for environmental and/or climate-related results expected from the beneficiary. In 2015 these voluntary practices covered 47 million hectares – the size of Germany and Bulgaria put together.

If needed, the support for agri-environment-climate measure can be combined with the support for non-productive investments having environmental and climate objectives (e.g. establishing landscape features, restoring stonewalls and terraces etc. that can be further managed in the framework of agri-environment-climate measure).

For the next long term budget (2021-2027), the Commission submitted legislative proposals¹²² to modernise and simplify the CAP while maximising its contribution to the “Juncker priorities”¹²³ and to the SDGs. To further improve the sustainable development of farming, food and rural areas, 9 specific objectives are outlined for the CAP post 2020, encompassing economic, environmental and social challenges. The Commission proposes several approaches to improve policy performance with respect to environment and climate. In particular, an enhanced conditionality linked to direct payments should encompass amended components of greening (e.g. crop rotation) as well as additional requirements stemming from EU legislation (e.g. relevant elements of the Directive on sustainable use of pesticides).

At international level, the EU provides funds under Agriculture Financing Initiative (AgriFI) (for more information, see Point 8.1).

■ **Supporting the sustainability of fisheries and aquaculture**

The overall objective of the Sustainability of the Common Fisheries Policy (CFP) is to ensure that fishing and aquaculture activities are environmentally, economically and socially sustainable. The current Common Fisheries Policy Regulation¹²⁴ adopted in 2013 includes among its objectives the contribution to a fair standard of living for those who depend on fishing activities, bearing in mind coastal fisheries and socio-economic aspects.

¹²² COM/2018/392 final;
COM/2018/393 final;
COM/2018/394 final/2

¹²³ https://ec.europa.eu/commission/priorities_en

¹²⁴ Regulation (EU) No 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations (EC) No 1954/2003 and (EC) No 1224/2009 and repealing Council Regulations (EC) No 2371/2002 and (EC) No 639/2004 and Council Decision 2004/585/EC

The European Maritime and Fisheries Fund (EMFF)¹²⁵ contributes to the achievement of these CFP objectives. For instance, it supports investments covering safety, working conditions, health and hygiene on board, and individual equipment, provided that they go beyond requirements under Union or national law. Support is available to young fishers starting up their activities and the EMFF supports investments that aim to mitigate the effects of climate change, improve energy efficiency, improve selectivity, contribute to reducing the impact of fishing on the marine environment, provide voluntary information to consumers and help to add value to products.

¹²⁵ https://ec.europa.eu/fisheries/cfp/emff_en

Aquaculture activities that respect the environment can also be supported. Commission's proposal on the new EMFF will continue to support initiatives taken by fishing companies to enhance the sustainability of the sector.

■ **Action on forestry, logging and timber**

Sustainable management of forests is one of the EU priorities for rural development. Several measures in the context of the national and/or regional rural development programmes are addressing the sustainable management of forests through support for afforestation, establishment of agroforestry systems, prevention and restoration of forests damages by fires, natural disasters, pests, disease and climate related threats, investments for improving the resilience and environmental value of the forests or investments in forest technologies. Moreover in the financial period 2014-2020, sustainable forest management has been ensured by introducing a general requirement to present a forest management plan or equivalent instrument in order to be eligible for the support under all forestry measures. This requirement is valid for holdings exceeding a size limit to be defined by the Member States, but it should cover the majority of forest holdings.

Illegal Logging – EU Timber Regulation: The 7th Environment Action Programme highlights the need to encourage companies to exercise due diligence including throughout their supply chain. As a complement to the bilateral Forest Law Enforcement Governance and Trade (FLEGT)¹²⁶ Voluntary Partnership Agreements (VPAs) negotiated with partner countries (FLEGT VPAs), the EU adopted in 2010 a Regulation with an Environment legal base that applies to timber and timber products placed on the EU market (i.e. both domestic and imported). It prohibits the sale of illegally harvested timber and derived products in the EU and requires EU "operators" to exercise due diligence as regards the legality of their sources. In February 2016, the Commission completed a review of the effectiveness of the EU Timber Regulation¹²⁷ during its first two years of implementation on the basis of Member States' reports and inputs received through the public consultation and direct contacts with a broad range of stakeholders, including private sector and civil society.

While the EU Timber Regulation concentrates on the legality of the timber sources, the FLEGT Regulation specifies conditions for the entry of timber into the EU from countries entering into bilateral FLEGT Voluntary Partnership Agreements (VPAs) with the EU.

In the context of the **FLEGT Action Plan**, the Commission and Member States are currently engaging with 15 countries in negotiating and implementing VPAs, supporting timber producing countries to establish policies and mechanisms to ensure legality of timber production and trade, or encouraging the financial sector to further develop environmental and social safeguards in forest-related operations. In the context of limiting deforestation and

¹²⁶ <http://www.euflegt.efi.int>

¹²⁷ http://ec.europa.eu/environment/forests/eutr_report.htm

forest degradation (notably as part of climate change mitigation commitments), the Commission supports improved design and implementation of land use policies, through a territorial (jurisdictional) approach or through a value chain approach aiming at zero deforestation.

■ **Encouraging Natural Capital Accounting and valuing nature by business**

The Commission set up the **EU Business and Biodiversity (B@B) Platform**¹²⁸. This peer-to-peer sharing platform is working with business to develop tools and approaches to integrate natural capital and biodiversity into business practice. The EU Business @ Biodiversity Platform provides a unique forum for dialogue and policy interface to discuss the links between business and biodiversity at EU level. The Commission *inter alia* through the EU B@B platform is linking to and supporting international networks and platforms like the Natural Capital Coalition¹²⁹ with the Natural Capital Protocol¹³⁰ or the World Business Council for Sustainable Development (WBCSD)¹³¹ to promote such standardised Natural Capital frameworks.

The **Retailers' Environmental Action Programme (REAP)**¹³² and **Retail Forum**¹³³ have been launched by Commission services and retail sector. In the context of the REAP, Retailers commit to undertake specific environmental actions in a 3 year cycle. In the last cycle (2016-2018) these actions focused on facilitating the implementation of the concept of the circular economy. REAP also includes retailers' participation to the Retail Forum. The Retail Forum is a multi-stakeholder platform set up to exchange best practices on sustainability in the European retail sector and to identify opportunities and barriers that may further or hinder the achievement of sustainable consumption and production.

The EU **Green Action Plan (GAP) 2014-2020**¹³⁴ aims to help SMEs take advantage of the opportunities offered by the transition to a green economy. It presents ways for SMEs to turn environmental challenges into business opportunities. One of the key actions of this plan was the creation of the European Resource Efficiency Knowledge Centre (EREK) which set up a database for the resource efficiency measures, technologies and good practices that can inspire SMEs as well as the Resource Efficiency Self-Assessment Tool for SMEs.

The Commission and the European Investment Bank have launched the Private Finance for Energy Efficiency (PF4EE) and the Natural Capital Financing Facility (NCCFF) instruments to

¹²⁸ http://ec.europa.eu/environment/biodiversity/business/index_en.htm

¹²⁹ <https://naturalcapitalcoalition.org/>

¹³⁰ Natural Capital Protocol - <https://naturalcapitalcoalition.org/natural-capital-protocol/>

¹³¹ <https://www.wbcsd.org/>

¹³² <http://ec.europa.eu/environment/industry/retail/reap/>

¹³³ http://ec.europa.eu/environment/industry/retail/index_en.htm

¹³⁴ COM/2014/044 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014DC0440>

offer SMEs investment opportunities in energy and resource efficiency directly or through financial intermediaries and equity funds.

■ **Promoting market uptake through labelling**

The **EU Ecolabel** is a voluntary label promoting environmental excellence. In addition to the environmental aspects, in some cases, e.g. for textiles, the criteria also includes minimum requirements on labour conditions. The Ecolabel is attractive for many operators as it can be used as a marketing tool for more sustainable products that fulfil the required criteria. It also aims to provide easy and reliable information to ease consumer choice of more sustainable products.

The **EU Organic Label** is EU-regulated and serves as a guarantee for sustainably produced products. In 2007 the Council agreed on a Council Regulation¹³⁵ setting out the principles, aims and overarching rules of organic production and defining how organic products were to be labelled. Since 1 July 2010, producers of packaged organic food have been required under EU law to use the EU organic logo. In 2018, EU Regulation 2018/848 on Organic Production and Labelling of organic products was agreed, repealing the previous rules. It will apply from 1st January 2021.

■ **Using innovative approaches to measure environmental impact**

Environmental assessment of projects, plans and programmes is a procedure that ensures that the environmental implications of decisions are taken into account before the decisions are made. Environmental assessment can be undertaken for individual private or public projects, such as a dam, motorway, airport or factory, on the basis of 'Environmental Impact Assessment' – EIA Directive¹³⁶ or for public plans or programmes on the basis of 'Strategic Environmental Assessment' – SEA Directive¹³⁷. The common principle of both Directives is to ensure that plans, programmes and projects likely to have significant effects on the environment are subject to an environmental assessment, prior to their approval or authorisation. The assessment process also identifies and assess impact to population and human health. Consultation with the public is a key feature of these procedures.

The **EU Eco-Management and Audit Scheme (EMAS)** is a management instrument developed by the Commission for companies and other organisations to evaluate, report, and improve their environmental performance. EMAS is open to every type of organisation eager to improve its environmental performance. It spans all economic and service sectors and is applicable worldwide.

¹³⁵ Council Regulation (EC) No. 834/2007

¹³⁶ Directive 2011/92/EU

¹³⁷ Directive 2001/42/EC

Environmental Footprint Methodologies (PEF and OEF) - A crucial element of CSR is that sustainability/environmental impacts and actions need to be measured and communicated in a credible and consistent way. The ongoing work on environmental footprint methodologies is designed to help companies overcoming this challenge.

The Commission has developed common methods for the calculation of the environmental performance of products and organizations and recommended their use by public authorities and the private sector. A wide uptake of these two methods would strengthen the confidence in environmental and CSR claims and in turn boost consumer demand for greener products and services. The Commission is finalising pilots of these methodologies with the aim to test and further develop their application on products and organisations in different industrial sectors.

8. Promoting RBC, CSR and the UNGPs outside the EU in multilateral fora and bilaterally

Key Actions

- **EU Action Plan on Human Rights and Democracy** and its implementation;
- Engagement in the **multilateral fora on Business & Human Rights** (UN, ILO, G7/20);
- **Regional and bilateral cooperation** (in Asia, the African Union, Latin America and the Caribbean States).

8.1. EU Action Plan on Human Rights and Democracy and its implementation

The 2015-2019 Second EU Action Plan on Human Rights and Democracy¹³⁸ provides a framework for EU human rights and democracy policies outside Europe and includes a specific chapter on business and human rights actions. The Action Plan places special emphasis on ownership by local institutions and improving policy coherence.

This Action Plan sets out a number of actions agreed by the EU and its Member States to implement the UNGPs (Action 18). In this context, the EU committed to:

- Develop capacity and knowledge on the implementation of Business and Human Rights guidelines, in particular as regards the UNGPs and other tools/ initiatives that contribute to the implementation of the UNGPs;
 - strengthen the role and expertise of EU Delegations and Member State embassies in this context; raise awareness on the UNGPs and corporate social responsibility guidelines and principles¹³⁹ in external action and policy dialogue with partner governments and regional organisations;
 - promote the adoption of National Action Plans (NAPs) by partner countries;
 - proactively engage with business, civil society, National Human Rights Institutions, on issues related to business and human rights.
- Ensure a strong focus on business and human rights in the overall EU strategy on CSR including priorities for the effective implementation of the UNGPs.

¹³⁸ https://eeas.europa.eu/sites/eeas/files/eu_action_plan_on_human_rights_and_democracy_en_2.pdf

¹³⁹ The UN Guiding Principles on Business and Human Rights; the UN Global Compact; the OECD Guidelines for Multinational Enterprises; the ISO 26000 Guidance Standard on Social Responsibility; ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy

- Develop and implement NAPs on the implementation of the UNGPs or integrate the UNGPs in national CSR Strategies; share experience and best practices in the development of NAPs.

A mid-term review was published in June 2017.

Examples of specific actions to implement the Action Plan

In 2014, the Council adopted EU Human Rights **Guidelines on Freedom of Expression Online and Offline**, with a dedicated chapter on promoting best practices by companies. *Inter alia* the EU committed to promote action at international level to develop best practices and respect for human rights with regard to the export of technologies that could be used for surveillance or censorship by authoritarian regimes.

The 2016 EEAS and Commission Joint Staff Working Document "Implementing EU External policy on **Indigenous Peoples**"¹⁴⁰ (October 2016) provides a comprehensive overview of the normative framework on the rights of indigenous peoples, including the relevance of the responsibility of transnational corporations and other business enterprises to respect the UNGPs.

Also relevant to indigenous peoples are the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forest in the Context of National Food Security (VGGT)¹⁴¹. They provide an overarching framework emphasizing the need to recognize and respect all legitimate tenure right holders (public, private, communal, indigenous, customary, and informal) and their rights, and to safeguard against tenure-related social impacts. They set out principles and standards for practices in the responsible governance of tenure of land, fisheries and forests for that purpose.

The EIDHR and the Global Public Goods and Challenges (GPGC) support a collaborative initiative of indigenous peoples' organisations and the ILO: the Indigenous Navigator. It provides a framework and a set of tools for indigenous peoples to systematically monitor the level of recognition and implementation of their rights under the UN Declaration on the Rights of Indigenous Peoples and essential aspects of the SDGs.

- The EU provides funds under the Agriculture Financing Initiative (AgriFI). It is an innovative blending facility aiming to unlock, accelerate and leverage investments with a value chain approach in developing countries, focusing on smallholder's inclusiveness

¹⁴⁰ SWD(2016) 340 final;

https://eeas.europa.eu/sites/eeas/files/swd_2016_340_fl_joint_staff_working_paper_en_v2_p1_865982.pdf

¹⁴¹ The EU supported the preparation of the VGGT and committed significant thematic funding under the Global Public Goods and Challenges (GPGC) programme of the DCI to partner countries' application of the VGGT. Moreover, the VGGT serve as the guidelines for EU-funded projects addressing land governance.

and/or agri-business medium, small and micro enterprises (MSME). As explained above, to benefit from this instrument, the farmers have to respect the VGGT and the Principles for Responsible Investment in Agriculture and Food Systems (CFS RAI).

With this instrument, farmers will increase their income and adhere to the highest environmental and social standards thus supporting sustainable supply chains that create additional employment, improve food security and enhance environmental and social practices.

- In 2018, the EU has started the work of developing human rights guidelines in the field of **water and sanitation**. The guidelines will also address issues of business and human rights in the water and sanitation sector.

European Instrument for Democracy and Human Rights (EIDHR).

In addition to the above mentioned Action Plan, the advancement of economic, social and cultural rights and the business and human rights agenda has also been at the heart of the EIDHR. This instrument has annually supported the actions of civil society organisations through global calls for proposals of an average value of €5 million. The specific themes covered have been, for example, support to the implementation of the UNGPs (2016) and combating modern forms of forced labour and supporting Human Rights Defenders in the area of land-related rights and rights of the indigenous peoples (2017). In 2018 four projects, selected under the call for proposals¹⁴², have been funded for a total of €4 million on forced labour and child labour in the agriculture sector. In 2019, a new EIDHR call for proposals will exclusively focus on Business and Human Rights, seeking new innovative ways to integrate community-based knowledge and rights-holders into business activities.

The EIDHR also provides key support to the National Human Rights Institutions (NHRIs) to strengthen their role as agents of promoting and protecting human rights at national, regional and international levels. In line with their independent mandate reflected in the UN Paris Principles, NHRIs can play an important role to record cases of corporate abuses and act as a mediation and conciliation platform.

Protecting Human Rights Defenders is one of the key priorities of the EU's external human rights policy. For example, in the Council conclusion on Water Diplomacy on 19 November 2018, the EU committed to: "*continue to support and protect environmental human rights defenders addressing environmental issues*". The EU Guidelines on Human Rights Defenders revised in 2008 and strengthened by Council Conclusions in June 2014, reinforced EU's support for human rights defenders¹⁴³, including by the appointment of human rights focal points and HRDs liaison officers in EU Delegations, as well as the publication of relevant

¹⁴² EuropeAid/155232/DH/ACT/Multi
<https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome&nbPubliList=15&orderby=upd&orderbyad=Desc&searchtype=RS&aofr=155232>

¹⁴³ https://eeas.europa.eu/sites/eeas/files/eu_guidelines_hrd_en.pdf

contact details through which they can be reached; the inclusion of HRD reporting as a component of human rights and democracy country strategies (HRDCS)¹⁴⁴; annual meetings between EU diplomats and active support for the resolutions on Human Rights Defenders at the UN General Assembly Human Rights Council.

Short, medium and long term support to HRDs, including those at risk, and their work continues to be provided under various forms. The EIDHR Emergency Fund for HRDs at risk and the EU HRDs Mechanism ProtectDefenders.eu¹⁴⁵ focus on HRDs in difficult situation and in need of assistance¹⁴⁶.

In addition, a significant number of EIDHR-funded projects concerning support to HRD stem from calls for proposals. The total amount of country-specific projects reached approximately €27 million between 2014 and 2017.

8.2. Engagement in the multilateral fora on Business & Human Rights

■ United Nations

The EU actively participated in the preparation of the 2030 Agenda for Sustainable Development including the Sustainable Development Goals (SDGs) and will follow-up on their implementation.

The EU is also supporting the OHCHR-led Accountability and Remedy Project on judicial mechanisms in cases of business-related human rights abuse, and State-based non-judicial mechanisms. In June 2018, the EU welcomed the continuation of this project with a focus on non-state-based grievance mechanisms thanks to the leadership of the core group on Business and Human Rights (Argentina, Ghana, Norway, Russian Federation).

The EU also advocates for fully using the tools developed or being developed by the UN Working Group on Business and Human Rights, including its forthcoming guidance for states and business on action to safeguard and support HRDs in line with the UNGPs. The EU has submitted several contributions to the UN Working Group, engaged in consultations and is actively participating in the Annual Forum on Business and Human Rights.

An intergovernmental working group (IGWG) was established by the Human Rights Council in 2014 through its Resolution 26/9 with the task to: *"elaborate an international legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises"*.

¹⁴⁴ A confidential document that informs EU action on human rights at local level

¹⁴⁵ <https://protectdefenders.eu/fr/index.html>

¹⁴⁶ In 2018 alone, these two HRD emergency support funds reached out to 1300 human rights defenders worldwide, many of them being under threat due to their defence against business-related violation of human rights.

The EU has stated that any legally binding instrument needs to be based on the following core principles:

- Any possible instrument needs to make sure that states involved treat all economic operators in a non-discriminatory manner. Therefore, the measures that any LBI obliges the involved States to take should apply to all companies;
- Any possible instrument must be based upon, be consistent with and have a real value added to the UNGPs.
- Any discussion must be held within a fair, impartial, transparent, inclusive, predictable and clear process.

These principles are complemented by a set of other principles for engagement including the promotion of EU standards and of a global level playing field, and that any LBI should enjoy broad support among UN member states.

Commission services are working in close cooperation with the **International Labour Organization (ILO)** on a wide range of labour issues which are partly related to CSR/RBC but also to binding international labour conventions and national labour regulations; this includes cooperation in the framework of the Bangladesh Compact and the Myanmar Labour Rights Initiative, the development of ILO methodological work on occupational health and safety in supply chains and the implementation of the ILO Action plan on decent work in global supply chain and the promotion of the Tripartite declaration of principles concerning multinational enterprises and social policy (MNE Declaration). The ILO is a key partner on many CSR/RBC-related programmes funded by the European Commission (see Sections 8.1 and 9).

As part of this process, the EU was involved in the revision of the MNE Declaration in March 2017 which addressed the growing importance of global supply chains and international investment and trade as well as new labour standards, the UNGPs and the 2030 Agenda for Sustainable Development.

Furthermore, the ILO together with the FAO is implementing the Clear Cotton¹⁴⁷ programme on combatting child labour and forced labour in the cotton, textile and garment supply chains in Burkina Faso, Mali and Pakistan funded under the EU programme Global Goods and Challenges of the DCI (see section 9.9).

¹⁴⁷https://ec.europa.eu/europeaid/news-and-events/clear-cotton-project-seeks-halt-child-labour-cotton-production-burkina-faso-mali-and_en

The ILO is also implementing the EU funded programme Ship to Shore¹⁴⁸ on combatting forced labour in Thai fishing and sea food supply chains (more details in section 9.12). The EU and ILO have also partnered with UN Women to implement the Safe and Fair¹⁴⁹ programme to realize women migrant workers' rights and opportunities in the ASEAN region as part of the EU-UN Spotlight Initiative. The EU is further contributing to ILO meetings in 2019 on cross-border social dialogue, including International Framework Agreements.

■ **Multi-stakeholder initiatives**

Beyond the UN, the EU has engaged in several initiatives geared towards implementing the UNGPs. The EU, as an international organisation, is a member of the Group of Friends of the co-Chairs of the Montreux Document Forum (Switzerland, ICRC)¹⁵⁰ (see Point 10.4 below).

In a separate area, the EEAS became member of the Mega-Sporting Event Platform(MSE Platform)¹⁵¹ bringing together a coalition of sporting bodies, business, trade unions, NGOs committed to a world of sport respecting human rights with the founding principle that the governance and delivery of sport should at all times be based on international human rights instruments, principles and standards,¹⁵². The MSE Platform led to the launch in 2018 of an independent Centre on Sport and Human Rights based in Geneva.

■ **Engagement with G7/G20**

The Commission participates to the G7 and G20. In recent meetings (e.g. 2018 G20 labour and employment ministers declaration and discussed at the Leader's Summit in 2018; 2017 G20 labour and employment ministers meeting and 2017 G20 Summit, G7 June 2015 Summit, G7 2015 Labour and Development Ministerial) issues related to decent work and environmental protection in global value chains have featured prominently and have been the subject of G7/G20 specific commitments. In 2017 Commission services signed a contract of €3 million EU contribution to the **G7 Vision Zero Fund**. This multi-donor trust fund, implemented by the ILO and so far integrating contributions from EU, Germany, France, Turkey and US, aims at supporting structural improvements in occupational health and safety in producing countries, with an initial pilot targeted at the ready made garment (RMG) sector.

¹⁴⁸ http://www.ilo.org/asia/media-centre/news/WCMS_580102/lang--en/index.htm

¹⁴⁹ https://www.ilo.org/asia/media-centre/news/WCMS_646710/lang--en/index.htm

¹⁵⁰ For further details refer to point 10.4

¹⁵¹ <https://www.ihrb.org/megasportingevents/mse-about>

¹⁵² Including those expressed in the UNGPs on Business and Human Rights, the OECD Guidelines on Multinational Enterprises, the ILO Declaration on Fundamental Principles and Rights at Work, and the ILO Tripartite Declaration on Principles Concerning Multinational Enterprises and Social Policy, as well as those that may apply to potentially vulnerable or marginalised groups.

The EU has provided €6 million from its Partnership Instrument for the **project “Promoting economic empowerment of women at work through Responsible Business Conduct – G7 countries”**. Over 3 years this project, also known as the WE EMPOWER programme, will aim to support sustainable, inclusive and equitable economic growth by promoting economic empowerment of women in public and private sector in G7 countries.

This programme is implemented in indirect management with UN Women and the ILO.

8.3. Regional and bilateral cooperation

The EU has structured human rights and political dialogues with many partner countries and regions of relevance for CSR/RBC and Business and Human Rights. They are useful platforms to address issues related to supply chains. For instance, the EU and Brazil organised a dedicated seminar on implementing the UNGPs, during which EU institutions and Member States, the Brazilian administration and the UN came together to share best practice.

The EU increasingly discusses CSR/RBC and Business and Human Rights in its engagement with third countries, in particular during the human rights dialogues with an always increasing number of countries and regional groups, including ASEAN, the African Union, Argentina, Chile, Peru, Bahrain, Brazil, Canada, China, Indonesia, Peru, UAE, Mexico, and the Republic of Korea.

■ Cooperation with countries in Asia

One region where particular progress has been made has been Asia. The **Asia Europe Meeting (ASEM) Labour and Employment Ministers' Conference** on 3 and 4 December 2015 adopted comprehensive guidance on addressing responsible supply chains covering both public and private frameworks and CSR/RBC.

In the 2017 policy dialogue with ASEAN, it was suggested that ASEAN Intergovernmental Commission on Human Rights (AICHR) and the EU could have another dialogue or a technical meeting to exchange best practices on national action plans and to look at how the experiences can be applied to their respective countries.

Examples of partnership between the EU and Asian countries on CSR/RBC include **"Responsible Supply Chains in Asia"**, a pilot project funded under the EU Partnership Instrument and developed by the EU together with the ILO and OECD. The project, which started in early 2018 is implemented over 3 years in partnership with six Asian countries, namely China, Japan, Myanmar, the Philippines, Thailand and Vietnam. The intervention promotes CSR/RBC with regard to the environment, decent work and the respect of human rights by ensuring that investors and businesses have a better understanding and practical examples of responsible behaviour. The project also aims to create policy environments conducive to promoting responsible conduct and increased opportunities for dialogue.

To promote the implementation of the UNGPs in Asia, a project has been formulated for possible adoption under the Partnership Instrument by the first half of 2019. Under the

Business and Human Rights in Asia project, the EU and the UN would partner up in six countries in Asia, namely India, Indonesia, Malaysia, Myanmar, Sri Lanka and Thailand, to promote the up-take of the UNGPs by all relevant actors (i.e. governments, national human rights institutions, civil society, the private sector, including the chambers of commerce, and trade unions) as well as concretely support their implementation through the NAPs on Business and Human Rights. The action envisages also to enhance access to remedy to ensure rights-based solutions and prevent future human rights abuses in the context of business operations.

With a view to further engage with the private sector in the elimination of gender inequality and promote women's economic empowerment in Asia, the EU and UN Women have developed a new intervention, **Promoting economic empowerment of women at work in Asia (We Empower Asia)**. Funded under the Partnership Instrument for a total of €7 million, the project will support sustainable, inclusive and equitable economic growth by promoting economic participation and empowerment of women in seven Asian countries, namely China, India, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. It will focus on the role that the private sector can play in support of women's economic empowerment in partnership with the public sector and networks of women entrepreneurs, women-owned business and associations. We Empower Asia will be implemented by UN Women from the second quarter of 2019 for three years.

At country level, the **EU-Japan Industrial Policy Dialogue** is a forum for in-depth discussion on issues of mutual interest covering competitiveness and industrial policy between Europe and Japan. A range of issues are discussed within the context of the annual working groups including, boosting competitiveness while addressing climate change issues, addressing the growing competition of third countries, improving energy efficiency and discussing policies which complement the digital transformation of industry and enterprises.

The Dialogue has several Working Groups, including a stand-alone Working Group on Corporate Social Responsibility which meets annually to discuss ways forward on responsible business conduct. The Working Group reports to the annual review of the Industrial Policy Dialogue. A one-day meeting with the Japanese Ministry of Economy, Trade and Industry (METI) is coupled with a one-day "business to business" meeting organised jointly by the Japan Business Council in Europe, the Japanese Council for Better Corporate Citizenship and CSR Europe.

The fifth annual meeting took place on 23 November 2018. It covered the issues of sustainable value chains.

The EU has also carried out a number of dedicated country-specific initiatives projects with Bangladesh, Thailand and Myanmar (see Section 9).

■ **Cooperation with countries in Latin America and the Caribbean States**

In its bi-regional partnership, the EU and the Community for Latin American and Caribbean States (CELAC) recognised CSR/RBC as a key issue. The topic was fixed within the 2013 Santiago Declaration and again renewed at the EU-CELAC Summit in June 2015 in Brussels.

The Brussels Declaration expresses support for the development of national action plans on business and human rights, along with other initiatives aiming at promoting and strengthening compliance with RBC/CSR principles and processes.

In line with Chapter 8 "Investments and entrepreneurship for sustainable development" of the EU-CELAC Action Plan, the EU promotes RBC and other policies related to advancing Business and Human Rights. The objective of this intervention is to help enhance an international level playing field for responsible business which is inclusive of decent work and alleviates risks of (EU) enterprises infringing upon human rights and environmental standards in supply chains and trade with third countries.

The EU Partnership Instrument has allocated €9.5 million for specific project to promote CSR/RBC and Business and Human Rights in selected CELAC countries (Argentina, Brazil, Costa Rica, Ecuador, Mexico, Panama and Peru, Chile and Colombia)¹⁵³. The project has started in early 2019 and has the duration of 4 years.

Another project was launched in parallel under the Partnership instrument “**Win-Win-Promoting economic empowerment of women at work through Responsible Business Conduct – Latin America and Caribbean**”¹⁵⁴ with a budget of €9 million and will last for 3 years.

It promotes the economic empowerment of women in the corporate sector in the LAC region (in particular in Argentina, Brazil, Uruguay, Chile, Costa Rica and Jamaica) and help advance the EU-CELAC bi-regional partnership, where gender equality is one of the priorities identified under the 2015 EU-CELAC Action Plan (notably Chapter 7).

■ **Cooperation with the African Union (AU)**

Business and Human Rights has been on the agenda of the past human rights dialogues. From the 12th human rights dialogue, it was agreed to organise a workshop on African Union Policy on Business and Human Rights in Addis Ababa which took place in March 2017.

The EU supports the African Union in the Development of an African Union Policy Framework on the implementation of the UNGPs in Africa. It does so via the programme supporting the implementation of the Africa-EU Partnership, known as the JAES Support Mechanism II.

The development of this Policy Framework is an outcome of the joint AU-EU seminar organised in 2014 during the first Regional African UN Forum on Business and Human

¹⁵³ https://ec.europa.eu/fpi/sites/fpi/files/ann-8-action-fiche-for-responsible-business-conduct-in-latin-america-and-caribbean_en.pdf

¹⁵⁴ https://ec.europa.eu/fpi/sites/fpi/files/ann-9-action-fiche-for-promoting-economic-empowerment-of-women-at-work-through-rbc-latin-america-and-caribbean_en.pdf

Rights. The seminar in turn was an outcome of the AU-EU Human Rights Dialogue of November 2013 organized within the framework of the Joint Africa-EU Strategy.

In October 2018 at the EU-AU human rights dialogue, both parties welcomed the efforts towards the development of an AU Policy Framework on Business and Human Rights.

The AU expressed appreciation for the EU's valuable cooperation and partnership in finalising the draft Policy through continued consultations. Both agreed to work to ensure Foreign Direct Investment in their respective countries be undertaken in full compliance with transparency and international human rights law.

9. Promoting RBC, CSR and Business and Human Rights outside the EU through trade and development policies and programmes

Key Actions

- Responsible EU trade and investment policy;
- Actions to eliminate and prevent child labour and forced labour;
- Defining role of the private sector in achieving inclusive and sustainable growth in developing countries;
- Specific programmes to promote CSR/RBC and Business and Human Rights around the world;
- Enhancing decent work, labour conditions and rights in developing countries .

9.1 Trade for All Communication

The Commission adopted in October 2015 a new trade and investment strategy entitled "Trade for All: Towards a more responsible trade and investment policy".¹⁵⁵

The 2015 Strategy makes EU trade and investment policy more responsible by basing it on three key principles: effectiveness, transparency and values – with a view to ensure that trade and investment policy benefits as many people as possible. It contains a chapter on promoting sustainable development, human rights and good governance including a dedicated section on fair and ethical trade as well as responsible management of supply chains with concrete areas for future work.

9.2 Communication on Aid for Trade

On 13 November 2017, the Commission adopted the Communication "Achieving Prosperity through Trade and Investment: Updating the Joint EU Strategy on Aid for Trade"¹⁵⁶ and on 11 December 2017, the Council adopted Council Conclusions (15573/17) on that matter. These two policy documents establish the updated EU Aid for Trade strategy of 2017, which like its predecessor from 2007 is a joint strategy of the EU and the Member States. The updated strategy seeks to operationalise principles set in the new European Consensus for Development¹⁵⁷, the Global Strategy for the EU's Foreign and Security Policy¹⁵⁸, as well as to complement the Trade for All strategy from a development cooperation perspective. It aims at a more coherent use of various policy tools at EU's disposal (ODA, EU's trade policy

¹⁵⁵ http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

¹⁵⁶ COM(2017)667

¹⁵⁷ COM(2016) 740 final

¹⁵⁸ http://europa.eu/globalstrategy/sites/globalstrategy/files/eugs_review_web.pdf

instruments (notably Free Trade Agreements, Economic Partnership Agreements, and unilateral trade preferences), the External Investment Plan and blending facilities, etc.) to increase their overall impact on growth and poverty reduction in developing countries.

The updated strategy builds in progress in social (including gender) and environmental objectives across EU interventions and includes an explicit reference to using aid for trade to promote RBC.

9.3 Negotiation and Implementation of Trade and Sustainable Development (TSD) in EU Trade Agreements

Recently concluded trade and investment agreements contain specific provisions committing the parties to promote CSR/RBC which refer to internationally agreed instruments in this area. As new negotiations are launched and in accordance with negotiating directives, Commission services have been aiming to give more prominence to such provisions. Depending on the partner country they also aim to include commitments to implement measures to promote the uptake of relevant sectorial guidelines (e.g. the OECD Due Diligence Guidance for responsible supply chains of minerals from conflict-affected and high-risk areas).

An example is the EU proposal on trade and sustainable development for modernising the trade part of the EU-Chile Association Agreement - Article 9 – Trade and Responsible Supply Chain Management¹⁵⁹.

The civil society structures set up for the implementation of the agreement are useful partners for promoting CSR/RBC including in specific sectors of relevance in the trade and/or investment relations with each partner country (e.g. textile/ agriculture).

For instance, in the context of the EU-Central America Association Agreement, the EU organised two conferences and workshops on responsible business practices in 2017 in Costa Rica and in 2018 in Guatemala. The events brought together policymakers, business, trade unions and civil society. It involved close partnerships with international organisations such as the ILO and the OECD to create awareness and promote international guidelines and best practices on CSR/RBC in the context of EU-Central America trade. The events included workshops which allowed for facilitated discussions in small groups on CSR/RBC scenarios, fostering constructive dialogue and cooperation as well as building participants' capacity on best practices.

The implementation of these provisions is further reinforced by broader capacity-building and outreach activities (more information is provided in Points 5.2, 8.2 and 8.3).

¹⁵⁹ The Article 9 requires that both parties :

- promote corporate social responsibility/responsible business conduct, including by providing a supportive policy framework and by encouraging the uptake of relevant practices by businesses; responsible management of global supply chains and accountability
- support the dissemination and use of relevant international instruments, such as the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

9.4 Initiatives to Promote Fair and Ethical Trade

Commission services are also promoting private sustainability assurance schemes through different initiatives. These include:

- providing guidance to EU public authorities on how to purchase ethical and fair products in their procurement choices;
- using the existing structure for implementation of Free Trade Agreements to promote fair trade and other sustainability assurance schemes, and including references to promoting voluntary sustainability schemes in all recently concluded EU Free Trade Agreements;
- calling for increased support to fair and ethical trade in partner countries through the updated EU ‘Aid for trade’ strategy trade schemes to small producers in third countries;
- gathering market data in relation to fair and ethical trade markets in the EU; and
- developing awareness-raising activities with local authorities in the EU, via the launch of an ‘EU City for Fair and Ethical Trade’ award. This is done in particular through developing EU Network of Fair and Ethical Cities and implementing a field level project with the winner of the award.¹⁶⁰

9.5 Commission Staff Working Document "Trade and Worst Forms of Child Labour"

The 2013 Commission Staff Working Document "**Trade and Worst Forms of Child Labour**"¹⁶¹ provides a comprehensive framework on trade and relevant EU policies and recognises the need to support CSR throughout the value chain and the private sector.

9.6 Communication "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"¹⁶²

The 2014 Communication outlines the role of the private sector at the forefront of international development in its partner countries. It proposes 12 actions in areas where the Commission believes it can add value and effectively complement actions by Member States and other development partners. These address better regulatory environments in partner countries, business development and access to finance, especially for job-creating micro, small and medium-sized businesses in the formal and informal sectors. It also encourages the private sector from partner countries, the EU and beyond, to engage in responsible investment, sustainable trade, inclusive business models and other strategies as part of its core business to enhance economic opportunities for the poor and thereby achieve development aims and contribute to responsible business conduct along the supply chain.

¹⁶⁰ The winner of the 2018 edition is city of Ghent. More information: <https://www.trade-city-award.eu/>

¹⁶¹ COM(2014)263

¹⁶² SWD(2013)0173

9.7 Specific programmes to promote CSR/RBC and Business and Human Rights around the world

Specific programmes are conducted in a number of countries and regions, such as Asia or Southern Mediterranean. For instance the SWITCH-Asia programme aims at promoting sustainable products, processes, services and consumption patterns in the Asian region, by working with civil society organisations (CSOs), international organisations, business or consumer organisations, chambers of commerce, and local authorities.

Another example is the Commission's project supporting the **mapping of voluntary sustainability schemes** – the Standards Map project of the International Trade Centre (ITC). It provides comprehensive, up-to-date and comparable information on such standards through a freely accessible web-based portal, as well as training and capacity building for local producers organised in cooperation with EU Delegations.

The **Electrification Financing Initiative** (ElectriFI), elaborated in close cooperation with representatives of the private sector and development financiers, is an innovative mechanism to unlock and leverage clean energy access investments. ElectriFI is a flexible and inclusive initiative, allowing for the participation of different partners who, depending on their objectives and priorities, may join at different levels and under different roles, with the aim of maximising the benefit of their contribution to increasing and improving access to reliable, affordable and sustainable energy and energy services in developing countries. ElectriFI is therefore open to contributions by partners from all over the world, including CSR funds, in line with the principles of transparency and equal treatment.

As already mentioned in Point 8.1, the EU provides funds under the **Agriculture Financing Initiative (AgriFI)**.

In addition, the Commission services are supporting a project with the ILO. This programme has activities in Cape Verde, Mongolia, Pakistan, Thailand, Panama and Paraguay. It aims to **improve compliance with the eight fundamental ILO Conventions** in the countries of the project, with a view to reducing and progressively eliminating discrimination, forced labour, child labour, and violations of freedom of association.

SWITCH To Green is the umbrella programme of EU international cooperation on the green economy. It builds on the SWITCH regional programmes in Asia, the Mediterranean and Africa as well as complementary initiatives such as the Partnership for Action on Green Economy (PAGE). Main areas of intervention include 1) developing enabling frameworks, 2) supporting MSMEs to adopt SCP practices, and 3) promoting investments and facilitating green businesses access to finance. Approximately €300 million has been committed by the EU since 2008 to support these programmes. The initiative builds on EU's experience and promotes EU priorities, such as the circular economy and Plastics Strategy.

9.8 The Sustainable Market Actors for Responsible Trade research project

The research project Sustainable Market Actors for Responsible Trade ('SMART') is funded under the 'Horizon 2020' call 'Europe as a Global Actor: in search of greater policy coherence' (INT-4-2015).

The overarching goal of SMART is to advance understanding of how development concerns can be integrated in the non-development policies and regulations concerning market actors, both the private and the public sector. It focuses on international supply chains of products sold in Europe, especially the factors that enable or hinder development-friendly, environmentally and social sustainable trade in the context of the specific product life-cycles of ready-made garments and mobile phones.

The project contains four research work packages: 1) the regulatory dynamics of sustainability, 2) the life cycle of ready-made garments, 3) the life cycle of mobile phones and 4) developing sustainability assessment guidelines (looking at environmental and social aspects of sustainability).

The project runs from March 2016 to February 2020.

9.9 Child labour and forced labour in cotton, textile and garment supply chains

The Clear Cotton¹⁶³ project co-funded by the EU for €7.5 million under the GPGC of the Development Cooperation Instrument and implemented by the ILO in cooperation with the FAO contributes to the Elimination of child labour and forced labour in the cotton, textile, and garment value chains in Burkina Faso, Mali and Pakistan through an integrated approach aiming at:

- enhancing national legislation, regulations and policies;
- addressing the basic needs and rights of children engaged or at risk of child labour, and of victims of forced labour, adopting an integrated area based approach that is embedded in a value chain approach including cooperation with local industry and international buyers.

Activities include: measures to strengthen enforcement of laws prohibiting child labour and forced labour, measures to improve access to education and legal and social protection by vulnerable groups and victims or measures to strengthen district and community level action against child labour and forced labour in target garment/textile producing districts.

The project includes measures to improve livelihoods of households vulnerable to child labour and forced labour; capacity building to districts and communities, government bodies, workers' organisations, farmer associations, micro and small-scale producers or support media campaigns.

The 42 month project started in March 2018.

¹⁶³ https://ec.europa.eu/europeaid/news-and-events/clear-cotton-project-seeks-halt-child-labour-cotton-production-burkina-faso-mali-and_en

9.10 Bangladesh Sustainability Compact

The “Sustainability Compact” for improving labour including, health and safety conditions for workers in the Bangladeshi garment factories was launched by Commission services in July 2013 and in the context of the EU trade agenda, together with the Government of Bangladesh and the ILO. The US and Canada have also associated to the initiative. The Compact outlines concrete and time-bound commitments which are grouped in three categories one of them being responsible business conduct. In this framework, EU enterprises are notably encouraged to take responsibility for their impacts on society and to sustain private sector efforts in contributing to safe working conditions in Bangladesh in the garment sector including through implementing internationally recognised guidelines and principles on CSR. Governments have committed under the Compact to promote CSR (so called Pillar 3 of the compact).

The implementation of the Compact is closely followed by Commission services, including through a progress monitoring project carried out by the ILO. The last meeting of the Sustainability Compact took place on 25 June 2018 and CSR/RBC issues featured prominently in the discussions.

A Workshop on **Responsible Purchasing Practices** in the Garment and Footwear sector with the focus on Bangladesh was co-organized by the OECD and Commission services in Brussels on 26 June 2018 within the margins of the Sustainability Compact 4th follow-up meeting. The event aimed at facilitating dialogue on the link between due diligence and buyer purchasing practices between global brands and retailers sourcing from Bangladeshi manufacturers and creating awareness on existing relevant international frameworks as well as private-sector initiatives. A second workshop is planned in 2019.

In addition, the EU has a dedicated programme to promote **partnerships to combat child labour through CSR in Bangladesh**. Through this Commission funded project, private sector companies and government agencies have increased their capacity and accountability to implement and monitor CSR policies focusing on decent and appropriate jobs and needs of children labourers. The EU contribution is worth €1 million¹⁶⁴.

9.11 Myanmar Labour Rights Initiative

In the context of its trade agenda, the EU joined in May 2015 the Initiative to Promote Fundamental Labour Rights and Practices in Myanmar, which has been announced by the Government of Myanmar, the US, Japan and Denmark in November 2014, and which aims at promoting labour rights and set up mechanisms for stakeholder consultation and dialogue on

¹⁶⁴ DCI-HUM/2011/266-430

labour issues between the Government of Myanmar and stakeholders, including businesses. The third Stakeholder Forum of the Initiative took place in January 2018.

The Commission provided a dedicated funding to the ILO to support this initiative and capacity-building activities.

9.12 Combating Unacceptable Forms of Work in the Thai Fishing and Seafood Industry

The Ship to Shore¹⁶⁵ project contributes to the prevention and reduction of forced labour, child labour and other unacceptable forms of work and progressively eliminate the exploitation of workers, particularly migrant workers in the Thai fishing and seafood processing sectors, and thereby improve compliance with fundamental rights at work through the implementation of the Good Labour Practices (GLP) Programme, an effective complaints mechanism, and increased awareness across the supply chain. The project started in February 2016 for 42 months. The EU contribution is €3.7 million.¹⁶⁶

An EU-Thailand labour dialogue was launched on 17 May 2018, including promotion of RBC.

9.13 Enhancing decent work, transparency and traceability for sustainable garment value chains

The EU co-funded project for €19.265 million under the DCI and adopted in December 2018 will aim at improving working conditions and respect of labour rights for workers, in particular women workers, in Asia, Latin America and Africa, and at boosting the competitiveness of garment businesses while enhancing compliance with fundamental international labour and environmental standards, through a contribution to the Better Work Programme, a partnership between the ILO and the International Finance Corporation (IFC).

The action will also support enhanced transparency and traceability in garment value chains in partner countries and in the EU, through the development of an IT 'track and trace' platform, to be implemented by the International Trade Centre (ITC), and of policy recommendations and technical standards on transparency and traceability, to be implemented by the United Nations Economic Commission for Europe (UNECE). It will help both governments and companies identify opportunities for efficient and sustainable management of resources, as well as risks for labour rights, human health and the environment.

Five projects for a total of € 5.5 million have also been contracted in December 2018 from the Call for Proposals selection aiming at improving knowledge, awareness raising, transparency and traceability in the cotton and garment value chains (see Point 5.6).

¹⁶⁵ www.ilo.org/asia/media-centre/news/WCMS_580102/lang--en/index.htm

¹⁶⁶ DCI-HUM/2015/038-702

10. Sectorial and horizontal initiatives

Key Actions

- Encouraging SMEs to act in responsible way;
- Action in specific sectors and sectorial guides on the implementation of the UNGPs;
- CSR Awards;
- Engagement with Member States and Peer Review of NAPs;
- Standardisation and ISO 26000.

10.1 Encouraging SMEs

Commission services have produced two guidance documents for SMEs (My Business and Human Rights: A Guide to Business and Human Rights for SMEs; CSR Handbook for SMEs) who seek advice on how to become more involved in responsible business practices.

To support implementation of CSR in SMEs, a networking event for SMEs' advisory organisations was organised. The event took place in June 2012, and in March 2013 a Guidebook for SME advisors was published.

10.2 Action in specific sectors

In addition to specific actions in the garment, extractive and agricultural sectors (for more information, please see Points 5.6 and □), Commission services launched three projects to establish sector-based multi-stakeholder platforms in the fruit juice, machine tools and social housing sectors. In addition, between 2014 and 2016, the ICT4 Society platform existed as a discussion forum concentrated on how the European ICT sector can become more socially and environmentally responsible.

In January 2016, the Commission reported on unfair business-to-business trading practices in the **food supply chain**¹⁶⁷. The report hails the achievements of, and puts forward suggestions to improve, the Supply Chain Initiative, an EU-wide self-regulatory initiative that aims at improving business conduct in the food sector.

The Commission proposed in April 2018 the **Directive on unfair trading practices** in business-to-business relationships in the food supply chain¹⁶⁸ to ensure fairer treatment for food and farming businesses with relatively weaker bargaining power for unfair practices by larger enterprises. The proposal includes effective enforcement provisions (sanctions can be

¹⁶⁷ COM (2016) 32

¹⁶⁸ COM(2018) 173 final

imposed by national authorities where infringements are established) and an EU coordination framework.

In December 2018, a political agreement was found between the co-legislators regarding the Directive. It is expected to be formally adopted in April 2019.

10.3 Sectorial guides on the implementation of the UNGPs

In 2013, Commission services commissioned development of the Sectoral Guidance for three different sectors ICT¹⁶⁹, Oil & Gas¹⁷⁰, Employment & Recruitment Agencies¹⁷¹.

Each Guide offers practical advice on how to implement the corporate responsibility to respect human rights in day-to-day business operations in each industry through step-by-step guidance. At each step, they summarise what the UNGPs expect, offer a range of approaches and examples for how to put them into practice, and link users to additional resources that can support their work. They are intended to help companies “translate” respect for human rights into their own systems and cultures.

10.4 Private military and security companies

As a first regional organisation, the EU supported in 2012 the "Montreux Document on pertinent legal obligations and good practices for States related to operations of private military¹⁷² and security companies during armed conflict"¹⁷³, which recalls existing obligations and compiles good practices such as verifying companies track record, examining procedures used to vet staff, correct prosecution when breaches of law occur, and insure compliance and personnel training with international humanitarian and human rights law in this field. 23 EU Member States support the Montreux Document. The EU has always supported the further universalisation and implementation of the Montreux Document and takes part in the annual Montreux Document Forum as well as the regional seminars. The EU remains part of the Group of Friends of the co-Chairs Switzerland and ICRC¹⁷⁴. The EU continues to engage constructively in multilateral fora in this field. The EU joined consensus to establish the mandate of the intergovernmental working group of the UN Human Rights Council to elaborate the content of an international regulatory framework on the regulation, monitoring and oversight of the activities of private military and security companies.

¹⁶⁹ https://www.ihrb.org/pdf/eu-sector-guidance/EC-Guides/ICT/EC-Guide_ICT.pdf

¹⁷⁰ https://ec.europa.eu/anti-trafficking/publications/european-commission-sector-guides-implementing-unguiding-principles-business-and-hum-0_en

¹⁷¹ https://www.ihrb.org/uploads/reports/EC-Guide_ERA.pdf

¹⁷² These are private companies providing armed combat or security services for financial gain.

¹⁷³ https://www.icrc.org/en/doc/assets/files/other/icrc_002_0996.pdf

¹⁷⁴ The International Committee of the Red Cross

10.5 Online platforms

Online platforms are important drivers of innovation in the digital economy and for the European society. At the same time, they mediate access to information, content and social interaction and carry a significant societal responsibility in protecting their users from illicit activities exploiting their services.

Commission services have called on online platforms to step up their efforts to tackle illegal content online and to increase transparency and protect fundamental rights online and proposed detailed guidelines in its Communication¹⁷⁵ and later on in the Recommendation on further measures to tackle illegal content online¹⁷⁶.

In addition, the E-Commerce Directive¹⁷⁷ encourages the setting-up of codes of conduct, and a number of voluntary efforts were initiated by the Commission together with industry players for coordinated efforts against specific types of illegal content online, including: the Code of Conduct on countering illegal hate speech online¹⁷⁸, the EU Internet Forum against terrorist content online¹⁷⁹, the INHOPE¹⁸⁰ network of hotlines against child sexual abuse material, the Memorandum of Understanding on the sale of Counterfeit Goods¹⁸¹, etc.

The efforts under the sector-specific dialogues have shown some progress, and Commission services are monitoring closely their evolution and the necessity for further policy intervention. The urgencies related to terrorist content in particular pointed to a need for further harmonised regulatory actions and the Commission proposed a regulation¹⁸² in 2018 framing the responsibilities of online platforms to remove terrorist content, to be transparent about their practices, offer redress and protect the fundamental rights of their users, as well as their cooperation with national authorities.

Other areas of attention concern content which is not necessarily illegal in itself, but where societal concerns require further action. Commission services have set up along with major social media platforms, industry players in the advertising sector, and civil society organisation the Code of Practice against disinformation¹⁸³.

¹⁷⁵ COM(2017) 555 final

<https://ec.europa.eu/digital-single-market/en/news/communication-tackling-illegal-content-online-towards-enhanced-responsibility-online-platforms>

¹⁷⁶ C(2018) 1177 final

<https://ec.europa.eu/digital-single-market/en/news/commission-recommendation-measures-effectively-tackle-illegal-content-online>

¹⁷⁷ Directive 2000/31/EC

¹⁷⁸ https://ec.europa.eu/newsroom/just/item-detail.cfm?item_id=54300

¹⁷⁹ http://europa.eu/rapid/press-release_STATEMENT-18-6681_en.htm

¹⁸⁰ <http://www.inhope.org/gns/home.aspx>

¹⁸¹ https://ec.europa.eu/growth/industry/intellectual-property/enforcement/memorandum-understanding-sale-counterfeit-goods-internet_en

¹⁸² 2018/0331 (COD)

https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-preventing-terrorist-content-online-regulation-640_en.pdf

¹⁸³ <https://ec.europa.eu/digital-single-market/en/news/code-practice-disinformation>

Commission services also encourage industry to draw codes of conduct on specific issues related to online platforms' trading practices with their business users.¹⁸⁴

¹⁸⁴ <https://ec.europa.eu/digital-single-market/en/news/regulation-promoting-fairness-and-transparency-business-users-online-intermediation-services>

In addition, online platforms are exercising a range of corporate social responsibility measures, from intervening in harmful practices online, to donating data and capability to humanitarian causes.

While important steps have been taken, the voluntary practices and dialogues may or may not be adequate in the longer term and Commission services will continue to scrutinise their effectiveness.

10.6 Monitoring levels of trust in business

In terms of **monitoring levels of trust in business**, in 2013, Commission services published a Eurobarometer survey “How Companies Influence Our Society: Citizens’ View”¹⁸⁵. This provided valuable data and the views of European citizens about the efforts of companies on CSR and comparisons with citizens in a number of key third countries.

The Commission services held a Public Consultation on Corporate Social Responsibility (May to September 2014). In February 2015, Commission services held its two-day flagship event "The EU's Multi-Stakeholder Forum on Corporate Social Responsibility" which gathered over 500 participants from all stakeholders and included 90 speakers from European multinationals, public authorities, civil society such as academia, employers and workers organizations.

10.7 CSR Awards

In 2013, the Commission and CSR Europe sponsored European CSR awards, followed in 2014 by EU-Africa CSR awards. Since then, a number of associations nationally, at European level or at global level, have developed their own CSR award schemes.

10.8 Self- and co-regulation

Linked to the ICT4 Society initiative described above, between 2013 and 2017, the Community of Practice for better **self- and co-regulation project** looked at the role of self- and co-regulation in the policy process, most notably developing a set of principles, which were endorsed by the Commission in the May 2015 Better Regulation package and which are now included in the Better Regulation guidelines and toolbox.

10.9 Engagement with Member States and Peer Review of National Action Plans

In this framework, Commission services have been active in building capacity and providing a High Level Group on Corporate Social Responsibility where Member States can share experiences on responsible business conduct and discuss progress towards their implementation of NAPs on either CSR or Business and Human Rights.

¹⁸⁵ http://ec.europa.eu/commfrontoffice/publicopinion/flash/fl_363_en.pdf

In 2013, 7 peer review meetings were organised for national governments to enable knowledge exchange on CSR policies and measures. To assess the progress on the development of national action plans on CSR, Commission services also sent out a questionnaire to the Member States. From the 25 received replies, 24 Member States answered that they have or will develop a national CSR action plan.

Following this, Commission services issued in 2014 a Compendium on national public policies in the area of CSR¹⁸⁶. It provides an update on the actions taken by EU Member States since the publication of the 2011 Communication on CSR. It mentions some of the most common approaches as well as good practices relating to different parts of CSR policy.

10.10 Standardisation and ISO 26000

To further promote CSR, the EU supports the use of standards such as ISO 26000 *Guidance on social responsibility*. Its goal is to contribute to global sustainable development, by encouraging business and other organizations to practice social responsibility to improve their impacts on their workers, their natural environments and their communities.

Although ISO 26000 cannot be certified to unlike some other well-known ISO standards, it provides guidance on how businesses and organizations can operate in an ethical and transparent way that contributes to sustainable development while taking into account the expectations of stakeholders, applicable laws and international norms of behaviour. It is aimed at all types of organizations regardless of their activity, size or location.

¹⁸⁶ <https://ec.europa.eu/digital-single-market/en/news/corporate-social-responsibility-national-public-policies-european-union-compendium-2014>