

# Frequently Asked Questions

## What's the problem?

Companies across the globe have been profiting from exploiting people and the planet - and getting away with it. And the cost of their reckless pursuit of profit? Corporate activity has driven climate breakdown, biodiversity collapse, the erosion of workers' and trade union rights, forced and child labour, skyrocketing levels of poverty, and the murders of environmental and human rights defenders.

Why is it so hard to put a stop to abuse? One big problem is that these days business happens through complex global chains of businesses, called 'supply chains'. A company might have a spider web of subsidiaries and thousands of business relationships. This makes it easy to escape responsibility from harms that happen far away. This is why we need a law that makes businesses legally responsible for their global supply chains.

When you see the lengths some companies go to in order to shift the blame and dodge responsibility, it's clear that voluntary company initiatives will never be enough to hold businesses accountable. We need immediate, legally binding action.



## Why do we need EU legislation?

The European Union is the largest single market in the world, but only 1 in 3 companies in the EU makes an effort to identify and act on potential risks to human rights in their value chains. Even fewer are doing anything to mitigate their impact on the environment and climate.

Many member states have adopted or are thinking about new laws. France and Germany have already adopted their own national rules. Austria, Belgium, the Netherlands, Finland, Spain and Luxembourg are following in their footsteps.

However, most European countries are lagging behind. An EU law will be a crucial tool in propelling progress forward. And only with EU-wide legislation will there be clear and common rules holding companies accountable for preventing and remedying abuses in their value chains.

## Why now?

In 2021, hundreds of thousands of people responded to the EU's consultation on a draft corporate sustainability due diligence law demanding strong and effective legislation. Now the proposal for the law is out – but it's riddled with loopholes.

We made ourselves heard before. Now it's time to raise our voices again and show that we won't accept halfhearted measures when it comes to justice.



## What does 'due diligence' even mean?

Due diligence is a process that gives companies guidance on how to identify risks of harm in their investments and supply chains, including their subsidiaries, subcontractors, and suppliers. A due diligence requirement would obligate businesses to fix and improve conditions in their operations to prevent and end harms.

## Aren't companies already doing enough?

Many companies make voluntary commitments, but these cannot be enforced by the state or the courts, making it almost impossible to make sure companies are actually doing anything.

What we do know is that only 16% of European companies carry out human rights due diligence checks on their investments and supply chains, according to a 2020 study for the European Commission. Less than 7% are committed to providing remedy for harmed people, according to the Alliance for Corporate Transparency.

**JUSTICE IS  
EVERYBODY'S  
BUSINESS.**

#JusticeNotProfit  
#HoldBizAccountable

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Although some European businesses are publicly supporting due diligence regulation, others are lobbying hard to water down the EU law and render it meaningless.

### So what does that actually look like? How do you hold companies accountable?

Companies that abuse human rights or the environment in any way must be held legally responsible through civil liability (which means, for example, they could be ordered by a court to compensate people affected by their activities or to cease with the activity that causes harm) and administrative liability (meaning they can be sanctioned for failing to conduct due diligence to prevent harm from occurring, even if it hasn't occurred yet).



### Why do we talk so much about 'justice'?

Everyone – including workers, trade unions, human rights defenders, land and environmental defenders, communities and civil society – must be able to get justice if a corporation's activity violates their human rights or local environment. Right now, a weak and rigged system makes it incredibly difficult for people to hold businesses accountable.

A strong corporate justice law must remove barriers to justice. This means making sure businesses do not hide evidence; providing reasonable time limits to bring court cases; allowing a large number of

claimants to seek compensation collectively; and extending civil liability down the supply chain.

But justice means so much more than that. It is also about fairness, equity, inclusivity and solidarity globally. It means ending oppression and discrimination based on race, gender, sexuality, economic status, within and between countries, and more. It means empowering people, respecting human rights across the world, and making sure the most vulnerable groups have a say in our social, climate and environmental policies.

### How would this law benefit workers?

Due diligence means respecting workers' and trade union rights. Businesses can't identify all risks if they do not properly consult and include workers in their due diligence process. The future law must require full involvement of trade unions and workers' representatives in the process.

### How would this law benefit the environment and the climate?

Corporations have fuelled the climate crisis and the collapse of the ecosystem. Due diligence would require companies to identify and prevent any potential risks to the environment and climate throughout their value chain, and hold them legally responsible if harm does occur.



### How would this law benefit indigenous people?

Time and time again, we see corporations seizing the lands and violating the human rights of indigenous people, without giving them a say. They are then often also denied justice. A strong law would include the need to obtain consent from indigenous communities before undertaking business activities that could affect their lives, lands and livelihoods.

### Why join the campaign?

Corporate justice is not just a technical legal issue, or an NGO campaign, or a nice-to-have. It is a necessary step to defend the planet for us and for future generations.

We know what we need - but we can't hold businesses accountable alone. We need everybody on board.

Help us stand up for EU laws that protect human rights, the environment and the climate from corporate exploitation.

