P8_TA(2016)0405

Corporate liability for serious human rights abuses in third countries

The European Parliament,

– having regard to the Universal Declaration of Human Rights (UDHR) and other United Nations (UN) human rights treaties and instruments, in particular the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, adopted in New York on 16 December 1966,

– having regard to the European Convention on Human Rights,

– having regard to Article 47 of the Charter of Fundamental Rights of the European Union,

– having regard to Articles 2, 3, 8, 21 and 23 of the Treaty on European Union (TEU),

– having regard to Articles 81, 82, 83, 114, 208 and 352 of the Treaty on the Functioning of the European Union (TFEU),


– having regard to the European Union’s Human Rights Guidelines,

– having regard to its resolutions on cases of breaches of human rights, democracy and the rule of law,

– having regard to its resolution of 17 December 2015 on the Annual Report on Human Rights and Democracy in the World 2014 and the European Union’s policy on the matter³,

– having regard to its resolution of 12 March 2015 on the Annual Report on Human Rights and Democracy in the World 2013 and the European Union’s policy on the matter⁴,

having regard to its resolution of 8 October 2013 on corruption in the public and private sectors: the impact on human rights in third countries¹,

having regard to its resolution of 6 February 2013 on corporate social responsibility: accountable, transparent and responsible business behaviour and sustainable growth²,

having regard to its resolution of 6 February 2013 on corporate social responsibility: promoting society’s interests and a route to sustainable and inclusive recovery³,

having regard to UN Human Rights Council Resolution 26/9 of 26 June 2014, in which the UNHRC decided to establish an open-ended intergovernmental working group with the aim of drawing up an international legally binding instrument on transnational corporations and other business enterprises with respect to human rights,


having regard to the ‘Realising Long-term Value for Companies and Investors’ project, currently being implemented under the UN Principles for Responsible Investment (PRI) initiative and the UN Global Compact,

having regard to the Council of Europe Recommendation to Member States on human rights and business adopted on 2 March 2016,

having regard to the Commission communication on a renewed EU strategy 2011-2014 (COM(2011)0681) and to the Commission Green Paper entitled ‘Promoting a European framework for corporate social responsibility’ (COM(2001)0366) and the definition of corporate social responsibility (CSR) contained therein, as well as its follow-up communications in 2006 and in 2011,

having regard to the extraterritorial obligations of states arising from the Maastricht principles,

having regard to Rule 52 of its Rules of Procedure,

having regard to the report of the Committee on Foreign Affairs (A8-0243/2016),

A. whereas the EU is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of

² OJ C 24, 22.1.2016, p. 28.
persons belonging to minorities; and whereas its action on the international scene (including its trade policy) ‘shall be guided by these principles’;

B. whereas the UN Guiding Principles on Business and Human Rights apply to all states and to all business enterprises, whether transnational or other, regardless of their size, sector, location, ownership and structure, although effective control and sanction mechanisms remain a challenge in the worldwide implementation of the UNGPs; whereas in its resolutions of 6 February 2013 the European Parliament drew attention to the special features of SMEs that CSR policies should take proper account of and to the need for a flexible CSR approach adapted to their potential;

C. whereas the UN Global Compact1, comprising ten principles, asks corporations to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and the fight against corruption, making a commitment to those values and integrating them into their business operations on a voluntary basis;

D. whereas corporations are one of the major players in economic globalisation, financial services and international trade and are required to comply with all applicable laws and international treaties in force and to respect human rights; whereas trade and human rights may reinforce each other, and whereas the business community, while obliged to respect human rights, may also have an important role to play in offering positive incentives in terms of promoting human rights, democracy, environmental standards and corporate responsibility;

E. whereas, however, these business enterprises may at times cause or contribute to human rights violations and affect the rights of vulnerable groups such as minorities, indigenous people, women and children or contribute to environmental problems;

F. whereas human rights violations by corporations are a worldwide concern, and whereas all corporations in the world have a duty to respect human rights, while at the same time European institutions have a primary duty to regulate liability of corporations which have a connection with the EU;

G. whereas many internationally active corporations, whether European or not, operating in third countries, have substantial business operations in Europe or are based there, and/or may be owned by European corporations, have assets or goods in Europe, or control other corporations in Europe, or receive investments or use the financial services of institutions in Europe; whereas globalisation and the development of technology have led corporations to outsource activities to local suppliers or use goods or services in their supply and production chains that have been produced or provided by other corporations in many different countries and therefore jurisdictions, with different legal systems, levels of human rights protections and standards, and different levels of enforcement;

H. whereas protecting human rights must be a priority for the Member States and the Union itself; whereas the EU has played a leading role in negotiating and implementing a number of initiatives for global responsibility which go hand in hand with the promotion and respect of international standards; whereas human rights breaches require effective remedies; whereas a fairer and more effective remedies system is needed under both

1 https://www.unglobalcompact.org/what-is-gc/mission/principles
domestic and international law to deal with human rights violations committed by business enterprises;

I. whereas a global holistic approach to corporate liability for human rights abuses is still lacking; whereas victims of human rights abuses involving international companies face multiple obstacles to accessing judicial remedies, including procedural obstacles on admissibility and disclosure of evidence, often prohibitive litigation costs, and an absence of clear liability standards for corporate involvement in human rights abuses;

Corporations and human rights

1. Notes that increasing globalisation and internationalisation of business activities and supply chains will make the role that corporations play in ensuring respect for human rights more important and create a situation in which international norms, rules and cooperation are crucial to avoid human rights abuses in third countries; is deeply concerned by cases of human rights violations committed in third countries, including as a result of some EU corporations and business enterprises management decisions, as well as by individuals, non-state actors and states alike; reminds corporate actors of their responsibility to respect human rights throughout their global operations, regardless of where their users are located and independently of whether the host state meets its own human rights obligations;

2. Notes that the rapid advances in technology require urgent attention and a proper legal framework;

3. Reaffirms the urgent need to act in a continuous, effective and coherent manner at all levels, including national, European and international, in order to effectively address human rights abuses by international corporations when they appear, and to address the legal problems resulting from the extra-territorial dimension of companies and of their conduct, and the related uncertainty as to where the liability for human rights violations lies;

The international framework

4. Welcomes the adoption of the UNGPs and strongly supports their worldwide implementation; emphasises that the UNGPs were agreed unanimously in the UN with the full support of EU Member States, the ILO and the International Chamber of Commerce, including support for the concept of a ‘smart mix’ of regulatory and voluntary action; calls for the UNGPs and other international corporate responsibility standards to be consistently raised by EU representatives in human rights dialogues with third countries; furthermore, calls on companies to implement the UNGPs, including through the establishment of due diligence policies and risk management safeguards, and the provision of effective remedies when their activities have caused or contributed to an adverse human rights impact;

5. Recognises the UN Global Compact, the ISO 26000 standard on social responsibility, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the OECD Guidelines for Multinational Enterprises as tools which can mobilise responsibility in the business activities of enterprises;

Calls addressed to the corporations and their duty to respect human rights
6. Calls on companies, whether European or not, to carry out human rights due diligence and to integrate their findings into internal policies and procedures, with resources and authority assigned accordingly and duly implemented; stresses that this requires sufficient resources be allocated; stresses that transparency and communication regarding measures taken to avoid human rights abuses in third countries are crucial to allow for proper democratic oversight and to allow consumers to make fact-based choices;

7. Recognises the major importance of CSR and welcomes the growing use of instruments based on CSR and the self-commitment by corporations; strongly emphasises, however, that respecting human rights is a moral duty and a legal obligation on corporations and their management and should be integrated into a long-term economic perspective, wherever they may act and whatever their size or industrial sector; recognises that specific legal duties for corporations should be concretely tailored according to their sizes and capabilities and that the EU and Member States should pursue the goal of achieving the best protection for human rights by means of the most effective measures and not just by overloading on administrative and bureaucratic formalistic rules;

8. Expresses its belief that there must be sufficient flexibility when implementing CSR guidelines to cater for the specific requirements of each Member State and region, with particular regard to the capacities of SMEs; welcomes the Commission’s active cooperation with the participation of the Parliament and the Council together with other international bodies to achieve a fundamental convergence of CSR initiatives in the long term and the exchange and promotion of good corporate practice regarding CSR, as well as to push forward the guidelines provided in the International Organisation for Standardisation’s ISO 26000 so as to ensure a single global, coherent and transparent definition of CSR; urges the Commission to contribute effectively to the guidance and coordination of Member State policies, thereby minimising the risk of additional costs being incurred by businesses operating in more than one Member State as a result of divergent provisions;

9. Reiterates that attention needs to be drawn to the special features of SMEs, which mainly operate at local and regional level inside specific sectors; considers it essential, therefore, for Union CSR policies, including national CSR action plans, to take proper account of the specific requirements of SMEs, to be in keeping with the ‘think small first’ principle, and to recognise the informal, intuitive SME approach to CSR; voices again its opposition to all measures that could result in additional administrative or financial constraints for SMEs, and its support for measures enabling SMEs to take joint action;

10. Recalls that, if companies are found to have caused or contributed to harm, they should take moral but also legal responsibility and must provide for or participate in effective remedy processes for the individuals and communities affected; notes that this includes restitution, compensation, rehabilitation and guarantees of non-repetition;

11. Welcomes the practice of incorporating responsibility for respecting human rights into binding contractual requirements between companies and their corporate and private clients and suppliers; notes that such requirements can, in most cases, be enforced by judicial means;

Calls addressed to Member States and their duty to protect human rights
12. Warmly welcomes the work initiated in preparation for a binding UN Treaty on Business and Human Rights; regrets any obstructive behaviour in relation to this process, and calls on the EU and Member States to constructively engage in these negotiations;

13. Recalls the different but complementary roles of states and companies with regard to human rights protection; recalls that states, acting within their jurisdiction, have a duty to protect human rights, including against abuses committed by companies, even if they operate in third countries; strongly recalls that, where human rights abuses occur, the states must grant access for the victims to an effective remedy; recalls in this context that respect for human rights by third countries, including guaranteeing effective remedy for people under their jurisdiction, constitutes an essential element of the EU’s external relations with these countries;

14. Calls on the Commission and Member States to guarantee policy coherence on business and human rights at all levels: within different EU institutions, between the institutions, and between the EU and its Member States, and in particular in relation to the Union’s trade policy; calls on the Commission and Member States to explicitly include the aforementioned principle in all treaties signed by them, in keeping with international commitments undertaken in relation to human rights; notes that this will require intensive cooperation between different directorates-general within the Commission and the European External Action Service;

15. Calls on the EU, the Member States, third countries and all national and international authorities to adopt binding instruments devoted to the effective protection of human rights in this field as a matter of urgency and as widely as possible, and ensure that all national and international obligations stemming from the abovementioned international rules are fully enforced; expresses hope that European efforts on CSR can be an example for other countries; is convinced that national development banks must have an exemplary character concerning verifiable respect for human rights;

16. Calls on all states, including the EU and the Member States to implement the UNGPs swiftly and robustly in all areas falling under their respective competence, including by developing action plans; deplores the fact that, notwithstanding the Commission’s 2011 CSR communication, not all Member States have adopted CSR statements or policies that mention human rights or have published their plans on business and human rights, and urges the EU to publish its plan; invites the Member States to develop or review national action plans in line with the guidance provided by the UN Working Group on Business and Human Rights; calls for these plans to be developed on the basis of baseline assessments that identify gaps in laws, the setting up of mechanisms to monitor the implementation and the effectiveness of the plans, policies and practice and through meaningful stakeholder participation;

17. Calls for the Member States to legislate in a coherent, holistic, effective and binding manner in order to fulfil their duty to prevent, investigate, punish and redress human rights violations by corporations acting under their jurisdiction, including those perpetrated in third countries;

18. Calls on the EU and the Member States to lay down clear rules setting out that companies established in their territory or under their jurisdiction must respect human rights throughout their operations, in every country and context in which they operate, and in relation to their business relationships, including outside the EU; considers that companies, according to their size and capabilities, and including banks and other
financing or lending institutions active in third countries, should ensure that they have systems in place to assess risks and mitigate potential negative impacts related to human rights, labour, environmental protection and disaster-related aspects of their operations and value chains; calls on the Member States to assess periodically the adequacy of such laws and address any shortcomings;

19. Recalls that recent legislative developments at national level, such as the UK Modern Slavery Act’s Transparency in Supply Chains Clause and the French bill on duty of care represent important steps towards mandatory human rights due diligence, and that the EU has already taken steps in this direction (EU Timber Regulation, EU Non-Financial Reporting Directive, Commission Proposal for a Regulation setting up a Union system for supply chain due diligence self-certification of responsible importers of tin, tantalum and tungsten, their ores, and gold originating in conflict-affected and high-risk areas); calls on the Commission and the Member States, as well as all states, to take note of this model with regard to the introduction of mandatory human rights due diligence;

20. Stresses that mandatory human rights due diligence should follow the steps required in the UNGPs and be guided by certain overarching principles related to the proactive identification of risks to human rights, the drawing up of rigorous and demonstrable action plans to prevent or mitigate these risks, adequate response to known abuses, and transparency; stresses that policies should consider the size of companies and resulting coping capabilities with special attention to micro, small and medium-sized enterprises; stresses that consultation with relevant actors should be ensured at all stages, as well as disclosure of all relevant project or investment-specific information to affected stakeholders;

21. Calls on all states, and in particular the EU and Member States to prioritise for immediate action the establishment of mandatory human rights due diligence for business enterprises which are owned or controlled by the state, and/or receive substantial support and services from state agencies or European institutions as well as for businesses that provide goods or services through public procurement contracts;

22. Calls on the EU and its Member States to address companies that use raw materials or commodities under the current legislature procedure that might originate from conflict-affected areas to disclose their sourcing and use of such materials by product labelling, to provide complete information on the content and origin of products by asking their providers, whether European or not, to disclose this data; calls for support on so-called conflict minerals mandatory due diligence for importers of minerals and metals of 3TG based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas; calls for consideration of supply chain due diligence to be included in this process;

23. Takes note with satisfaction that, as a result of the revision of the existing Accounting Directive 2014/95/EU regarding the disclosure of non-financial and diversity information, large companies and groups will be required, as from 2017, to disclose information on policies, risks and results as regards their respect for human rights and related issues; urges the Member States to fully implement the Revised Accounting Directive within the adopted timeframe, including the creation of adequate, effective mechanisms ensuring that companies are complying with the reporting requirements; urges the Commission to draw up clear guidance for companies on the new non-financial reporting requirements; recommends that this should include and elaborate on the minimum essential elements to
disclose, for an accurate and comprehensive understanding of the principal risks to, and impacts on, human rights of a company’s activities and in a company’s global value chain;

**Access to effective remedies**

24. Invites the Commission to undertake a thorough examination, in consultation with all stakeholders, including civil society and corporations, of existing barriers to justice in cases brought before the courts of Member States for alleged human rights abuses committed by EU-based enterprises abroad; insists that this assessment should be geared towards identifying and promoting the adoption of effective measures that remove or mitigate these barriers;

25. Calls on the Member States to take any appropriate steps, in cooperation with international partners, to ensure, through judicial, administrative, legislative or other appropriate means, that when such human rights violations occur, those affected have access to an effective remedy, when a corporation based in the given states holds, directs or controls companies that are responsible for human rights violations in other countries; calls on said states to take appropriate steps to eliminate legal, practical and other relevant barriers that could lead to a denial of access to remedy and to establish appropriate procedural means to enable those affected in third countries to have access to justice in both the civil and criminal courts; in this regard, calls on states to pierce the veil of the legal personality, which may obfuscate the effective ownership over certain corporations;

26. Calls on the EU and all states, in particular EU Member States, to tackle financial and procedural burdens in civil litigation; welcomes the Commission Recommendation 2013/396/EU adopted on 11 June 2013\(^1\) and encourages all Member States to comply with it; considers that the instrument offered by the same recommendation could potentially decrease the costs of litigation for victims of human rights infringements; encourages this type of remedy to be applicable for all victims of human rights abuses also in third countries, and calls for common standards to allow representative associations to bring claims on behalf of alleged victims;

**Calls addressed to the Commission**

27. Is aware that ‘corporate responsibility’ is not a stand-alone issue, but one that touches upon a wide range of different legal and political areas;

28. Welcomes the non-binding private sector initiatives for responsible supply chain management introduced by the Commission’s services, but stresses that non-binding private sector initiatives are by themselves not sufficient; calls for urgent binding and enforceable rules and related sanctions and independent monitoring mechanisms;

29. Welcomes the new Generalised Scheme of Preferences Regulation (GSP+)\(^2\), which entered into force on 1 January 2014, as a key EU trade policy instrument to promote human and labour rights, environmental protection and good governance in vulnerable developing countries; welcomes, in particular, the stringent and systematic GSP+ monitoring mechanism and calls for a focus on effective implementation at national level of the conventions listed in the convention;

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30. Underlines the fact that the EU and its Member States must safeguard human rights; notes that trade agreements in general can contribute to reinforcing the global rules-based trading system and that trade and values must go hand in hand, as recently stated by the Commission in its new trade strategy entitled ‘Trade for All’; recalls the need to assess the possible human rights impacts of trade and investment agreements and to incorporate on this basis all the necessary human rights clauses and safeguards able to mitigate and address the identified risks of human rights impacts; requests that the Commission take all necessary and possible steps to act in a holistic and coherent manner, and strongly calls for the systematic inclusion in trade and investment agreements of rules on corporate liability for violations of human rights, to be implemented at national level, and of references to internationally recognised principles and guidelines;

31. Calls on the Commission, as a matter of urgency, to come forward with a legislative proposal for the export control of dual use items, since technologies made by European companies are still causing human rights violations all over the world;

32. Urges the building of a consistent body of law, including rules governing access to justice, jurisdiction, the recognition and enforcement of judicial decisions in civil and commercial matters, the applicable law, and judicial assistance in cross-border situations involving third countries;

33. Encourages reflection on the extension of jurisdictional rules under the Brussels I Regulation to third-country defendants in actions against companies that have a clear link with one Member State among others – because they are domiciled or have substantive business there or their main place of business is in the EU – or companies for which the EU is an essential outlet;

34. Calls for improving access to evidence through enhanced procedures regarding the disclosure of evidence;

35. Recalls that, when human rights violations are perpetrated by corporations, these actions may involve personal criminal liability, and calls for those responsible for such crimes to be prosecuted at the appropriate level; calls on the Member States to tackle legal, procedural and practical obstacles that prevent the prosecuting authorities from investigating and prosecuting companies and/or their representatives involved in crimes linked to human rights abuses;

36. Calls on the Council and the Commission to act in accordance with Article 83 of the TFEU, in order to establish minimum rules concerning the definition of criminal offences and sanctions in the areas of particularly serious crimes with a cross-border dimension pertaining to serious human right violations in third countries committed by corporations, given the nature and impact of such offences and the special need to combat them on a common basis;

37. Stresses that the full observance of human rights in the production chain is fundamental and not just a matter of choice for consumers; recommends the creation of a certified ‘abuse-free’ product label at EU level, participation in which would be on a voluntary basis, to promote increased awareness among producers and consumers, monitored by an independent body governed by strict rules and endowed with powers of inspection, devoted to verifying and certifying that no abuse has been committed at any stage in the production chain.

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chain of production of the relevant good; believes that the EU and the Member States should promote this ‘abuse-free’ label; recommends that the products that achieve this ‘abuse-free’ label be given benefits;

38. Strongly calls on the Commission to launch an EU-wide campaign, introducing and promoting the ‘abuse-free’ label, urging European consumers to opt for the use of the products and companies that obtain this label and also calling on all corporations and businesses to adopt best practices regarding respect for human rights and related issues;

39. Invites the Commission and the Member States to report regularly on the steps taken to ensure effective protection of human rights in the context of business activity, the results achieved, the remaining gaps in protection and the recommended future actions to address these gaps;

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40. Instructs its President to forward this resolution to the Council, the Commission, the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy, the EU Special Representative for Human Rights, and the European External Action Service.