

## Social partners' hearing with the European Commission- towards a sustainable corporate governance initiative



(22 February 2021)

EPSU joined a dedicated hearing with social partners on the “sustainable corporate governance initiative” organised by Commission’s DG Justice and Consumers. The hearing focused on a new European Commission’s initiative, aiming to promote companies’ long-term sustainable and responsible corporate behaviour. It would in the same time strengthen corporate human rights and environmental due diligence. The decision to adopt a legally binding initiative is raised in two external studies commissioned by the Commission. One covers “directors’ duties and sustainable corporate governance” . The other addresses “due diligence requirements through the supply chain”. They highlight that companies prefer to concentrate on short-term benefits of shareholders rather than on the long-term interests of the company. This undermines sustainability. Only 1 in 3 companies is implementing due diligence requirements. A voluntary approach is totally ineffective.

Trade Unions called for a European directive on mandatory human rights due diligence and responsible business conduct. It should covers all companies, including public sector ones and SMEs, established or active in the EU territory. All company activities and their business relationships should be dealt with including supply and subcontracting chains. We want a broad coverage of trade unions’ and workers’ rights such as freedom of association, right to collective bargaining and decent working conditions. Crucial is the direct involvement of trade unions and workers ‘representative in the due diligence process. Besides, companies should be accountable when they fail to respect their due diligence obligations, and effective remedies and access to justice for victims should be included in the directive.

The Commission’s initiative will be launched in the second quarter of 2021.

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