

Article – Companies should be held accountable for their actions, say MEPs



On 8 March MEPs debated a [report](#) by the [legal affairs committee](#) on corporate accountability. The report calls on the European Commission to come up with a law obliging EU companies to address aspects of their value chains that could affect human rights (including social, trade union and labour rights), the environment (for example contribution to climate change) and good governance.

Doing the right thing does not give businesses a competitive advantage at the moment. The lack of a joint EU-wide approach on this matter could lead to a disadvantage for those companies that are proactive regarding social and environmental matters, the report said. The rules would apply to all large undertakings in the EU, as well as to publicly listed small and medium-sized enterprises and those that for example share “risky” supply chains with larger companies.

However, MEPs say the binding rules should also go beyond the EU’s borders, meaning that all companies that want to access the EU’s internal market, including those established outside the EU, would have to prove that they comply with due diligence obligations related to human rights and the environment.

In addition, the MEPs want the rights of stakeholders or victims in non-EU countries, who are particularly vulnerable, to be better protected. They likewise want a ban on importing products linked to severe human rights violations such as forced or child labour.

“The European Parliament has the chance this week to become a leader in responsible business conduct,” said report author [Lara Wolters \(S&D, the Netherlands\)](#) during the debate.

“For businesses, we’re creating a level playing field and legal clarity. For consumers, we’re ensuring fair products. For workers, we’re enhancing protection. For victims, we’re improving access to justice. And for the environment, we’re taking a step that is very long overdue.”

In February 2020, the Commission published a [study](#) which found that only one in three companies in the EU is currently taking some form of due diligence measures while 70% of European businesses support EU-wide due diligence rules.

MEPs are voting on the report on Wednesday 10 March.

Read more on [how the EU trade policy helps to promote human rights and environmental standards](#)