



## Joint Statement on Sustainable Corporate Governance

On Thursday, September 30<sup>th</sup>, leading officials of the European trade union federations EFFAT, EPSU, IndustriAll Europe and UNI Europa as well as the ETUC met with the cabinet of European Commissioner Thierry Breton (Internal Market). The purpose was to present the trade unions' concerns regarding the announced initiatives on Sustainable Corporate Governance and mandatory Human Rights Due Diligence.

The trade union federations from across Europe – representing 25 million workers – initiated the meeting to demonstrate strong support for a legislative initiative to promote transparency and accountability of corporate behavior throughout a company's entire supply chain.

Among the examples raised to demonstrate the urgent need for meaningful requirements/standards of such due diligence, were the German global health care corporation, Fresenius and the American fast food giant, McDonald's. Fresenius' practices on corruption, union busting and violations of workers' rights and McDonald's systematic violation of human rights, health, safety, and environmental standards were cited as compelling reasons for the Due Diligence initiative.

The unions collectively called for a European directive to establish mandatory, comprehensive and effective human rights (including trade union and workers' due diligence mechanisms covering all activities and business relationships cross a company's entire supply chain. The unions are especially concerned that a legislative proposal was due to be introduced in June but has been delayed with no indication if or when it will now be introduced. The unions made clear that further delaying the initiative is simply unacceptable.

Specifically, the Unions called for:

- A binding EU law including strong enforcement. In case of violations effective remedies should be available for victims, including clients, communities, workers, trade unions and other interested third parties. The directive should establish proportionate, effective and dissuasive sanctions for any violations by companies of their obligations including the exclusion from public procurement and public funding.
- The inclusion of trade unions at the national and international level in every step of the due diligence process. The directive shall fully recognize the role of workers, trade union and workers' representatives as central actors in companies. Social partners should be involved in the initiative.
- The recognition of the importance of the fundamental rights to freedom of association, collective bargaining and collective action, including strike action.
- The inclusion of fair taxations principles. The directive shall prevent the implementation of global supply chains based on tax avoidance, aggressive tax planning.
- The inclusion of subsidiaries and a broad definition of franchises. The scope of due diligence should not be limited to the parent company's subsidiaries and subcontractors but should also apply to franchise networks.

In the strongest terms, the trade unions expressed that Europe cannot wait any longer to establish necessary measures to ensure human, trade union and workers' rights. Any further delay would be an abdication of Leadership.