

Declaration

Transparency, Democracy and Accountability: IndustriAll Europe urges the EU to make Responsible Business Conduct compulsory NOW!

Declaration of industriAll European Trade Union's Company Policy Committee

Brussels, 14 November 2023

After welcoming the progressive EU initiatives aimed at strengthening transparency (with new reporting obligations), democracy (with upcoming plans to strengthen EWCs) and accountability in companies (through a proposal for mandatory due diligence), industriAll Europe is sounding the alarm as massive setbacks are currently gaining traction. At its meeting in Brussels on 14 November 2023, industriAll Europe's Company Policy Committee urges EU policymakers to resist the heavy counter lobbying and instead adopt now binding rules compelling companies to respect people, workers, trade unions and the planet.

Faced with the massive challenges posed by the green and digital transitions in a context of multiple crises (inflation, energy, global trade, war...), European industries are at a crossroads. It is estimated that the jobs of 25 million industrial workers will move, change or even disappear as European societies adapt to new realities. IndustriAll Europe has long advocated for genuinely Just Transitions that deliver quality jobs in thriving new and renewed industries. A Just Transition can only materialise if workers are on board and social dialogue drives the change processes: Nothing about us without us!

IndustriAll Europe has long been advocating for a paradigm shift in the way multinational companies are governed: moving away from short-term and purely financial perspectives serving shareholders on the backs of people and the planet, to adopt sustainable strategic management driven by social dialogue and benefiting all in the long term. Decades of soft law regulation through codes of conduct, charters, or "comply or explain" mechanisms have however failed to anchor socially responsible management in companies' DNA.

IndustriAll Europe is thus urging for mandatory Responsible Business Conduct, recalling that such an approach relies on three intertwined pillars¹:

- **Transparency**: because multinational companies are not black boxes and must instead publicly disclose information about their situation and financial forecasts, and also how they respect and promote workers' rights, human rights, environmental standards and decarbonisation in all their operations and those of their supply chains across the globe.

¹ See industriAll Europe's position "towards mandatory responsible business conduct" in [EN](#), [DE](#), [FR](#).

- **Democracy:** because multinational companies are not black boxes and must instead secure that decisions which may impact workers, local communities or the environment are not made behind closed doors, but with the full involvement of workers and their trade union representatives, from the shopfloor to the boardroom.
- **Accountability:** because multinational companies are not black boxes and must instead identify, prevent, mitigate and cease any actual or potential adverse impact on people and the planet that their or their supply chain's operations might cause, and account for how these impacts are addressed.

Over the past two years, several EU initiatives have been put on the table, adopted or announced as “coming soon”, with the aim to progress towards mandatory Responsible Business Conduct. The wave of optimism was unfortunately halted after European debates recently moved in the opposite direction.

IndustriAll Europe welcomed the adoption of the Corporate Sustainability Reporting Directive at the end of 2022 as being instrumental in improving **transparency**. Not only has the extent and quality of the financial, social and environmental information to be disclosed greatly improved, thanks to common European reporting standards, but the information and consultation of worker representatives on their company's sustainable reporting has been made compulsory by the new Directive. Only a few months after its adoption, the Commission reversed its approach and announced its intention to “reduce burdens associated with reporting requirements by 25%” by postponing the elaboration of the European reporting standards and restricting obligations to very large companies only, amongst other things².

IndustriAll Europe also welcomed the conclusions that the European Commission drew from the social partners' consultation on a possible revision of the European Works Council Directive, as Commissioner Schmit announced a forthcoming legislative proposal to strengthen EWC rights, hence **democracy** at work, in early 2024. With 30 years of experience, daily supporting the 600+ EWCs active in the manufacturing, energy and mining sectors, industriAll Europe has regrettably collected a wealth of evidence showing that the EWC Directive is hardly enforced, and the sanctions are not effective or strong enough to discourage non-compliance by management. And yet, employers' organisations “strongly believe that there is no need to revise the Directive [...] because most EWCs work satisfactorily”³. Resistance to the upcoming Commission proposal is mounting, with counterproposals being pushed for non-binding tools, such as codes of practice, although these could not fix the identified shortcomings of the EWC Directive.

IndustriAll Europe acknowledged the Commission's Proposal for a Corporate Sustainability Due Diligence Directive released in 2022 as a historical step in the right direction, though only a first step due to significant loopholes weakening the effective **accountability** for companies. The position later adopted by the European Parliament helped fix some of the loopholes, including by securing the full involvement of trade unions and their representatives in due diligence policies. This progress, like others, has been put under heavy pressure during the course of the trilogue negotiations which are nowadays mostly revolving about diluting the scope (e.g. exclusion of the financial sector), the enforcement (e.g. limitations regarding

² See the [European Commission's 2024 work programme](#).

³ See [Business Europe's response to the first-stage social partner consultation on a possible revision of the EWC Directive](#).

civil liability and victims' access to justice) and the role played by trade unions in due diligence processes. At the same time, progress regarding the future adoption of an EU Regulation prohibiting products made with forced labour on the EU market has been worryingly slow and has not yet delivered on the red lines submitted by trade unions⁴.

One step forward, two steps back! Moreover, the chance to reverse the trend and get the progressist views back on track could soon vanish with the EU legislative procedures being put on hold in the election year and uncertainty prevailing as to the outcomes of the 2024 EU elections.

Against this background, and on behalf of the 7 million workers they represent in 39 countries, industriAll Europe's trade unions urge EU policymakers to commit with no further delay to:

- 1. Fostering transparent companies** by withdrawing the plan to reduce reporting obligations and postpone the full implementation of the Corporate Sustainability Reporting Directive.
- 2. Fostering democracy in companies** by adopting a legislative proposal for the EWC Directive, which will eventually make transnational rights to information and consultation effective, thanks to clear rules on enforcement, access to justice and sanctions.
- 3. Fostering corporate accountability** by adopting an effective EU Corporate Sustainability Due Diligence Directive, which must apply to all companies, in all sectors, all along the supply chains, to secure the respect of workers', human and environmental rights, thanks to the full involvement of trade unions, genuine civil liability and victims' access to justice. EU policymakers must also strongly push for the adoption of the UN Treaty on Business and Human Rights at the earliest convenience.
- 4. Fostering corporate accountability** by adopting an ambitious EU Regulation prohibiting products made with forced labour on the EU market.

IndustriAll Europe will continue to push the EU institutions for a legal framework that makes it mandatory for all companies to be transparent about their business models, accountable to society for their actions, and managed in a democratic way that includes informing, consulting and bargaining with trade unions.

⁴ See the statement issued by trade unions and NGOs on "[red lines for the Regulation on prohibiting products made with forced labour on the Union market](#)".