European Commission Consultation
Submission
Proposal for an Initiative on Sustainable Corporate Governance

February 2021
At Shift, we believe that well-designed mandatory human rights due diligence regimes have the potential to drive better outcomes for people by scaling uptake by business of the UN Guiding Principles, the OECD Guidelines for Multinational Enterprises, and the international human rights standards underpinning them. The potential for an EU-level regime is significant in this regard.

Shift made a submission to the European Commission’s recent consultation into the role and key features of potential legislation. Here we highlight key points from our response and then provide our detailed answers.

In Shift’s view:

- EU legislation establishing a **new corporate duty to conduct human rights and environmental due diligence** (HREDD) has the potential to help level the playing field, ensure that Boards are aware of their responsibility to oversee the management of a company’s salient human rights and environmental risks, and drive a common understanding of what “quality” due diligence looks like. Importantly, it could also help ensure greater access to remedy through the inclusion of appropriate civil liability provisions.

- **Directors should be accountable for overseeing how a company prevents and addresses its negative impacts on people and planet.** Even without the reform of directors’ duties, the introduction of a corporate duty to conduct HREDD would make a significant contribution to this objective by requiring directors to oversee appropriate due diligence systems.

- **The due diligence process expectations set out in the UNGPs and in the OECD Guidelines should form the core requirements on business in any new regulation.** But to ensure meaningful implementation, those enforcing this new duty will need to pay attention to **key features of HRDD that are indicative of the seriousness of a company’s efforts.** National regulators will need guidance on how to assess whether there is an authentic intent and effort within a company to both find and reduce risks to workers, communities and other affected stakeholders. We propose what some of these “**Signals of Seriousness**” could be for HRDD in a draft resource attached to our submission, informed by initial testing with business, government, and civil society stakeholders.

- **Any new duty needs to have improved outcomes for people as its ultimate goal.** As such, it is important that HREDD is not conceived of as a “tick-box” exercise, but as one that necessarily involves the **creative use of leverage** beyond contractual terms or commercial leverage alone – including public advocacy where appropriate and partnership with industry peers and stakeholders to drive change – as well as **meaningful engagement with affected stakeholders.**

- Any new legislation should have a **wide scope**, including both SMEs (with appropriate flexibility in implementation) and foreign companies operating in/into the single market.

- To ensure a level playing field in practice, there need to be **meaningful consequences** for companies that clearly fail to meet a new duty, involving judicial and administrative measures. This should include:
i) creating or endowing **national-level regulatory bodies** with the capacity and expertise to carry out regular reviews of corporate disclosure and performance and hold companies accountable;

ii) **EU regulatory oversight** through a new, fit for purpose entity with its own enforcement powers that brings together national regulatory bodies and expert stakeholders; and

iii) **civil liability for certain harms with a defense** where companies can demonstrate that they undertook due diligence that was appropriate and proportionate to the relevant impacts. The mere fact of conducting some form of due diligence should not be considered as a complete defense to liability, or as a safe harbor against claims being brought.

- A new corporate duty needs to be accompanied by a **range of other EU policy measures** to set the right incentives and help bridge the “accountability gap” between the likely scope of liability on the one hand and the full scope of HREDD in line with international standards on the other.

(Comment that this document omits a limited number of questions where we did not provide an answer because the question went beyond our direct experience).
SECTION I: Need and objectives for EU intervention on sustainable corporate governance

Questions 1 and 2 below which seek views on the need and objectives for EU action have already largely been included in the public consultation on the Renewed Sustainable Finance Strategy earlier in 2020. The Commission is currently analysing those replies. In order to reach the broadest range of stakeholders possible, those questions are now again included in the present consultation also taking into account the two studies on due diligence requirements through the supply chain as well as directors’ duties and sustainable corporate governance.

Question 1: Due regard for stakeholder interests’, such as the interests of employees, customers, etc., is expected of companies. In recent years, interests have expanded to include issues such as human rights violations, environmental pollution and climate change. Do you think companies and their directors should take account of these interests in corporate decisions alongside financial interests of shareholders, beyond what is currently required by EU law?

- Yes, a more holistic approach should favour the maximisation of social, environmental, as well as economic/financial performance.
- Yes, as these issues are relevant to the financial performance of the company in the long term.
- No, companies and their directors should not take account of these sorts of interests.
- Do not know.

Question 2: Human rights, social and environmental due diligence requires companies to put in place continuous processes to identify risks and adverse impacts on human rights, health and safety and environment and prevent, mitigate and account for such risks and impacts in their operations and through their value chain.

In the survey conducted in the context of the study on due diligence requirements through the supply chain, a broad range of respondents expressed their preference for a policy change, with an overall preference for establishing a mandatory duty at EU level.

Do you think that an EU legal framework for supply chain due diligence to address adverse impacts on human rights and environmental issues should be developed?

- Yes, an EU legal framework is needed.
- No, it should be enough to focus on asking companies to follow existing guidelines and standards.
- No action is necessary.
- Do not know.

Please explain: See answers to Q 3
**Question 3:** If you think that an EU legal framework should be developed, please indicate which among the following possible benefits of an EU due diligence duty is important for you (tick the box/multiple choice)?

- Ensuring that the company is aware of its adverse human rights, social and environmental impacts and risks related to human rights violations other social issues and the environment and that it is in a better position to mitigate these risks and impacts
- Contribute effectively to a more sustainable development, including in non-EU countries
- Levelling the playing field, avoiding that some companies freeride on the efforts of others
- Increasing legal certainty about how companies should tackle their impacts, including in their value chain
- A non-negotiable standard would help companies increase their leverage in the value chain
- Harmonisation to avoid fragmentation in the EU, as emerging national laws are different
  - SMEs would have better chances to be part of EU supply chains
- Other

**Other, please specify:**

**Shift Response**

- Greater access to remedy for individuals whose human rights are harmed.
- Ensuring that a common understanding is established at EU level of what quality due diligence looks like, to avoid fragmentation and the development of superficial due diligence approaches resulting from national laws of different calibers.

**Question 3a. Drawbacks**

Please indicate which among the following possible risks/drawbacks linked to the introduction of an EU due diligence duty are more important for you (tick the box/multiple choice)?

- Increased administrative costs and procedural burden
- Penalisation of smaller companies with fewer resources
- Competitive disadvantage vis-à-vis third country companies not subject to a similar duty
- Responsibility for damages that the EU company cannot control
- Decreased attention to core corporate activities which might lead to increased turnover of employees and negative stock performance
Difficulty for buyers to find suitable suppliers which may cause lock-in effects (e.g. exclusivity period/no shop clause) and have also negative impact on business performance of suppliers

- Disengagement from risky markets, which might be detrimental for local economies

- Other

**Other, please specify:**

**Shift Response**

Both risks related to foreign companies and disengagement from risky markets can be at least partly ameliorated through (a) careful attention in the design of the legislation itself (e.g., how it applies to foreign companies trading/operating in the internal market and how it sets incentives for companies to engage with human rights and environmental impacts in their supply chain rather than simply disengaging), and (b) by setting it within a broader architecture of EU measures related to the EU’s trade and development competencies in particular.

Another risk is superficial compliance with a procedural duty that can easily be gamed - again this can be addressed through careful design of the legislation as we explain in response to Q 15.

Finally, there is a risk of large companies passing the burden of complying with new duties to smaller companies in their value chain. To address this, the legislation needs to look clearly at the role of companies’ own purchasing practices in driving perverse incentives, and in how the company uses leverage consistently to seek to achieve better human rights outcomes in practice.

**SECTION II: Directors’ duty of care – stakeholders’ interests**

In all Member States the current legal framework provides that a company director is required to act in the interest of the company (duty of care). However, in most Member States the law does not clearly define what this means. Lack of clarity arguably contributes to short-termism and to a narrow interpretation of the duty of care as requiring a focus predominantly on shareholders’ financial interests. It may also lead to a disregard of stakeholders’ interests, despite the fact that those stakeholders may also contribute to the long-term success, resilience and viability of the company.

**Question 5.** Which of the following interests do you see as relevant for the long-term success and resilience of the company?

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<th>Relevant</th>
<th>Not Relevant</th>
<th>I do not know/I do not take position</th>
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<tr>
<td>the interests of shareholders</td>
<td>●</td>
<td>○</td>
<td>○</td>
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<tr>
<td>the interests of employees</td>
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<td>the interests of employees in the company’s supply chain</td>
<td>●</td>
<td>○</td>
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<td>the interests of customers</td>
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<td>the interests of persons and communities affected by the operations of the company</td>
<td>●</td>
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the interests of persons and communities affected by the company’s supply chain

the interests of local and global natural environment, including climate

the likely consequences of any decision in the long term (beyond 3-5 years)

the interests of society, please specify

other interests, please specify

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<th>the interests of society, please specify:</th>
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<tr>
<td>Shift Response</td>
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<tr>
<td>While societies may have many interests that are important (maintenance of the rule of law, systemic inequality etc), this framing is too general to be meaningful in legislation. Companies can reasonably be expected to identify the groups or classes of stakeholders that can be impacted by their operations or those of their business relationships throughout the value chain. Those individuals also have ‘rights’ rather than ‘interests’ which again a company can reasonably be expected to identify. If the relevant group is defined as ‘society’ then this can be interpreted as whoever’s interests are dominant rather than whoever is most severely affected and would undermine the clarity of focusing on those who are actually affected.</td>
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<th>other interests, please specify:</th>
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<td>Shift Response</td>
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<td>To clarify on the “interests of shareholders” - some are specifically interested in the long-term success of the company, including its sustainability in both the human and environmental dimensions. Many are motivated by short-term financial considerations only. So they cannot be treated as a single group for the purposes of this question, at least not given current incentive structures.</td>
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Question 6. Do you consider that corporate directors should be required by law to (1) identify the company’s stakeholders and their interests, (2) to manage the risks for the company in relation to stakeholders and their interests, including on the long run (3) and to identify the opportunities arising from promoting stakeholders’ interests?

<table>
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<tr>
<th>Identification of the company’s stakeholders and their interests</th>
<th>I strongly agree</th>
<th>I agree to some extent</th>
<th>I disagree to some extent</th>
<th>I strongly disagree</th>
<th>I do not know</th>
<th>I do not take position</th>
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<td>Statement</td>
<td>I strongly agree</td>
<td>I agree to some extent</td>
<td>I disagree to some extent</td>
<td>I strongly disagree</td>
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<td>Management of the risks for the company in relation to stakeholders and their interests, including on the long run</td>
<td>○</td>
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<tr>
<td>Identification of the opportunities arising from promoting stakeholders’ interests</td>
<td>○</td>
<td>○</td>
<td>●</td>
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**Please explain:**

**Shift Response**

These definitions appear to be framed in terms of the implications for or impact on the business of focusing on different stakeholders’ interests, rather than the need for businesses to take into account the human rights of stakeholders who may be negatively affected by their operations, informed by the perspectives of those stakeholders. To the extent that the Commission proposes changes to company law to clarify the need for directors to consider stakeholders, it is imperative that this reflect a focus on the company’s “affected or potentially affected stakeholders” - that is, those individuals and groups whose human rights are or may be negatively impacted through the company’s operations or value chain (see answer to Q 20). Encouraging an open-ended judgment by directors about which stakeholders are ‘relevant’, and what their ‘interests’ are, is unlikely to provide the necessary level of clarity.

The issue of opportunities that can arise from “promoting stakeholders’ interests” - or better, from identifying where companies can have the most significant positive impact on human rights and the environment - may be an important and relevant consideration. But unless directors are clearly expected to also consider negative impacts on people and planet, considering the opportunity to have positive impacts alone would replicate existing weaknesses in how sustainability is understood and applied in practice, particularly with respect to human rights and other social impacts.

**Question 7.** Do you believe that corporate directors should be required by law to set up adequate procedures and where relevant, measurable (science-based) targets to ensure that possible risks and adverse impacts on stakeholders, ie. human rights, social, health and environmental impacts are identified, prevented and addressed?

- ○ I strongly agree
  - ○ I agree to some extent
  - ○ I disagree to some extent
  - ○ I strongly disagree
  - ○ I do not know
  - ○ I do not take position
Please explain:

Shift Response

Directors should be accountable for overseeing how the company manages these impacts. Whether this can only be achieved through changes to directors' duties, or whether much could already be achieved through an introduction of the corporate duty described in part 2 of this survey, is an open question, since a new corporate duty would “indirectly create fiduciary duties for the directors” according to the study by BIICL for the Commission.

Question 8. Do you believe that corporate directors should balance the interests of all stakeholders, instead of focusing on the short-term financial interests of shareholders, and that this should be clarified in legislation as part of directors’ duty of care?

- I strongly agree
- I agree to some extent
- I disagree to some extent
- I strongly disagree
- I do not know
- I do not take position

Please provide an explanation or comment:

Shift Response

Directors should be accountable for overseeing how the company prevents and addresses negative impacts on people and planet as part of their duty to act in the interests of the company. (This provides a level of precision beyond “balancing the interests of all stakeholders,” per our answer to Q 6.) In fact, existing legislation in many jurisdictions already gives directors significant discretion in how to meet their duty in practice, but is either (a) not interpreted by directors and their (legal and other) advisors in this way, and/or (b) undermined by the manner in which other dynamics influence directors’ decision-making, particularly pressure from some investors to focus on short-term profit maximization above all else. We believe that the introduction of the corporate duty proposed in part 2 of this survey would make a significant contribution to addressing these barriers by legally requiring directors to oversee appropriate due diligence systems.

Question 9. Which risks do you see, if any, should the directors’ duty of care be spelled out in law as described in question 8?

Shift Response

See answer to Q 6 - the language proposed is not sufficiently specific and does not take adequate account of the way the corporate duty is framed in part 2 of this survey.

- How could these possible risks be mitigated? Please explain. N/A
Question 10. As companies often do not have a strategic orientation on sustainability risks, impacts and opportunities, as referred to in question 6 and 7, do you believe that such considerations should be integrated into the company’s strategy, decisions and oversight within the company?

- I strongly agree
- I agree to some extent
- I disagree to some extent
- I strongly disagree
- I do not know
- I do not take position

Please explain:

Shift Response

This is essential to avoid sustainability being treated as a siloed issue, separate from the company’s actual operations. This should form part of the expectations of the corporate duty proposed in part 2 of this survey.

ENFORCEMENT OF DIRECTORS’ DUTY OF CARE

Today, enforcement of directors’ duty of care is largely limited to possible intervention by the board of directors, the supervisory board (where such a separate board exists) and the general meeting of shareholders. This has arguably contributed to a narrow understanding of the duty of care according to which directors are required to act predominantly in the short-term financial interests of shareholders. In addition, currently, action to enforce directors’ duties is rare in all Member States.

Question 11. Are you aware of cases where certain stakeholders or groups (such as shareholders representing a certain percentage of voting rights, employees, civil society organisations or others) acted to enforce the directors’ duty of care on behalf of the company? How many cases? In which Member States? Which stakeholders? What was the outcome?

Please describe examples: We do not have first-hand knowledge of this.

Question 12. What was the effect of such enforcement rights/actions? Did it give rise to case law/ was it followed by other cases? If not, why?

Please describe: We do not have first-hand knowledge of this.

Question 13. Do you consider that stakeholders, such as for example employees, the environment or
people affected by the operations of the company as represented by civil society organisations should be given a role in the enforcement of directors’ duty of care?

- I strongly agree
- I agree to some extent
- I disagree to some extent
- I strongly disagree
- I do not know
- I do not take position

Please explain your answer: N/A

SECTION III: Due diligence duty

For the purposes of this consultation, “due diligence duty” refers to a legal requirement for companies to establish and implement adequate processes with a view to prevent, mitigate and account for human rights (including labour rights and working conditions), health and environmental impacts, including relating to climate change, both in the company’s own operations and in the company’s the supply chain. “Supply chain” is understood within the broad definition of a company’s “business relationships” and includes subsidiaries as well as suppliers and subcontractors. The company is expected to make reasonable efforts for example with respect to identifying suppliers and subcontractors. Furthermore, due diligence is inherently risk-based, proportionate and context specific. This implies that the extent of implementing actions should depend on the risks of adverse impacts the company is possibly causing, contributing to or should foresee.

Question 14: Please explain whether you agree with this definition and provide reasons for your answer.

Shift Response

We partly agree. The proposed definition captures some key elements, but it also introduces aspects that would diverge from the UNGPs and OECD Guidelines - the authoritative standards that have informed both business practice and stakeholder expectations over the last decade. Specifically:

1. The ultimate purpose of due diligence is to enable a company to respect human rights (and the environment), which means to “prevent and address” negative impacts on people (and planet). This overarching duty needs to be defined, distinct from the procedural steps necessary to meet it (i.e. due diligence). Also, “address” encompasses actions both to mitigate risks and also to remedy actual impacts where the company has caused or contributed to them. The definition does not capture this second aspect. (“Account for” is typically understood to refer to communication with stakeholders and the wider public with regard to the company’s actions and is part of the due diligence process, which is often described as “identify, prevent, mitigate and account for” adverse impacts.)
2. A company’s responsibility extends throughout its business relationships across its full value chain. Sometimes ‘supply chain’ is used this way but it may also imply just the upstream portion of the value chain, as the proposed wording in the definition does. Yet for some companies, such as those in the ICT and financial sectors, their greatest risks like in the products and services they provide and how those are used or applied. In many sectors, the role of franchise and distribution business partners can be a critical source of human rights risks. Any definition needs to cover the full scope of the value chain to align with existing standards and be broadly applicable.

3. The duty to respect (and to carry out due diligence) should cover impacts that the company may cause, contribute or be linked to. The current definition: a) mixes what is currently accepted as the scope of due diligence (including situations of linkage throughout the full value chain) with what may be an appropriate scope of liability (impacts that a company causes or contributes to); b) uses the term foreseeability in place of ‘linked to’, introducing a concept that is too limiting when used to define the scope of a company’s responsibility for due diligence.

The concepts of cause, contribution and linkage in the UNGPs were not intended as legal concepts, although they may overlap in practice with existing legal causes of action. The value of linkage in this framework is as an incentive: the more a company can show it is making reasonable efforts to tackle risks deep in its value chain, the more likely it is that we would conclude it is not contributing to ongoing harms, even though its operations remain linked to them. This sets up a dynamic whereby businesses should be constantly seeking to learn from leading practice and improve their due diligence approaches in order to avoid falling into a situation of contribution through inaction or superficial efforts. Existing concepts of liability align most directly with the first two modes of involvement – cause and contribution (see Q 19).

Foreseeability under the UNGPs and OECD Guidelines is relevant as a factor among others in evaluating contribution – the more foreseeable (and also severe) a harm, the more a company would be expected to have taken reasonable steps to try to prevent it. But at some point, those steps may simply not be enough to prevent the harm because the impacts are systemic in nature and require a different and more holistic approach – which has to be incentivized through means other than liability.

This concept of linkage therefore does not map neatly to legal theories of liability; for example, it is entirely ‘foreseeable’ that any company sourcing cocoa from certain countries will face instances of child labor in its supply chain, no matter how good its due diligence, because the nature of those harms requires a set of responses that go beyond what any one company can do on its own and need to involve governments, international organizations and other stakeholders in tackling the root causes of the harms and setting measurable targets to achieve progress. If a company were to be liable for all such ‘foreseeable’ impacts, there would be greater incentives for companies to disengage from these relationships, and from higher-risk sourcing markets entirely. That is the opposite dynamic to what is intended by existing international standards, which encourage companies to engage with high-risk partners and supply chains in order to try to improve outcomes on the ground.

4. The definition does not say anything about how due diligence should be embedded in appropriate governance and accountability structures. This is a foundational point without which due diligence risks becoming a siloed activity, divorced from the business model and strategy.
Question 15: Please indicate your preference as regards the content of such possible corporate due diligence duty (tick the box, only one answer possible). Please note that all approaches are meant to rely on existing due diligence standards, such as the OECD guidance on due diligence or the UNGPs. Please note that Option 1, 2 and 3 are horizontal i.e. cross-sectorial and cross thematic, covering human rights, social and environmental matters. They are mutually exclusive. Option 4 and 5 are not horizontal, but theme or sector-specific approaches. Such theme specific or sectorial approaches can be combined with a horizontal approach (see question 15a). If you are in favour of a combination of a horizontal approach with a theme or sector specific approach, you are requested to choose one horizontal approach (Option 1, 2 or 3) in this question.

- **Option 1.** “Principles-based approach”: A general due diligence duty based on key process requirements (such as for example identification and assessment of risks, evaluation of the operations and of the supply chain, risk and impact mitigation actions, alert mechanism, evaluation of the effectiveness of measures, grievance mechanism, etc.) should be defined at EU level regarding identification, prevention and mitigation of relevant human rights, social and environmental risks and negative impact. These should be applicable across all sectors. This could be complemented by EU level general or sector specific guidance or rules, where necessary.

- **Option 2.** “Minimum process and definitions approach”: The EU should define a minimum set of requirements with regard to the necessary processes (see in option 1) which should be applicable across all sectors. Furthermore, this approach would provide harmonised definitions for example as regards the coverage of adverse impacts that should be the subject of the due diligence obligation and could rely on EU and international human rights conventions, including ILO labour conventions, or other conventions, where relevant. Minimum requirements could be complemented by sector specific guidance or further rules, where necessary.

- **Option 3.** “Minimum process and definitions approach as presented in Option 2 complemented with further requirements in particular for environmental issues”. This approach would largely encompass what is included in option 2 but would complement it as regards, in particular, environmental issues. It could require alignment with the goals of international treaties and conventions based on the agreement of scientific communities, where relevant and where they exist, on certain key environmental sustainability matters, such as for example the 2050 climate neutrality objective, or the net zero biodiversity loss objective and could reflect also EU goals. Further guidance and sector specific rules could complement the due diligence duty, where necessary.

- **Option 4.** “Sector-specific approach”: The EU should continue focusing on adopting due diligence requirements for key sectors only.

- **Option 5.** “Thematic approach”: The EU should focus on certain key themes only, such as for example slavery or child labour.

- None of the above, please specify
**Question 15a:** If you have chosen option 1, 2 or 3 in Question 15 and you are in favour of combining a horizontal approach with a theme or sector specific approach, please explain which horizontal approach should be combined with regulation of which theme or sector?

**Shift Response**

The legislation could be supplemented by additional measures (which could include legislation or guidance) for specific sectors, products or activities that pose high human rights and environmental risks. This could include business models that are inherently high risk and may cut across various sectors as highlighted in Shift’s research into “Business Model Red Flags” available at [https://shiftproject.org/val-respect-focus-area/business-model-red-flags/](https://shiftproject.org/val-respect-focus-area/business-model-red-flags/). Any such measures should reinforce but not limit the development and implementation of the proposed general legislation.

**Question 15b:** Please provide explanations as regards your preferred option, including whether it would bring the necessary legal certainty and whether complementary guidance would also be necessary.

**Shift Response**

The due diligence process expectations set out in the UNGPs and in the OECD Guidelines should form the core requirements on business in mHREDD regulation. Option 2 could help ensure that those process requirements are defined in ways that are more likely to lead to better quality corporate decision-making and actions to actually prevent and reduce harm.

At the moment, corporate HRDD efforts tend to be evaluated by the “observable basics” of what a company has in place, such as the existence of a human rights policy, a risk identification process, staff with responsibility for human rights, internal training, clauses in contracts with business partners or a grievance mechanism. We can think of these as a list of process requirements that can (and should) be complied with, but which may not necessarily have a meaningful impact on human rights outcomes for affected stakeholders if they are not carried out to a certain level of quality in practice, and if the right governance and incentive structures are not in place within a company to enable that. If we want to ensure that compliance with new process requirements does not become a purely criteria-based (or ‘box-ticking’) exercise – which serves neither affected stakeholders nor companies well – then the legislation, and those charged with implementation of it, will need to look beyond whether a company has these elements in place, and also consider how a company does HRDD by paying attention to key features of HRDD that are indicative of the seriousness of a company’s efforts.

For example, when assessing the quality of a company’s implementing actions it will be important to look at how it has used its leverage. A frequent misunderstanding of the concept of leverage is that it is limited to the contractual or commercial influence companies already have with business partners. In fact, using and building leverage is an inherently creative exercise, which often involves companies working together with peers or other stakeholders (such as international organizations, trade unions or NGOs) to build additional leverage, or using advocacy towards governments to try to influence the broader picture of respect for human rights in a particular context. This goes well beyond including human rights clauses in supplier contracts and using audits to check supplier compliance. It is also not the same as the mere fact of participating in an industry or multi-stakeholder initiative – that may be an aspect of using leverage but that will depend on an assessment of the quality of the initiative and its impact on the ground. The legislation will need to consider how best to capture and incentivize these more qualitative aspects of HRDD in addition to setting “minimum process requirements.”
In Shift’s view, legislation will need to be supported by binding guidance for national regulators on important signals that can indicate whether there is an authentic and consistent intent and effort within a company to both find and reduce risks to workers, communities and other affected stakeholders through due diligence. We attach a draft resource to our submission on this point, informed by initial testing with business, government, and civil society stakeholders, that proposes what some of these “Signals of Seriousness” could be. These build upon existing authoritative interpretive guidance (such as that developed by the OECD) and highlight features of HRDD that could be demonstrated by companies of all sizes and sectors.

These signals cover 6 areas of company practice: Governance of human rights; Meaningful engagement with affected stakeholders; Identifying and prioritizing risks; Taking action on identified risks; Monitoring and evaluating progress in addressing risks; Providing and enabling remedy. Not all the signals we propose need to be present to judge HRDD to be meaningful or serious, yet where few of them are present, it is unlikely that HRDD will achieve its purpose in practice.

Importantly, these signals reflect aspects of company practice that can easily form part of companies’ broader sustainability reporting, whether under mandated disclosures or routine narrative reporting. This is important because national regulators are likely to have to rely on corporate disclosure as a key method of assessing the adequacy of companies’ due diligence.

**Question 15c**: If you ticked options 2) or 3) in Question 15 please indicate which areas should be covered in a possible due diligence requirement (tick the box, multiple choice)

- Human rights, including fundamental labour rights and working conditions (such as occupational health and safety, decent wages and working hours)
- Interests of local communities, indigenous peoples’ rights, and rights of vulnerable groups
- Climate change mitigation
- Natural capital, including biodiversity loss; land degradation; ecosystems degradation, air, soil and water pollution (including through disposal of chemicals); efficient use of resources and raw materials; hazardous substances and waste
- Other, please specify

**Question 15d**: If you ticked option 2) in Question 15 and with a view to creating legal certainty, clarity and ensuring a level playing field, what definitions regarding adverse impacts should be set at EU level?

**Shift Response**

Regarding human and labor rights, due diligence legislation should at least cover all internationally recognized human rights, understood, at a minimum, as those expressed in:

- the International Bill of Human Rights, consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, and
- the principles concerning fundamental rights set out in the ILO Declaration on Fundamental
Principles and Rights at Work, and detailed in the ILO core Conventions.

It should make clear that other standards will also be relevant for companies depending on their operations, specifically:

- UN standards on the rights of persons belonging to particularly vulnerable groups or communities (including the International Convention on the Elimination of All Forms of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination against Women, the Convention on the Rights of the Child, the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families, the Convention on the Rights of Persons with Disabilities, the United Nations Declaration on the Rights of Indigenous Peoples, the Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities), and

- international humanitarian law as it relates to the activities of non-state actors.

While Shift’s expertise lies in the human rights domain, we recognize the value of including environmental impacts that do not directly impact people or their human rights in a comprehensive due diligence duty, and support further requirements being placed on companies in relation to these. Environmental and human rights impacts are frequently inter-related – particularly in the context of climate change. For example, HRDD would necessarily encompass the identification, prevention, mitigation and accounting for how a company addresses its environmental impacts that have adverse impacts on human rights. Equally, HRDD should factor in the human rights impacts of a company’s environmental adaptation and mitigation measures.

While we do not have detailed views on the definitions to be applied to this aspect of the duty, drawing on our experience with implementing HRDD in practice, we would make the following observations:

- Environmental due diligence is often conceptualized and implemented through many different standards, including those related to specific sectors and particular environmental issues. The OECD Guidelines provide the clearest example of a comprehensive integrated model for environmental due diligence that incorporates the critical principles of prevention and precaution.

- HRDD concepts are also relevant to the environmental sphere, including:
  - Taking a whole of value chain approach, where a company has a responsibility to identify and address impacts not only that it has caused and contributed to, but to those which are directly linked to a company’s operations, products or services by a business relationship.
  - Stakeholder engagement processes that focus on incorporating the perspectives of those people negatively affected by the environmental impacts of a business.
  - A prioritization process that is based on the severity of the harm to the environment rather than ‘materiality’ of an impact or the risk it poses to the business.
  - That building and using leverage through a variety of means, including collective action, and collaboration with business partners to address impacts and to improve their practices and behaviors can be more effective than tick-box approaches focused on policing supply chain impacts through contractual clauses.

- There appears to be greatest consensus amongst stakeholders on the standards and expectations on the management of climate change impacts. The framework of scope 1, 2 and 3 impacts provides a basis for understanding a company’s role in addressing these impacts in a way that aligns with that in the human rights domain of differentiated responsibility (i.e. that a company’s expected action depends on whether it is causing, contributing or directly linked to an impact).
**Question 16:** How could companies’- in particular smaller ones’- burden be reduced with respect to due diligence? Please indicate the most effective options (tick the box, multiple choice possible)

This question is being asked in addition to question 48 of the Consultation on the Renewed Sustainable Finance Strategy, the answers to which the Commission is currently analysing.

- All SMEs should be excluded
- SMEs should be excluded with some exceptions (e.g. most risky sectors or other)
- Micro and small sized enterprises (less than 50 people employed) should be excluded
- Micro-enterprises (less than 10 people employed) should be excluded
- SMEs should be subject to lighter requirements (“principles-based” or “minimum process and definitions” approaches as indicated in Question 15)
- SMEs should have lighter reporting requirements
- Capacity building support, including funding
- Detailed non-binding guidelines catering for the needs of SMEs in particular
- Toolbox/dedicated national helpdesk for companies to translate due diligence criteria into business practices
- Other option, please specify
- None of these options should be pursued

**Please explain your choice, if necessary**

**Shift Response**

The UNGPs and OECD Guidelines are clear that the responsibility to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership and structure. SMEs account for about 90% of all businesses and contribute up to 50% of total employment in the world. If new legislation aims to drive positive outcomes for people in the context of business activity, it must reach the businesses people work for and interact with. Support amongst larger businesses for mHREDD also increasingly hinges on the inclusion of SMEs in any such regimes, given multinationals’ interest in the level playing field and the increased leverage with resistant suppliers that mHREDD promises.

The means through which business enterprises meet their responsibility to respect human rights will be proportional to, among other factors, their size. For small businesses with limited resources, prioritizing action on the most severe risks to people will be even more crucial. We know that businesses in the apparel, food, retail and cleaning sectors have made progress by focusing on addressing the problem of low wages, believing this will have knock-on effects on a host of other rights. Legislation ought to reflect this need.

In comparison to larger businesses, SMEs tend to have fewer suppliers and customers, which can
enable deeper and better-quality relationships. SMEs often spend more time selecting business partners who share their values and tend to perform well on human rights. For small businesses that aim to respect people, partnership with suppliers is a necessity, not a choice. Legislation should avoid incentivizing an approach where a buyer ‘policies’ its supply chain through a process of monitoring and social audits. This approach would particularly impact SMEs.

Instead, legislation should encourage practices that focus on relationship-building, not policing, to work towards better outcomes for people. SMEs often lack the commercial leverage of larger companies, and must think more creatively. We have seen them achieve buy-in from partners by explaining the benefits of a proposed program, and drawing on the trusted relationships they have developed, rather than by requiring suppliers to participate.

Finally, experience shows that even the most sophisticated human rights risk management processes will bear little fruit if they are not fully embedded in company governance and culture. Here, values-driven SMEs have an advantage and legislation should support that relative strength, setting the expectation not just for a mechanical due diligence process, but one that actually informs company behavior and decision-making (as highlighted in the “Signals of Seriousness” referenced in Q15 above).

**Question 17:** In your view, should the due diligence rules apply also to certain third-country companies which are not established in the EU but carry out (certain) activities in the EU?

- Yes
- No
- I do not know

**Question 17a:** What link should be required to make these companies subject to those obligations and how (e.g. what activities should be in the EU, could it be linked to certain turnover generated in the EU, other)? Please specify.

**Shift Response**

To meet the desire for a level playing field, and to avoid the risk of companies relocating their operations outside the EU, it is important that the legislation apply to companies operating in the single market whether they are established or headquartered within the EU or in third countries. This would also benefit EU consumers who care about the impacts generated in connection with the products and services they buy. This should include companies offering products or services or carrying out other activities in the single market.

**Question 17b:** Please also explain what kind of obligations could be imposed on these companies and how they would be enforced.

**Shift Response**

These companies should be required to carry out the same HREDD as EU-based companies for the products or services they place, or the activities they carry out, in the single market. There are various ways in which this could be enforced and the legislation would need to consider several means, such as: (a) requirements in listing rules for foreign companies listed on EU stock exchanges, (b) import requirements demonstrating due diligence with regard to products being sold into the single...
market (building on existing product safety and ‘Eco-design’ regimes), and (c) requirements for foreign companies bidding on public procurement contracts at EU or Member State level.

**Question 18:** Should the EU due diligence duty be accompanied by other measures to foster more level playing field between EU and third country companies?

- [ ] Yes
- [ ] No
- [ ] I do not know

**Please explain:**

**Shift Response**

There are important EU policy levers that should accompany changes to company law, since it will not be possible to enforce this obligation in exactly the same ways against third country companies and since the overall goal of such legislation should be to improve human rights outcomes for people in third countries as well as within the EU.

Relevant policy measures could include:

- Establishing positive weighting of measurable due diligence criteria in EU and Member State public procurement regimes (for both EU and non-EU based companies);

- Considering the imposition of market access restrictions at EU level on goods made in association with severe human rights abuses, such as modern slavery, through mechanisms that incentivize the adoption of better due diligence practices by companies and actual remedy for affected workers and communities, taking into account the model adopted in the US, Canada and Mexico;

- Recognition at EU and Member State level of the role of credible sectoral and multi-stakeholder initiatives to tackle specific human rights harms in certain commodity, sectoral or country contexts where those initiatives meet clear quality and accountability criteria;

- Exploring how EU development policy can best strengthen capacities to establish and effectively implement due diligence requirements, including through donor funding to producer-country governments, and to NGOs, trade unions and other groups to use due diligence and other relevant legislation to hold companies to account;

- Enhancing the human rights protection, monitoring and enforcement in EU free trade and investment protection agreements with regard to the state duty to protect against human rights harm by businesses, including through the adoption of tools to ensure that investors respect human rights, and consideration of appropriate enforcement mechanisms and access to remedy for third parties whose human rights are harmed;

- Constructively engaging in the discussion of a potential UN treaty on business and human rights including by mandating the EEAS to participate in these discussions.
**Question 19: Enforcement of the due diligence duty**

**Question 19a:** If a mandatory due diligence duty is to be introduced, it should be accompanied by an enforcement mechanism to make it effective. In your view, which of the following mechanisms would be the most appropriate one(s) to enforce the possible obligation (tick the box, multiple choice)?

- Judicial enforcement with liability and compensation in case of harm caused by not fulfilling the due diligence obligations
- Supervision by competent national authorities based on complaints (and/or reporting, where relevant) about non-compliance with setting up and implementing due diligence measures, etc. with effective sanctions (such as for example fines)
- Supervision by competent national authorities (option 2) with a mechanism of EU cooperation/coordination to ensure consistency throughout the EU
- Other, please specify

**Please provide explanation:**

**Shift Response**

To ensure a level playing field in practice, there need to be meaningful consequences for companies that clearly fail to meet the duty, involving judicial and administrative measures.

1. Administrative enforcement at national level:
   - Member States should create or endow regulatory bodies with the capacity and expertise to carry out regular reviews of corporate disclosure and hold companies accountable where there is credible information of a failure to meet the duty. They should have the powers and resources needed for investigating and initiating administrative proceedings on their own motion or based on information provided by affected stakeholders/others acting in the public interest. They should be able to require information from companies, and issue statements and/or fines for non-compliance.
   - States should learn from the experience of the OECD NCP system and ensure such bodies are independent of the ministries responsible for economic or business affairs.
   - States should adopt other measures to help incentivize the full scope of due diligence, such as including relevant criteria in public procurement, export credit and trade promotion, and development financing decisions.

2. Administrative enforcement at EU level:
   - EU oversight will be essential as many States lack established expertise in this area (beyond labor rights). There is no clearly fit for purpose EU body, so a new one would need to be established that can bring administrative proceedings against companies that operate across borders, larger companies and complex corporate groups, with the same powers as proposed for national bodies.
   - To avoid highly divergent interpretations, national regulators will need clear and regularly updated guidance on the qualitative features of HRDD that signal a company’s seriousness in
practice (per Q 15). This should be a critical function of a new EU body.

- Building on relevant models (such as the formal powers of the European Data Protection Board and the working methods of the informal Government Experts Group on Environmental Liability), an EU body should bring together national regulatory bodies and expert stakeholders to review and develop binding guidance, share information and identify trends in implementation. It should also consult more widely with stakeholders – including affected stakeholders – to inform its work.

3. Judicial enforcement:

- UNGP 17 foresaw the relevance of liability as one form of accountability for businesses in ensuring they meet their responsibility to respect human rights. The commentary makes clear that the robustness of a company’s due diligence should have an effect on liability by helping businesses address claims against them; at the same time, the mere fact of conducting some form of due diligence should not be considered as a complete defense to liability, or as a safe harbor against claims being brought. The UNGPs also recognize the need for affected stakeholders to access effective remedy, including judicial remedy, which is distinct from the imposition of corporate fines via administrative proceedings.

- Accordingly, if a new corporate duty of care is imposed, the legislation should provide for civil liability for harms that businesses cause or contribute to through their own operations, or through the operations of another entity that they control (recognizing that there are well-established understandings of the concept of control for the Commission to draw on, and that it always requires a fact-based analysis). The Commission should consult stakeholders on the detail of such liability, including whether any single instance of a harm would be sufficient for a claim, and when claimants could apply for injunctive relief to prevent imminent harm.

- The legislation should also provide for a defense where companies can demonstrate that they undertook due diligence that was appropriate and proportionate to the relevant impacts. (Any such defense should not detract from any existing causes of liability outside the new legislation). This should include allowing for the appropriate use of prioritization of risks on the basis of severity. This obviously would not mean looking solely at a list of procedural requirements or participation in particular initiatives and ‘ticking the box’ where a company can document that those processes or participation exists.

4. The role of assurance: It is likely that companies will seek to rely on independent assurance to demonstrate the appropriateness of their due diligence. The legislation should recognize that relevant professional standards will need to be reviewed and updated if such assurance is going to be relied on as evidence of the quality of due diligence. The UN Guiding Principles Assurance Guidance – developed by Shift with Mazars – highlights what is different about assurance of human rights information from current approaches (available at https://www.ungpreporting.org/assurance/).

SECTION IV: Other elements of sustainable corporate governance

Question 20: Stakeholder engagement

Better involvement of stakeholders (such as for example employees, civil society organisations representing the interests of the environment, affected people or communities) in defining how stakeholder interests and sustainability are included into the corporate strategy and in the
implementation of the company’s due diligence processes could contribute to boards and companies fulfilling these duties more effectively.

**Question 20a:** Do you believe that the EU should require directors to establish and apply mechanisms or, where they already exist for employees for example, use existing information and consultation channels for engaging with stakeholders in this area?

- ○ I strongly agree
- ◯ I agree to some extent
- ○ I disagree to some extent
- ○ I strongly disagree
- ○ I do not know
- ○ I do not take position

**Please explain:**

**Shift Response**

The UNGPs and OECD Guidelines expect companies to conduct “meaningful stakeholder engagement” as part of due diligence. This means that: 1) the focus should be on affected stakeholders and their perspectives, 2) modes of stakeholder engagement will necessarily have to vary if engagement is to be meaningful, and 3) the purpose and substance of stakeholder engagement is to inform a company’s ongoing due diligence processes, not simply to tick a box. A rigid approach to stakeholder engagement in the legislation – for example one that mandates that such engagement should happen only through certain formal structures at certain times – will not meet the purpose and intent of stakeholder engagement in the due diligence process. Moreover, it risks being inapplicable to companies of different sizes, in different sectors, with different risk profiles.

1. **Focus on affected stakeholders:** Stakeholders are typically defined as those individuals or organizations that can affect, or be affected by a company’s actions and decisions. In the context of HRDD, a key purpose of engagement with stakeholders is to ensure a full understanding of how the company’s actions and decisions can affect individuals and groups. The focus should therefore be on stakeholders whose human rights can be negatively impacted, referred to in the UNGPs as ‘affected or potentially affected stakeholders’, and their legitimate representatives (such as trade unions).

Potentially affected stakeholders include internal stakeholders (e.g., employees and contract workers), as well as external stakeholders (e.g., supply chain workers, communities, consumers and end-users, human rights defenders). Particular attention should be paid to stakeholders who may be disadvantaged or marginalized from society and, therefore, particularly vulnerable to impacts, such as children, women, indigenous peoples, people belonging to ethnic or other minorities, LGBTIQI+ people, or people with disabilities.

Civil society groups and others with expertise in human rights can play an important role
in informing the company’s approach, especially where direct engagement with affected stakeholders is not feasible or would jeopardize their safety. It is important that the legislation clearly differentiate affected stakeholders from others and provide clarity about why they should have a unique role in the due diligence process.

2. Modes of engagement: Companies may need to use a range of approaches to engagement, depending on the relevant risks and impacts. These could include existing structures such as employee representation on supervisory boards or works councils; but they should also include other approaches such as Global Framework Agreements with global union federations (which can help provide insight into the situation for workers in the supply chain), stakeholder advisory councils or consultative groups, and dialogue tables with local communities, among others. These structures or channels should enable stakeholders to raise concerns with the company; they should not only be for the company to meet its own business imperatives.

Companies need to share adequate information to enable stakeholders to provide meaningful feedback and raise concerns, and should consider how best to ensure accessibility for stakeholders, as well as their safety, in such engagements given the power imbalances that may often exist. This includes ensuring stakeholders can engage without threats of reprisals or harm. In the case of trade unions and indigenous peoples, engagement should meet international standards on collective bargaining and free, prior and informed consent.

3. Purposes of engagement: Under the UNGPs, engagement with affected stakeholders and/or their legitimate representatives (or efforts to gain insight into their perspectives if direct engagement is not possible) is particularly important at two key moments in due diligence: when identifying and prioritizing risks and impacts for attention, and in monitoring and tracking the effectiveness of the company’s approach to address them. A company should be able to show how engagement informed its decisions and actions in these areas, at a minimum. This is different from engaging with stakeholders only about positive impacts or opportunities; this can be important but, on its own, does not meet the expectations of due diligence.

Engagement is also important in connection with grievance mechanisms, where the purpose is to find out whether affected stakeholders are aware of and trust existing structures or processes, and to factor that into design of such mechanisms, potentially through co-creation or joint oversight models. Engagement is also important when providing remedy for harms that the company caused or contributed to, where companies should take the perspectives of affected stakeholders into account in considering what will constitute appropriate remedy.

Question 20b: If you agree, which stakeholders should be represented? Please explain. See answer to 20(a).

Question 20c: What are best practices for such mechanisms today? Which mechanisms should in your view be promoted at EU level? (tick the box, multiple choice)

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<thead>
<tr>
<th></th>
<th>Is best practice</th>
<th>Should be promoted at EU level</th>
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<tbody>
<tr>
<td>Advisory body</td>
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<tr>
<td>Stakeholder general meeting</td>
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<td>Complaint mechanism as part of due diligence</td>
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<tr>
<td>Other, please specify</td>
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</table>
Other, please specify:

Shift Response

As stated above in 20(a), what matters is the purposes of stakeholder engagement as part of due diligence rather than pre-determined mechanisms. There is a real risk that mandating a single (policy or Board-level) structure risks entrenching a privileged model of stakeholder engagement that is very far removed from the need for ongoing consideration of affected stakeholders’ perspectives that is integral to effective due diligence. Likewise, mandating the existence of a single grievance mechanism is unlikely to encourage the practice of a company looking across its value chain and making efforts to ensure that affected stakeholders have access to appropriate mechanisms to raise issues and to seek remedy.

Question 21: Remuneration of directors

Current executive remuneration schemes, in particular share-based remuneration and variable performance criteria, promote focus on short-term financial value maximisation [17] (Study on directors’ duties and sustainable corporate governance).

Please rank the following options in terms of their effectiveness to contribute to countering remuneration incentivising short-term focus in your view.

This question is being asked in addition to questions 40 and 41 of the Consultation on the Renewed Sustainable Finance Strategy the answers to which the Commission is currently analysing.

Ranking 1-7 (1: least efficient, 7: most efficient)

<table>
<thead>
<tr>
<th>Option</th>
<th>No view expressed</th>
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<tbody>
<tr>
<td>Restricting executive directors’ ability to sell the shares they receive as pay for a certain period (e.g. requiring shares to be held for a certain period after they were granted, after a share buy-back by the company)</td>
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<tr>
<td>Regulating the maximum percentage of share-based remuneration in the total remuneration of directors</td>
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<tr>
<td>Regulating or limiting possible types of variable remuneration of directors (e.g. only shares but not share options)</td>
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<tr>
<td>Making compulsory the inclusion of sustainability metrics linked, for example, to the company’s sustainability targets or performance in the variable remuneration</td>
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<tr>
<td>Mandatory proportion of variable remuneration linked to non-financial performance criteria</td>
<td></td>
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<tr>
<td>Requirement to include carbon emission reductions, where applicable, in the lists of sustainability factors affecting directors’ variable remuneration</td>
<td></td>
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<tr>
<td>Taking into account workforce remuneration and related policies when setting director remuneration</td>
<td></td>
</tr>
<tr>
<td>Other option, please specify</td>
<td>7</td>
</tr>
<tr>
<td>None of these options should be pursued, please explain</td>
<td>No view expressed</td>
</tr>
</tbody>
</table>
Please explain:

Shift Response

We strongly support the need for appropriate incentives to promote consideration by directors of how the company can prevent and address negative impacts on people and planet. These may include director remuneration policies, but complementary measures will be needed as well, especially since companies use different approaches to incentivize performance by executive directors. We therefore do not take a position on which of the proposed remuneration approaches is likely to be most effective.

Question 22: Enhancing sustainability expertise in the board

Current level of expertise of boards of directors does not fully support a shift towards sustainability, so action to enhance directors’ competence in this area could be envisaged [18] (Study on directors’ duties and sustainable corporate governance).

Please indicate which of these options are in your view effective to achieve this objective (tick the box, multiple choice).

- Requirement for companies to consider environmental, social and/or human rights expertise in the directors’ nomination and selection process
- Requirement for companies to have a certain number/percentage of directors with relevant environmental, social and/or human rights expertise
- Requirement for companies to have at least one director with relevant environmental, social and/or human rights expertise
- Requirement for the board to regularly assess its level of expertise on environmental, social and/or human rights matters and take appropriate follow-up, including regular trainings
- Other option, please specify
- None of these are effective options

Please explain:

Shift Response

To meet a corporate duty as set out in part 2, it will be essential for boards to have the right mix of expertise to adequately carry out the supervision that is required. This expertise should be appropriate to the nature and severity of the company’s risks of adverse impacts and could be achieved in a variety of ways. As with other aspects of implementation of the duty, careful attention would need to be paid to the situation of SMEs by allowing for appropriate flexibility in applying these requirements to their situation.
Question 23: Share buybacks

Corporate pay-outs to shareholders (in the form of both dividends and share buybacks) compared to the company’s net income have increased from 20 to 60 % in the last 30 years in listed companies as an indicator of corporate short-termism. This arguably reduces the company’s resources to make longer-term investments including into new technologies, resilience, sustainable business models and supply chains [19]. (A share buyback means that the company buys back its own shares, either directly from the open market or by offering shareholders the option to sell their shares to the company at a fixed price, as a result of which the number of outstanding shares is reduced, making each share worth a greater percentage of the company, thereby increasing both the price of the shares and the earnings per share.) EU law regulates the use of share-buybacks [Regulation 596/2014 on market abuse and Directive 77/91, second company law Directive].

In your view, should the EU take further action in this area?

- I strongly agree
- I agree to some extent
- I disagree to some extent
- I strongly disagree
- I do not know
- I do not take position

Question 24: Do you consider that any other measure should be taken at EU level to foster more sustainable corporate governance?

If so, please specify:

Shift Response

Consideration of a new corporate duty and the current processes to reform the NFRD and establish a social taxonomy are closely connected. There is a real risk that efforts to set predetermined issues or targets for companies on human rights i the context of policies on reporting or investment strategies will be inconsistent with the core content of a corporate duty to respect - which implies carrying out due diligence that is appropriate and proportionate to the nature and severity of the company’s risks and impacts, determined on a company-by-company basis. We strongly encourage the Commission to ensure that coherent expectations are being set for business across these different areas.
For inquiries about this submission or to learn more about our work on standards, please visit shiftproject.org/standards or contact us at info@shiftproject.org

ABOUT SHIFT

Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Shift’s global team of experts works across all continents and sectors to challenge assumptions, push boundaries and redefine corporate practice in order to build a world where business gets done with respect for people’s dignity. We are a non-profit, mission-driven organization headquartered in New York City.

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