



Human rights in EU supply chains

Oxfam analysis, background and agenda for EU action on EU mandatory human rights due diligence

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The women and men who produce the food we eat in Europe are often victims of systematic economic exploitation and denial of their most basic rights. Oxfam campaigns to end human suffering in supermarket supply chains all over the world. At EU level, Oxfam advocates for regulation that will change the rules of the game and rebalance power in supermarket supply chains in favour of workers and food producers.

To rebalance the power in supermarket supply chains and to achieve a fairer global food system, Oxfam advocates for mandatory human rights due diligence (MHRDD) legislation for EU businesses for the entirety of their global supply chain. Such laws would require companies to undertake due diligence to ensure that they do not violate human rights, and to address and mitigate any adverse impacts on human rights.

What is human rights due diligence legislation, and why do we need it?

Power imbalances between European supermarkets and their workers in the food chain are massive. Supermarkets have established an unparalleled dominance over food retailing in much of the world, giving them the power to put undue pressure on people and companies in their supply chains, while they generate billions in corporate profits and shareholder dividends. Meanwhile, the bargaining power of small-scale farmers and workers has been steadily eroded.

The result is widespread human suffering among the people producing food for supermarkets around the world: from forced labour to poverty wages – human and labour rights abuses are common in food supply chains. Marginalised groups, children and women are disproportionately affected by the negative impacts of corporate activity. Current EU policy and legislation fail to adequately address these human rights violations caused by supermarkets and other businesses in their global operations.

Mandatory human rights due diligence is an important step to rebalance power in supply chains and reduce human suffering. Such legislation would require companies to identify, assess, mitigate and account for the risks to all human rights posed by their own activities and those of their subsidiaries and suppliers. It should also give survivors of exploitation and abuse the right to seek redress from companies that have failed their duty to exercise due diligence.

Why aren't voluntary approaches enough?

The United Nations Guiding Principles on Business and Human Rights (UNGPs) endorsed by the Human Rights Council in 2011 recognise the duty of states to protect human rights, the responsibility of businesses to respect human rights, and the right to remedy for those affected by human rights violations. To ensure that companies meet their corporate responsibility to respect human rights throughout their global operations, the UNGPs call for a so-called “smart mix” of voluntary and regulatory measures. Yet, the EU, like most other governments, has so far largely favoured voluntary approaches to regulating corporate activity.

While important, those voluntary measures have shown to have both limited uptake and impact. For instance, a [2018 assessment by the Corporate Human Rights Benchmark](#) finds that 40% of the biggest companies in the world failed to show any evidence of identifying or mitigating human rights issues in their supply chain. Meanwhile, human rights violations linked to corporate activity continue apace. It is therefore necessary to go beyond private-sector self-regulation and introduce cross-sectoral legislation making human rights due diligence mandatory for all companies operating in all sectors.

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Why do we need new rules for all sectors?

Currently, most legislators and companies focus due diligence efforts on ‘high-risk’ countries or sectors. In 2013 and 2017 respectively, the EU introduced sector-specific due diligence legislation for two high-risk sectors, timber and conflict-minerals, to reduce illegal logging and stem the trade in minerals produced in conflict areas. Many companies that conduct voluntary human-rights risks assessment however only do so in countries they consider of high risk.

However, human rights abuses happen everywhere – not only in high-risk sectors and countries. Only a broad approach covering all sectors and countries can ensure that the rights of all women and men working in the global supply chains of EU companies are adequately protected.

Does similar legislation exist elsewhere?

Oxfam has already successfully advocated for the introduction of an EU-wide ban on unfair trading practices in the global food supply chain of European retailers. This new EU regulation will curtail the ability of supermarkets to abuse their bargaining power and create the possibility for civil society organisations to petition national authorities on behalf of suppliers to enforce the ban. However more needs to be done to rebalance the power in supermarket supply chains and to achieve a fairer global food system.

The need for human rights due diligence legislation is increasingly being acknowledged by national governments as well as regional and international bodies. At the United Nations, negotiations have started on a set of legally binding rules for transnational corporations in relation to human rights, known as the UN binding treaty. In 2017, France became the first country to introduce a ‘duty of vigilance’ (‘devoir de vigilance’) requiring large companies established in France to identify and address adverse impacts on human rights and the environment linked to their operations in France and abroad. Similar legislative proposals are currently being considered in several other European countries, including Switzerland and Germany.

The European Parliament [has called for mandatory human rights due diligence legislation](#). Also, member state governments [have recognised the need for action](#) to enhance corporate respect for human rights, “including at EU legislative level as appropriate”. Over a hundred civil society organisations [have recently called for EU human rights and environmental due diligence legislation](#).

The EU is the world’s largest economy, founded on the principles of democracy, human rights and the rule of law. Now is the time for the EU to step up and live up to its role as promoter and defender of these principles by developing legislation that puts an end to harmful business behaviour.

Oxfam’s recommendations

- 1) EU mandatory human rights due diligence legislation should **cover all internationally recognised human and labour rights**, in particular those protecting marginalised groups or individuals such as indigenous peoples, migrants and women.
- 2) The law should apply to **all companies** operating in the EU, regardless of their legal form.
- 3) The law should **require companies**, on a continuous basis, to take appropriate **measures to identify, prevent, mitigate, and account for how they address adverse impacts** of their business operations.
- 4) The company’s obligation to exercise due diligence should extend to its **entire corporate structure**, including controlled companies, as well as its business relationships. This includes the company’s entire supply chain.
- 5) Companies should be **liable** for damage caused by entities under their direct or indirect control, where these entities have infringed internationally recognized standards. The law must allow victims of human rights violations to bring action against a company and entities it controls.

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