

Investor Statement in support of gender-responsive EU legislation on Corporate Sustainability Due Diligence

As investors committed to the responsibility to respect human rights, we are firmly in support of the EU's Sustainable Corporate Governance Initiative, in particular the legislation focused on mandatory human rights and environmental due diligence. We believe this legislation reinforces that responsible business conduct is a corporate duty and not simply a voluntary matter as well as helps ensure a harmonized standard of conduct for companies across their full value chains. We also believe that the scope of this legislation should include all businesses established or active in the EU, regardless of size, including investors and other financial actors.

However, for this legislation to effectively tackle human rights risks and impacts, it must intentionally and explicitly capture a gender perspective. Unfortunately, the European Commission's [legislative proposal for a Directive on Corporate Sustainability Due Diligence](#) ("the Directive") does not take a gender-responsive approach. In fact, the proposal does not even mention the words "gender" or "women" once in its 70 pages. This is clearly a missed opportunity for coherence between the EU's strategy, policies and activities. As the language of this Directive is yet to be negotiated, this critical gap must be addressed to ensure that women and girls are not left behind.

We urgently call on policymakers to ensure the Directive is gender-responsive by explicitly and intentionally capturing a gender perspective throughout the Directive. This is consistent with the European Commission's [Gender Equality Strategy 2020-2025](#) and [Gender Action Plan III](#), which aim to "systematically [include] a gender perspective in all stages of policy design in all EU policy areas, internal and external." It is consistent with the gender-responsive approaches of many EU Member States, like France and Sweden. It is also consistent with the gender guidance provided by the [UN Working Group on Business and Human Rights](#) and the [OECD](#). Furthermore, and in line with recent [statements](#) by dozens of civil society organizations, we believe this legislation should:

1. Recognize the gender-specific impacts of business activities

The Directive currently addresses actual and potential adverse impacts generically and therefore in a gender-neutral way. Instead, it must explicitly acknowledge the fact that women are impacted by business activities differently and disproportionately than men, with other intersectional aspects of identity (e.g., race/ethnicity) presenting further vulnerabilities. These impacts are further exacerbated by crises like the COVID-19 pandemic which has [disproportionately impacted women across the EU](#) and the world. The explicit recognition of gender-specific impacts is important for companies of all sizes and sectors and is particularly critical in high-impact sectors where women are at greatest risk.

2. Adjust the list of relevant violations, prohibitions, conventions and instruments

The Directive currently includes only a selective list of violations of rights and prohibitions linked to international mechanisms it deems relevant. To avoid any confusion, it must note that this list is non-exhaustive. This list must also be expanded to include key gender-responsive conventions, including specifically the *ILO Convention on Violence &*

Harassment in the World of Work (C-190) and the ILO Convention on the Protection of the Rights of All Migrant Workers and Members of their Families.

3. **Explicitly articulate the gender-responsive due diligence obligations of companies**

The Directive currently addresses companies' due diligence obligations in a gender-neutral way. It should instead use a gender-responsive approach, including:

- a. **Full value chain scope:** The Directive currently indicates that companies' due diligence obligations are limited in scope to "established business relationships." This excludes short-term, semi-/informal, sub-contracted and/or home-based work where women are disproportionately represented. This should be broadened to include the full value chain to protect these women, as well as to discourage companies from switching to less scrutinized business relationships and worsening inequities.
- b. **Gender-responsive stakeholder engagement:** The Directive currently suggests that companies should consult with stakeholders "where relevant" when identifying and addressing impacts. It should elevate the importance of safe and meaningful engagement with communities and individuals affected by companies' business activities. This requires ensuring effective and equitable engagement with women and other vulnerable groups across companies' full value chains, including with women human rights defenders, women's organizations and/or gender experts. This also requires gender-responsive grievance mechanisms and the adequate protection of all Human Rights Defenders and Women Human Rights Defenders.
- c. **Gender-responsive assessment:** The Directive does not, though should, clearly articulate that human rights and environmental risk/impact assessments and indicators must be gender-responsive. They should use data disaggregated by sex/gender and other intersectional aspects of identity. They should also specifically acknowledge gender-based violence and harassment as a severe risk to be prevented and redressed.
- d. **Gender-transformative remedies:** The Directive focuses on "neutralising adverse impacts or minimising its extent;" it should instead explicitly address remedies and their extent beyond financial compensation. Furthermore, the Directive does not explicitly address some major barriers to justice often faced by claimants. It should especially take into account the specific barriers that women face when accessing justice and obtaining an effective remedy both non-judicially and judicially, as well as ensure impartial and fair procedures that are free from inappropriate influence.

We believe that explicitly capturing a gender perspective in the Directive would make a significant contribution to protecting women's rights and advancing gender equality. If it remains implicit, progress toward gender equality will remain limited and women and girls will be left behind.

We encourage the Council of the European Union, the European Parliament and other relevant representatives to explicitly include a gender perspective in the Directive. We also welcome the opportunity to discuss this recommendation further with EU policymakers.

Signatories:

Boston Common Asset Management

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