



**INVESTOR ALLIANCE
FOR HUMAN RIGHTS**
AN INITIATIVE OF ICCR

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**GLOBAL INVESTORS WELCOME THE EU'S PROPOSED FORCED LABOR BAN WHILE URGING
MODIFICATIONS TO STRENGTHEN ITS EFFECTIVENESS**

87 investors representing US\$2.4T issued a series of recommendations to urge key EU decision-makers to strengthen the proposed rule and to ensure legislative coherence and legal certainty for companies.

NEW YORK NY, TUESDAY, MARCH 21, 2023 – Today, investors shared a [letter](#) they submitted to the EU Commission and EU Parliament charged with the development of the [EU's Proposed Forced Labor Product Ban](#) (proposed regulation), a legislative proposal to prohibit products made with forced labor from entering the European Union (EU) market.

The letter and signatories are available at [this link](#).

Estimates from the International Labor Organization show that of the 27.6 million people in forced labor in 2021, 17.3 million were exploited by the private sector. Forced labor risks are being further exacerbated by several factors including the global pandemic and forced migration/displacements due to armed conflicts and climate change.

The EU regulation would ban both the import and export of products made with forced labor, whether produced domestically or abroad and would compel companies to withdraw those goods from the EU market, including through the destruction of products in current supply chains.

While the group of 87 investors, who are members of the Investor Alliance for Human Rights, welcomed the regulation as “a good first step”, they are urging the European Parliament and EU Member States to consider and incorporate their recommendations for strengthening the regulation.

Said Anita Dorett, Director of the Investor Alliance for Human Rights ***“We are heartened that the EU has finally taken this critical step to implement legislative and regulatory efforts to eradicate forced labor***

violations from its borders. As a coalition of investors who are actively engaging companies on business and human rights issues, we believe this legislation must also be centered on protecting workers, and for that reason are urging the adoption of several recommendations we believe will improve the regulation.

The investors centered their recommendations on three key areas:

- 1) Incorporating a worker and remedy-centered approach, with companies remediating the harm suffered by the affected communities.**

“It is critical that the workers’ voice is heard in all stages of the development and implementation of this regulation lest their trauma be compounded,” said Arthur van Mansvelt, senior engagement specialist at Achmea Investment Management. ***“The regulation should stipulate that impacted workers must have access to justice and remediation and be shielded from any potential retaliation on the part of companies and their suppliers.”***

- 2) Including mandatory human rights due diligence complementary to the EU Corporate Sustainability Due Diligence Directive and requiring complete value chain tracing and required public disclosure for companies.**

“We expect the proposed regulation will align with and build upon the requirements of the CSDD and the due diligence process of the UN Guiding Principles on Business and Human Rights to ensure that companies are able to identify and eradicate forced labor abuses tied to their products,” said Yumi Fujita, Engagement Specialist, Sustainable Investing of Robeco. ***“To that end, companies must be required to map and disclose all their suppliers and business partners - not only in their respective supply chains but through their entire value chains. This last requirement is not currently included in the proposed regulation.”***

- 3) Ensuring that the scope of enforcement addresses systemic forced labor patterns across producers, manufacturers, or importers and systematic state-sponsored forced labor and patterns of forced labor in companies.**

The investors specified that for the proposed regulation to be effective in eradicating forced labor abuses, it must include a systems-wide approach to expose patterns across producers, manufacturers, and importers regardless of the product. Further, where state-imposed forced labor occurs, bans covering these high-risk geographies and groups of products should also be imposed.”

The Proposed Regulation is currently under review by the EU Parliament and Council and once ratified will enter into force upon publication and apply 24 months thereafter.

About the Investor Alliance for Human Rights

The Investor Alliance for Human Rights is a collective action platform for responsible investment that is grounded in respect for people’s fundamental rights. The Investor Alliance’s over 220 members include asset management firms, public pension funds, trade union funds, faith-based institutions, family funds, and endowments. Collectively, they represent nearly US\$12T in assets under management and 20 countries. The Investor Alliance is an initiative of the Interfaith Center on Corporate Responsibility.

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