European Commission

BUSINESS AND HUMAN RIGHTS TOOLKIT

INTPA Human Rights in Practice Series
Paper No.2

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Originally developed in 2021, this updated toolkit provides guidance on how to incorporate Business and Human Rights Standards into EU international partnerships activities. It offers practical guidance and supports efforts to promote human rights and environmental due diligence (HREDD) through global value chains and aims to help colleagues apply the human rights-based approach (HRBA) methodology in EU-funded interventions. This document complements the 2021 Commission Staff Working Document 'Applying the Human Rights Based Approach to International Partnerships' (EU HRBA Toolbox) and it is the second paper in the Human Rights in Practice series from DG INTPA Unit G.1.

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ACRONYMS

BHR	Business and Human Rights
Commission	European Commission
CM	Complaints Mechanism
CRMA	Critical Raw Materials Act
CSO	Civil Society Organisation
CS3D	Corporate Sustainability Due Diligence Directive
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DANIDA	Danish International Development Agency
DEG	German Investment Corporation
DFI	Development Finance Institution
EBRD	European Bank for Reconstruction and Development
EEAS	European External Action Service
EFSD	European Fund for Sustainable Development
EFSD+	European Fund for Sustainable Development Plus
EIB	European Investment Bank
EIB-CM	EIB Groups Complaint Mechanism
EIP	European Union External Investment Plan
EITI	Extractive Industries Transparency Initiative
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
EUD	European Union Delegation
EUDR	European Union Deforestation Regulation
FMO	Netherlands Development Finance Company
FPIC	Free, Prior and Informed Consent
GG	Global Gateway
GPGC	Global Public Goods and Challenges
GSP	Generalised Scheme of Preferences
HQ	European Commission Headquarters
HRD	Human Rights Defender
HRBA	Human rights-based approach
HRDD	Human Rights Due Diligence
HREDD	Human Rights and Environmental Due Diligence
ICM	Independent Complaints Mechanism
IFC PS	International Finance Corporation Performance Standards
IFI	International Financial Institution

ILO	International Labour Organization
ITC	International Trade Centre
MSIs	Multi-Stakeholder Initiatives
MSME	Micro, Small and Medium Enterprise
NAP	National Action Plan on Business and Human Rights
NFRD	Non-Financial Reporting Directive
NHRI	National Human Rights Institution
OACPs	Organisation of African, Caribbean and Pacific States
OECD	Organisation for Economic Co-operation and Development
OECD Guidelines	OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
OHCHR	United Nations Office of the High Commissioner for Human Rights
PSD	Private sector development
RBA	Rights-Based Approach
RBC	Responsible Business Conduct
SDG	Sustainable Development Goal
SFDR	Sustainable Finance Disclosure Regulation
SLCP	Social and Labour Convergence Program
TEI	Team Europe Initiative
TSD	Trade and Sustainable Development
UNDP	United Nations Development Programme
UNDRIP	UN Declaration on the Rights of Indigenous Peoples
UNGPs	United Nations Guiding Principles on Business and Human Rights
VPA	Voluntary Partnership Agreement

INTRODUCTION

The European Union is dedicated to promoting respect for human rights by business both within and beyond the EU27. Since July 2024, this commitment has been reinforced by the **Corporate Sustainability Due Diligence Directive (CS3D)**, which establishes a due diligence obligation for large EU companies and sizeable non-EU companies operating within the EU. The duty requires companies to identify and address actual and potential adverse human rights and environmental impacts arising from their own operations, those of their subsidiaries and, where relevant, those of their business partners within their value chain(s).

As the EU's official representatives in third countries, EU delegations (EUDs) play a crucial role in advancing the EU's business and human rights (BHR) agenda. They work to raise awareness of and foster compliance with relevant EU legislation while building the capacity of local actors to adapt to a rapidly evolving landscape. This requires a strategic combination of policy dialogue and programmatic support. This toolkit is designed to equip EUD staff with the latest tools, best practices, and insights to support these efforts effectively.

Originally developed in 2021, this toolkit has now been updated to reflect significant regulatory and policy advancements in recent years. It offers guidance on integrating BHR standards – including the CS3D – into international partnerships activities, such as investments through the Global Gateway Initiative (GG Initiative). The toolkit supports efforts to promote human rights and environmental due diligence (HREDD) through global value chains and helps colleagues to apply the human rights-based approach

(HRBA) methodology in EU international partnerships [1]. Additionally, it highlights the increasing role of the private sector in development. This toolkit will be a valuable resource for colleagues at European Commission headquarters, as well as in EUDs.

EUDs play a vital role in supporting the EU's development and trade policies as well as promoting EU values and human rights beyond its borders. In implementing these frameworks, EUDs can emphasise environmental, social, and governance standards, ensuring that the values-based approach of GG Initiative delivers high-quality, sustainable infrastructure in key partnership areas.

EUDs are essential to advancing the Team Europe Approach alongside EU Member States, Development Banks, and International Financial Institutions (IFIs). They also serve as the EU's primary interface for engaging with a diverse range of local stakeholders, including partner governments, European and local companies, like-minded donors, civil society organisations (CSOs), human rights defenders (HRDs), and vulnerable and marginalised groups. By identifying local needs and placing local communities at the centre, EUDs can ensure that investments align with the values-based approach of GG Initiative, delivering enduring benefits for communities.

As an EU staff member, you can expect this toolkit to help you:

- **Design and deliver projects** that enhance respect for human rights by businesses
- **Familiarise yourself with key concepts and terminology,** including Responsible Business Conduct (RBC) and Human Rights and Environmental Due Diligence (HREDD)
- **Understand key BHR laws and policies** at the EU and global levels, including the CS3D
- **Lead dialogues with governments and other local stakeholders,** including civil society, on BHR-related laws and policies
- **Recognise BHR as a horizontal issue** that can be integrated into the work of all sections within EUDs
- **Link the implementation of GG Initiative** to advancing the EU BHR laws and policies

[1] The EU's policy on HRBA in international partnerships is set down in the Commission Staff Working Document - **Applying the Human Rights Based Approach to international partnerships: An updated Toolbox for placing rights-holders at the centre of EU's Neighbourhood, Development and International Cooperation**

The Toolkit is structured as follows:

1

Part 1: Legal and Policy Frameworks on Business and Human Rights

Overview of essential EU and international laws, norms, and policies that define today's BHR landscape

2

Part 2: Understanding key BHR concepts and implications

Introduction to key BHR concepts, particularly human rights due diligence

3

Part 3: Why is BHR relevant for EU delegations?

Explanation of BHR's relevance to the work of EU Delegations

4

Part 4: Practical guidance for EUDs on BHR

Practical guidance for EUDs working on BHR, with case studies and project examples

5

Part 5: Mainstreaming business and human rights in international partnerships

Guidance on mainstreaming BHR into EUDs activities, including grants to civil society, blending, and guarantees

PART 1

LEGAL AND POLICY FRAMEWORKS ON BUSINESS AND HUMAN RIGHTS

1. EU LAWS AND POLICIES ON BUSINESS AND HUMAN RIGHTS

EU legislation related to BHR and RBC has expanded significantly in recent years. Some EU regulations adopt a broad, cross-sectoral approach, while others focus on specific sectoral impacts. Additionally, there is a clear connection between EU regulations (outlined in this section) and international norms (detailed in section 2 below).

1.1. EU laws on BHR with broad scope

The 2024 **Corporate Sustainability Due Diligence Directive** (CS3D or CSDDD) serves as the cornerstone of the EU's approach to regulating business impacts on human rights and the environment. This directive establishes cross-sectoral due diligence obligations for large EU companies with over 1,000 employees and a turnover exceeding EUR 450 million, as well as for non-EU companies with a net turnover above EUR 450 million within the EU.

Under the CS3D, companies within scope are required to adopt and implement risk-based HREDD processes. These processes aim to identify, assess, prevent, mitigate, cease, and remediate potential and actual adverse impacts on human rights and the environment.

This applies to the company's own operations, its subsidiaries, and the operations of both its upstream and specific downstream business partners. Member States are expected to incorporate the requirements of the CS3D into their national legislation by 26 July 2026.

The directive will be enforced by EU Member States, each of which will designate an authority responsible for supervising and enforcing the rules, including issuing fines for non-compliance. The CS3D introduces civil liability for companies, with Member States to ensure that victims receive compensation for damages resulting from intentional or negligent failures to carry out due diligence. Concurrently, the European Commission will establish a European Network of Supervisory Authorities to promote a coordinated enforcement approach.

The CS3D's due diligence obligations are further supported by other EU regulatory frameworks on reporting and sustainable finance.

The **Sustainable Finance Disclosure Regulation** (SFDR) (2019) mandates that financial market participants - including asset managers, pension funds, and insurance compa-

nies - disclose the primary adverse impacts of their investment decisions on sustainability factors. These factors encompass environmental, social, and employee considerations, as well as respect for human rights and anti-corruption and bribery efforts.

The **Taxonomy Regulation** (2020) establishes a harmonised classification system and criteria for environmentally sustainable economic activities, aiming to direct investments towards sustainable projects and initiatives. To qualify as environmentally sustainable, activities must also adhere to certain international standards for RBC, including the UNGPs and OECD Guidelines.

The **Corporate Sustainability Reporting Directive** (CSRD) (2022/2464) requires companies within its scope to disclose both their impacts on sustainability matters and how these matters affect their development and performance. Companies must report on their due diligence processes related to sustainability issues, the principal adverse impacts within their value chains, and the outcomes of their efforts to address these impacts. The CSRD introduces **European Sustainability Reporting Standards** (ESRS) for use by companies subject to the directive.

1.2. Sector-specific laws

The **Conflict Minerals Regulation** (2017) sets out supply chain due diligence obligations on EU importers of tin, tantalum, tungsten, and gold in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected or High-Risk Areas.

The **Deforestation Regulation** (2023) (EUDR) establishes due diligence obligations for companies that place the following commodities on the EU market or export from the EU: palm oil, cattle, soy, coffee, cocoa, timber, and rubber, as well as derived products such as beef, furniture, leather or chocolate.

Companies must ensure that the subject products are deforestation-free, have been produced in accordance with the relevant legislation of the country of production, and are accompanied by a due diligence statement. The EUDR is expected to enter into force at the end of 2025, at the time of writing.

The **Batteries Regulation** (2023) introduces a risk-based due diligence regime for businesses introducing batteries to the EU market or into service. The due diligence obligations include identifying and mitigating the social and environmental risks associated with raw materials extraction (listed as cobalt, natural graphite, lithium, nickel, and their chemical compounds), processing, and trading for battery manufacturing purposes.

The **Critical Raw Materials Act** (2024/1252) (CRMA) establishes a regulatory framework to develop and strengthen the sustainability and circularity of critical raw materials in the EU's value chains. Under the Act, strategic projects that contribute to securing the EU's supply of critical raw materials must be implemented sustainably, using responsible practices that respect the environment, human rights, Indigenous peoples, and labour rights.

The forthcoming **Forced Labour Regulation** prohibits products made wholly or partially with forced labour from being placed on the EU market and being exported from the EU, covering both domestic and imported products of any type.

An overview of these instruments can be found in the publication '**How Do the Pieces Fit in the Puzzle? Making Sense of EU Regulatory Initiatives Related to Business and Human Rights**' by the Danish Institute for Human Rights.

Together, these regulations create a synergistic approach, encouraging companies to adopt responsible business practices, enhance transparency, and foster a more sustainable and socially responsible business environment in European and global value chains. They are also supported by an evolving ecosystem of policies and strategies at the EU Level. As noted throughout this guidance, EU development cooperation can be a powerful tool to support these regulatory objectives.

1.3. BHR-related policies and strategies at EU level

The EU has adopted several overarching policy initiatives relevant to BHR and RBC, which have informed the adoption of various legal instruments.

The key example is the **EU Green Deal**, encompassing multiple measures, including:

- a **Circular Economy Action Plan**, which introduces measures to reduce waste in sectors such as textiles, electronics, ICT, plastics, and food packaging, alongside consumer protection against greenwashing.
- Support for the global shift to sustainable agri-food systems under the **Farm to Fork Strategy**; and initiatives to promote living wages and prevent child labour, particularly **in the cocoa sector**.
- The adoption of specific legal instruments, such as the *Batteries Regulation*, the **EUDR**, the **Taxonomy Regulation**, and the **SFDR**, within the European Green Deal framework.

The EU remains committed to supporting the system of International Labour Standards, including ILO conventions and protocols integrated into the legislation of ratifying countries, and continues to advocate for these standards in its development and trade policies. These measures are supported by several key policy initiatives, including:

- In 2021, the EU Commission published a social and employment policy, **'An Economy that Works for People'**, aiming to create a more inclusive and equitable economy for all citizens. The **Sustainable Corporate Governance Initiative**, developed under this policy, led to the creation of the CS3D.
- The EU Communication on **'Trade Policy Review - An Open, Sustainable and Assertive Trade Policy'** of 2021 promotes a trade policy that advances RBC and sustainable development goals (SDGs), particularly within the context of the trade and sustainable development (TSD) chapters of EU free trade agreements.
- The **EU Human Rights and Democracy Action Plan 2020-2024** [2] commits to actions such as supporting partner countries in implementing the UNGPs (including through the adoption of NAPs), engaging with businesses and financial institutions to promote human rights, and enhancing EUDs' engagement on BHR.
- The **EU Renewed Sustainable Finance Strategy** of 2020 entails a comprehensive EU Strategy to harmonise sustainability reporting for investors, establish a taxonomy for sustainable activities, and integrate sustainability into risk management of investors.
- The **2020 European Pillar of Social Rights** initiative, along with its **accompanying action plan**, promotes sustainability and human rights within the

[2] Extended until 2027, aligning it with the Multi-annual Financial Framework 2021-2027. See link.

private sector by setting 20 policies aimed at creating fair labour markets. It addresses equal opportunities, fair working conditions, and social inclusion, aligned with the SDGs.

- In 2016, the EU adopted **Council Conclusions on Business and Human Rights**, affirm the EU's commitment to the UNGPs both within and outside the EU and emphasise that corporate respect for human rights is essential for achieving the SDGs.

BOX 1: Terminology issues: CSR, RBC, BHR, HREDD and ESG

In the past decade, expectations have increased for businesses to take responsibility for their impact on people, the planet, and society. These expectations are captured by several terms:

Corporate social responsibility (CSR) is defined in the **EU's 2011 CSR Strategy** as the responsibility of enterprises for their societal impacts, moving away from a purely voluntary approach. However, outside the EU, CSR is often associated with voluntary actions and corporate philanthropy, which may not be tied to a company's core activities or impacts.

Responsible business conduct (RBC) is a concept from the OECD's **Guidelines for Multinational Enterprises on Responsible Business Conduct** and its **Due Diligence Guidance for Responsible Business Conduct**. RBC entails businesses (a) positively contributing to economic, environmental, and social progress for sustainable development, and (b) avoiding and addressing adverse impacts linked to their direct and indirect operations, products, or services. RBC encompasses human rights, including labour rights, environmental responsibilities, and anti-bribery and anti-corruption measures.

Business and human rights (BHR) is closely associated with the UNGPs. It includes aspects of RBC but focuses specifically on human rights impacts, emphasising (a) the state's duty to protect against human rights abuses by companies, (b) business responsibilities to respect human rights within their operations and relationships, and (c) access to remedy when abuses occur.

Human Rights and Environmental Due Diligence (HREDD) builds on the **Human Rights Due Diligence (HRDD)** process outlined in the UNGPs. HREDD is a continuous risk management process businesses should carry out to identify, mitigate, prevent, and address actual and potential human rights and environmental impacts from their activities or business relationships. Unlike general due diligence, which mainly addresses risks to the business itself, HREDD focuses on addressing risks to people and the planet. It is vital for protecting the environment, fulfilling human rights responsibilities under the UNGPs, and meeting EU regulatory requirements.

Environmental, Social and Governance (ESG) criteria refer to standards for investors used for multiple purposes, such as improving risk-adjusted returns and mitigating adverse impacts of investment on people and the planet. Integrating human rights considerations across environmental, social, and governance criteria **presents an opportunity** to address adverse human rights and environmental impacts in line with the UNGPs and maximise contributions to sustainable development and human rights.

While there are distinct differences among these concepts, they all encourage businesses to contribute to sustainable development by managing risks and impacts from their operations and relationships and call on businesses to go beyond mere legal compliance or offsetting negative impacts through philanthropy.

Although the EU's CSR definition aligns with RBC, due to CSR's broader association with corporate philanthropy, this Toolkit will use the terms RBC, BHR and HREDD.

2. MAIN INTERNATIONAL FRAMEWORKS

This section outlines the primary international frameworks on Business and Human Rights (BHR) and Responsible Business Conduct (RBC).

2.1. The UN Guiding Principles on Business and Human Rights

The **UN Guiding Principles on Business and Human Rights (UNGPs)** elaborate state duties and business responsibilities to prevent and address adverse human rights impacts involving business activities. Although the UNGPs are a soft law instrument and do not establish new obligations under international law, they reinforce existing international legal obligations. Unanimously endorsed by the UN Human Rights Council in 2011, the UNGPs are the authoritative global standard for BHR today, with the EU formally supporting them in its 2011 renewed Strategy for Corporate Social Responsibility.

The UNGPs encompass all internationally recognised human rights, including those set out in the International Bill of Human Rights - comprising the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), and the International Covenant on Economic, Social, and Cultural Rights (ICESCR) - as well as the International Labour Standards, including the eight fundamental International Labour Organization (ILO) Conventions on labour rights. [2]

Additional instruments that protect the rights of specific groups, such as Indigenous peoples, ethnic minorities, persons with disabilities, children, and women, are also relevant.

The responsibility to respect human rights extends not only to a business's own activities and operations but also to its business relationships.

The UNGPs framework is built on three foundational pillars:

- The **State Duty to Protect**: States must protect human rights against abuses by third parties, including businesses.
- The **Responsibility of Businesses to Respect**: Businesses must respect human rights throughout their operations and business relationships, preventing harm to people's rights and addressing adverse human rights impacts with which they are involved.
- **Access to Remedy**: Individuals whose human rights have been abused and violated are entitled to an effective remedy, a responsibility shared by both state and business actors.

State Duty to Protect: To implement the UNGPs, states are encouraged to develop and enforce a balanced mix of policies, laws, and regulations. The UNGPs highlight the importance of policy coherence across all relevant areas, including labour, environmental protection, land rights, corporate governance, disclosure and listing requirements, import and customs regulations, and trade and investment laws. National Action Plans (NAPs) on business and human rights are instrumental for states to assess current implementation of the UNGPs and to establish concrete actions to address business-related human rights challenges.

[3] You can access all ILO conventions on **this database**.

BOX 2: National action plans

All states are encouraged to develop and implement NAPs. As of September 2024, 15 EU Member States have adopted such plans. Outside of the EU, the EU and its Member States actively encourage partner countries to develop NAPs, including through recommendations made during the **Universal Periodic Review** process and in the context of development cooperation.

Resources on NAPs include:

- **Guidance** from the UN Working Group on Business and Human Rights
- A **toolkit** for NAP development from the Danish Institute for Human Rights
- The **National Baseline Tool on Business and Human Rights**, which can inform NAP development
- A **list of countries** that have implemented or are working on NAPs
- **Analysis of existing NAPs** by issue

Business Responsibility to Respect Human Rights: Businesses must ensure they do not negatively impact anyone's human rights. HRDD is a key process through which businesses fulfil this responsibility (see Section 1.3 for more details on HRDD).

Access to Effective Remedy: This is a shared responsibility between the state and businesses. The state must establish accessible and effective judicial and non-judicial remedies for victims. Businesses, in turn, should cooperate with these mechanisms and establish or participate in operational-level grievance mechanisms that meet the effectiveness criteria outlined in the UNGPs.

While the UNGPs established soft-law expectations for the HRDD process, recent EU legislative instruments are transforming these expectations into binding legal obligations. These initiatives are further discussed in Section 1.1 above.

2.2. Other relevant international frameworks

The following frameworks address RBC and respect for human rights by business actors, aligning closely with the principles of the UNGPs.

- The 2000 **UN Global Compact**: This voluntary framework outlines 10 broad principles related to human rights, labour, the environment, and anti-corruption, which companies joining the initiative commit to uphold. Signatories to the Global Compact are required to report annually on their progress. **Local networks of the UN Global Compact** support companies and other stakeholders in advancing these principles.

- OECD **Guidelines for Multinational Enterprises on Responsible Business Conduct** (2023): These guidelines provide

- comprehensive recommendations for responsible business conduct across multiple areas, including human rights, anti-corruption, consumer interests, industrial relations, and environmental protection. OECD member countries and **other adhering countries** must establish **national contact points** where breaches of the guidelines can be reported and mediated. Additionally, the OECD has produced **Due Diligence Guidance for Responsible Business Conduct**, along with **sector-specific guidance** on RBC in the extractive and financial sectors, as well as in agricultural, mineral, and garment supply chains.

- **ILO Tripartite Declaration** of Principles concerning Multinational Enterprises and Social Policy (ILO MNE Declaration, 2017): This declaration provides guidance for enterprises on social policy and promoting decent work practices.

There are also numerous voluntary standards and guidance materials developed by industry associations and multi-stakeholder initiatives (MSIs). The *Standards Map*, a database supported by the EU and maintained by the International Trade Centre (ITC), offers information on voluntary sustainability standard schemes as well as e-learning modules. As part of the ITC's Global Public Goods: Providing Trade and Market Intelligence for Informed Trade Decisions project, the Standards Map platform will be enhanced to analyse various components of corporate due diligence. This enhancement aims to provide MSMEs in partner countries with insights into due diligence aspects of current social and environmental sustainability standards. The platform will be adapted to neutrally identify and display the synergies and differences between due diligence requirements and related content across voluntary initiatives.

PART 2

UNDERSTANDING KEY BHR CONCEPTS AND IMPLICATIONS

3. WHAT IS HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE (HREDD)?

HREDD is a risk management process building on the UNGPs, representing a core element of corporate responsibility to respect human rights. This process requires businesses to identify, prevent, mitigate, cease, and remediate their impacts on human rights and the environment.

HREDD has been incorporated into recent EU regulatory initiatives, such as the Corporate Sustainability Due Diligence Directive (CS3D), outlined in section 1.1.

The HREDD process involves six essential steps:

Integrating due diligence into company policies and management systems.

Identifying and assessing adverse human rights and environmental impacts.

Preventing, ceasing, or minimising actual and potential adverse human rights and environmental impacts.

Monitoring and evaluating the effectiveness of measures.

Communicating findings and actions taken.

Providing remediation for adverse impacts.

According to the UNGPs and OECD Guidelines, companies are expected to conduct HREDD throughout their entire value chain.

BOX 3: Understanding the concept of Value Chain

The United Nations Office of the High Commissioner for Human Rights (OHCHR) *defines* a 'value chain' as the series of activities that transform inputs into outputs, adding value along the way.

Under the UNGPs and OECD Guidelines, conducting HREDD throughout the full value chain entails due diligence on impacts arising:

- **Upstream**: Impacts associated with entities supplying products or services that contribute to an enterprise's own offerings, such as suppliers involved in raw materials extraction and production.

- **Enterprise Operations:** Impacts within the enterprise's own operations or those of its subsidiaries.

- **Downstream**: Impacts arising as products or services exit the enterprise, including in delivery, consumption, marketing, sales, logistics, distribution, product use, and end-of-life disposal.

Current EU legislation outlines expectations for managing human rights and environmental impacts across the value chain. The CS3D introduces extensive due diligence obligations across both upstream and selected downstream business relationships. Additionally, the EU Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) mandate disclosures relating to the full value chain, covering impacts on workers, consumers, and communities.

The EU directs several actions at managing human rights and environmental impacts in global value chains. While many actions target high-risk industries, such as textiles, agriculture, and extractives, all sectors are affected. Lessons from these projects can be applied across industries.

For instance, through the **'Support to Business Friendly and Inclusive National and Regional Policies, and Strengthening Productive Capabilities and Value Chains in ACP Countries Project'** [3] ('ACP Business Friendly Programme'), the International Trade Centre (ITC) implemented pilot projects to aid value chain actors in adapting to mandatory HREDD requirements within sectors like cocoa, coffee, textiles, and garments industries in selected countries.

These pilot projects involved developing HREDD action plans with a participatory approach, engaging key stakeholders throughout.

[4] Project reference: FED/2018/403-712 (EC)

Findings from the ITC pilot projects highlight critical measures to improve access to HREDD information and resources. This includes creating harmonised risk assessment tools, particularly for MSMEs and smallholder producers, disseminating context-specific HREDD materials, and ensuring equitable distribution of costs and benefits related to due diligence, risk mitigation, and capacity building. Establishing 'inclusive communication spaces' to enhance stakeholder dialogue is also recommended to foster a clearer understanding of HREDD requirements in value chains.

For further insights, see **'Designing and Implementing Accompanying Measures: To make mandatory Human Rights and Environmental Due Diligence (mHREDD) work for all'**.

3.1. Types of business impacts on human rights and the environment

A business activity may result in adverse impacts on human rights and the environment in three main ways:

- **Causing Impacts**: A business may directly cause adverse human rights or environmental impacts through its own activities. Examples include resettling communities without adhering to international standards, causing pollution that violates the right to a healthy environment, degrading the environment through excessive resource use or deforestation, or failing to respect labour rights such as freedom of association for its own workers.

- **Contributing to Impacts**: A business may contribute to adverse human rights or environmental impacts by incentivising harmful practices. For instance, demanding low-cost and fast turnarounds may pressure suppliers into labour abuses. Additionally, a business might facilitate or enable abuses, such as sharing user information with a repressive regime, or neglecting to prevent oil spills or other pollution that harms the environment.

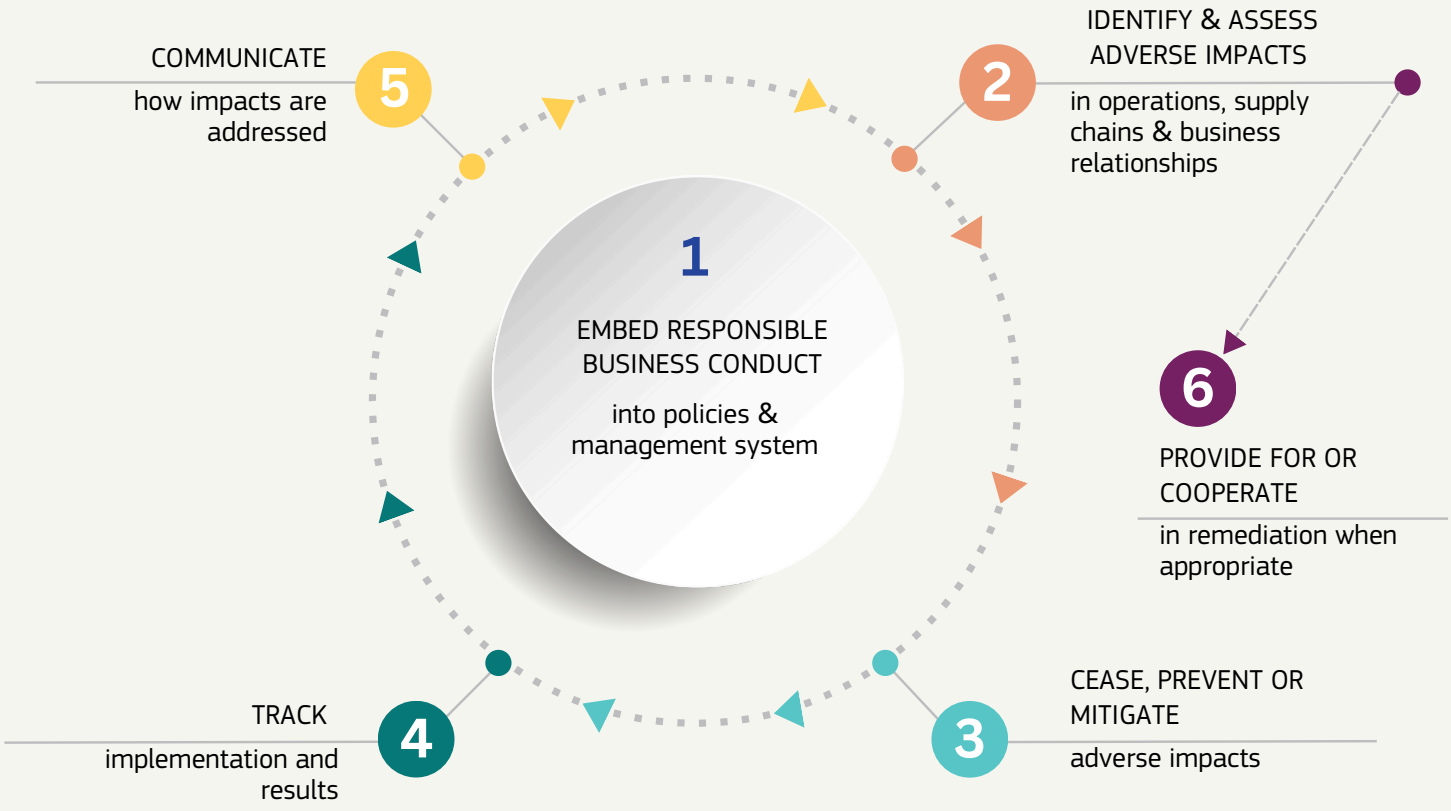
- **Linking to Impacts through Business Relationships**: A business's operations, products, or services may be directly linked to adverse human rights or environmental impacts through relationships with other entities. Examples include sourcing electronic components from suppliers using minerals from conflict zones, or financing projects that lead to resource overuse, such as overfishing, which contributes to biodiversity loss.

3.2. What are businesses expected to do?

Businesses are expected to avoid causing or contributing to adverse human rights and environmental impacts and work proactively to prevent or mitigate any such impacts directly linked to their operations, products, or services. This involves considering potential and actual adverse impacts across the entire value chain.

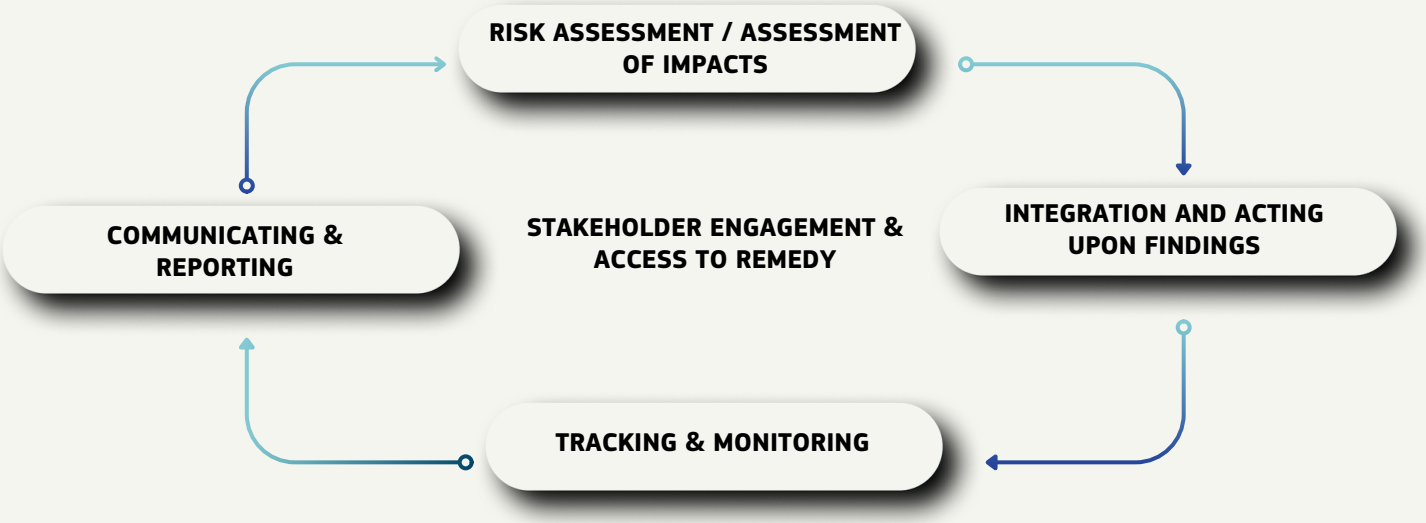
HREDD is the process that enables businesses to identify, prevent, mitigate, cease, and remediate adverse human rights and environmental impacts associated with their activities. The stages of HREDD are illustrated in the following graphic.

The due diligence process consists of several obligations, closely aligned with the OECD due diligence steps:



SOURCE: Adapted from OECD Due Diligence Guidance for Responsible Business Conduct (RBC).

Policy Commitment to Human Rights



HREDD expands on traditional corporate due diligence by focusing on risks to people and the environment, rather than risks to the business itself.

Stakeholder engagement is central to the HREDD process, involving individuals and institutions potentially impacted by a company's activities. Key stakeholders include rights-holders, trade unions, workers' representatives, government representatives, national human rights and environmental institutions, and civil society organisations. 'Rights-holder' refers to individuals or groups (such as Indigenous peoples) entitled to enjoy human rights under international treaties and, in business contexts, it is often synonymous with 'affected stakeholder.'

The **OECD Due Diligence Guidance for Responsible Business Conduct** provides comprehensive guidance on conducting due diligence in alignment with the OECD Guidelines.

BOX 4: From soft law to hard law: mandatory HREDD

At the national level, several countries have made strides toward embedding mandatory HREDD obligations within their legal frameworks. Examples include laws targeting forced labour, such as the 2015 **UK Modern Slavery Act** and the 2019 **Dutch Child Labour Due Diligence Law**, as well as broader HREDD legislation, such as the 2017 **French Duty of Vigilance Law**, the **2021 Norwegian Transparency Act**, and the *2021* **German Act on Corporate Due Diligence Obligations in Supply Chain**.

At the EU level, the **Corporate Sustainability Due Diligence Directive** (CS3D) came into force on 25 July 2024, requiring EU Member States to adopt national laws mandating HREDD by transposing the Directive by 26 July 2026.

The CS3D aims to level the playing field across the EU and provides legal certainty for businesses with a unified set of rules addressing human rights and environmental impacts across supply chains. The CS3D reflects the due diligence stages outlined in the UNGPs and OECD Guidelines.

The EU has also introduced specific legislative measures imposing due diligence obligations for businesses to identify and mitigate human rights and environmental risks associated with certain commodities sold in the EU market, as well as requirements for companies and financial institutions to report on due diligence practices.

Efforts to establish mandatory HREDD obligations are not confined to the EU. For example, **Kenya's NAP on BHR** includes policy measures to introduce mandatory HREDD requirements, while South Korea has **proposed** a bill to mandating HREDD obligations for employers. These regional Initiatives to promote RBC can be bolstered through EU development cooperation, as discussed in section 2.3.

Beyond regional and national initiatives, **an intergovernmental working group within the United Nations** is actively working to draft a legally binding international agreement to regulate the activities of transnational corporations and other business enterprises under international human rights law. At the time of writing, the EU is engaging constructively in these discussions and may consider enhancing its involvement, contingent upon a mandate, in alignment with relevant EU legislation.

PART 3

WHY IS BHR RELEVANT FOR EU DELEGATIONS?

As the primary interface with partner countries, EU Delegations play an important role to play in advancing EU policy and law on BHR/RBC through programming and policy dialogue.

This section highlights the importance of BHR across the EU's international partnerships and its engagement with the private sector.

4. THE PRIVATE SECTOR AND THE EU'S INTERNATIONAL PARTNERSHIPS

The **EU Consensus on Development** (2017) underscores the need to promote RBC within the EU's development cooperation activities. A 2021 Staff Working Document on the Human Rights-Based Approach (HRBA) commits the EU and its Member States to integrating human rights principles and standards into the design, implementation, monitoring, and evaluation of all development policies and programmes.

The 2023 **Samoa Agreement** between the EU and the Organisation of African, Caribbean and Pacific States (OACPs) also recognises the importance of responsible investment in line with the UNGPs and other international standards. It promotes the role of the private sector as a driver of sustainable development, grounded in RBC principles.

The EU Global Gateway Initiative (GG Initiative), launched in 2021, aligns with the 2030 Agenda by addressing investment gaps through sustainable, high-quality infrastructure development in key areas: open and secure internet in the digital sector, clean energy transitions, green and safe transport systems, robust healthy supply chains and local vaccine production, and high-quality education and research, especially for girls, women, and vulnerable groups.

To foster quality investments, the GG Initiative **combines** financial tools with operational mechanisms such as technical assistance, policy dialogue, trade and investment agreements, and standardisation. With a **'360 degree approach'**, the GG Initiative promotes investments guided by **six RBC-relevant principles**:

- **Upholding democratic values and high standards** by promoting human, social, and workers' rights.
- **Fostering projects rooted in good governance and transparency.**
- **Implementing projects in equal partnership with partner countries through close cooperation.**
- **Advancing green, clean projects aligned with net-zero emissions pathways and a just transition.**
- **Enhancing security by providing secure infrastructures and trusted connectivity.**
- **Catalysing private sector investment** by pooling resources, expertise, and funding from the EU, Member States, European financial institutions, and the private sector under the Team Europe approach.

There are many entry points for the private sector to engage in the implementation of the EU's international partnerships. As we explore further in part 3:

- **Public-private dialogue and multi-stakeholder initiatives:** Businesses may in these collaborative platforms (see section 3.2).
- **CSO-led initiatives targeting business practices:** Civil society organisations may lead efforts aimed at influencing business practices (see section 4.1).
- **Projects involving state actors:** The private sector in partner countries may be targeted through state-led projects, such as budget support or EU trade policy initiatives (see section 4.2).
- **Direct support to local private sectors:** Private sector programmes may directly support micro, small, and medium enterprises (MSMEs), and financial instruments —including loans, equities, and guarantees—may be provided to the private sector through development finance institutions (DFIs) (see section 4.3).
- **Procurement by development partners and DFIs:** Development partners and development finance institutions may procure goods and services from the private sector and must remain mindful of their responsibilities as employers.

5. HOW CAN EUDS SUPPORT EU REGULATORY OBJECTIVES RELATED TO BHR?

The effective and inclusive implementation of the CS3D and other EU RBC instruments across global value chains relies on an enabling environment supported by complimentary measures within the EU and in partner countries. These measures, tailored to specific operational contexts, can be crucial in developing sustainable and responsible value chains.

Such efforts empower stakeholders across value chains to meet the requirements and opportunities of mandatory HREDD, while addressing structural constraints.

In recent years, the EU has introduced or enhanced support mechanisms for partner countries, MSMEs, businesses, civil society organisations, rights holders and their representatives, including trade unions, and EUDs.

The 2022 joint report by the European Commission and ITC, along with the 2024 report **Lessons Learned from Piloting Accompanying Measures: Making Mandatory Human Rights and Environmental Due Diligence Work for All**, outlines a range of potential interventions to support value chain actors:

Information and guidance on due diligence processes and legal requirements

Practical tools for supply chain management, risk assessment, and reporting

Global policy dialogue, international coordination, and research

Collective action and stakeholder engagement

Capacity building and empowerment activities

Impact investment and supply chain financing measures

Regulatory environment and support ecosystems in partner countries

Transparency, advocacy, and consumer awareness-raising

Current EU-funded BHR support initiatives include:

- **Global level initiatives:** Three new projects awarded under the Human Rights Thematic Programme 2025-2027, with a total budget of €10 million, support civil society organisations in preventing corporate harm and ensuring accountability in the implementation of the UNGPs and CS3D. These projects target high-risk sectors such as critical minerals mining, renewable energy, textiles, and agribusiness across Africa, Asia, and Latin America.

- **Regional programmes:**
  - Responsible Business Conduct in Latin America 2024-2027, Phase II (€10 million), continuing from a successful predecessor, supports nine countries in Latin America and the Caribbean to promote responsible business practices.

  - The upcoming RBC Africa programme, set for 2025 with a €30 million budget, aims to promote responsible business practices in over 12 sub-Saharan African countries (see Box 31).

- **EU Helpdesk (2025):** From 2025, an **EU Helpdesk** will provide information on CS3D implications for stakeholders from partner countries, directing them to relevant accompanying measures at national, European, and international levels. [4]

- **Capacity Building and Technical Support for Supply Chain Due Diligence** (2024-2029): Implemented by OECD, this project provides training on due diligence for governments, businesses, and CSOs. It also assists stakeholders in understanding the scope, alignment, and credibility of sustainability initiatives related to emerging due diligence expectations in partner countries.

- **Human Rights Due Diligence in Support of Decent Work** (HRDD4DW): Funded by the EU and implemented by ILO, this project aims to strengthen the labour aspects of HRDD, including labour-specific tools for conducting due diligence.

- **Global Public Goods: Providing Trade and Market Intelligence for Informed Trade Decisions Project** (ITC): This initiative includes an online diagnostic self-assessment for MSMEs to evaluate CS3D preparedness and updates the **ITC Standards Map online database**.

- **SOCIEUX+ Facility:** Mobilises European experts to advise authorities and social partners on CS3D compliance (see section 3.3.2 for more information).

- **Trade and Private Sector Development Facility** (TPSDE): EUDs may also request TPSDE support to better understand local private sector challenges in meeting CS3D requirements (see Box 25).

These initiatives are designed to provide comprehensive support for stakeholders at multiple levels, helping them navigate the demands of due diligence obligations and align with EU values on responsible business conduct and human rights.

[5] Other information platforms such as **AGRINFO** and the **Due Diligence Ready!** portal provides online information tools and training material on evolving EU policies, legislations, and standards with potential impacts on agri-food value chains and the **Conflict Minerals Regulation** respectively.

6. MAKING THE 'BUSINESS CASE' FOR HUMAN RIGHTS – OPPORTUNITIES AND RISKS

Adopting RBC and HREDD helps prevent or mitigate risks to people and the planet while reducing reputational, legal, and economic risks for businesses. EUDs can play a critical role in engaging with business actors to communicate the 'business case' for respecting human rights and implementing the UNGPs (See Box 7 for additional resources for businesses.)

Political and social stability—characterised by the rule of law, robust public institutions, and respect for civic freedoms—creates a conducive investment climate, fosters **sustainable and inclusive economic growth**, and reduces corruption. Businesses not only benefit from these conditions but can also leverage their influence to **protect civic spaces**, **support HRDs**, and contribute to overall improvements in political, legal, environmental, and economic landscape.

The UNGPs encourage businesses to use their leverage to advance respect for human rights across their value chains. Strong human rights standards often align with environmental standards, which can support workers' health and safety and environmental management. Standards such as those in the Green and Circular Economy, RBC, BHR, and HREDD are cross-cutting issues that reinforce the sustainable value chains.

Businesses that can **demonstrate** respect for human rights may gain a competitive advantage. Evidence suggests that respecting labour rights enhances performance in areas such as productivity, absenteeism, and strike reduction, thereby improving profitability.

Research from the **Better Work** programme **found** that factories with improved working conditions see a 5.9% increase in profitability, along with significant **revenue** growth. Companies undertaking HREDD (such as those described above in section 2.1) are also better prepared to adapt to regulatory trends and may benefit from market access, public procurement eligibility, and trade and investment support. Additionally, meeting standards in EU regulations, such as those on conflict minerals and timber, enhances competitiveness in the EU market.

Respecting human rights can help companies secure a 'social licence to operate' and prevent **costly** conflicts with communities. Human rights violations expose companies to **legal claims**, reputational damage, and impacts on credit ratings and access to finance. Strong human rights performance enables businesses to respond to market trends and increasing scrutiny from consumers and investors. **Survey data** has shown that 66% of consumers would stop purchasing a product if they became aware that its manufacture involved modern slaveryInvestors are increasingly prioritising ESG standards, with human rights considerations receiving special attention through initiatives such as the **Corporate Human Rights Benchmark**. A 2015 **meta-study** found significant support for the business case for ESG investing.

HREDD is a cost-effective way for companies to manage legal, reputational, and financial risks associated with human rights abuses.

According to the European Commission's **2020 study on due diligence requirements through the supply chain**, the financial burden of implementing due diligence is minimal, equating to approximately 0.14% of revenue for MSMEs and about 0.009% of revenue for larger companies. Although costs are relatively low, there is a **risk** of shifting compliance costs to smallholder farmers and MSMEs without adequate support. The CS3D mitigates these risks by requiring fair and non-discriminatory terms when seeking contractual assurances from MSMEs, mandating that in-scope companies cover independent third-party verification costs, and obligating companies to provide financial support to their MSME partners in certain cases, including direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing external funding.

The EU's adoption of HREDD requirements aims to enhance the human rights of workers, communities, and consumers across global value chains. By leveraging influence to improve standards and practices in line with the UNGPs, these requirements can drive meaningful change. However, enforcing higher standards on businesses in third countries that are not yet equipped to meet these evolving expectations or operating within weak governance frameworks risks prompting companies to withdraw from challenging regions or business relationships. This could undermine efforts to foster a human rights agenda, limit the broader impact of the HREDD requirements, and lead to unintended consequences for the EU's trading partners.

To address these risks, the CS3D mandates that companies prioritise engagement with business partners across their value chains and includes several safeguards to minimise the risk of disengagement. These safeguards focus on preventing and mitigating adverse impacts by considering the needs of affected individuals, making appropriate investments, offering targeted support for MSME trading partners, adopting and implementing an enhanced prevention action plan, or increasing the company's leverage through temporary suspension of the business relationship prior to disengagement. Disengagement is only required in cases of severe impacts where engagement efforts have proven unsuccessful. In the event of disengagement, companies must take steps to prevent or mitigate any adverse effects and provide reasonable notice to their business partner before termination. Accompanying measures, as detailed in section 2.3 above, will also be essential in supporting companies and stakeholders within this evolving regulatory landscape.

The duty to protect under the UNGPs involves actions by both EU Member States and the EU itself. Through the Treaty of the European Union (Articles 2 and 21) and the EU Charter of Fundamental Rights, the EU is obligated to respect, protect, and promote human rights in its external actions.

The EU, its development banks (EIB, EBRD), Member States agencies, and their implementing partners all bear responsibilities under the respective pillars of the UNGPs.

It is essential that EU-funded activities do not adversely impact human rights.

BOX 5: Legal and reputational risk

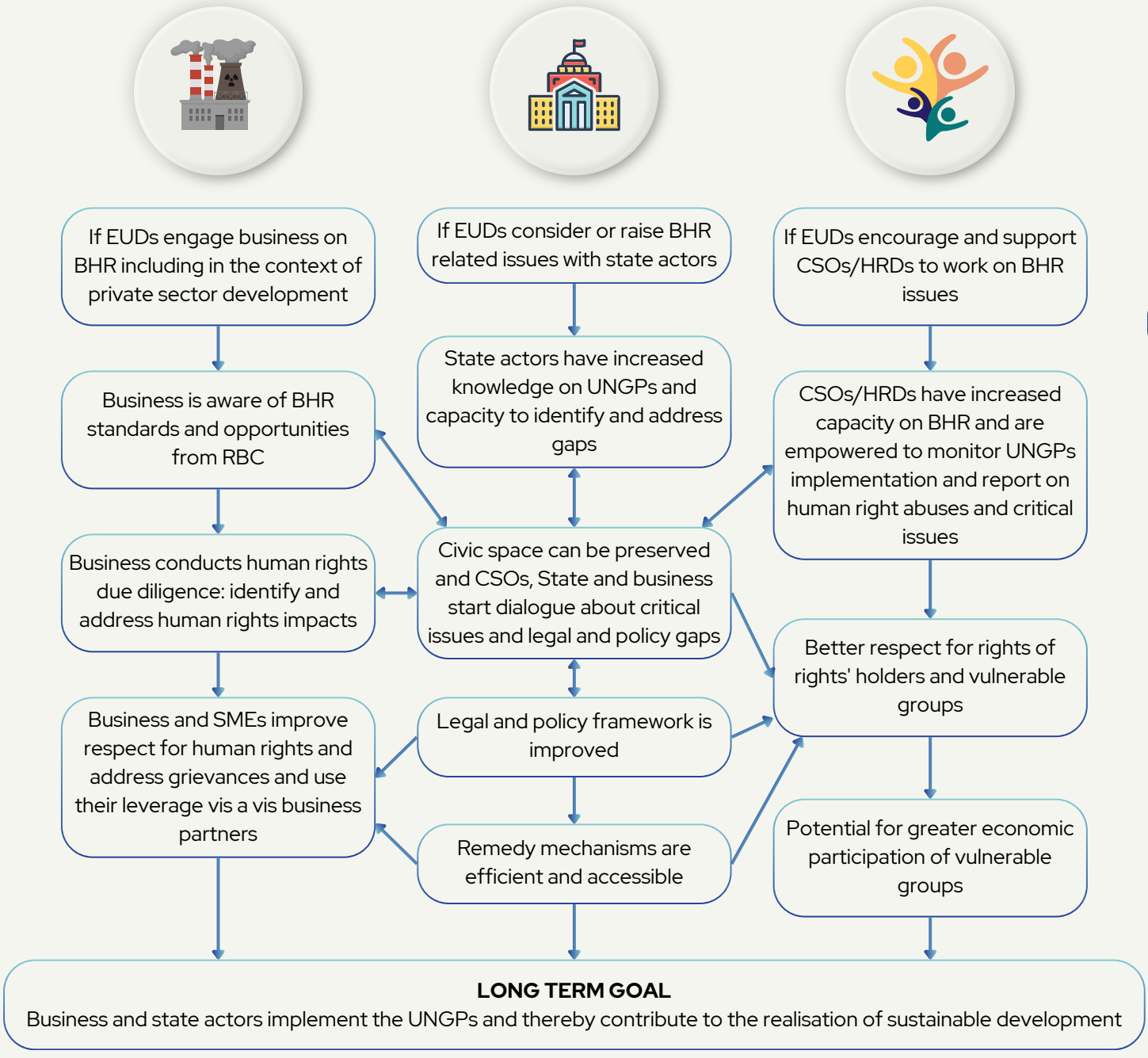
- The EU-funded 'Water Towers' programme encountered challenges due to actions by the Kenya Forest Service, a project partner, which had forcibly evicted indigenous communities from a Water Towers area. In January 2018, the EU suspended two components of the programme after a member of the local indigenous community was killed and another injured by Kenya Forest Service guards.

- In 2019, the European Ombudsman found that the European Investment Bank (EIB) had failed to promptly handle complaints regarding a significant mining project it financed in Madagascar. The Ombudsman noted that 'As the EU's bank financing projects within and outside the Union, the EIB's activities have an impact on the EU's reputation' and recommended that it devise an action plan to address outstanding environmental, health, and safety issues, and monitor its implementation. (See Box 28 for additional information on safeguards by DFIs).

7. EU THEORY OF CHANGE ON BUSINESS AND HUMAN RIGHTS

PROBLEM STATEMENT

The human rights impacts of the private sector are not sufficiently taken into account in development cooperation, which can contribute to human rights abuses and impede realisation of the SDGs.



By recognising these interlinkages, by viewing BHR as a cross-cutting issue, and involving all relevant sections within EUDs, using a holistic approach, the EU can maximise the effectiveness of development cooperation.

PART 4

PRACTICAL GUIDANCE FOR EUDs ON BHR

8. ENGAGING ON BUSINESS AND HUMAN RIGHTS

BHR is a horizontal issue applicable to all sectors, implementation methods, and regions. EUDs operate in diverse contexts, and their local expertise is essential in identifying the most valuable actions from those suggested in this section, as there is no universal approach. Examples of BHR initiatives from EUDs are provided in text boxes throughout this toolkit.

For EUDs beginning work on BHR, several steps can be taken to build capacity and initiate actions tailored to the local environment. These **foundational steps** include:

1. **Getting started:** Building internal knowledge and capacity.
2. **Dialogue**: Engaging relevant stakeholders.
3. **Capacity building**: Raising awareness amongst relevant external stakeholders.

8.1. Getting started: Building internal knowledge and capacity

8.1.1. Resources for building internal knowledge and capacity

Building internal capacity on BHR is an essential first step, equipping EUDs to understand how BHR principles and the specific BHR landscape in their country relate to their work.

The UNGPs' three pillars provide a framework to clarify the roles and responsibilities of state and business actors. They also highlight how EUDs can support these actors in fulfilling their obligations, as well as aid CSOs and HRDs in monitoring progress and holding states and businesses accountable.

An initial assessment should examine the country's level of human rights protection,

including a mapping of ratified conventions, relevant trade agreements clauses, transposition in national laws, and levels of access to remedy.

Opportunities may arise in contexts where a state is pursuing legal reforms, negotiating trade agreements, preparing for accession processes, or engaging in political frameworks like OECD membership or UN mechanisms, such as the **Universal Periodic Reviews** (UPRs). Refer to the Resources on BHR below for additional guidance.

BOX 6: Resources on BHR

GENERAL RESOURCES

- **Business and Human Rights Resource Centre**: This *online portal* provides a wide range of resources, which can be filtered by country, sector, and specific companies. It offers a valuable starting point for understanding BHR issues in a particular country, as well as information on reported human rights impacts by companies operating there.
- **OHCHR Database**: The OHCHR maintains a comprehensive database of BHR resources, available **here**.
- See also the resources on NAPs listed in Box 2 of this Toolkit for additional guidance.

RESOURCES RELATED TO PILLAR 1 OF THE UNGPS
(State duty to protect human rights)

- International recommendations on BHR: Key sources include **reports from the UN Working Group on Business and Human Rights** to the **Human Rights Council**, the **General Assembly**, **country visit** reports by the UN Working Group, **UPR reports**, and **OHCHR country pages**.
- **ILO supervision system**: Resources include the ILO's supervision system for the application of International Labour Standards and related **trainings** provided by the **ILO International Training Centre on their implementation**.
- Legal and regulatory developments: The **BHR-Law Platform** provides an overview of legal and policy developments on BHR across Europe.

RESOURCES RELATED TO PILLAR 2 OF THE UNGPS
(Corporate responsibility to respect human rights)

- **Using the UNGPs: OHCHR Interpretative Guide on the Corporate Responsibility to Respect Human Rights** offers guidance on applying the UNGPs.
- **Business with respect for human rights**: Provides practical advice and real-life examples to support companies in integrating human rights into their operations.
- **Human Rights translated 2.0**: A resource for company managers and staff to understand human rights and their relevance in a business context.
- EU **guide for SMEs on human rights**: A dedicated guide by the EU to support small and medium enterprises (SMEs) in understanding human rights responsibilities.
- **ILO Helpdesk for business**: Offers guidance on international labour standards relevant to businesses.
- **OECD Due Diligence Guidance for Responsible Business Conduct**: Practical guidance for businesses on conducting due diligence to identify, prevent, mitigate, and report on negative impacts.
- **Human Rights Impact Assessment** (HRIA) Toolbox: A tool to support businesses in assessing human rights impacts.
- **Sector-specific guidance**: the OECD has developed **due diligence guidance** for industries such as extractive, finance, mineral, agricultural, and garment supply chains. The EU has developed additional guidance for *employment and recruitment agencies*, *oil and gas*, and *ICT companies*.
- **UN Global Compact Library**: Contains resources on decent work, the elimination of child and forced labour in global supply chains, women's empowerment, and best practices for BHR.
- **UNGP Reporting Framework**: Offers guidance for companies on reporting their implementation of the UNGPs.

RESOURCES RELATED TO PILLAR 3 OF THE UNGPS
(Access to remedy)

- **OHCHR Access to Remedy in Cases of Business-Related Human Rights Abuse - An Interpretive Guide (Advance Version):** Provides additional background and explanations on the principles underpinning the access to remedy pillar of the UNGPs.

- **OHCHR Accountability and Remedy project** reports: Offers credible and practical recommendations to support the consistent implementation of the UNGPs, specifically in the area of access to remedy.

- Fundamental Rights Agency Report on Access to Remedy in Europe: A recent *report* that examines barriers to access remedy within Europe for business-related human rights harms, including those occurring outside the EU.

- International Federation for Human Rights (FIDH) guide on **remedy mechanisms**: A practical guide outlining various mechanisms for obtaining remedies in cases of business-related human rights abuses.

RESOURCES RELATED TO EU RBC INSTRUMENTS

- **European Commission FAQs**: The European Commission has published Frequently Asked Questions for the **CS3D**, **CSRD**, and **EUDR**, along with the **EU Taxonomy Navigator** and Questions and Answers for **CRMA** and **SFDR**.

- **Guidance on forced labour**: In 2021, the European Commission released **guidance** to assist companies in combating forced labour within their operations and supply chains.

- **Report by the Danish Institute for Human Rights**: This **report** offers an analysis of EU RBC instruments.

- **EU and ITC joint report**: The EU and ITC co-authored **Designing and Implementing Accompanying Measures: To make mandatory Human Rights and Environmental Due Diligence (mHREDD) work for all**, providing practical insights on due diligence.

EUDs can enhance their capacity and networks with BHR experts by participating in BHR-focused events, such as the **UN Annual Forum on Business and Human Rights**, the **OECD Global Forum** on RBC, regional forums, or BHR sessions at EU events such as the Forum for Human Rights and Civil Society Focal Points.

A variety of EU tools and policies are relevant to BHR. The EU's legal framework on BHR, outlined in Part 1 of this Toolkit, provides a foundation. Additionally, the **HRBA Toolbox** 2021 offers guidance for Commission staff on adopting a HRBA to development cooperation. Other EU human rights guidelines, such as those on **Non-Discrimination**, **Rights of the Child**, **Human Rights Defenders**, **Elimination of violence and Discrimination against Women and Girls**, **LGBTI Rights**, and **Freedom of Expression**, are also pertinent. Headquarters colleagues at the Directorate-General for International Partnerships and the EEAS, working on human rights, decent work, and private sector support, can be valuable resources, guiding EUDs to relevant practices and connecting them with other EUDs.

EUDs can also leverage tools from other international organisations. For instance, the ILO and UN Global Compact provide **guidance for businesses** on the rights of persons with disabilities, and the **ILO Global Business & Disability Network** offers frameworks, **guidance**, and **best practices** for creating inclusive opportunities for people with disabilities while achieving business success.

8.1.2. Identifying entry points on business and human rights

BHR is a cross-cutting issue and coordinating activities across sections within EUDs is the most effective way to advance this agenda. The human rights focal point within the EUD can play a pivotal role in driving this issue forward, with support from the Head of Cooperation and the Head of Delegation. Engaging in dialogue with colleagues across Political, Trade, Economic Development, and Operations sections—whether formal or informal—is essential to understanding how BHR connects to all EUD activities. For instance, during trade negotiations, Operations staff working on governance and civil society matters can collaborate with the Trade section to ensure CSO involvement (see the Vietnam case study in Box 23).

A productive first step is holding an introductory meeting with all relevant EUD staff to present BHR standards, emphasise their importance across sections, and foster cross-section collaboration. Outcomes from this coordination can be reflected in strategic documents such as CSO Roadmaps for EU engagement with civil society, the Human Rights and Democracy Country Strategies for HRD action plan implementation, and Jobs and Growth Compacts outlining the strategic approach to private sector development. These tools can serve as foundational frameworks for embedding BHR within the Delegation's EUD's work.

For those getting started:

1. **Identify key colleagues for collaboration:** Engage with colleagues from various sections within your EUD, including Governance, Trade, Economic, and Political, who have an interest in BHR and understand its relevance. Consider forming an informal working group as a platform for ongoing collaboration.

2. **Coordinate BHR with EU Member States:** Connect with in-country missions from EU Member States. Some may already have an interest, existing capacity, or active programmes in BHR and could be interested in developing joint initiatives, including Team Europe Initiatives on BHR.

3. **Build capacity and networks**: Look for opportunities to build expertise and establish networks. Participate in relevant events, such as the annual human rights and civil society forum for EUD focal points, the UN Annual Forum on Business and Human Rights in Geneva, or regional forums to connect with experts and expand your network (see section 3.1.1).

4. **Identify relevant stakeholders**: Recognise key stakeholders in your context and create opportunities for dialogue. EUDs can organise, implement, and fund multistakeholder events that bring together CSOs, businesses, employers' associations, government representatives, academia, and media to assess the level of knowledge and interest in BHR engagement.

5. **Initiate BHR programming projects:** Aim for a holistic approach to programming by identifying and supporting projects that align with complementary actions within national or regional contexts. For an example of this approach, see the case study from Pakistan in the box below.

BOX 7: Designing a holistic approach to business and human rights: Insights from Pakistan

The EU supports the **BHR in Pakistan through a comprehensive mix of bilateral and thematic cooperation modalities, as well as by leveraging trade policies linked to Pakistan's GSP+ status**. The status grants Pakistan preferential access to European markets, conditional upon compliance with human rights, labour, and environmental standards. Regular monitoring missions, led by DG Trade, assess Pakistan's adherence to international human rights treaties, providing structured evaluation of the country's performance in meeting these obligations.

In terms of programming, the flagship project is the 'Promotion of Human Rights in Pakistan II (Huqooq-e-Pakistan II- ACT-62170),' funded under the bilateral cooperation (AAP 2023). Building on the achievements and lessons from the first phase, along with insights from the EU-funded ILES project focused on labour standards, and opportunities arising from Pakistan's adoption of its first NAP on BHR in 2021, the project significantly scales up BHR initiatives in the country. Implemented by UNDP, the project supports the Ministry of Human Rights and provincial actors in rolling out the NAP-BHR. Beyond government engagement, the project extends to private actors and trade unions, enhancing their capacities to meet human rights standards. It provides technical support and specialised training on HRDD, grievance mechanisms, and CS3D compliance to businesses and export-focused industries.

Additionally, the project develops grievance mechanisms that bolster both state and non-state avenues for redress, leveraging the recent A-status accreditation of the National Commission for Human Rights. By offering free legal assistance to vulnerable and marginalised communities and empowering rights-holders to assert their rights, it aims to facilitate access to justice and remedies. The establishment of consultation frameworks with CSOs, alongside the inclusion of women, trans persons, and other marginalised groups, reinforces the GG Initiative's principle of good governance.

In 2024, the EUD also launched a **call for proposals under the thematic human rights programme**, prioritising BHR. This initiative supports projects led by human rights organisations and defenders to raise awareness, monitor, and engage in BHR activities, using the UNGPs and Pakistan's NAP on BHR as guiding frameworks.

The BHR focus is further enhanced by other EU-funded projects supporting businesses. Under the AAP 2025, the EU is planning a project aimed at helping **SMEs comply with environmental standards** by addressing policy-level challenges, closing implementation gaps, and supporting the private sector efforts to improve compliance across value chains. This project follows a three-tiered approach. The first tier focuses on assisting the Government of Pakistan in reviewing and strengthening its policy framework and implementation mechanisms, providing technical assistance and capacity-building support to create an environment that promotes compliance. In the second and third tiers, the project engages directly with private sector enterprises and tripartite stakeholders, helping them prepare for the EU's incoming 'tsunami of green directives,' fostering ownership of national and international policy frameworks, and building their capacity to develop bankable projects.

In summary, the EU adopts a **comprehensive approach to building a coherent BHR framework by supporting all actors within the BHR ecosystem**: government and public institutions, rights-holders and their representatives, the private sector, and academic stakeholders. This approach combines proactive support for compliance with accessible grievance and redress mechanisms in case of violations. The coordinated interventions on BHR aim to enhance knowledge among state and private actors on best practices to align regulations with the UNGPs and EU BHR standards, assist the government in developing a robust HRDD regulatory framework, and strengthening the capacities of state actors and rights-holders to effectively implement Pakistan's NAP on BHR.

8.2. Dialogue: Engaging relevant stakeholders

8.2.1. How can delegations address BHR in policy dialogue?

BHR discussions with partner country governments can occur within formal frameworks, such as structured human rights dialogues or discussions on economic development and trade, as well as through informal channels. Policy dialogue is a key component of budget support operations, which provide leverage to encourage integrating human rights and environmental considerations into economic development initiatives (see section 4.2.1 for further details on budget support). The EUD can advocate for legal or policy reforms that address business-related human rights impacts, foster an environment conducive to RBC, and protect HRDs. For instance, International Labour Standards can guide labour legislation in policy discussions to incorporate labour rights.

If instances of human rights abuses by companies or investments are reported to the EUD, these can also be raised during policy dialogue.

Using 'responsible business' language can be valuable in environments where addressing human rights concerns is challenging. This approach reframes the conversation, making a business case by highlighting incentives rather than focusing on risks (see section 2.4). In 'investment-at-all-costs' contexts, where BHR issues may be difficult to introduce, greater engagement may be achieved by emphasising specific topics, such as core labour rights, environmental sustainability, resource stewardship, investor interest in ESG standards, women's empowerment, or MSME support, all aligned with international standards. EUDs can also encourage the state to invite the **UN Working Group on Business and Human Rights** for a visit and to act on any resulting recommendations.

BOX 8: RBC in Latin America and the Caribbean

This EU-funded programme (2024-2028) [5], implemented by the ILO, OECD, and OHCHR, aims to promote smart, sustainable, and inclusive growth across the EU and Latin America and the Caribbean, focusing on nine countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, and Peru. The programme supports RBC practices aligned with internationally agreed principles outlined in UN, ILO, and OECD frameworks, while incorporating EU regulatory and policy developments on RBC and due diligence. A key component of the project is the Regional Forum on BHR in LAC, the region's largest BHR event, where stakeholders address progress and challenges in implementation the UNGPs and other relevant RBC standards, such as the ILO MNE Declaration and the OECD Guidelines.

8.2.2. How can EUDs raise BHR in dialogues with partners and external stakeholders?

EUDs can play a crucial role in fostering alliances on BHR, or building upon existing initiatives led by organisations like the OHCHR, UNDP, or OECD. This can be achieved by supporting the establishment or strengthening of forums, such as local networks of the **UN Global Compact** or **OECD national contact points**, or by identifying and facilitating new opportunities for multi-stakeholder dialogue and coalition-building on BHR and RBC. EUDs can act as a bridge between stakeholders, for instance, facilitating dialogue between trade unions, workers' representatives, companies, CSOs, investors, and state institutions. Additionally, EUDs can engage with the private sector directly on BHR topics, particularly within the framework of public–private dialogue.

BOX 9: Connecting stakeholders

In Guatemala, the EU supports the 'Strengthening Civic Space and the Protection of Human Rights Defenders' project [6] (2023-2025) to enhance participation and safeguard all actors within the country's civic space. The project connects businesses, trade unions, state actors, and CSOs through a multi-stakeholder platform, facilitating the exchange of experiences and best practices for implementing the UNGPs.

[6] Project reference: NDICI/PC-41411.
[7] NDICI HR INTPA/2022/ 439-070

It also aims to complete a baseline assessment to inform the development of a NAP on BHR, while expanding the understanding and capacities of these stakeholders to improve due diligence and access to justice.

The **'Support of Human Rights and Democracy in Honduras-ProDerechos'** project [7], supported by the EU (2019-2025), is part of a Financing Agreement between the EUD and the Government of Honduras. The project seeks to strengthen national human rights systems and enhance the role of non-state actors in promoting and protecting human rights at the local level. It has been pivotal in establishing spaces for multi-sectoral dialogue among institutions, civil society, and private sector representatives. Additionally, the project has developed strategic alliances with the OHCHR in Honduras and the DIHR to support dialogue platforms and reinforce the capacities of local institutions on BHR.

Engaging with partners and stakeholders is essential for advancing BHR at the local level, including through relevant aid modalities and activity design. Synergies with existing projects - such as those aimed at improving labour conditions, promoting women's economic empowerment, or safeguarding indigenous land rights—can address BHR issues even if these projects do not explicitly focus on BHR (see Boxes 19, 20 and 22 for examples).

The EUD can also collaborate with other donors in local contexts or engage with Member States, where TEIs can provide complementary support. To engage private sector stakeholders, EUDs might organise business forums within the framework of economic diplomacy to promote sustainable trade and investment opportunities under GG, strengthen understanding of EU RBC instruments, and foster dialogue and multi-stakeholder collaboration on BHR.

BOX 10: Creating space for structured dialogue

The **Sustainable Business for Uganda Platform** (SB4U Platform) provides an inclusive, structured forum for dialogue between European and Ugandan public and private sector stakeholders. The SB4U Platform is managed jointly by the EUD to Uganda and the Private Sector Foundation Uganda.

[8] Project reference: LA/2018/040-890

One of its four working groups focuses on Governance and Corruption, including representatives from EU Member States, private companies (both EU and Ugandan), industry bodies, and the Ugandan government. This group meets regularly to discuss governance issues within Uganda's private sector, addressing the challenges posed by corruption. BHR topics have also been introduced into these discussions. Through the new €5 million 'Advancing Respect for Business and Human Rights (ARBHR)' [8] project, these dialogues are expected to become more frequent, serving as a valuable platform to expand the BHR conversation and coordinate actions on the BHR agenda across EU Member States and the private sector.

8.3. Capacity building: Raising awareness amongst relevant external stakeholders

Enhancing the capacity of state actors, CSOs, and businesses can foster a deeper, shared understanding of BHR and RBC. Integrating capacity-building activities on BHR into project programming is a practical way for EUDs to support this objective. For additional resources on BHR, which can assist in building capacity for state actors, businesses, and CSOs, see Box 7 and refer to section 4.1 for further guidance on grants for BHR projects.

As the EU implements regulatory initiatives on corporate reporting and due diligence, it is increasingly important to ensure that all relevant groups are well-informed and equipped to engage in the due diligence process. To achieve this, local suppliers, producers, rights holders, and their representatives - including trade unions and CSOs - should receive training and education to help them effectively participate in due diligence. The **ITC's pilot projects**, aimed at supporting value chain actors in adapting to mandatory HREDD requirements in high-risk sectors, exemplify a participatory approach that encourages dialogue, collective action, and shared responsibility among all value chain stakeholders (see Box 3 for insights from the ITC pilot projects).

8.3.1. How can delegations build business capacity on BHR?

EUDs can begin by assessing the level of awareness of BHR and RBC principles among local businesses. This can be achieved through a survey or other methods to gather baseline data on BHR awareness.

[9] NDICI HR INTPA/2022/ 439-070

BOX 11: Developing a baseline on business uptake of the UNGPs

In Bosnia and Herzegovina, the project **'Improving Human Rights Corporate Accountability in the BiH Post-War Context'** [9] sought to promote the UNGPs as a foundational framework for ensuring corporate respect for human rights. The project included a baseline survey on BHR in the business sector, as well as public consultations with business, CSOs, and the public sector. Although the survey revealed that businesses were largely unfamiliar with the concept of human rights respect, it identified several pathways for supporting UNGP implementation, including collaboration with the Employer's Association Federation of Bosnia and Herzegovina.

This baseline survey raised awareness and informed the design of a methodology for developing a Charter on BHR in 2020. Using the **Charter and methodology**, the project laid the groundwork for the NAP through consultations with all key stakeholders, including relevant ministries. In 2022, the Council of Ministers of Bosnia and Herzegovina adopted the Framework Guidelines (2021-2025). Implementation of these Guidelines is ongoing under the **'Improving Human Rights Corporate Accountability in the BiH Post-War Context II'** [10] project, supported by the Thematic Programme on Human Rights and Democracy (2022-2023) in cooperation with relevant BiH stakeholders.

Projects can also include capacity-building activities for businesses, such as developing new tools or adapting existing ones to fit the local context. These activities can be delivered through training sessions, workshops, and best practice exchanges. Partnering with networks that have broad businesses outreach - such as business associations or, where available, local UN Global Compact networks - can effectively maximise impact. Raising awareness and enhancing the capacity of business associations on human rights enables them to make a greater contribution as social partners and to engage more effectively in social dialogue.

[10] Project reference: EIDHR/2018/404149
[11] Project reference: CRIS CN 2023/452-000

BOX 12: Technical assistance for businesses on human rights

Through the **'Fostering Business and Human Rights Principles'** project in North Macedonia, [11] key resources such as translations of the UNGPs and a guidebook on HRDD were made available in Macedonian and Albanian. The project developed an online self-assessment tool for implementing the UNGPs, conducted training for over 90 company representatives and other stakeholders, and provided direct technical support to 10 companies. Additionally, the project facilitated policy dialogue and advocacy, leading to the inclusion of a NAP on BHR in the National Strategy on Corporate Social Responsibility 2019-2023. In 2023, a new project was launched: **'Corporate Social Responsibility and Business Angels - Driving Force for Private Sector Development'**, [12] which includes as a key output a draft NAP on the UNGPs and BHR for North Macedonia.

8.3.2. How can delegations support state capacity building on BHR?

EUDs can assist in developing projects that involve or target state actors, with a particular focus on the state's duty to protect against human rights violations by businesses.

This support can include helping to enact and enforce relevant laws and regulations (such as labour laws), providing state-issued guidance on HREDD, and facilitating access to remedy mechanisms.

BOX 13: Supporting state institutional capacity building

The **ProDerechos** project in Honduras (referenced above) bolsters responsible business practices within the private sector and enhances the state's institutional capacity to uphold human rights. This includes emphasising government responsibilities when hiring, issuing permits, legislating, or contracting with commercial companies for services that could impact human rights.

ProDerechos is funding short-term technical assistance to establish a Business and Human Rights Unit within the National Human Rights Commissioner's Office (CONADEH) and to support the practical implementation of the UNGPs in Honduras's renewable energy sector. The renewable energy sector has shown a commitment to serve as a pilot for other sectors, aligning closely with EU initiatives under the GG Initiative, which prioritises environmental efforts in Honduras.

[12] Project reference: EIDHR/2017/393736
[13] Project reference: 300064081 — SIEA-2018-17809

Through policy dialogue with governments, EUDs play an important role in identifying and engaging relevant state institutions to commit to developing a NAP on business and human rights. In several countries, NAP development on BHR has been led by the foreign ministry, working in collaboration with other ministries with substantial domestic mandates, such as the ministries of interior, economy, and finance. EUDs can support this process by offering capacity-building initiatives, technical assistance, and organising workshops or events to facilitate experience exchange with EU Member States and other countries that have implemented a NAP.

Support mechanisms like the Technical Assistance and Information Exchange instrument (**TAIEX** for partner countries and **Twinning** in Neighbourhood countries) provide rapidly mobilised, short-term technical support using EU Member States' public sector experts in response to requests from public institutions in partner countries. Additionally, technical assistance is available through the **SOCIEUX+ EU Expertise on Social Protection, Labour, and Employment** facility, which mobilises expertise for short-term technical assistance by responding to direct requests from public institutions and social organisations on labour, employment strategies, and social protection systems. With the adoption of the CS3D, the new phase of SOCIEUX+ also addresses requests from social partners and public institutions in partner countries on the requirements and obligations under the CS3D. This assistance enables experience-sharing with countries that have implemented a NAP or regulatory frameworks aligned with EU RBC instruments, including the CS3D and other due diligence requirements, supporting the goal of establishing a global level playing field.

BOX 14: Supporting the development and implementation of NAPs

Implemented by the UNDP, the **Business and Human Rights in Asia** programme [13] (2020-2024) supported the development of NAPs across several countries in South and Southeast Asia.

This programme reached over 512 companies and trained 7,217 business professionals on HREDD, alongside promoting dialogue, awareness, and capacity-building among other actors, including a particular focus on state institutions such as including NHRIs. By June 2024, substantial progress was achieved in several countries, with Thailand launching its second NAP, and Indonesia and Mongolia introducing their first NAPs. Malaysia is also expected to launch its NAP in 2024. In Chile, the EUD funded the project 'Capacity-building and multi-stakeholder dialogue in the context of the National Action Plan on BHR between civil society, indigenous communities, social partners, state and business actors' [14] (2018-2020).

[14] Project reference: PI/2019/410348
[15] Project reference: EIDHR/2017/391-522

This initiative produced two guidance manuals for businesses, focusing specifically on migrant workers and the elderly. The EUD served on an advisory committee, providing strategic guidance and feedback on these resources. Following the project's conclusion in 2020, the EUD continued to monitor the implementation of Chile's new NAP on BHR (NAP II), which was a topic of discussion in the EU-Chile Human Rights Dialogue in November 2023.

EUDs can also support national human rights institutions (NHRIs) in their efforts to engage on BHR. As independent state institutions mandated to protect and promote human rights, NHRIs play an important role in advancing BHR locally. Their activities often include monitoring human rights in the context of business operations, researching the national legal and policy framework related to BHR, advising governments on the development of NAPs and engaging in dialogue with businesses. NHRIs also help **facilitate access to remedies** for victims of human rights abuses involving businesses through complaints handling and other initiatives.

An **e-learning programme on BHR for NHRIs** has been developed with support from the EU.

BOX 15: Projects supporting NHRIs

In Tanzania, the project **'Improving the protection from, monitoring of, reporting on, prevention of, and accountability for corporate human rights harm in Tanzania'** [15] aimed to protect vulnerable groups by strengthening national and local capacities for monitoring, reporting, and preventing corporate human rights violations.

The project also worked to ensure accountability for such harms by building capacity within the Tanzanian Commission for Human Rights and Good Governance (CHRAGG), particularly in managing BHR-related complaints. As part of this initiative, improvements were made to CHRAGG's Complaint Management Information System, enhancing its ability to investigate and follow up on grievances filed with CHRAGG or expert civil society organisations by those seeking redress and accountability.

[16] Project reference: EIDHR/2017/388516

8.3.3. How can delegations engage with CSOs and workers' representatives on BHR?

EUDs can support CSOs through grants (see section 4.1 below) or through structured processes such as the **EU Country Roadmaps for engagement with CSOs**. Raising awareness on BHR issues among these organisations is a valuable way to build capacity and identify key conveners, such as trade unions and CSOs focused on labour, land rights, Indigenous peoples, environmental protection, good governance, and anti-corruption. Providing direct capacity-building for social partners to facilitate social dialogues within the country can also encourage balanced and fair dialogue with business.

Equally, EUDs and CSOs can engage in dialogue linked to the implementation of projects funded by EU Financial Institutions or through the GG Initiative. In this context, CSOs can play a critical role in monitoring and advocating for standards and applying key principles to enhance project proposals and outcomes. EUDs can further support CSOs in the context of a NAP process by funding projects that can help CSOs create a national baseline assessment, organise stakeholder consultations, or engage in advocacy activities. CSOs play an important role in monitoring the implementation of a NAP, which the EUD can support through ongoing dialogue with the state. For additional guidance, see **EU Reference Document** *18* of the Tools and Methods Series on 'Promoting CSO participation in policy and budget processes'.

Facilitating bottom-up communication and advocacy enables workers and other rights holders in global value chains to participate in international forums, dialogues, and policy-making processes. These measures are essential for addressing imbalances in global value chains and empowering vulnerable stakeholders through an inclusive and participatory approach.

BOX 16: Promoting a 'bottom-up' approach to encourage participation

Following the conclusion of the UNDP's Business and Human Rights Asia Project in June 2024, the EU and UNDP have launched a new €3 million initiative titled **'Agents of Change: Youth and Media for Responsible Business Practices'** project [16] (2024-2027). This project empowers media and youth to drive change in environmental and human rights due diligence within business practices. Through a bottom-up approach, the initiative aims to raise public awareness and build support for responsible business conduct across Indonesia, Malaysia, Mongolia, and Thailand.

[17] Project reference: NDICI FPN FPI/2024/453-348

PART 5

MAINSTREAMING BUSINESS AND HUMAN RIGHTS IN INTERNATIONAL PARTNERSHIPS

9. WORKING WITH CIVIL SOCIETY ACTORS: GRANTS

9.1. How can grant modality be used to support CSOs to advance business and human rights?

This section explores how CSOs can be supported through grants to act on BHR.

While projects will be implemented by a third party, EUDs have a key role in the programming, identification, formulation, and monitoring of projects. The localised knowledge of the EUD and engagement with local stakeholders allows the EUD to assess priorities and context-specific issues to help guide programming, prepare calls for proposals, and effectively monitor project implementation.

The **guidance note on mainstreaming civil society engagement into EU cooperation and external relations in the post 2020 phase** provides EUDs with strategies for engaging CSOs on human rights, trade and private sector development issues, and other key areas.

BHR is mainly supported through bilateral cooperation, but projects that support CSOs and HRDs on BHR issues can also be funded through thematic programmes (for example the NDICI Thematic Programme on Human Rights and Democracy). Projects funded via thematic programmes should be complementary to bilateral country programmes.

BOX 17: Projects supporting CSOs and HRDs on BHR

In Tanzania, the **'Collective Action for Rights Realisation in Extractives Industry - CLARITY'** Project [17] (2020-2024) addresses barriers that prevent women, youth and people with disabilities from benefiting equitably from the extractive sector, while also tackling issues of environmental degradation in northern Tanzania. The project provides CSOs training, follow-up, and mentoring to CSOs, enhancing their capacity to identify harmful corporate practices and address accountability gaps. It also supports CSOs in collaboratively developing and implementing mitigation strategies and promotes community and citizen-led monitoring practices in the extractive industry.

In Cambodia, the **'Strengthening Accountable Business Practices through Respect and Engagement (SABRE)'** [18] project aims to reduce corporate human rights violations by fostering greater understanding and collaboration among rights-holders, duty-bearers, and private companies. The project equips HRDs, especially women and young people, with the skills and confidence to peacefully advocate for responsible business practice. It also aims to strengthen the capacity of communities and HRDs to engage in social dialogue and community monitoring. The project includes joint monitoring visits by CSOs and companies to projects being implemented by the target mining companies. These visits help monitor mining companies' adherence to standards at their mining sites. Key findings, recommendations, and suggestions will be shared with the HRDs, human rights organisations, Extractive Industry Social and Environmental Impact (EISEI) network members, and relevant officials and authorities for further monitoring.

CSOs can be supported in the promotion of the rights and interests of the most vulnerable and marginalised groups, including women, children, migrants, and Indigenous people.

Empowering CSOs capacities enables them to advocate more effectively, raise awareness, and drive meaningful change at both the local and national levels.

[18] Project reference: EIDHR/2020/419-924

[19] Project reference: NDICI HR INTPA/2023/447-923

BOX 18: Respecting the rights of Indigenous peoples: Free, Prior and Informed Consent

The rights of Indigenous peoples are profoundly affected by economic activities carried out on their lands, placing them among the world's most marginalised communities. Increasing competition for natural resources, along with climate change, biodiversity loss, and pollution, increases their vulnerability, and threatens their land, culture, livelihoods, and identity.

International frameworks such as the **UN Declaration on the Rights of Indigenous Peoples** (**UNDRIP**) and the ILO's **Indigenous and Tribal Peoples Convention (No. 169)** define the rights of Indigenous peoples. Various safeguards, policies, and guidelines aim to uphold these rights in business contexts, including the **/nternational Finance Corporation's Performance Standard No.7** and the **World Bank's Environmental and Social Safeguard on Indigenous Peoples**.

Free, prior and informed consent (**FPIC**) centres consultation with, and consent from, indigenous communities on any policy, programme or business activity on or concerning their lands. As one of the key safeguards to their right to self-determination over lands and resources, the FPIC ensures that Indigenous Peoples can engage meaningfully engage in negotiations on the design and implementation of the economic activities, allowing them to provide or withdraw consent at any point.

The EU integrates Indigenous peoples' rights into its laws, policies, and development activities. The EUDR mandates that companies assess risks related to indigenous communities, including consultation processes and land claims. The **EU Action Plan on Human Rights and Democracy 2020-2024** emphasises the need for Indigenous peoples' participation and FPIC in decision-making. The EU also supports indigenous rights through investments, such as the €7 million **allocated in 2022** for global indigenous rights protection, as part of a €27 million GG initiative. The EU also funds the **Indigenous Navigator**, a framework and toolkit developed by Indigenous peoples allowing them to systematically monitor the level of recognition and implementation of their rights. It currently covers 30 countries, 24 of which have published datasets. [19]

Through the grant funding mechanisms, the EU supports the **'Safeguarding Tribal Rights in the Context of Extractive Industries Operating in India'** [20] project to advance the recognition and protection of Adivasi rights in 8 Indian states affected by extractive industries operating on their ancestral lands.

[20] Those 24 are: Argentina, Bangladesh, Bolivia, Brazil, Cambodia, Cameroon, Chile, Colombia, Finland, Guyana, Honduras, India, Japan, Kenya, Malaysia, Nepal, Norway, Peru, Philippines, South Africa, Suriname, Sweden, Tanzania and Uganda.

[21] Project reference: EIDHR/2020/419923

This initiative aims to strengthen the capacities of Adivasi CSOs, community leaders, and decision-makers by enhancing their ability to identify, raise awareness of, and advocate for their rights in the context of extractive industry practices and abuses. The project also seeks to improve access to justice for victims of these abuses and hold businesses accountable for their actions. The project fosters collaboration among diverse stakeholders to mitigate, prevent, and address the negative impacts of extractive industries on Adivasi rights, including access to land, environmental health, and working conditions. Key project activities include awareness raising and capacity building of lawyers, judges, local authorities, CSOs, community leaders, and businesses on Indigenous peoples' rights. The project also involves documenting and reporting abuses, bringing strategic cases to national courts and other legal forums, and providing legal support for victims of corporate abuses.

9.1.1. What kinds of business and human rights activities can delegations include in a call for proposals?

Applying a specific thematic focus on BHR in a call for proposals can be a means of signalling that it is a priority issue for the EU and set the agenda for CSOs and other applicants.

BOX 19: BHR activities that can be included in a call for proposals

ACTION: **Research and context analysis, including recording human rights abuses**

ACTIVITIES: Research on:

- The national legal and policy framework to create a baseline assessment to inform the development a NAP on BHR
- Specific companies' policy commitments, HREDD practices, and sectoral commitments

- Challenges and opportunities in implementing HREDD and meeting the EU's human rights and environmental protection requirements
- Human rights impacts of businesses on vulnerable groups, including preparation of disaggregated data, and the effectiveness of interventions to combat adverse impacts
- Access to judicial and non-judicial remedies at national, regional, and international levels
- Cases of non-compliance with international, social, and environmental standards
- Investigating and recording human rights abuses by business and development financial institutions

ACTION: **Awareness raising and capacity building**

ACTIVITIES:

- Awareness raising and training of relevant actors (community leaders, lawyers, HRDs, social partners) to enhance their understanding of RBC, implementation of the UNGPs and relevant international standards, EU RBC and due diligence instruments including the CS3D and other regulatory initiatives (see section 2.1), and sustainable development provisions of trade and investment agreements
- Producing communication and visibility materials related to responsible business practices, HREDD, and EU RBC regulatory initiatives, including the CS3D
- Strengthening the capacities of CSOs and social partners in social auditing, as well as their engagement in the development, evaluation, and formulation of public policies, legislation, budgets, and ensuring the accountability of state entities
- Strengthening the capacities of CSOs and social partners in monitoring, preventing, and responding to human rights violations in line with the UNGPs, country NAP on BHR, as well as facilitating businesses' understanding and compliance with obligations arising from CS3D and other EU RBC regulatory instruments

- Developing the role of CSOs in monitoring and addressing supply chain issues, improving transparency on pricing, sourcing arrangements, product quality, environmental performance, and working conditions
- Strengthening capacity and skills of producers, smallholder processors, buyers, and other value chain operators to understand and meet the EU's emerging due diligence requirements
- Supporting trade unions or workers associations, in strengthening social dialogue with the government and employers on issues linked to human and labour rights
- Supporting communities, minorities, HRDs and CSOs in monitoring companies' HREDD efforts, including the effectiveness of grievance and complaints mechanisms, social and environmental certification schemes, sector-wide agreements, and impact assessments, while improving access to remedies
- Developing curricula for relevant vocational and university level education to improve teacher and student activities related to the BHR agenda
- Supporting private sector in promoting and applying principles related to human rights, labour standards, environmental stewardship, and anti-corruption through frameworks like the UNGPs, the UN Global Compact and International Labour Standards, and supporting the private sector's understanding and compliance with obligations under the CS3D and other EU instruments

ACTION: **Engagement with the state**

ACTIVITIES:

- Advocacy with and support to state actors to develop, implement, and disseminate a NAP
- Strengthen institutional capacities and develop a culture of social dialogue
- Enhance institutional capacities to promote and monitor RBC, and establish a regulatory framework for HREDD and sustainability reporting, alongside other legislative measures aimed at ensuring businesses respect for human rights and environment
- Fostering a dialogue on BHR

ACTION: **Facilitation of multi-stakeholder dialogue**

ACTIVITIES:

- Promoting and implementing dialogue and engagement among NGOs, workers' organisations, local communities, state and business actors, and EU institutions to address any negative business impacts, ensure effective implementation of HREDD requirements, and enhance access to remedies
- Supporting CSOs in their dialogue with companies, investors and state institutions
- Facilitating and supporting events, roundtables, and other meetings such as forums, seminars, or exchanges of experiences at local, national, and global levels to promote responsible business practices and the uptake of due diligence
- Creating national and regional alliances to promote mechanisms to strengthen the role of CSOs in promoting human rights

ACTION: **Protection and support of affected rights holders**

ACTIVITIES:

- Assist HRDs and trade unions with practical and legal measure related to business activities
- Ensure access to judicial and non-judicial corrective actions for victims of corporate human rights abuses at national, regional and international levels, and raise awareness among citizens, groups, and affected communities on complaint and resolution mechanisms, including those in the CS3D
- Provide legal advice to victims of business activities harmful to human rights, both in the domestically and through international human rights mechanisms, especially for those in the most vulnerable situations (women, youth, children at work, people living with disabilities and Indigenous peoples)
- Support actions by CSOs promoting the strengthening of justice sector institutions
- Build the capacity of NHRIs to facilitate access to remedies, including through their complaints-handling mandate

- Support projects that empower CSOs to investigate of corporate human rights violations and file complaints to the OECD national contact points, company-level complaint mechanisms established under the CS3D, or other accountability and recourse mechanisms under the CS3D, including civil liability or reporting to Supervisory Authorities
- Support projects that identify and report on abusive labour practices, particularly against young workers, domestic workers, workers from ethnic/religious minorities, workers with disabilities and women workers, in the formal or informal sectors

9.2. Working with the state: Budget support and trade policy

This section looks at how EUDs can use budget support or leverage trade policy to promote BHR and further the objectives of EU RBC regulatory instruments.

9.2.1. How can delegations use budget support to advance business and human rights?

Budget support [21] projects can help create an environment conducive to RBC by supporting reforms in labour inspectorates, combating corruption, promoting good governance, and facilitating legal action against business-related human rights abuses, amongst other initiatives.

Budget support projects involve direct financial transfers to the national treasury of partner countries committed to sustainable development reforms, subject to conditions and performance indicators.

These projects usually include technical assistance intended to reinforce administrative capacities, oversight bodies, and CSOs. This mechanism integrates financial assistance, policy dialogue, performance assessment, and capacity building. EU budget support initiatives help implement selected national policies, promote the reform of public finance management (including fiscal transparency and the fight against corruption), and contribute to macroeconomic stability. These efforts collectively foster a stable legal system conducive to business development and trade. This also involves improvements towards open, transparent, and competitive public procurement as well as fair and efficient taxation. It is possible to design a budget support operation which supports national and sectoral policies on issues such as private sector and trade development. EUDs can also use the budget support dialogue with authorities to raise BHR issues, including support for EU RBC regulatory objectives, and leverage civil society involvement in its advocacy function in discussions of the human rights impact of business.

[22] The human rights-based approach is mainstreamed in **2017 Budget Support Guidelines** (see notably their annex 12).

BOX 20: Linking budget support to other BHR actions: Justice and Accountability Sector Reform in Uganda

Budget support actions are not isolated interventions and can be linked to a broader BHR and RBC agendas. The EU-supported **Justice and Accountability Sector Reform Programme in Uganda** [22] was designed to promote sustainable development and inclusive economic growth in Uganda through the mobilisation of domestic revenue and the improved service delivery though the efficient use of public resources. Disbursements were conditional on a commitment to joining the Extractive Industries Transparency Initiative (EITI). Policy dialogue connected to this budget support action supported Uganda's journey towards membership of the EITI. As a result, Uganda has now joined the EITI and submitted its first two annual reports on implementation.

This programme was complemented by support given to **'Empowering communities and civil society to demand for good governance in natural resource management'** [23], which was created to empower Ugandan CSOs and community groups to monitor oil and mining projects' compliance to human rights principles, including reviewing adherence to the EITI.

The Uganda EUD has been active in promoting BHR and RBC in the private sector, including through the **Uganda–Europe Business Forum** and diplomatic engagement on individual human rights cases connected to private sector activity in Uganda. Recently, the Ugandan EUD launched a EUR 5 million project 'Advancing Respect for Business and Human Rights (ARBHR)' [24], which supports implementation of the government's BHR NAP and builds businesses' capacities to respect rights and support civil society engagement on the topic.

Budget support activities can also be linked to global actions with associations with trade, such as projects in connection with the **Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan**, and accompanying measures and projects that aim to provide an enabling environment for the effective implementation of CS3D and other EU regulatory instruments on due diligence and RBC (see section 2.1 above).

[23] Project reference: UG/FED/040-149
[24] Project reference: CSO-LA/2019/413-940
[25] Project reference: NDICI/AFRICA/2023/447-634

BOX 21: Linking budget support to global actions: FLEGT in Honduras

The cornerstone of the FLEGT Action Plan are FLEGT **Voluntary Partnership Agreements** (VPA), which are legally binding trade agreements between the EU and a third timber-producing country. These agreements aim to reduce illegal logging by strengthening sustainable and legal forest management, improving governance and promoting trade in legally produced timber. Negotiations between the EU and Honduras began in 2013, leading to the signed of the agreement in February 2021, which entered into force in September 2022. This trade agreement established a legally binding framework that ensures that all timber and relevant timber products imported from Honduras to the EU are legally sourced. It also aims to strengthen the enforcement of forest law, governance, accountability, and transparency.

In Honduras, deforestation, illegal logging and land confiscation have a particularly severe the rights of Indigenous peoples. Stakeholder consultations during the VPA negotiation and implementation phases offer indigenous communities the opportunity to address issues such as their lack of authority over their territories, the legal obligation for FPIC, and the need for land tenure regularisation.

Budget support initiatives in the forest sector has advocated for the implementation of laws and policies designed to guarantee Indigenous people's rights, including on regularisation of land tenure. Policy dialogue carried out under the budget support initiatives and within the context of the VPA FLEGT implementation body contributed to creating an enabling environment for the realisation of the rights of Indigenous peoples.

9.2.2. How can the delegation use EU trade policies and instruments to promote business and human rights?

Aligned with the EU's **2021 Trade Policy Review communication** and 2017 **Aid for Trade** strategy, trade instruments can be an effective tool for promoting RBC and sustainability standards across global value chains, supporting the implementation of UN human rights conventions and the ILO Core Conventions. The Commission and the ILO have a longstanding partnership in jointly supporting EU trading partners to strengthen the application of the ILO Fundamental Conventions and harness the positive potential of HREDD initiatives to promote decent work, including through the **Trade for Decent Work Project** and the **Human Rights Due Diligence in Support of Decent Work** project.

The effective implementation of the CS3D, with the support of accompanying measures, also offers significant opportunities to create a more sustainable and equitable global trade system, as highlighted in the 2022 **joint report** by the European Commission and ITC, **''Making Mandatory Human Rights and Environmental Due Diligence Work for All''**.

Through **GSP+**, countries that have ratified and effectively implemented 27 international conventions on human rights, labour rights, environmental, and good governance are eligible for preferential access to the EU market. When combined with ongoing engagement and dialogue with local authorities, projects partners, and EUD contacts, GSP+ serves as an additional tool for EUDs to promote sustainable development.

The EU has included commitments to promote RBC into all its recently established free trade agreements.

The sustainable development chapters and specific CSR and RBC commitments in these agreements provide a basis for engagement on BHR. From 2009, the EU's new generation of agreements has included dedicated chapters on trade and sustainable development (TSD). In these chapters, the EU and its partner countries commit to respecting several international conventions on labour standards and environmental protection. To promote transparency and civil society involvement, these agreements mandate the establishment of domestic advisory groups and promote regular civil society forums. The EUD can support CSOs in monitoring the implementation of sustainable development chapters and any specific provisions on CSR or RBC. EUDs also play a role in ensuring that state partners fulfil their obligations under these chapters, including the effective implementation of the ILO Core Conventions.

BOX 22: Supporting projects linked to trade agreements

In Vietnam, the **'Business and Human Rights in Trade Relations and Global Supply Chains in Vietnam'** [25] project trained CSOs to monitor the implementation of the UNGPs by both the state and businesses, as well as the TSD chapters of the EU–Vietnam Free Trade Agreement. The project also supported a coalition of NGOs in engaging at each stage of the adoption and implementation of the FTA. CSOs that had not previously engaged on trade issues were supported to understand the relevance of the TSD chapter for their local activities. Additionally, the project helped connect Vietnamese CSOs with counterparts in South Korea and the EU, empowering them to share experience and build capacity.

DG Trade and the Trade section of the EUD to Vietnam monitored implementation and progress.

The project supported events that highlighted the connection between the FTA and human rights. Business interest in the FTA provided an effective platform to raise awareness of BHR issues and promote the UNGPs among local businesses.

As a subsequent action, the **'Promoting forest governance and legal timber trade through the European Union – Vietnam Free Trade Agreement (EVFTA)'** [26] project supported Vietnamese NGOs' in advancing equitable and sustainable development by strengthening the Network of Vietnamese NGOs and Forest Law Enforcement, Governance and Trade (VNGO-FLEGT). This initiative equips network members to monitor the implementation of the EVFTA in relation to trade in timber and forest governance.

The EU is supporting numerous initiatives aligned with its regulations that include due diligence requirements, such as the EU's Conflict Minerals Regulation, EUDR, CS3D, and the EU regulation on illegal, unreported and unregulated fishing.

[26] Project reference: EIDHR/2017/390717
[27] Project reference: CSO-LAN/2019/413-943

BOX 23: Leveraging EU regulations to enhance EU market access

In the context of the **regulation on illegal, unreported, and unregulated fishing (2008/1005)**, the political section of the EUD in Thailand highlighted human rights abuses in the Thai fishing industry during political dialogue. The discussions led to the development of the ILO **Ship-to-Shore Rights Phase I** project [27] (2016-2020) that was then funded by the EU. This project focused on supporting legal reform, capacity building of labour inspectors, partnership with the private sector, and remedy for victims of forced labour. Due to the project's success, a **second phase** [28] (2020-2024) was launched, implemented by ILO, IOM and UNDP, extending the initiative into neighbouring countries, including Cambodia, Indonesia, Lao PDR, Myanmar, Philippines, and Vietnam. This phase focused on expanding opportunities for safe and regular migration and decent work, particularly for women and men in the fishing and seafood processing sectors. It addressed key vulnerabilities faced by migrant workers and their families in these sectors by addressing issues at the policy, sectoral, and migrant worker level.

9.3. Working with business: Private sector development and blending

The Commission supports private sector development by working closely with partner countries across several levels: (i) with governments, assisting in the development and implementation of policies and reforms to enhance private sector growth and improve the investment climate, (ii) with key actors in the private sector ecosystem, such as chambers of commerce, business associations, training institutes, marketing boards, business incubators as well as financial institutions, by building their capacity to contribute to a more robust, socially and environmentally sustainable private sector, and (iii) with local MSMEs in the formal and informal sector by providing grant funding, training, business development services, and access to finance and markets.

This support is complemented by grants and financial instruments, including budgetary guarantees, provided under the existing Blending Facilities and the **European Fund for Sustainable Development Plus** (EFSD+). These mechanisms are designed to mobilise additional funding, such as by supporting local banks in offering loans or equity to companies, or by financing public infrastructure services.

[28] Project reference: HUM/2015/371-801
[29] Project reference: ACA/2020/415-684

This section looks at advantages and opportunities for EUDs to further mainstream human rights considerations into support or financing to the private sector.

9.3.1. How can BHR be integrated into private sector development projects and MSME support at local level?

EUDs back various private sector development initiatives aimed at enhancing economic opportunities for MSMEs, promoting green and circular business practices, and ensuring decent work. These projects can address specific human rights-related risks within economic sectors by identifying vulnerabilities across value chains. PSD initiatives often focus on bringing informal workers and enterprises into the formal economy, thereby promoting the economic, environmental, and social rights of disadvantaged and vulnerable groups. PSD projects that incorporate human rights elements can complement, amplify, and build on the outcomes of CSO-led projects supported by other EUD sections.

It is a common misconception that BHR only applies to large companies or multinational enterprises. According to the ILO, MSMEs—including a substantial number of informal enterprises—account for around 70% of global employment, with an even higher proportion in low- and middle-income countries. Workers in MSMEs, especially in the informal sector, are particularly vulnerable to human rights risks, such as low pay, poor working conditions, and lack of social protection, which disproportionately affect women. The UNGPs emphasise that the responsibility to respect human rights is shared by all businesses, regardless of size or sector. However, the measures a business adopts to fulfil this responsibility should be proportionate to its size and the nature of its operations (see Box 7 for resources tailored for businesses, including MSMEs).

BOX 24: Coordination of private sector development actions: supporting EUDR compliance in Guatemala

Alongside the various accompanying measures for EU RBC instruments outlined in section 2.3, the EU has taken additional steps to facilitate the implementation of EU regulations in third countries. This includes actions to support private sector development for EUDR compliance. Through the EU TPSDE facility - a European Commission programme for Trade, Private Sector Development and Engagement, and Employability - several EUDs commissioned missions to assess of the readiness of value chains in Latin America. These missions aimed to identify the potential impact of the EUDR and the challenges local private sector actors may face within targeted value chains. In Guatemala, the mission led to the development of workshops for Guatemalan producers and exporters, enhancing their understanding of EUDR requirements and introducing them to state resources and tools to support compliance.

In 2024, a TPSDE mission in Central America collaborated with the Association of Agricultural Producers and Exporters (CAMAGRO) in Guatemala to develop a roadmap and establish commitments to sustainable trade and development.

The draft roadmap outlines interventions such as strengthening human rights management practices, supporting the implementation of BHR standards through training sessions, and launching projects that provide financial and technical assistance to ensure production units comply with EUDR requirements.

The proposed roadmap aims to develop models and practical tools to help Guatemalan value chains adapt to the EUDR. Implementing the roadmap will involve establishing new cooperation and capacity-building programs for smallholders. Additionally, the EUD to Guatemala is designing initiatives with accompanying measures to support the private sector in meeting the new EUDR requirements, including strengthening traceability in targeted value chains.

Additionally, the EU is implementing complementary measures under the TEI through the **Sustainable Agriculture for Forest Ecosystems (SAFE) Programme** in Brazil, Ecuador, Indonesia, and Zambia, with further countries expected to join from 2024 onward. The SAFE programme focuses on providing advanced technical assistance and capacity building for companies and smallholders as they transition to sustainable, deforestation-free supply chains.

Moreover, the **TEI on Deforestation-free Value Chains** creates a supportive ecosystem for partner countries and stakeholders. Through various activities and **flagship projects**, the initiative helps partner governments establish conditions that encourage corporations to minimise deforestation, manage risks in complex value chains, and attract private sector investment in sustainable agribusiness. It also supports smallholders in forest conservation and assists Indigenous peoples and local communities in safeguarding their rights.

The Netherlands Centre for the Promotion of Imports from Developing Countries publishes articles offering tips for MSMEs on **enhancing their social responsibility** in their business practices, particularly for those aiming to export to the EU. These insights can inspire private sector development interventions.

The **Kampala Principles on effective private sector engagement in development cooperation** aim to enhance the impact of such interventions and emphasise the importance of integrating RBC. When assessing interventions, EUDs might consider the following questions:

BOX 25: Key questions for assessing BHR into private sector development interventions

Assessment

- Has a HRBA been integrated throughout the project cycle? Are there specific concerns about potential impacts on vulnerable groups? What mitigation measures have been adopted, and were these designed with the involvement of the affected group(s)?

Early Involvement

- What is the level of knowledge and engagement of private sector partners on BHR?
- Does the intervention build the capacity of private sector actors, including MSMEs and informal businesses, to understand and address their human rights impacts?
- To what extent does the intervention enable or encourage the participation of workers, communities, including women and vulnerable groups, in both the design and implementation stages?

Structural participation

- Are grievance mechanisms available for rights holders who may be affected by the project?
- How does the intervention foster dialogue with policymakers to promote RBC and address structural issues?
- To what extent does the intervention create enabling conditions to influence business behaviour across all actors, both upstream and downstream, within the targeted value chain(s)?
- In what ways does the intervention complement and build on other Team Europe initiatives?

9.3.2. How are business and human rights incorporated into blending and guarantees, and what role do delegations play?

The EFSD+ is a GG Initiative financing tool designed to promote sustainable investments in the EU's partner countries. By offering a range of risk-sharing instruments amounting to up to €40 billion, EFSD+ aims to mobilise up to €135 billion in public and private financing, supporting partner countries in achieving the SDGs. The EFSD+ includes several components, such as Open Architecture Guarantees, dedicated guarantees from the EIC, and blending mechanisms.

This facility uses grants and loans to support non-bankable investment projects in EU partner countries, enhancing their sustainability, climate resilience, and development impact. By combining EU financial support with loans or equity from public and private financiers, blending can strategically attract additional financing. The EU implements blending operations through six regional investment platforms. [29] Between 2007 and 2023, an estimated €10 billion in EU grants leveraged over €88 billion in loans from financial institutions and regional development banks, resulting in a total investment volume exceeding €154 billion.

BOX 26: Blending and guarantees

Guarantees mitigate financial risks associated with larger development projects or enhance access to finance for MSMEs through intermediary financial institutions. They serve to catalyse funding for activities considered too risky by private investors. Examples of EU-supported guarantees include **Nasira**, a programme providing guarantees to local banks, enabling them to extend loans to young, female, and migrant entrepreneurs in Sub-Saharan Africa and neighbouring European countries.

Blending strategically uses a limited amount of public funding to attract financing from partner financial institutions and the private sector for development goals. It aims to make projects with high economic and social impact but low financial returns more appealing to private investors. The **OECD DAC Blended Finance Guidance** provides direction on blended finance, emphasising alignment with internationally recognised RBC standards.

[30] Africa Investment Platform (AIP); Latin America and the Caribbean Investment Facility (LACIF); Asia Pacific Investment Facility (APIF); Neighbourhood Investment Platform (NIP); Western Balkans Investment Framework (WBIF); Turkey Investment Platform (TIP).

The EU entrusts several DFIs with implementing financial support programmes. These institutions undergo 'pillar assessments' to ensure they have suitable financial management, rules, and procedures in place. Robust ESG standards, alongside systems that incorporate human rights principles, are crucial to identifying, avoiding, mitigating, and managing environmental, climate, and social risks as part of the due diligence process. ESG standards help enhance investment quality, demonstrating additionality, and maximising contributions to sustainable, inclusive development, and respect for human rights.

It is therefore essential that the Commission's partner institutions have the necessary policies, institutional capacity, and governance frameworks to ensure compliance with these standards, as well as to assess, monitor, and report on their implementation. These requirements are aligned with the **Renewed sustainable finance strategy and implementation of the action plan on financing sustainable growth - European Commission (europa.eu)**, which regulate, among other areas, sustainability and ESG reporting by financial institutions.

BOX 27: DFIs environmental and social safeguards and HREDD

DFIs are specialised development organisations, typically majority-owned by national governments, that invest in private sector projects within low- and middle-income countries to promote job creation and sustainable economic growth. The **International Finance Corporation Performance Standards (IFC PS)** on Environmental and Social Sustainability are often used by DFIs - including members of the European DFI Association - as the reference framework for their own environmental and social safeguards. These standards address key areas such as labour rights, community health, land acquisition, and the rights of Indigenous peoples.

Although the application of the IFC PS contributes to HREDD by clients and investee companies, a 2023 benchmarking **analysis** by OHCHR identifies areas for improvement to achieve full alignment with the UNGPs and OECD Guidelines. Key recommendations include better integration of human rights considerations within business relationships, including suppliers; strengthening the right to participation of rights-holders and stakeholder engagement; as well as enhancing accountability mechanisms.

To strengthen stakeholder engagement in EIB-financed projects and support its clients, the EIB has developed a **Guidance Note on Stakeholder Engagement**. This note outlines best practices and tools for effective stakeholder engagement, covering topics such as information disclosure, public consultation, managing reprisals risks, and establishing customised, project-level grievance mechanisms.

Many DFIs have established grievance mechanisms to allow affected parties to file complaints about projects funded by these institutions. The **Accountability Console database** provides an overview of complaints from communities to the accountability offices of DFIs. The Netherlands Development Finance Company (FMO), the German Investment Corporation (DEG), and Proparco (France) jointly operate an **independent complaints mechanism (ICM)**, supported by an Independent Expert Panel with recognised human rights specialists. Similarly, citizens concerned about EIB activities can access its independent accountability mechanism through two levels: the **EIB Group Complaints Mechanism (EIB-CM)** and the **European Ombudsman**, allowing complainants to bring their case to the Ombudsman if they find the EIB-CM process outcome or handling unsatisfactory.

Beyond serving as a risk management process, HREDD can also enhance the development impacts of projects. A 2016 **Evaluation of EU Blending** indicated that monitoring socioeconomic and development outcomes was less consistent than tracking financial progress. Furthermore, the report noted that the reviewed projects could have more effectively targeted vulnerable groups, such as women and low-income populations.

In its **2024 Final Recommendations**, the High-Level Expert Group on Scaling Up Sustainable Finance in Low and Middle-Income Countries advised the European Commission to closely integrate its financial offerings with high-level policy dialogues on sustainable finance and investment. This approach requires the EU to boost the flexibility and effectiveness of its external financial support while strategically selecting the most suitable EU budgetary instruments to mobilise private capital, tailored to each unique context. EUDs can play a key role in facilitating these dialogues and informing the development of customised financial strategies that incorporate human rights and sustainability standards, advance the RBC agenda, and support the achievement of SDGs in partner countries.

BOX 28: Blending project focused on responsible investment in critical minerals value chains

In line with the **Critical Raw Materials Act**, a blending operation in the LAC region [2024-2029], combines an investment grant with technical assistance to support Argentina, Chile, Bolivia, Brazil, and Ecuador. This initiative aims to create favourable conditions for responsible investment in the development of critical minerals and their value chains.

The project aims to support the development and implementation of effective policies, regulations, and tools that promote responsible mining standards, covering environmental protection, mine closure processes, social responsibility, and labour rights. These efforts will be accompanied by capacity-building activities. Additionally, the project will promote environmentally sustainable mining practices to enhance resource efficiency, improve water management, reduce greenhouse gas emissions, and integrate ESG guidelines and protocols into decision-making processes. In mining regions, the project seeks to boost local economic development and infrastructure services, strengthen value chains and synergies with other productive sectors, and address skills development and gender imbalances.

This investment includes a loan from the Inter-American Development Bank (IDB) and will adhere to the IDB Group's **Environmental and Social Policy Framework**, mandating respect for human rights with particular attention to Indigenous peoples' rights. The framework emphasises the importance of avoiding infringements on human rights, addressing any adverse human rights impacts that may arise from the project, and supporting the conservation of biodiversity and ecosystems.

EUDs have been actively engaged from the early stages of this blending operation. Consultations took place with colleagues at the EUDs in Argentina, Brazil, Chile, and Ecuador on both the initial concept note and the full application to ensure alignment with local needs and priorities. Feedback from the EUDs was communicated to the regional investment team at HQ. The project also includes a role for EUDs in the Strategic Monitoring Committee to discuss and monitor project progress.

As outlined in the 2023 **EU Guidelines on blending**, EUDs are actively involved in identifying, preparing, and managing blending operations, with a key role in integrating BHR considerations. The guidelines also include Annex 6, Human Rights Based Approach to Development Cooperation, Encompassing All Human Rights. Generally, EUDs and relevant Commission services assess all blending proposals from financial institutions, each undergoing a formal appraisal process. For bilateral financial programmes, EUDs provide policy and strategic steering and oversight. Similarly, guarantee tools are evaluated with input from various Commission services. Regular EFSD/EFSD+ guarantee portfolio and pipeline review meetings further ensure alignment with thematic and EUD priorities.

In this framework, EUDs can:

Involve gender and human rights focal points in EUDs when identifying potential projects for guarantee coverage or blending operations. EUDs can engage actively with financial institutions, local partners, country authorities, private sector actors, and civil society to contribute local context knowledge for comprehensive analysis. This engagement helps identify key stakeholders, pinpoint areas where technical assistance on BHR could be beneficial, and ensures synergies across various aid modalities in targeted sector support.

Engage in regular dialogue with DFIs throughout the project lifecycle. Establish agreements with DFIs to participate in reviewing terms of reference for feasibility studies as well as environmental and social impact assessments, ensuring that human rights considerations are integrated. Follow up on evaluation findings and support their dissemination through local organisations. EUDs can also raise awareness of BHR principles among local financial intermediaries, including domestic private banks and micro-finance institutions, which provide financial support to MSMEs.

Dialogue and work with CSOs and workers' organisations to support their involvement in project preparation, monitor implementation, and identify potential issues before they escalate. EUDs may consider using grant funding (see section 4.1) to assist CSOs in capacity-building efforts and documenting human rights impacts.

Ensure alignment and synergy with other aid modalities, including budget support, by incorporating blending and guarantee operations into dialogues with partner countries on specific policies, objectives, and outcomes. This dialogue can be coordinated with implementing financial institutions to strengthen a Team Europe approach.

BOX 29: Examples from other donors integrating BHR in private sector instruments

Between 2018-2021, Finland undertook a **process of strengthening human rights** and due diligence across all private sector instruments that provide state financing of private sector activities abroad. In 2018, Norad commissioned an evaluation of UNGPs, **Human Rights and Norwegian Development Cooperation Involving Business**.

Danida Green Business Partnerships, a challenge fund designed to support commercially-oriented partnerships in developing countries, issues **a guidance note on RBC**. It integrated RBC requirements into the program, mandating risk assessments on human rights, decent work, environmental impacts, and anti-corruption during the planning phase. It also required the development of an RBC action plan and established mechanisms to monitor RBC adherence throughout the project implementation period.

The UN OHCHR **B-Tech Project** provides authoritative guidance and resources for implementing the United Nations Guiding Principles on Business and Human rights (UNGPs) in the technology space. The project engages extensively with a wide range of actors including states, companies, civil society actors and investors on how to embed the UNGPs into the regulation and operation of technologies companies. The project is providing technical guidance and specific resources to companies States, and other key drivers of responsible business conduct, including investors.

9.3.3. How can delegations further BHR in the context of public-private dialogue on investment climate?

Improving the investment climate and undertaking business environment reforms are central to EU actions in development cooperation, supporting sustainable economic growth and trade development. The EU **Business Environment Reform Guidelines** emphasise that human rights considerations and the exercise of fundamental freedoms are integral to the investment climate. These elements are crucial in enhancing transparency, accountability, and attractiveness of a country for long-term, sustainable investments.

Private sector development programmes aimed at helping partner countries improve their investment climate - including those under Pillar 3 of the **EU External Investment Plan** (EIP) - can incorporate structured public–private dialogue to inform support measures, highlighting private sector perspectives on constraints and reform priorities. In African countries, for example, this dialogue can be facilitated through the **Sustainable Business for Africa platform**. EUDs play a vital role in supporting structured dialogue with businesses, enhancing the evidence base for policy discussions with governments and enabling more targeted support interventions. This dialogue provides an opportunity for EUDs to address BHR-related issues, such as the potential for laws like the CS3D to promote RBC and access to remedies; regulatory reforms on labour law and employment policy; land and property rights; commercial justice and dispute resolution; and infrastructure and energy policy and regulation.

BOX 30: Enhancing transparency and traceability in sustainable value chains for the garment and footwear industry

The **'Enhancing transparency and traceability of sustainable value chains in the garment and footwear industry'** Project [30], implemented by the ITC, aims to create an enabling environment to foster, share, learn, and improve practices related to transparency and traceability in textile value chains.

The project focuses on improving access to information on best practices and supports policymakers in advancing relevant policy and regulatory frameworks. Additionally, it assists brands, manufacturers, and factories in independently implementing improvement plans. In collaboration with the Social and Labor Convergence Programme (SLCP), ITC developed an online **Transparency and Traceability Tool**. This Programme tool serves as a central repository of facility profiles and their verified assessments on social and labour practices, aiming to reduce audit fatigue by minimising the need for repetitive social audits.

10. REGIONAL AND GLOBAL INITIATIVES

10.1. How can delegations advance business and human rights through EU regional and global initiatives?

BHR can be promoted through EU global or regional initiatives, which typically maintain geographical coherence and engage a range of stakeholders, including state actors, CSOs, international organisations, and businesses. These initiatives often incorporate multi-layered engagement strategies spanning development, trade, governance, and policy dialogue.

The EU's role in such initiatives can range from providing political and financial support to taking a lead in implementation. EUDs can leverage their knowledge of the local context during project formulation to develop country-specific interventions, identify stakeholder needs (e.g., awareness raising, capacity building, access to remedy, or legal reform), and assess institutional capacity. During implementation, EUDs may coordinate activities with implementing partners and integrate the initiative within political dialogue. In monitoring the effectiveness of country-specific projects within broader regional and global frameworks, EUDs can also develop complementary projects or initiatives to address identified gaps or meet the unique needs of stakeholders.

[31] Project reference: HUM/2019/407-241 & NDICI CHALLENGE/2022/439-521

BOX 31: Funding instruments for global and regional projects

Projects may be implemented through the NDICI Global Europe Regional Funds or Partnership Instrument. These are typically regional or global projects involving collaboration with various actors, such as the ILO, the OECD, and OHCHR. Examples include:

- **Responsible Business Conduct in Latin America and Caribbean:** Implemented by the OECD and OHCHR in collaboration with UNWG BHR and the ILO, this project aims to integrate RBC as a cornerstone of a rules-based trading system, thereby enhancing trust and resilience across the region. The project promotes smart, sustainable, and inclusive growth in the EU and Latin America and the Caribbean by supporting RBC practices aligned with internationally recognised principles from the UN, ILO, and OECD while factoring in EU regulations on RBC and due diligence. Additionally, it supports local efforts to draft and implement NAPs on business and human rights, strengthen due diligence practices, and improve access to remedy mechanisms. Building on the success of the FPI RBC LAC Phase I and supplemental bridge funding from DG INTPA, the programme has launched its second phase, RBC LAC Phase II, funded with €10 million over four years (July 2024 – June 2028), covering nine countries.

- **Responsible Business Conduct Africa Regional:** Set to launch in 2025, the new RBC Africa programme is a €30 million initiative funded under the NDICI-Global Europe and Sub Saharan Multiannual Indicative Programme 2021-2027. The programme's primary objective is to promote smart, inclusive growth and sustainable development in sub-Saharan Africa by advancing responsible business practices across environmental, social, and economic aspects. It aims to align with EU laws, such as the CS3D, and international standards, including the UNGPs and OECD Guidelines. Through this programme, the EU strengthens its commitment to protecting human rights, with a focus on BHR, and will operate across more than ten countries in the region.

- **Responsible Business Conduct for Green, Digital, and Resilient Supply Chains in Asia:** Funded by NDICI (ASIA FPI) with a total budget of €4 million, this project began in December 2023. It supports efforts by governments and businesses in high-income Asian countries (Japan, Korea, Singapore, Australia, New Zealand) to address the growing RBC expectations from consumers and investors worldwide. The project aims to raise awareness across the region of the OECD Guidelines and promote a unified approach to RBC practices in Asian markets. It also considers policy and regulatory developments on RBC due diligence in OECD Member countries.

The NDICI Global Challenge also funds various projects related to BHR across multiple regions. Examples include:

- **The 'Clear Cotton' Project**, implemented by the ILO in Mali, Burkina Faso, and Pakistan, aimed at eradicating forced and child labour in cotton, garment, and textile value chains and concluded in February 2023. Activities included enhancing enforcement of laws against child and forced labour, improving access to education, and promoting social protection and better livelihoods.

- Building on its success, a new programme, **'CLEAR Supply chains'** [31], was approved in 2022 to continue efforts to end child labour in global supply chains.

- The **'Better Work Program'** [32], implemented by the ILO, concluded on 30 June 2024. This programme aimed programme to improve compliance with international labour and environmental standards in garment value chains. Efforts to strengthen compliance with labour standards will continued through new initiatives focused on corporate sustainability due diligence, including the ILO **HRDD4DW** project, **OECD Capacity Building and Technical Support to Accompany Implementation of Emerging Supply Chain Due Diligence Expectation** project, and the ITC's **Capacity Building and Technical Support to Accompany Implementation of Emerging Supply Chain Due Diligence Expectations in EU Partner Countries** project.

[32] Project reference: NDICI CHALLENGE/2022/436-061
[33] Project reference: HUM/2018/041-558

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