



**For distribution on 2<sup>nd</sup> September 00:01, BST**

## **Statement on the EU Social Taxonomy**

As a group of leading organisations working with investors on social justice, we believe it's time for investors to treat social and environmental considerations equally. We strongly support the EU in developing a social taxonomy based on global social and human rights norms and the impact of both products and practices on affected stakeholder groups.

The World Benchmark Alliance (WBA) through its social benchmarking criteria and the Workforce Disclosure Initiative (WDI) already demonstrate that investors and companies can measure progress on social issues even though they can be more complex than environmental issues.

The Taxonomy gives the EU an opportunity to set out a clear global standard for what good looks like on social issues: encouraging new investment in socially beneficial enterprises; and reinforcing norms that investors and companies can use to improve the social quality of existing assets.

The need is urgent and cannot be postponed. For example, a just and rapid transition to a low carbon economy requires fair treatment and new opportunities for the people and communities affected.

From our work we know that the will of progressive investors is there, and the duty on investors and companies to promote social benefits and minimise harm is clear.

### **Scope of the social taxonomy and relationship with the environmental taxonomy**

We support the social taxonomy covering contributions to social and human rights objectives in all sectors, not just those meeting basic social needs.

We call on the Platform to ensure that the social and the environmental taxonomy are integrated and complementary. 'Environmentally sound' activities will not be sustainable if based upon poor working conditions, or harming customers or communities. Social progress depends upon a healthy planet. So we support *Do No Significant Harm* (DNSH) criteria building on and expanding the existing minimum social safeguards in the environmental taxonomy and their application to both social and environmental taxonomies.

### **The horizontal dimension (processes and practices)**

- Stronger minimum standards on living wages, working hours and tackling precarious work are needed in addition to clarifying expectations on human rights due diligence and core

labour standards in the DNSH criteria making sure that human rights due diligence is a comprehensive and ambitious requirement;

- More focus is needed on creating opportunities and on promoting diversity and inclusion covering ethnicity and other identity characteristics as well as gender in defining substantial contribution;
- Just economic transitions should be a major focus of the proposals on communities.

#### **The vertical dimension (impact of products & services)**

- Accessibility, Availability, Acceptability and Quality (AAAQ) of products/services meeting basic needs should be analysed globally, not just in Europe, when defining substantial contribution;
- Significantly harmful products should be identified based on clear evidence of the product's detrimental impact, or where their use is contrary to international agreements and norms and, where the harm relates to excessive use, there should be steps identified that business must take to avoid that harm;
- We don't support blanket bans on products made in emerging markets where the social challenge (which should be tackled in the horizontal dimension) is ensuring good social standards in supply chains, not product impact

#### **Governance**

- We support the anti-bribery/corruption, responsible lobbying and fair tax proposals;
- The taxonomy should encourage clear statements of social purpose by businesses and encourage investment in business models that have social considerations at their core, such as co-operatives and other social economy vehicles.

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#### **Supporting Organisations:**

Business and Human Rights Resource Centre - <https://www.business-humanrights.org/en/>

EIRIS Foundation - <https://eirisfoundation.org/>

Investor Alliance for Human Rights - <https://investorsforhumanrights.org/>

Share Action – <https://shareaction.org>

Workforce Disclosure Initiative - <https://shareaction.org/workforce-disclosure-initiative/>

World Benchmarking Alliance - <https://www.worldbenchmarkingalliance.org/>

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Version as at 31/08/2021