



LSE IDEAS
UN Business and Human Security Initiative
Briefing Note

The Corporate Sustainability Due Diligence Directive (CS3D) approved by the Council of the

the management of adverse human rights and environmental impacts from increased production and trade. For example, DRC has entered an MoU with the EU⁴ on responsible minerals sourcing, which the EU hopes will improve the region's access to key minerals such as tungsten, cobalt and tin, but the country will require significant institutional reforms to align with international ESG standards, provide comprehensive regulatory frameworks and robust enforcement mechanisms to meet the due diligence requirements.

The EU's social impact ambition currently lacks mechanisms to connect its top-down political drive for corporate sustainability and accountability with the grass-roots realities in countries and communities which are integral to European supply and value chains. The legislation stirs memories of how this kind of normative law-making can produce unintended consequences, particularly if it does not take sufficient account of how such laws play out on the ground. The "conflict minerals" provision – Section 1502 – of the US Dodd Frank Act of 2010 - requires U.S. publicly-listed companies to conduct due diligence and report on tin, tungsten, tantalum and gold, coming from DRC, in order to stop illicit mining revenues from funding armed groups in the region. The embargo on minerals trading which followed the legislation caused adverse human security consequences for an estimated two million people in the region, including loss of earnings, increased crime, collapses in retail trade and more school dropouts.⁵ The most vulnerable communities in artisanal and small-scale mining which employs an estimated 44 million people worldwide, were hardest hit. A similar prospect could face producer communities in other sectors in fragile and conflict zones, where the new EU obligations require companies to make the greatest effort, and which also pose the greatest risks. It may be a gamble European companies are not willing to take, preferring disengagement instead. Evidence of apparel companies withdrawing from Myanmar suggests this is already happening.

CS3D requires companies to put in place 'effective stakeholder engagement'. Yet there is no systematic process or detailed guidance for what counts as effective or indeed what form engagement, and with which stakeholders, this ordinance requires. Faced with extended supply and value chains, companies are struggling to know where to intervene to produce the kind of consultation and engagement the legislation requires. Dialogue based approaches, such as Human Security Business partnerships⁶, proposed by the UN Business and Human Security Initiative, are a methodology for constructing long-term structured relationships

significant technical assistance to achieve. Multi-stakeholder initiatives – within and across sectors – are also an essential element in changing business behaviour and a basis for cross-