

# EU INTRODUCES GLOBAL HUMAN RIGHTS SANCTIONS REGIME

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Legal Briefings

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On 7 December 2020, the Council of the EU [announced](#) the introduction of a new global human rights sanctions regime, as part of the EU Action Plan on Human Rights and Democracy 2020-2024.

The introduction of a new human rights sanctions regime demonstrates the EU's willingness to use financial sanctions to further its broader human rights goals, and shows the increasing importance of considering human rights in compliance programmes.

In a [Declaration by the High Representative on behalf of the EU](#) announcing the new regime, it is stated that "*the establishment of the EU Global Human Rights Sanctions Regime is a landmark initiative that underscores the EU's determination to enhance its role in addressing serious human rights violations and abuses worldwide*" and that "*the EU Global Human Rights Sanctions Regime is not country-specific. It can tackle serious human rights violations and abuses worldwide, including those taking place cross-border. It complements geographical sanctions regimes addressing human rights violations and abuses*".

Whilst the EU has not yet identified any individuals or entities subject to these new restrictions ("**Designated Persons**"), EU companies will need to check details of any Designated Persons listed under this new regime against their customers and other counterparties (and their beneficial owners) and take steps accordingly. UK companies will also need to check for any designations that are made prior to the transition period ending on 31 December 2020.

The relevant restrictions are set out in [EU Decision 2020/1999](#) and [EU Council Regulation 2020/1998](#). Regulation 2020/1998 entered into force on 8 December 2020 and is directly applicable in all EU Member States.

The key elements of the new regime are:

- The asset freeze imposed on Designated Persons is consistent with existing EU asset freezes imposed under other sanctions regimes. EU persons are therefore:
  - required to freeze all funds and economic resources belonging to, owned, held or controlled by any Designated Person; and
  - prohibited from making available any funds or economic resources directly or indirectly to or for the benefit of a Designated Person.
- Similarly, licences are available to permit transactions with a Designated Person which would otherwise be prohibited, on certain limited grounds including the payment of legal fees and in order to satisfy basic needs of the Designated Person.
- Designated Persons will be identified by the Council of the EU (see Article 3(3) of Regulation 2020/1998) and will comprise:

- persons responsible for any of a series of human rights abuses including genocide, crimes against humanity, slavery, sexual and gender-based violence, and other human rights violations listed in Article 2(1) of Regulation 2020/1998;
- persons providing financial, technical or material support for, or are otherwise involved in the above violations; and
- persons “associated with” either of the above categories.

At the time of writing, the Council of the EU has not yet identified any Designated Persons who will be subject to these measures (in due course, Designated Persons will be listed in Annex I to Regulation 2020/1998).

- Designated Persons may be either state or non-state actors.
- EU Member States are entrusted with the requirement to (i) lay down the rules on penalties applicable to infringements of Regulation 2020/1998 and (ii) take all measures necessary to ensure that the penalties are implemented.

It remains to be seen how closely the EU's list will overlap with the UK-specific list introduced in July 2020, following the UK's announcement of its own [human rights regime](#) (the first UK sanctions to be introduced under the post-Brexit framework).

From a compliance perspective, as with all new sanctions regimes, companies should check details of any Designated Persons listed under the new EU human rights regime against their customers and other counterparties (and their beneficial owners). To the extent that any Designated Persons are listed by the EU before the end of the Brexit transition period, these designations will also take effect in UK law (assuming the relevant Designated Persons are not already subject to the UK's domestic sanctions in this area). However, post-Brexit, companies with both an EU and UK nexus will need to ensure that they continue to screen against both EU and UK sanctions lists, given the potential for divergence between the two.

This latest development also comes at a time of heightened regulatory focus on corporate conduct in relation to human rights issues. In particular, these new sanctions further underline the importance of conducting robust human rights due diligence, not only as a responsible risk management and business sustainability strategy, but also as part of an effective sanctions compliance programme. In this regard, the largest French companies are already under an obligation to set up, publish, ensure the effective implementation of and publically report on a vigilance plan, designed to prevent serious violations of human rights and fundamental freedoms, including through the conduct of human rights due diligence (see the [devoir de vigilance](#) Law No. 2017-399 of 27 March 2017).

We will be publishing further information on sanctions after Brexit early in the new year to assist companies who may now need to navigate multiple regimes.

## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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