



Presentation of the proposal on CSDD

Proposal for a Directive on Corporate Sustainability Due
Diligence

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WHY- POLITICAL CONTEXT

Green and just transition

Calls from co-legislators

Stakeholder support

CURRENT SITUATION: International voluntary framework

**UN Guiding Principles on
Business and Human
Rights (2011)**

**OECD Guidelines for
Multinational Enterprises
(2011) and Due Diligence
guidance for responsible
business conduct**

**ILO Tripartite Declaration
of Principles concerning
MNEs and social policy
(1977)**

OBJECTIVES: Why does the EU need to act?



Content of the Proposal for a Directive on Corporate Sustainability Due Diligence

- Personal and material scope
- Due diligence
- Specific regime on climate change
- Directors' duties
- Enforcement

PERSONAL SCOPE

		LARGE EU LIMITED LIABILITY COMPANIES	NON-EU COMPANIES	SMALL AND MEDIUM ENTERPRISES
GROUP 1	500+ employees and more than net €150 million of turnover*	+/- 9,400 companies	+/- 2,600 companies	Micro companies and small and medium enterprises (SMEs) are not directly concerned by the proposed rules.
GROUP 2	250-500 employees and more than net €40 -150 million of turnover*, operating in defined high impact sectors. The rules will apply to this group 2 years later than to group 1.	+/- 3,400 companies * EU wide turnover	+/- 1,400 companies * Turnover threshold only; worldwide turnover	

PERSONAL SCOPE: High impact sectors

GARMENT & FOOTWEAR:

- Manufacture of textiles, leather and related products including footwear and the wholesale trade of textiles, clothing and footwear

AGRICULTURE:

- Agriculture, forestry, fisheries including aquaculture, manufacture of food products and the wholesale trade of agricultural raw materials, live animals, wood, food and beverages

MINERALS:

- Extraction of mineral resources, manufacture of basic metal products, other non-metallic mineral products and fabricated metal products and the wholesale trade of mineral products and fabricated metal products, the wholesale trade of mineral resources

What are the obligations?

Corporate Due Diligence Duty

- Identifying, preventing, bringing to an end and accounting for adverse human rights and environmental impact in **company's own operations, subsidiaries and value chains** („established business relationships)

Duties for directors

- **Due diligence:** setting up and overseeing the due diligence processes and integrating due diligence into the corporate strategy
- **Duty of care:** take into account the human rights, climate change and environmental consequences

Special regime: climate change

- **Group 1 companies:** ensuring that **business strategy is compatible with limiting global warming to 1,5°C** in line with the Paris Agreement

Enforcement

Administrative supervision

- Member States to designate **one or more authorities** to supervise compliance
- A **European Network of Supervisory Authorities** will ensure EU level cooperation

Civil liability

- Companies **liable for damages** if they failed to comply with the obligations and this led to damage
- Special regime for damage at indirect business relationship level
- Overriding mandatory application where otherwise 3rd country law would apply

State of play and next steps

