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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Company Law
Subject:	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 – Report adopted by the European Parliament's JURI Committee

Delegations will find attached the report adopted by the European Parliament's JURI Committee with a view to the discussion by the Working Party on Company Law on 8 June 2023.

European Parliament
2019-2024

Plenary sitting

PUBLIC

A9-0184/2023

8.5.2023

***I
REPORT

on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
(COM(2022)0071 – C9-0050/2022 – 2022/0051(COD))

Committee on Legal Affairs

Rapporteur: Lara Wolters

Rapporteurs for the opinions of associated committees pursuant to Rule 57 of the Rules of Procedure:
Raphaël Glucksmann, Committee on Foreign Affairs
Barry Andrews, Committee on International Trade
René Repasi, Committee on Economic and Monetary Affairs
Samira Rafaela, Committee on Employment and Social Affairs
Tiemo Wölken, Committee on Environment, Public Health and Food Safety

PUBLIC

Symbols for procedures

*	Consultation procedure
***	Consent procedure
***I	Ordinary legislative procedure (first reading)
***II	Ordinary legislative procedure (second reading)
***III	Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the ▌ symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.
By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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PUBLIC

PUBLIC

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a directive of the European Parliament and of the Council Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (COM(2022)0071 – C9-0050/2022 – 2022/0051(COD))

(Ordinary legislative procedure: first reading)

PUBLIC

The European Parliament,

– having regard to the Commission proposal to Parliament and the Council (COM(2022)0071),

– having regard to Article 294(2), Article 50(1) and (2)(g) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0050/2022),

– having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

– having regard to the opinion of the European Economic and Social Committee of 14 July 2022[1],

– having regard to Rule 59 of its Rules of Procedure,

– having regard to the opinions of the Committee on Foreign Affairs, Committee on International Trade, Committee on Economic and Monetary Affairs, Committee on Employment and Social Affairs, Committee on the Environment, Public Health and Food Safety, Committee on Development, Committee on Industry, Research and Energy, Committee on the Internal Market and Consumer Protection,

– having regard to the report of the Committee on Legal Affairs (A9-0184/2023),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a directive
Recital 1

[1] Not yet published in the Official Journal.

Text proposed by the Commission	*Amendment*
(1) The Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights. Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action includes fostering the sustainable economic, social and environmental development of developing countries.	(1) The Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights ***and in Article 2 of the Treaty on the European Union***. Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human ***and environmental*** rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action includes fostering the sustainable economic, social and environmental development of developing countries.

Amendment 2

Proposal for a directive
Recital 2

Text proposed by the Commission	*Amendment*
(2) A high level of protection and improvement of the quality of the environment and promoting European core values are among the priorities of the Union, as set out in the Commission's Communication on A European Green Deal[74] . These objectives require the involvement not only of the public authorities but also of private actors, in particular companies.	(2) A high level of protection and improvement of the quality of the environment and promoting European core values are among the priorities of the Union, as set out in the Commission's Communication on A European Green Deal[74] . These objectives require the involvement not only of the public authorities but also of private actors, in particular companies. ***Article 191 of the Treaty on the Functioning of the European Union (TFEU) states that Union policy on the environment shall contribute to preserving, protecting and improving the quality of the environment, protecting human health, prudent and rational utilisation of natural resources and promoting measures at international level to deal with regional or worldwide environmental problems, and in***

	particular combating climate change.
[74] Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region "The European Green Deal" (COM/2019/640 final).	[74] Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region "The European Green Deal" (COM/2019/640 final).
Amendment 3	
Proposal for a directive **Recital 3**	
Text proposed by the Commission	*Amendment*
(3) In its Communication on a Strong Social Europe for Just Transition[75] , the Commission committed to upgrading Europe's social market economy to achieve a just transition to sustainability. This Directive will also contribute to the European Pillar of Social Rights, which promotes rights ensuring fair working conditions. It forms part of the EU policies and strategies relating to the promotion of decent work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide[76] .	(3) In its Communication on a Strong Social Europe for Just Transition[75] , the Commission committed to upgrading Europe's social market economy to achieve a just transition to sustainability***, ensuring that no-one is left behind***. This Directive will also contribute to the European Pillar of Social Rights, which promotes rights ensuring fair working conditions. It ***will also create greater visibility for, and ownership of, the Pillar among companies, whose involvement is essential for its effective implementation. It*** forms part of the EU policies and strategies relating to the promotion of ***fair and*** decent work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide[76] .
[75] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Strong Social Europe for Just Transitions (COM/2020/14 final).	[75] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Strong Social Europe for Just Transitions (COM/2020/14 final).
[76] Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on decent work worldwide for	[76] Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on decent work worldwide for

a global just transition and a sustainable recovery, COM(2022) 66 final.

a global just transition and a sustainable recovery, COM(2022) 66 final.

Amendment 4

Proposal for a directive
Recital 4

Text proposed by the Commission	*Amendment*
(4) The behaviour of companies across all sectors of the economy is key to success in the Union's sustainability objectives as Union companies***, especially large ones,*** rely on global value chains. It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering enterprises which support value-oriented transformation already exist on Union[77] , as well as national[78] level.	(4) The behaviour of companies across all sectors of the economy is key to success in the Union's sustainability objectives as ***many*** Union companies rely on global value chains. It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering enterprises which support value-oriented transformation already exist on Union[77], as well as national[78] level***, including binding legislation in several Member States such as France and Germany, which gives rise to the need for a level playing field for companies in order to avoid fragmentation and to provide legal certainty for businesses operating in the single market. It is moreover essential to establish a European framework for a responsible and sustainable approach to global value chains, given the importance of companies as a pillar in the construction of a sustainable society and economy.***

[77] 'Enterprise Models and the EU agenda', CEPS Policy Insights, No PI2021-02/ January 2021.

[78] E.g. https://www.economie.gouv.fr/entreprises/societe-mission

[77] 'Enterprise Models and the EU agenda', CEPS Policy Insights, No PI2021-02/ January 2021.

[78] E.g. https://www.economie.gouv.fr/entreprises/societe-mission

Amendment 5

Proposal for a directive
Recital 5

Text proposed by the Commission	*Amendment*
(5) Existing international standards on responsible business conduct specify that companies should protect human rights and set out how they should address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights[79] recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through their direct and indirect business relationships.	(5) ***Well-established*** existing international standards on responsible business conduct ***such as the United Nations Guiding Principles on Business and Human Rights[79] and the OECD Guidelines for Multinational Enterprises[79a] clarified in the OECD Due Diligence Guidance for Responsible Business Conduct[79b]*** specify that companies should protect human rights and set out how they should ***respect and*** address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through their direct and indirect business relationships.
[79] United Nations' "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework", 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.	[79] United Nations' "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework", 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.
	[79a] OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/. https://mneguidelines.oecd.org/mneguidelines/
	[79b] OECD Guidance on Responsible Business Conduct, 2018, and sector-

specific guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm.

Amendment 6

Proposal for a directive
Recital 6

Text proposed by the Commission	*Amendment*
(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises[80] which extended the application of due diligence to environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance[81] are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual and potential impacts in their operations, value chains and other business relationships. The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.[82]	(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises which extended the application of due diligence to environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual and potential impacts in their operations, value chains and other business relationships. ***National Contact Points (NCPs) created by adherents to the OECD Guidelines for Multinational Enterprises play an important role in promoting due diligence by companies through their roles in promoting the Guidelines and acting as non-judicial grievance mechanisms.*** The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.[82]

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[80] OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/. https://mneguidelines.oecd.org/mneguidelines/

[81] OECD Guidance on Responsible

Business Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm.

[82] The International Labour Organisation's "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.

[82] The International Labour Organisation's "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.

Amendment 7

Proposal for a directive
Recital 6 a (new)

Text proposed by the Commission	*Amendment*
	(6a) All companies should respect human rights, as enshrined in the international conventions and instruments listed in the Annex, Part I, Section 2, and those under the scope of this Directive should be required to conduct due diligence and should take appropriate measures to identify and address adverse human rights impacts along their value chain. The extent and nature of due diligence can vary according to the size, sector, operating context, and risk profile of the company.

Amendment 8

Proposal for a directive
Recital 7

Text proposed by the Commission	*Amendment*
(7) The United Nations' Sustainable Development Goals[83] , adopted by all United Nations Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself	(7) The United Nations' Sustainable Development Goals[83] , adopted by all United Nations Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself

the objective to deliver on the UN Sustainable Development Goals. The private sector contributes to those aims.	the objective to deliver on the UN Sustainable Development Goals. The private sector contributes to those aims. ***In the current geopolitical situation arising from Russian aggression in Ukraine, the energy crisis, the continuing fallout from COVID-19 and attempts to maintain and strengthen the security of the agri-food chain, the private sector could help promote sustained, inclusive and sustainable economic growth, while avoiding the creation of imbalances on the internal market.***
83 https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.	83 https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.

Amendment 9

Proposal for a directive
Recital 8

Text proposed by the Commission	*Amendment*
(8) International agreements under the United Nations Framework Convention on Climate Change, to which the Union and the Member States are parties, such as the Paris Agreement[84] and the recent Glasgow Climate Pact[85] , set out precise avenues to address climate change and keep global warming within 1.5 C degrees. Besides specific actions being expected from all signatory Parties, the role of the private sector, in particular its investment strategies***, is*** considered central to achieve these objectives.	(8) International agreements under the United Nations Framework Convention on Climate Change, to which the Union and the Member States are parties, such as the Paris Agreement[84] and the recent Glasgow Climate Pact[85] , set out precise avenues to address climate change and keep global warming within 1.5 C degrees. Besides specific actions being expected from all signatory Parties, the role of the private sector, in particular its investment strategies ***is also*** considered central to achieve these objectives. ***While just 100 companies have been the source of more than 70% of the world's greenhouse gas emissions since 1988, there is a fundamental mismatch between corporate climate commitments and their actual investments to fight against climate change. This Directive is therefore an important legislative tool to avoid any misleading climate neutrality claims and to stop greenwashing and fossil fuels***

	expansion worldwide in order to achieve international and European climate objectives, also recommended by the latest scientific reports[85a].
84 https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf.	84 https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf.
85 Glasgow Climate Pact, adopted on 13 November 2021 at COP26 in Glasgow, https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.	85 Glasgow Climate Pact, adopted on 13 November 2021 at COP26 in Glasgow, https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.
	85a CDP Carbon Majors Report, 2017 Influence Map Report, Big Oil's Real Agenda on Climate Change 2022, September 2022, https://influencemap.org/report/Big-Oil-s-Agenda-on-Climate-Change-2022-19585 IEA, Net Zero by 2050, A Roadmap for the Global Energy Sector, p. 51.

Amendment 10

Proposal for a directive
Recital 9

Text proposed by the Commission	*Amendment*
(9) In the European Climate Law[86] , the Union also legally committed to becoming climate-neutral by 2050 and to reducing emissions by at least 55% by 2030. Both these commitments require changing the way in which companies produce and procure. The Commission's 2030 Climate Target Plan[87] models various degrees of emission reductions required from different economic sectors, though all need to see considerable reductions under all scenarios for the Union to meet its climate objectives. The Plan also underlines that "changes in corporate governance rules and practices, including on sustainable finance, will make company owners and managers	(9) In the European Climate Law[86] , the Union also legally committed to becoming climate-neutral by 2050 and to reducing emissions by at least 55% by 2030. Both these commitments require changing the way in which companies produce and procure. The Commission's 2030 Climate Target Plan[87] models various degrees of emission reductions required from different economic sectors, though all need to see considerable reductions under all scenarios for the Union to meet its climate objectives. The Plan also underlines that "changes in corporate governance rules and practices, including on sustainable finance, will make company owners and managers

prioritise sustainability objectives in their actions and strategies." The 2019 Communication on the European Green Deal[88] sets out that all Union actions and policies should pull together to help the Union achieve a successful and just transition towards a sustainable future. It also sets out that sustainability should be further embedded into the corporate governance framework.

prioritise sustainability objectives in their actions and strategies." The ***General Union Environmental Action Programme to 2030*** [87a] ***('8th EAP'), the framework for Union action in the field of the environment and climate, aims to accelerate the green transition to a climate-neutral, sustainable, non-toxic, resource-efficient, renewable energy-based, resilient and competitive circular economy in a just, equitable and inclusive way, and to protect, restore and improve the state of the environment by, inter alia, halting and reversing biodiversity loss. The*** 2019 Communication on the European Green Deal[88] sets out that all Union actions and policies should pull together to help the Union achieve a successful and just transition towards a sustainable future ***in which no one is left behind***. It also sets out that sustainability should be further embedded into the corporate governance framework.

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[86] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') PE/27/2021/REV/1 (OJ L 243, 9.7.2021, p. 1).

[87] SWD/2020/176 final.

[88] COM/2019/640 final.

[86] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') PE/27/2021/REV/1 (OJ L 243, 9.7.2021, p. 1).

[87] SWD/2020/176 final.

[87a] General Union Environment Action Programme to 2030.

[88] COM/2019/640 final.

Amendment 11

Proposal for a directive
Recital 11

Text proposed by the Commission	*Amendment*
(11) The Action Plan on a Circular Economy[91] , the Biodiversity strategy[92] ,	(11) The Action Plan on a Circular Economy[91] , the Biodiversity strategy[92] ,

the Farm to Fork strategy[93] and the Chemicals strategy[94] and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery[95] , Industry 5.0[96] and the European Pillar of Social Rights Action Plan[97] and the 2021 Trade Policy Review[98] list an initiative on sustainable corporate governance among their elements.

the Farm to Fork strategy[93] and the Chemicals strategy[94], ***the Pharmaceutical Strategy, the 2021 EU Action Plan Towards Zero Pollution for Air, Water and Soil*** and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery[95], Industry 5.0[96] and the European Pillar of Social Rights Action Plan[97] and the 2021 Trade Policy Review[98] list an initiative on sustainable corporate governance among their elements. ***Due diligence requirements under this Directive should therefore contribute to preserving and restoring biodiversity and by improving the state of the environment, in particular air, water and soil. They should also contribute towards accelerating the transition to a non-toxic circular economy. Due diligence requirements under this Directive should also contribute to the objectives of the Zero Pollution Action Plan of creating a toxic-free environment and protecting the health and well-being of people, animals and ecosystems from environment-related risks and negative impacts.***

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[91] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final).

[92] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Biodiversity Strategy for 2030 Bringing nature back into our lives (COM/2020/380 final).

[93] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system

[91] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final).

[92] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Biodiversity Strategy for 2030 Bringing nature back into our lives (COM/2020/380 final).

[93] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system

(COM/2020/381 final).

[94] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Chemicals Strategy for Sustainability Towards a Toxic-Free Environment (COM/2020/667 final).

[95] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery (COM/2021/350 final).

[96] Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en

[97] https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/

[98] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy (COM/2021/66/final).

(COM/2020/381 final).

[94] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Chemicals Strategy for Sustainability Towards a Toxic-Free Environment (COM/2020/667 final).

[95] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery (COM/2021/350 final).

[96] Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en

[97] https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/

[98] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy (COM/2021/66/final).

Amendment 12

Proposal for a directive
Recital 12

Text proposed by the Commission	*Amendment*
(12) This Directive is in coherence with the EU Action Plan on Human Rights and Democracy 2020-***2024***[99] . This Action Plan defines as a priority to strengthen the Union's engagement to actively promote the global implementation of the United Nations Guiding Principles on Business and Human Rights and ***other relevant***	(12) This Directive is in coherence with the EU Action Plan on Human Rights and Democracy 2020-***202499***. This Action Plan defines as a priority to strengthen the Union's engagement to actively promote the global implementation of the United Nations Guiding Principles on Business and Human Rights and the OECD

international guidelines such as the OECD Guidelines for Multinational Enterprises, including by advancing relevant due diligence standards.	Guidelines for Multinational Enterprises ***as clarified in the OECD Due Diligence Guidance for Responsible Business Conduct as the relevant guidelines***, including by advancing relevant due diligence standards.
[99] Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 (JOIN/2020/5 final).	[99] Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 (JOIN/2020/5 final).

Amendment 13

Proposal for a directive
Recital 13

Text proposed by the Commission	*Amendment*
(13) The European Parliament, in its resolution of 10 March 2021 calls upon the Commission to propose Union rules for ***a*** comprehensive corporate due diligence ***obligation***[100] . The Council Conclusions on Human Rights and Decent Work in Global Supply Chains of 1 December 2020 called upon the Commission to table a proposal for a Union legal framework on sustainable corporate governance, including cross-sector corporate due diligence obligations along global supply chains.[101] The European Parliament also calls for clarifying directors` duties in its own initiative report adopted on 2 December 2020 on sustainable corporate governance. In their Joint Declaration on EU Legislative Priorities for 2022[102] , the European Parliament, the Council of the European Union and the Commission have committed, to deliver on an economy that works for people, and to improve the regulatory framework on sustainable corporate governance.	(13) The European Parliament, in its resolution of 10 March 2021 calls upon the Commission to propose Union rules for comprehensive corporate due diligence ***obligations, with consequences including civil liability for those companies that cause or contribute to harm by failing to carry out due diligence*** [100] . The Council Conclusions on Human Rights and Decent Work in Global Supply Chains of 1 December 2020 called upon the Commission to table a proposal for a Union legal framework on sustainable corporate governance, including cross-sector corporate due diligence obligations along global supply chains.[101] The European Parliament also calls for clarifying directors` duties in its own initiative report adopted on 2 December 2020 on sustainable corporate governance. In their Joint Declaration on EU Legislative Priorities for 2022[102] , the European Parliament, the Council of the European Union and the Commission have committed, to deliver on an economy that works for people, and to improve the regulatory framework on sustainable

corporate governance.

[100] European Parliament resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129(INL)), P9_TA(2021)0073, available at https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2020/2129(INL).

[101] Council Conclusions on Human Rights and Decent Work in Global Supply Chains, 1 December 2020 (13512/20).

[102] Joint declaration of the European Parliament, the Council of the European Union and the European Commission on EU Legislative Priorities for 2022, available at https://ec.europa.eu/info/sites/default/files/joint_declaration_2022.pdf.

[100] European Parliament resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129(INL)), P9_TA(2021)0073, available at https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2020/2129(INL).

[101] Council Conclusions on Human Rights and Decent Work in Global Supply Chains, 1 December 2020 (13512/20).

[102] Joint declaration of the European Parliament, the Council of the European Union and the European Commission on EU Legislative Priorities for 2022, available at https://ec.europa.eu/info/sites/default/files/joint_declaration_2022.pdf.

Amendment 14

Proposal for a directive
Recital 14

Text proposed by the Commission	*Amendment*
(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies through the identification, prevention and mitigation, bringing to an end and minimisation of potential or actual adverse human rights and environmental impacts connected with companies' own operations, subsidiaries and value chains.	(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies ***by respecting human rights and the environment,*** through the identification, prevention and mitigation, bringing to an end ***remediation*** and minimisation***, and where necessary, prioritisation,*** of potential or actual adverse human rights and environmental impacts connected with companies' own operations, subsidiaries and value chains***, and ensuring that those affected by a failure to respect this duty have access to justice and legal remedies***. ***This Directive should be without prejudice to the responsibility of Member States to respect***

and the duty to protect human rights and the environment under international law.

Amendment 15

Proposal for a directive
Recital 15

Text proposed by the Commission	*Amendment*
(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their ***established*** direct and indirect business relationships ***throughout*** their value chains in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. Account should be taken of the specificities of the company's value chain, sector or geographical area in which its value chain partners operate, the company's power to influence its ***direct and indirect*** business relationships, and whether the company could increase its power of influence.	(15) Companies should take appropriate steps ***within their means*** to set up and carry out due diligence measures, with respect to their own operations, ***those of*** their subsidiaries, as well as their direct and indirect business relationships ***in*** their value chains in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case***, proportionate and commensurate to the degree of severity and the likelihood of the adverse impact and the size, resources, and capacities of the company***. Account should be taken of the specificities of the company's value chain, sector or geographical area in which its value chain partners operate, the company's power to influence its business relationships, and whether the company could increase its power of influence.

Amendment 16

Proposal for a directive
Recital 16

Text proposed by the Commission	*Amendment*
(16) The due diligence process set out in this Directive should cover the six steps defined by the OECD Due Diligence Guidance for Responsible Business Conduct, which include due diligence measures for companies to identify and address adverse human rights and environmental impacts. This encompasses the following steps: (1) integrating due diligence into policies and management systems, (2) identifying and assessing adverse human rights and environmental impacts, (3) preventing, ceasing or minimising actual and potential adverse human rights**,** and environmental impacts, (4) assessing the effectiveness of measures, (5) communicating, (6) providing remediation.	(16) The due diligence process set out in this Directive should cover the six steps defined by the OECD Due Diligence Guidance for Responsible Business Conduct, which include due diligence measures for companies to identify and address adverse human rights and environmental impacts. This encompasses the following steps: (1) integrating due diligence into policies and management systems, (2) identifying and assessing adverse human rights and environmental impacts, (3) preventing, ceasing or minimising actual and potential adverse human rights and environmental impacts, (4) ***verifying, monitoring and*** assessing the effectiveness of measures, (5) communicating, (6) providing remediation.

Amendment 17

Proposal for a directive
Recital 17

Text proposed by the Commission	*Amendment*
(17) Adverse human rights and environmental ***impact*** occur in companies' own operations, subsidiaries, products, and in their value chains, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover human rights and environmental adverse impacts generated throughout the life-cycle of production and ***use and disposal*** of product or provision of services, at the level of own operations, subsidiaries and in value chains.	(17) Adverse human rights**,** and environmental ***impacts*** occur in companies' own operations, subsidiaries, products***, services***, and in their value chains, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover human rights**,** and environmental adverse impacts generated throughout the life-cycle of production and ***sale and waste management*** of product or provision of services, at the level of own operations, subsidiaries and in value chains.

Amendment 18

Proposal for a directive
Recital 17 a (new)

Text proposed by the Commission	*Amendment*
	(17a) Global value chains in particular critical raw materials value chains, are impacted by detrimental effects of natural or man-made hazards. The risks in critical value chains have been made apparent by the COVID-19 crisis while the frequency and impact of those shocks are likely to increase in the future, constituting a driver for inflation and leading to a subsequent increase of macroeconomic volatility as well as market and trade uncertainty. To address this, the EU should initiate an annual Union-wide assessment of the resilience of companies to adverse scenarios related to their value chains, that would map, assess and provide potential responses to their value chain risks, including externalities as well as social, environmental and political risks.

Amendment 19

Proposal for a directive
Recital 18

Text proposed by the Commission	*Amendment*
(18) The value chain should cover activities related to the production of a good or provision of services by a company, including the development of the product or the service and ***the use and disposal*** of the product as well as the related activities of ***established*** business relationships of the company. It should encompass ***upstream established direct and indirect*** business relationships ***that*** design, ***extract***, manufacture, transport, ***store*** and supply raw material, products, parts of products, ***or provide services to the company that are necessary to carry out***	(18) The value chain should cover activities related to the production***, distribution and sale*** of a good or provision of services by a company, including the development of the product or the service and ***waste management*** of the product as well as the related activities of business relationships of the company. It should encompass ***the activities of a company's*** business relationships ***related to the*** design, ***extraction***, manufacture, transport, ***storage*** and supply ***of*** raw material, products, parts of products, ***as well as the sale or*** distribution of ***goods or***

the company's activities, and also downstream relationships, including established direct and indirect business relationships, that use or receive products, parts of products or services from the company up to the end of life of the product, including inter alia the distribution of ***the product to retailers, the*** transport and storage ***of the product, dismantling*** of the product***, its recycling, composting or landfilling***.	***the provision or development of services, including waste management,*** transport and storage***, excluding the waste management*** of the product ***by individual consumers***.

Amendment 20

Proposal for a directive
Recital 18 a (new)

Text proposed by the Commission	*Amendment*
	(18a) In some situations once products are sold or distributed by a business relationship, companies may have diminished ability to monitor impacts in order to take reasonable steps to prevent or mitigate them. In such situations, identifying actual and potential impacts and taking preventive or mitigating actions will be important prior to and at the point of initial sale or distribution, and in follow up or ongoing interactions with those business relationships when such impacts are reasonably foreseeable or when notified of significant impacts through the notification procedure.

Amendment 21

Proposal for a directive
Recital 18 b (new)

Text proposed by the Commission	*Amendment*
	(18b) When a company sources products containing recycled material, it may be difficult to verify the origins of the secondary raw materials. In such situations the company should take

appropriate measures to trace secondary raw materials to the relevant supplier and evaluate whether there is adequate information to demonstrate that the material is recycled.

Amendment 22

Proposal for a directive
Recital 19

Text proposed by the Commission	*Amendment*
(19) As regards regulated financial undertakings providing ***loan, credit, or other*** financial services, ***"***value chain***"*** ***with respect to*** the provision of such services should ***be limited to*** the activities of the clients receiving ***such services***, and the subsidiaries thereof whose activities are linked to the contract in question. Clients that are households and natural persons not acting in a professional or business capacity, as well as small and medium sized undertakings, should not be considered to be part of the value chain***. The activities of the companies or other legal entities that are included in the value chain of that client should not be covered***.	(19) As regards regulated financial undertakings providing financial services, ***linked to the conclusion of a contract within a*** value chain***,*** the provision of such services should ***include*** the activities of the clients ***directly*** receiving ***them***, and the subsidiaries thereof whose activities are linked to the contract in question***. In order to avoid an overlap of due diligence exercises of regulated financial undertaking, activities of companies or other legal entities that are part of the value chain of that client are excluded from the scope of this Directive if due diligence obligations are set elsewhere under EU law***. Clients that are households and natural persons not acting in a professional or business capacity, as well as small and medium sized undertakings, should not be considered to be part of the value chain ***of regulated financial undertakings***.

Amendment 23

Proposal for a directive
Recital 19 a (new)

Text proposed by the Commission	*Amendment*
	(19a) Regulated financial undertakings as well as other companies should use information beyond the information derived from credit rating agencies,

sustainability rating agencies or benchmark administrators.

PUBLIC

Amendment 24

Proposal for a directive
Recital 20

Text proposed by the Commission	*Amendment*
(20) In order to allow companies to properly identify the adverse impacts in their value chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations should be limited in this Directive to established business relationships. For the purpose of this Directive, established business relationships should mean such direct and indirect business relationships which are, or which are expected to be lasting, in view of their intensity and duration and which do not represent a negligible or ancillary part of the value chain. The nature of business relationships as "established" should be reassessed periodically, and at least every 12 months. If the direct business relationship of a company is established, then all linked indirect business relationships should also be considered as established regarding that company.	***deleted***

Amendment 25

Proposal for a directive
Recital 21

Text proposed by the Commission	*Amendment*
(21) Under this Directive, EU companies with more than ***500*** employees on average and a worldwide net turnover exceeding EUR ***150*** million in the financial year preceding the last financial year should be required to comply with due diligence. ***As regards companies which do***	(21) Under this Directive, EU companies with more than ***250*** employees on average and a worldwide net turnover exceeding EUR ***40*** million in the financial year preceding the last financial year ***or companies which are the ultimate parent company of a group that had 500***

not fulfil those criteria, but which had more than 250 employees ***on average and more than EUR 40 million worldwide net*** turnover ***in the financial year preceding the last financial year and*** which ***operate in one or more high-impact sectors, due diligence should apply 2 years after the end*** of the ***transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts***. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive ***2018/957/EU*** of the European Parliament and of the Council[103] , should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company.

[103] Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).

employees and a net worldwide turnover of more than 150 million in the last financial year for which annual financial statements have been prepared should be required to comply with due diligence. ***The calculation of the thresholds should include the number of*** employees ***and*** turnover ***of a company's branches,*** which ***are places of business other than the head office that are legally dependent on it, and therefore considered as part*** of the ***company, in accordance with EU and national legislation***. Temporary agency workers ***and other workers in non-standard forms of employment***, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive ***(EU) 2018/957*** of the European Parliament and of the Council[103] , should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company.

[103] Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).

Amendment 26

Proposal for a directive
Recital 22

Text proposed by the Commission	*Amendment*
(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the ***selection of high-impact sectors*** for the ***purposes of this Directive should be*** based on existing sectoral OECD due diligence	(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the ***Commission should develop sector-specific guidelines, including*** for the ***following sectors,*** based on existing

guidance***. The following sectors should be regarded as high-impact for the purposes of this Directive***: the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; the extraction of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products)***. As regards the*** financial ***sector, due to its specificities, in particular as regards the value chain and the*** services ***offered, even if it is covered by sector-specific OECD guidance, it should not form part of the high-impact sectors covered by this Directive. At the same time, in this sector, the broader coverage of actual and potential adverse impacts should be ensured by also*** including ***very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited liability***.

sectoral OECD due diligence guidance: the manufacture of textiles***, wearing apparel***, leather and related products (including footwear), and the wholesale trade ***and retail*** of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, ***marketing and advertising of food and beverages,*** and the wholesale trade of agricultural raw materials, live animals, ***animal products,*** wood, food, and beverages; ***energy,*** the extraction***, transport and handling*** of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products)***, construction and related activities, the provision of*** financial ***services,, investment*** services ***and activities and other financial services; and the production, provision and distribution of information and communication technologies or related services, including hardware, software solutions, including artificial intelligence, surveillance, facial recognition, data storage or processing, telecommunication services, web-based and cloud-based services,*** including ***social media and networking, messaging, e-commerce, delivery, mobility, and other platform services***.

Amendment 27

Proposal for a directive
Recital 23

Text proposed by the Commission	*Amendment*
(23) In order to achieve fully the objectives of this Directive addressing human rights and ***adverse*** environmental impacts with respect to companies' operations, subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR ***150*** million in the Union in the financial year preceding the last financial year or a net turnover of more than ***EUR*** 40 million ***but less than EUR 150 million*** in the ***financial year preceding*** the last financial year ***in one or more of the high-impact sectors, as of 2 years after the end of the transposition period of this Directive***.	(23) In order to achieve fully the objectives of this Directive addressing human rights and environmental ***adverse*** impacts with respect to companies' operations, ***and those of its*** subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR ***40*** million in the Union in the financial year preceding the last financial year or ***companies which are the ultimate parent company of a group that had 500 employees and*** a net ***worldwide*** turnover of more than ***150 million and at least*** 40 million ***was generated*** in the ***Union in*** the last financial year ***for which annual financial statements have been prepared. The calculation of net turnover should include turnover generated by third party companies with whom the company and/or its subsidiaries has entered into a vertical agreement in the Union in return for royalties***.

Amendment 28

Proposal for a directive
Recital 25

Text proposed by the Commission	*Amendment*
(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on protected persons resulting from ***the violation of one of*** the rights ***and*** prohibitions ***as*** enshrined in the international conventions ***as*** listed in the Annex to this Directive. In order to ensure a comprehensive coverage of human rights, a ***violation of a prohibition or*** right not specifically listed in that Annex which directly impairs a legal interest protected in	(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on protected persons resulting from ***any action which removes or reduces the ability of an individual or group to enjoy*** the rights ***or to be protected by*** prohibitions enshrined in the international conventions ***and instruments*** listed in the Annex to this Directive***, and subsequent case law and the work of treaty bodies related to these conventions,***

those conventions should also form part of the adverse human rights impact covered by this Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations ***pursuant to the international environmental conventions*** listed in the Annex to this Directive.	***which include trade union, workers' and social rights***. In order to ensure a comprehensive coverage of human rights, a ***negative impact on the enjoyment of a*** right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions ***and instruments*** should also form part of the adverse human rights impact covered by this Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations listed in the Annex to this Directive.

Amendment 29

Proposal for a directive
Recital 25 a (new)

Text proposed by the Commission	*Amendment*
	(25a) This Directive should provide for specific measures in case of adverse systemic state-sponsored impacts resulting from actions, policies, regulations or institutionalised practices decided, implemented and enforced by, or carried out with the active support of States' national or local authorities.

Amendment 30

Proposal for a directive
Recital 25 b (new)

Text proposed by the Commission	*Amendment*
	(25b) Companies should also be

responsible for using their influence to contribute to an adequate standard of living in value chains. This is understood as a living wage for employees and a living income for self-employed workers and smallholders, which they earn from their work and production and must meet their needs and those of their family.

Amendment 31

Proposal for a directive
Recital 25 c (new)

Text proposed by the Commission	*Amendment*
	(25c) This Directive acknowledges the 'One Health' approach as recognised by the World Health Organization, an integrated and unifying approach that aims to sustainably balance and optimise the health of people, animals and ecosystems. The 'One Health' approach recognises that the health of humans, domestic and wild animals, plants, and the wider environment, including ecosystems, are closely interlinked and interdependent. It is therefore appropriate to lay down that environmental due diligence should encompass avoiding environmental degradation that results in adverse health effects such as epidemics, and to respect the right to a clean, healthy and sustainable environment. In respect to the G7 commitment to acknowledge the rapid rise in antimicrobial resistance (AMR) at the global scale, it is necessary to promote the prudent and responsible use of antibiotics in human and veterinary medicines.

Amendment 32

Proposal for a directive
Recital 25 d (new)

Text proposed by the Commission	*Amendment*
	(25d) Adverse human rights and environmental impacts can be intertwined or underpinned by factors such as corruption and bribery, hence their inclusion in the OECD Guidelines for Multinational Enterprises. It therefore may be necessary for companies to take into account these factors when carrying out human rights and environmental due diligence.

Amendment 33

Proposal for a directive
Recital 26

Text proposed by the Commission	*Amendment*
(26) Companies have guidance at their disposal that illustrates how their activities may impact human rights and which corporate behaviour is prohibited in accordance with internationally recognised human rights. Such guidance is included for instance in The United Nations Guiding Principles Reporting Framework[104] and the United Nations Guiding Principles Interpretative Guide[105] . Using relevant international guidelines and standards as a reference, the Commission should be able to issue additional guidance that will serve as a practical tool for companies.	(26) Companies ***should*** have guidance at their disposal that illustrates how their activities may impact human rights and which corporate behaviour is prohibited in accordance with internationally recognised human rights. Such guidance is included for instance in The United Nations Guiding Principles Reporting Framework[104] and the United Nations Guiding Principles Interpretative Guide[105] ***and should be made easily accessible to companies***. ***Therefore,*** using relevant international guidelines and standards as a reference, the Commission should be able to issue additional guidance that will serve as a practical tool for companies.
[104] https://www.ungpreporting.org/wp-content/uploads/UNGPReportingFramework_withguidance2017.pdf.	[104] https://www.ungpreporting.org/wp-content/uploads/UNGPReportingFramework_withguidance2017.pdf.
[105] https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.	[105] https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.

Amendment 34

Proposal for a directive
Recital 27

Text proposed by the Commission	*Amendment*
(27) In order to conduct appropriate human rights**,** and environmental due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, prevent ***and*** mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish ***and maintain a complaints procedure***, monitor the effectiveness of ***the*** taken ***measures*** in accordance with the requirements that are set up in this Directive ***and*** communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts should be clearly distinguished in this Directive.	(27) In order to conduct appropriate human rights and environmental due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, ***where necessary, prioritise,*** prevent***,*** mitigate***, remediate*** as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish ***or participate in a notification and non-judicial grievance mechanism***, monitor ***and verify*** the effectiveness of ***their actions*** taken in accordance with the requirements that are set up in this Directive***,*** communicate publicly on their due diligence***, and engage with affected stakeholders throughout this entire process***. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising ***the extent of*** actual adverse impacts should be clearly distinguished in this Directive.

Amendment 35

Proposal for a directive
Recital 28

Text proposed by the Commission	*Amendment*
(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework, companies should integrate due diligence into ***all*** their corporate policies and have in place a due diligence policy. The due diligence policy should contain a description of the	(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework, companies should integrate due diligence into their ***relevant*** corporate policies ***and at all levels of operation*** and have in place a due diligence policy ***with short-, medium- and long-***

company's approach***, including in the long term,*** to due diligence, a code of conduct ***describing*** the rules ***and*** principles to be followed ***by the company's employees and*** subsidiaries; a description of the processes put in place to implement due diligence, including the measures taken to ***verify compliance with the code of conduct and to extend its application to established*** business ***relationships***. The code of conduct should apply in all relevant corporate functions and operations, including ***procurement*** and purchasing decisions. Companies should also update their due diligence policy ***annually***.

term measures and targets. The due diligence policy should contain a description of the company's approach to due diligence, a code of conduct ***defining*** the rules***,*** principles ***and measures*** to be followed ***and implemented where relevant throughout the company and its*** subsidiaries ***across all corporate operations***; a description of the processes put in place ***and appropriate measures taken*** to implement due diligence ***in line with Articles 7 and 8 in the value chain***, including the ***relevant*** measures taken to ***incorporate due diligence into its own business model, employment and purchasing practices with entities with which the company has a*** business ***relationship and measures taken to monitor and verify due diligence activities, and adequate policies to avoid passing on the costs of the due diligence process to business partners in a weaker position***. The code of conduct should apply in all relevant corporate functions and operations, including ***pricing practices*** and purchasing decisions***, for instance on trading and procurement***. Companies should also update their due diligence policy ***when significant changes occur***.

Amendment 36

Proposal for a directive
Recital 28 a (new)

Text proposed by the Commission	*Amendment*
	(28a) Parent companies should be able to perform actions which can contribute to the due diligence of their subsidiaries, where the subsidiary provides all the relevant and necessary information to and cooperates with its parent company, abides by its parent company's due diligence policy, the parent accordingly adapts its due diligence policy to ensure that the obligations laid down in Article 5(1) are fulfilled with respect to the subsidiary, the subsidiary integrates due

diligence into all its policies and risk management systems in accordance with Article 5, where necessary, the subsidiary continues to take appropriate measures in accordance with Articles 7 and 8, as well as continues to perform its obligations under Articles 8a, 8b and 8d, where the parent company performs specific actions on behalf of the subsidiary, both the parent company and subsidiary clearly and transparently communicate so towards relevant stakeholders and the public domain, and the subsidiary integrates climate in its policies and risk management systems in accordance with Article 15. In order to hold subsidiaries accountable, the liability provided for in Article 22 of this Directive should remain at entity level without prejudice to Members States' legislation on joint and several liability.

Amendment 37

Proposal for a directive
Recital 28 b (new)

Text proposed by the Commission	*Amendment*
	(28b) In conflict-affected and high-risk areas, companies run an increased risk to be involved in severe human rights' abuses. In these areas, companies should therefore undertake heightened, conflict-sensitive due diligence, in order to address these heightened risks and to ensure that they do not facilitate, finance, exacerbate or otherwise negatively impact the conflict or contribute to violations of international human rights law or international humanitarian law in conflict-affected or high-risk areas. Heightened due diligence includes complementing the standard due diligence with a thorough conflict analysis, based on meaningful and conflict-sensitive stakeholder engagement and aimed at ensuring an understanding of the root causes, triggers and parties driving the conflict and the impact of the

company's business activities on the conflict. In situations of armed conflict and/or military occupation, companies should respect the obligations and standards identified in International Humanitarian Law (IHL) and International Criminal Law (ICL) standards. Companies should follow guidance provided by relevant international bodies, including the International Committee of the Red Cross and the UNDP.

Amendment 38

Proposal for a directive
Recital 28 c (new)

Text proposed by the Commission	*Amendment*
	(28c) The way a company can be involved in an adverse impact varies. A company can cause an adverse impact where its activities on their own are sufficient to result in an adverse impact. A company can contribute to an adverse impact where its own activities, in combination with the activities of other entities, cause an impact, or that the activities of the company cause, facilitate or incentivise another entity to cause an adverse impact. The contribution must be substantial, meaning that it does not include minor or trivial contributions. Assessing the substantial nature of the contribution and understanding when the actions of the company may have caused, facilitated or incentivised another entity to cause an adverse impact can involve the consideration of multiple factors. Several factors can be taken into account, including the extent to which a company may encourage or motivate an adverse impact by another entity, i.e. the degree to which the activity increased the risk of the impact occurring, the extent to which a company could or should have known about the adverse impact or potential for adverse impact, i.e. the degree of

foreseeability, and the degree to which any of the company's activities actually mitigated the adverse impact or decreased the risk of the impact occurring. The mere existence of a business relationship or activities which create the general conditions in which it is possible for adverse impacts to occur should not in itself constitute a relationship of contribution. The activity in question should substantially increase the risk of adverse impact. Lastly, a company can be directly linked to an impact, where there is a relationship between the adverse impact and the company's products, services or operations through another business relationship and where the company has neither caused nor contributed to the impact. Directly linked is not defined by a direct business relationship. Also, a direct linkage should not imply that the responsibility shifts from the business relationship causing an adverse impact to the company with which it has a linkage.

Amendment 39

Proposal for a directive
Recital 29

Text proposed by the Commission	*Amendment*
(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts***. An*** 'appropriate ***measure***' should mean ***a measure that is*** capable of achieving the objectives of due diligence***,*** commensurate ***with*** the degree of severity and the likelihood of the adverse impact***, and reasonably available to*** the company, taking into account the circumstances of the specific case, including characteristics of the economic sector ***and of*** the specific business relationship ***and the company's influence thereof, and the need to ensure***	(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts ***that they caused, contributed or are directly linked to.*** 'Appropriate ***measures***' should mean ***measures that are*** capable of achieving the objectives of due diligence ***and effectively addressing the adverse impact identified pursuant to Article 6 in a manner proportionate and*** commensurate ***to*** the degree of severity and the likelihood of the adverse impact ***and proportionate and commensurate to the size, resources and capacities of*** the company, taking into

prioritisation of action. In this context, in line with international frameworks, the company's ***influence over a business relationship should include, on the one hand its ability to persuade the business relationship to take action to bring to an end or*** prevent ***adverse impacts (for example*** through ***ownership or factual control, market power, pre-qualification requirements, linking business incentives to human rights and environmental performance, etc.) and, on the*** other ***hand***, ***the degree of influence or*** leverage ***that the company could reasonably exercise, for example through cooperation*** with ***the business partner in question or engagement with another company which is the direct business partner of the business relationship associated with adverse*** impact.

account the circumstances of the specific case, including ***the nature of the adverse impact,*** characteristics of the economic sector***, the nature of the company's specific activities, products, services,*** the specific business relationship***. For the purposes of Articles 7 and 8, in cases where a company has caused or may have caused an impact, appropriate measures should be understood as measures which aim to prevent or mitigate an impact, and remediate any damage caused by an impact. For the purposes of Articles 7 and 8, in cases where a company has contributed to or may have contributed to an impact***, ***appropriate measures should be understood as measures which aim to prevent or mitigate the contribution to the impact, using or increasing*** the company's ***leverage with other responsible parties to*** prevent ***or mitigate the impact, and contributing to remediating any damage caused by an impact, to the extent of the contribution. For the purposes of Articles 7 and 8, in cases where a company's operations, products or services are or may be directly linked to an impact*** through ***its relationships with*** other ***entities***, ***appropriate measures should be understood as measures which aim at using or increasing the company's*** leverage with ***responsible parties to seek to prevent or mitigate the impact, and considering using its leverage with responsible parties to enable the remediation of any damage caused by an*** impact.

Amendment 40

Proposal for a directive
Recital 30

Text proposed by the Commission	*Amendment*
(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights and environmental impacts. In order	(30) Under the due diligence obligations set out by this Directive, a company should identify ***and assess*** actual or potential adverse human rights and environmental

to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification of adverse impacts should include assessing the human rights**,** and environmental context in a dynamic way and ***in regular intervals:*** prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment***; and periodically, at least every 12 months, throughout the life of an activity or relationship***. Regulated financial undertakings providing ***loan, credit, or other*** financial services should identify the adverse impacts ***only*** at the inception of the contract. When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including ***trading, procurement and pricing*** practices. ***Where the company cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances.***

impacts. In order to allow for a comprehensive identification ***and assessment*** of adverse impacts, such identification ***and assessment*** should be based on ***meaningful stakeholder engagement and*** quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification ***and assessment*** of adverse impacts should include assessing the human rights and environmental context in a dynamic way and ***continuously, including*** prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment. Regulated financial undertakings providing financial services should identify the adverse impacts at the inception of the contract ***and before subsequent financial operations, and if notified of possible risks via the procedures in Art.9, during the provision of the service***. When identifying ***and assessing*** adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including ***purchasing*** practices.

Amendment 41

Proposal for a directive
Recital 30 a (new)

Text proposed by the Commission	*Amendment*
	(30a) Where the company cannot prevent, bring to an end or mitigate all the identified and assessed adverse impacts simultaneously, it should be allowed to prioritise the order in which it takes appropriate measures based on the severity and likelihood of the adverse

impact and taking into account risk factors, by developing, implementing and regularly reviewing a prioritisation strategy. In line with the relevant international framework, the severity of an adverse impact should be assessed based on the scale, scope and irremediable character of the adverse impact, taking into account the gravity of an adverse impact, including the number of individuals that are or will be affected, the extent to which the environment is or may be damaged or otherwise affected, its irreversibility and the limits on the ability to restore affected individuals or the environment to a situation equivalent to their situation prior to the impact. Once the most severe and adverse impacts are addressed, the company should address less severe and less likely adverse impacts.

Amendment 42

Proposal for a directive
Recital 30 b (new)

Text proposed by the Commission	*Amendment*
	(30b) Companies should prioritise impacts on the basis of severity and likelihood. The degree of leverage a company has over a business relationship is not relevant to its prioritisation decisions or processes. However, the degree of leverage can influence the appropriate measures that a company chooses to adopt in order to effectively mitigate and/or prevent impacts associated with business partners.

Amendment 43

Proposal for a directive
Recital 31

Text proposed by the Commission	*Amendment*
(31) In order to avoid undue burden on the smaller companies operating in high-impact sectors which are covered by this Directive, those companies should only be obliged to identify those actual or potential severe adverse impacts that are relevant to the respective sector.	***deleted***

Amendment 44

Proposal for a directive
Recital 32

Text proposed by the Commission	*Amendment*
(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action, in line with the Union`s policy of zero-tolerance on child labour. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. This should therefore be taken into account when deciding on the appropriate action to take.	(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action, in line with the Union`s policy of zero-tolerance on child labour***, the Union's strategy on rights of the Child and the target date of 2025 proclaimed by the United Nations for the full elimination of child labour worldwide***. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. ***In the same line, women in precarious labour conditions could face more severe adverse human rights impacts thus increasing their vulnerability.*** This should therefore be taken into account when deciding on the appropriate action to take***, and disengagement should be avoided where the impact of disengagement would be greater than the adverse impact the company is seeking to prevent or mitigate***. ***In situations of state-imposed forced***

labour, where the adverse impact is organised by political authorities, unhindered engagement with those adversely impacted and mitigation are not possible. This Directive should ensure that companies terminate a business relationship where state-imposed forced labour is occurring. Moreover, responsible disengagement should also take into account the possible negative impacts on companies depending on the product or affected by disruptions of supply chains.

Amendment 45

Proposal for a directive
Recital 34

Text proposed by the Commission	*Amendment*
(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following ***actions***, where relevant. Where necessary due to the complexity of prevention measures, companies should develop and implement a prevention action plan. Companies should ***seek to obtain*** contractual ***assurances from a direct*** partner with whom they have ***an established*** business relationship that it will ensure compliance with the code of conduct ***or the*** prevention action plan***, including by seeking*** corresponding contractual ***assurances*** from its partners to the extent that their activities are part of the companies' value chain. ***The contractual assurances should be accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate support for an SME with which they have an established business relationship such as financing, for example, through direct financing, low-***	(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following ***appropriate measures***, where relevant. Where necessary due to the complexity of prevention measures, companies should develop and implement a prevention action plan. Companies should ***consider establishing through*** contractual ***provisions with a*** partner with whom they have ***a*** business relationship that it will ensure compliance with the code of conduct ***and, as necessary, a*** prevention action plan***. Partners with whom the company has a business relationship could be asked to seek*** corresponding contractual ***provisions*** from its partners to the extent that their activities are part of the companies' value chain.

interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.

PUBLIC

Amendment 46

Proposal for a directive
Recital 34 a (new)

Text proposed by the Commission	*Amendment*
	(34a) The contractual provisions should not be such as to result in the transfer of responsibility for carrying out due diligence in accordance with this Directive and the liability for failing to do so. Moreover, the contractual provisions should be fair, reasonable and non-discriminatory under the circumstances, and should reflect the joint tasks of parties to conduct due diligence in ongoing cooperation. Companies should also assess whether the business partner can reasonably be expected to comply with those provisions. Often contractual terms are unilaterally imposed on a supplier by a buyer, and any breach thereof is likely to result in unilateral action by the buyer, such as termination or disengagement. Such unilateral action is not appropriate in the context of due diligence and would probably itself result in adverse impacts. In cases where the breach of such contractual provisions gives rise to a potential adverse impact, the company should first take appropriate measures to prevent or adequately mitigate such impacts, rather than considering ending or suspending the contract, in accordance with applicable law. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate

	financial and administrative support for an SME with which they have a business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.

Amendment 47

Proposal for a directive
Recital 35

Text proposed by the Commission	*Amendment*
(35) In order to reflect the full range of options for the company in cases where potential impacts could not be addressed by the described prevention or minimisation measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.	***deleted***

Amendment 48

Proposal for a directive
Recital 36

Text proposed by the Commission	*Amendment*
(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should ***prioritize*** engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action	(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should ***prioritise*** engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action

after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and ***minimisation*** efforts***, if there is reasonable expectation that these efforts are to succeed in the short-term***; or to terminate the business relationship with respect to the activities concerned ***if*** the potential adverse impact ***is severe***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition law.

after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts ***that a company caused or contributed to and that*** could not be addressed by the described prevention or mitigation measures***, and there is no reasonable prospect of change***, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, ***as a last resort, in line with responsible disengagement,*** to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and ***mitigation*** efforts; or to terminate the business relationship with respect to the activities concerned ***on account of the severity of*** the potential adverse impact***, or if the conditions for temporary suspension are not met***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate ***or suspend*** the business relationship in contracts governed by their laws***. In deciding to terminate or suspend a business relationship, the company should assess whether the adverse impacts of that decision would be greater than the adverse impact which is intended to be prevented or mitigated. Where companies do temporarily suspend commercial relations or terminate the business relationship, they should take steps to prevent, mitigate, or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep that decision under review***. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the

indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition law.

Amendment 49

Proposal for a directive
Recital 37

Text proposed by the Commission	*Amendment*
(37) ***As regards direct and indirect business relationships, industry cooperation,*** industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to ***rely on*** such initiatives to support ***the implementation*** of their due diligence ***obligations laid down in this Directive to the extent that such schemes and*** initiatives ***are appropriate to*** support ***the fulfilment of those obligations. Companies could assess, at their own initiative, the alignment of these schemes*** and initiatives ***with the obligations under this Directive***. In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, ***may*** issue guidance for assessing the ***fitness*** of industry schemes and multi-stakeholder initiatives.	(37) Industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to ***participate in*** such initiatives to support ***aspects*** of their due diligence***, including to coordinate joint leverage, achieve efficiencies, scale up best practices, and seek expertise relevant to specific sectors, geographies, commodities or risk issues. The meaning of*** initiatives ***is broad and includes initiatives that*** support***, monitor, evaluate, certify and/or verify aspects of a company's due diligence, or the due diligence conducted by its subsidiaries and/or business relationships. Such initiatives may be developed and overseen by governments, industry associations, groupings of interested organisations, social partners or civil society organisations, and include monitoring organisations, global framework agreements, sector dialogues*** and initiatives ***that certify aspects of due diligence***. In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with

Member States, ***the OECD and relevant stakeholders, should*** issue guidance for assessing the ***precise scope, alignment with this Directive, and credibility*** of industry schemes and multi-stakeholder initiatives. ***Companies participating in industry or multi-stakeholder initiatives or using third party verification for aspects of their due diligence should still be able to be sanctioned or found liable for violations of this Directive and damage suffered by victims as a result. The minimum standards for third-party verifiers to be adopted via delegated acts under this Directive should be developed in close consultation with all relevant stakeholders and reviewed in light of their appropriateness in accordance with the objectives of this Directive. Third-party verifiers should be subject to oversight by the relevant authorities and, where necessary, be subject to sanctions, in accordance with national and EU legislation.***

Amendment 50

Proposal for a directive
Recital 38

Text proposed by the Commission	*Amendment*
(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights ***or*** environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries. However, it should be clarified that***, as regards established business relationships,*** where adverse impacts cannot be brought to an end, companies should ***minimise*** the extent of such impacts. Minimisation of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide	(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights ***and*** environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries. However, it should be clarified that where adverse impacts cannot be brought to an end, companies should ***mitigate*** the extent of such impacts***, whilst pursuing efforts to bring the adverse impact to an end, and implementing a corrective action plan, developed in consultation with affected stakeholders***. Minimisation of the extent of adverse

companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights and environmental adverse impacts to an end and minimisation of their extent, where relevant depending on the circumstances.

impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights and environmental adverse impacts to an end and minimisation of their extent, where relevant depending on the circumstances.

Amendment 51

Proposal for a directive
Recital 39

Text proposed by the Commission	*Amendment*
(39) So as to comply with the obligation of bringing to an end and ***minimising*** the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or ***minimise*** its extent***, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct*** to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies ***should also seek to obtain*** contractual ***assurances from a direct business*** partner with whom they have ***an established*** business relationship that they will ensure compliance with the ***company's*** code of conduct and, as necessary, a ***prevention*** action plan***, including by seeking*** corresponding contractual ***assurances from its*** partners, to the extent that their activities are part of the company's value chain. The contractual ***assurances*** should be accompanied by ***the*** appropriate measures to ***verify compliance***. Finally,	(39) So as to comply with the obligation of bringing to an end and ***mitigating*** the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or ***adequately mitigate*** its extent ***by restoring the affected persons, groups and communities and/or the environment back to a situation equivalent or as close as possible to their situation prior*** to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for ***the implementation of appropriate measures and*** action and qualitative and quantitative indicators for measuring improvement. Companies ***could also establish through*** contractual ***provisions with a*** partner with whom they have ***a*** business relationship that they will ensure compliance with the code of conduct and, as necessary, a ***corrective*** action plan***. Partners with whom the company has a business relationship could be asked to establish*** corresponding ***reasonable, non-discriminatory and fair*** contractual ***provisions with their*** partners, to the extent that their activities are part of

companies should also make investments aiming at ceasing or ***minimising*** the extent of adverse impact, provide targeted and proportionate support for an SMEs with which they have ***an established*** business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.	the company's value chain. The contractual ***provisions*** should be accompanied by ***measures to support carrying out due diligence as outlined in this Directive. Moreover, contractual provisions should be fair, reasonable and non-discriminatory, and reflect the joint tasks of parties to conduct due diligence in ongoing cooperation, with an emphasis on taking*** appropriate measures to ***bring adverse impacts to an end. Companies should also assess whether the business partner can reasonably be expected to comply with those provisions. Often contractual terms are unilaterally imposed on a supplier by a buyer, and any breach thereof is likely to result in unilateral action by the buyer such as termination or disengagement. Such unilateral action is not appropriate in the context of due diligence and would probably itself result in adverse impacts. In cases where the breach of such contractual provisions gives rise to a potential adverse impact, the company should first take appropriate measures to prevent or adequately mitigate such impacts, rather than consider ending or suspending the contract, in accordance with applicable law***. Finally, companies should also make investments aiming at ceasing or ***mitigating*** the extent of ***an*** adverse impact, provide targeted and proportionate support for an SMEs with which they have ***a*** business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.

Amendment 52

Proposal for a directive
Recital 40

Text proposed by the Commission	*Amendment*
(40) In order to reflect the full range of options for the company in cases where	***deleted***

actual impacts could not be addressed by the described measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a corrective action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.

PUBLIC

Amendment 53

Proposal for a directive
Recital 41

Text proposed by the Commission	*Amendment*
(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective, companies should ***prioritize*** engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success. However, this Directive should also, for cases where actual adverse impacts could not be brought to an end or adequately mitigated by the described ***measures***, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, to either temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or ***minimise the extent of*** the adverse impact, or terminate the business relationship with respect to the activities concerned, ***if the*** adverse impact ***is considered severe***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective, companies should ***prioritise*** engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success. However, this Directive should also, for cases where actual adverse impacts ***that a company caused or contributed to*** could not be brought to an end or adequately mitigated by the described ***measure, and there is no reasonable prospect of change***, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, ***as a last resort, in line with responsible disengagement,*** to either temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or ***mitigate*** the adverse impact, or terminate the business relationship with respect to the activities concerned, ***on account of the severity of the actual*** adverse impact ***or if the conditions for temporary suspension are***

contracts governed by their laws.	***not met***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate ***or suspend*** the business relationship in contracts governed by their laws. ***In deciding to terminate or suspend a business relationship, the company should assess whether the adverse impacts of that decision would be greater than the adverse impact which is intended to be brought to an end or mitigated. Where companies do temporarily suspend commercial relations or terminate the business relationship, they should take steps to prevent, mitigate, or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep the decision under review.***

Amendment 54

Proposal for a directive
Recital 41 a (new)

Text proposed by the Commission	*Amendment*
	(41a) Where a company has caused or contributed to an actual adverse impact, the company should take appropriate measures to remediate that impact. Remedial measures should aim to restore the affected persons and groups or communities and/or the environment to a situation equivalent or as close as possible to their situation prior to the impact, and be developed taking into account the needs and views expressed by affected stakeholders. They may include, but are not limited to, compensation, restitution, rehabilitation, public apologies, reinstatement or cooperation in good faith with investigations. In certain situations, financial compensation may be a necessary way to provide such restoration. Where a company is directly linked to an adverse impact, it should be allowed to voluntarily participate in any remedial measures, where appropriate, and

consider using its leverage with responsible parties to enable the remediation of any damage caused by an impact. Member States should ensure that stakeholders affected by an adverse impact should not be required to seek remediation prior to filing claims in court.

Amendment 55

Proposal for a directive
Recital 42

Text proposed by the Commission	*Amendment*
(42) Companies should provide ***the possibility for*** persons and organisations to ***submit complaints directly to them*** in case of legitimate concerns regarding actual or potential human rights ***and*** environmental adverse impacts. Organisations who could submit such ***complaints*** should include trade unions and other workers' representatives representing individuals working in the value chain concerned and civil society organisations active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact. Companies should establish a procedure for dealing with those ***complaints*** and inform workers, trade unions and other workers' representatives, where relevant, about such processes. ***Recourse to the complaints and remediation mechanism*** should not ***prevent the complainant*** from having ***recourse*** to judicial ***remedies***. In accordance with international standards, ***complaints*** should be entitled to ***request*** from the company appropriate follow-up ***on the complaint*** and ***to meet*** with the company's representatives at an appropriate level to discuss potential or actual ***severe*** adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.	(42) Companies should provide ***a publicly available and effective notification and non-judicial grievance mechanisms at operational level, that can be used by*** persons and organisations to ***notify them of or raise grievances and request remediation*** in case of legitimate concerns regarding actual or potential human rights***,*** environmental adverse impacts ***in the value chain***. ***Persons and*** organisations who could submit such ***grievances*** should include ***persons who are affected or have reasonable grounds to believe that they might be affected and their legitimate representatives,*** trade unions and other workers' representatives representing individuals working in the value chain concerned and ***credible and experienced organisations the purpose of which includes the protection of the environment. Notifications may be submitted by the aforementioned persons and organisations as well as*** civil society organisations active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact***, and legal and natural persons defending human rights and the environment***. Companies should establish a procedure for dealing with those ***notifications and grievances*** and inform workers, trade unions and other workers' representatives, where relevant, about such processes. ***Companies should provide the***

possibility of submitting notifications and grievances through collaborative arrangements , including industry initiatives, with other companies or organisations, by participating in multi-stakeholder grievance mechanisms or joining a global framework agreement. The submission of a notification or grievance should not ***be a prerequisite nor preclude the person submitting them*** from having ***access to the substantiated concerns procedure nor*** to judicial ***or other non-judicial mechanisms, such as the OECD national contact points where they exist***. In accordance with international standards, ***persons submitting grievances or notifications , where they do not submit them anonymously,*** should be entitled to ***receive*** from the company ***timely and*** appropriate follow-up and ***persons submitting grievances should be additionally entitled to engage*** with the company's representatives at an appropriate level to discuss potential or actual adverse impacts that are the subject matter of the complaint***, to be provided with the reasoning as to whether a grievance has been considered founded or unfounded and provided with information on the steps and actions taken, and to request remediation or contribution to remediation***. This access should not lead to unreasonable solicitations of companies. ***Companies should also be responsible for ensuring that any persons submitting grievances or notifications are protected from potential retaliation and retribution, including by ensuring anonymity or confidentiality in the notification and grievance process, in accordance with national law. The notification and non-judicial grievance procedure should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, gender- and culturally responsive, based on engagement and dialogue, and adaptable as set out in the effectiveness criteria for non-judicial grievance mechanisms in Principle 31 of the United Nations Guiding Principles on Business***

and Human Rights and the United Nations Committee on the Rights of the Child General Comment No 16. Companies should raise awareness among affected stakeholders of the existence, objectives and processes of notifications and grievance mechanisms, in the official language(s) of the state where they are operating, including on how to access them, decisions and remedies relating to a company and how the company is implementing them. Workers and their representatives should also be properly protected, and any non-judicial remediation efforts should be without prejudice to encouraging collective bargaining and recognition of trade unions and should by no means undermine the role of legitimate trade unions or workers' representatives in addressing labour-related disputes.

Amendment 56

Proposal for a directive
Recital 43

Text proposed by the Commission	*Amendment*
(43) Companies should ***monitor*** the implementation and effectiveness of their ***due diligence measures***. They should carry out ***periodic*** assessments of their own operations, those of their subsidiaries and***,*** ***where related to the value chains of the company,*** those of their ***established*** business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end ***and*** mitigation of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are up-to-date, they should be carried out ***at least every 12 months*** and be revised ***in-***	(43) Companies should ***continuously verify*** the implementation ***and monitor the adequacy*** and effectiveness of their ***actions taken in accordance with this Directive***. They should carry out assessments of their own operations, ***products and services,*** those of their subsidiaries and those of their business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end***,*** mitigation ***and remediation*** of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are up-to-date, they should be carried out ***continuously and after a significant***

between if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen.

change occurs, and be revised ***continuously*** if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen. ***Companies should retain documentation demonstrating their compliance with this requirement for 10 years.***

Amendment 57

Proposal for a directive
Recital 44

Text proposed by the Commission	*Amendment*
(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. ***The proposal to amend*** Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it. As regards companies that are within the scope of this Directive, but do not fall under Directive 2013/34/EU, in order to comply with their obligation of communicating as part of the due diligence under this Directive, they should publish on their website an annual statement ***in a language customary in the sphere of international business***.	(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive ***as well as Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, for financial undertakings***. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it***, nor should it introduce any new reporting obligations in addition to those under Regulation (EU) 2019/2088***. As regards companies that are within the scope of this Directive, but do not fall under Directive 2013/34/EU, in order to comply with their obligation of communicating as part of the due diligence under this Directive, they should publish

on their website an annual statement ***that is consistent with those requirements in at least one of the official languages of the Union***.

Amendment 58

Proposal for a directive
Recital 44 a (new)

Text proposed by the Commission	*Amendment*
	(44a) Requirements on companies which are under the scope of this Directive and at the same time are subject to reporting requirements under Articles 19a, 29a and 40a of Directive 2013/34/EU and therefore should report on their due diligence process as stipulated in Articles 19a, 29a and 40a of Directive 2013/34/EU should be understood as a requirement for companies to describe how they implement due diligence as provided for in this Directive. When fulfilling the requirements of Directive 2013/34/EU to report on actions taken to identify potential or actual adverse impacts, companies should explain whether they prioritised the order in which they took appropriate measures, how that approach was applied, and why it was necessary to prioritise. When fulfilling the requirements of Directive 2013/34/EU to report on any actions taken by the undertaking to prevent, mitigate, remediate or bring an end to actual or potential adverse impacts, and the result of such actions, the company should also disclose the number of instances where it decided to disengage, the reason for this disengagement and the location of the concerned business relationships without disclosing their identity.

Amendment 59

Proposal for a directive
Recital 44 b (new)

Text proposed by the Commission	*Amendment*
	(44b) It is not the objective of this Directive to require companies to publicly disclose intellectual capital, intellectual property, know-how or the results of innovation that would qualify as trade secrets as defined in Directive (EU) 2016/943 of the European Parliament and of the Council. Reporting requirements provided for in this Directive should therefore be without prejudice to Directive (EU) 2016/943. This Directive should also apply without prejudice to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

Amendment 60

Proposal for a directive
Recital 44 c (new)

Text proposed by the Commission	*Amendment*
	(44c) Companies should take appropriate measures to carry out meaningful engagement with affected stakeholders allowing for genuine interaction and dialogue in their due diligence process. Engagement should cover information and consultation of affected stakeholders and should be comprehensive, structural, effective, timely and culturally and gender responsive. There are situations in which it will not be possible to carry out meaningful engagement with affected stakeholders, or where engagement with additional expert perspectives is useful to allow the company to comply fully with

the requirements of this Directive, in particular in the context of scoping and prioritisation decisions. . In these cases companies should engage in meaningful engagement with other relevant stakeholders, such as civil society organisations or legal or natural persons defending human rights or the environment in order to gain credible insights into potential or actual adverse impacts. Consultation should be ongoing and companies should provide comprehensive, targeted and relevant information to affected stakeholders. Affected stakeholders should have the right to request additional written information, which should be provided by the company within a reasonable amount of time and in an appropriate and comprehensive format. Where such a request is refused, affected stakeholders should have the right to a written justification for such refusal. The information and consultation of affected stakeholders should take due account of barriers to engagement , ensure that stakeholders are free from retaliation and retribution, including by maintaining confidentiality and anonymity, and particular attention should be paid to the needs of vulnerable stakeholders, and to overlapping vulnerabilities and intersecting factors, including by ensuring a gender-responsive approach, and fully respecting the United Nations Declaration on the Rights of Indigenous Peoples. Workers representatives should be informed by their company about its due diligence strategy and its implementation, in accordance with existing EU law and without prejudice to their applicable rights to information, consultation and participation, and in particular those covered by relevant EU legislation in the field of employment and social rights, including Directive 2002/14/EC of the European Parliament and of the Council [106a], Directive 2009/38/EC of the European Parliament and of the Council [107a], and Council Directive 2001/86/EC of

the European Parliament and of the Council [108a]. Consultation with stakeholders should be considered relevant in situations where the potential and actual impacts or the actions provided under Article 4 to 10 can be reasonably foreseen to affect the rights or interest of stakeholders or when affected stakeholders have requested for information, consultation or dialogue.

[1a] Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community - Joint declaration of the European Parliament, the Council and the Commission on employee representation (OJ L 80, 23.3.2002, p. 29).

[1b] Directive 2009/38/EC of the European Parliament and of the Council of 6 May 2009 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees (OJ L 122, 16.5.2009, p. 28).

[1c] Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees (OJ L 294, 10.11.2001, p. 22).

Amendment 61

Proposal for a directive
Recital 44 d (new)

Text proposed by the Commission	*Amendment*
	(44d) Strategic lawsuits against public participation are a particular form of harassment brought against natural or legal persons to prevent or penalise speaking up on issues of public interest.

Member States should provide necessary safeguards to address those manifestly unfounded claims or abusive court proceedings against public participation in accordance with national and EU legislation.

Amendment 62

Proposal for a directive
Recital 45

Text proposed by the Commission	*Amendment*
(45) In order to ***facilitate*** companies***' compliance*** with their due diligence requirements through their value chain ***and limiting shifting compliance burden on SME business partners***, the Commission should provide guidance on model contractual clauses.	(45) In order to ***give*** companies ***tools to help them comply*** with their due diligence requirements through their value chain, the Commission***, in consultation with Member States and relevant stakeholders,*** should provide guidance on model contractual clauses***, which can be used voluntarily by companies as a tool to help fulfil their obligations in Articles 7 and 8. Such contractual clauses should stipulate, as a minimum, a clear allocation of tasks between contracting parties in ongoing cooperation, that they can not result in the transfer of responsibility for carrying out due diligence, and that, when such clauses are breached, companies should avoid terminating such clauses by first taking appropriate measures in line with Articles 7 and 8 of this Directive. The guidance should further clarify that the simple inclusion of contractual assurances cannot, on its own, satisfy the due diligence standards of this Directive. Such standards should only be satisfied if due diligence obligations are assigned to others in a diligent manner that ensures the effective performance of those obligations and includes measures appropriate to the circumstances, such as monitoring, financial and non-financial assistance, and responsible purchasing practices.***

Amendment 63

Proposal for a directive
Recital 46

Text proposed by the Commission	*Amendment*
(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States ***and*** stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate ***with*** international bodies having expertise in due diligence, should ***have the possibility to*** issue guidelines, including ***for specific sectors or*** specific ***adverse impacts***.	(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States***, the European cross-industry and sectoral social partners and other relevant*** stakeholders***, including civil society organisations***, the European Union Agency for Fundamental Rights, the European Environment Agency, ***the European Labour Authority, the European External Action Service, the European Innovation Council and the Small and Medium-Sized Enterprises Executive Agency (EISMEA), the European Food Safety Authority,*** and where appropriate ***the OECD and other*** international bodies having expertise in due diligence, should issue ***clear and easily understandable*** guidelines, including ***general and sector*** specific ***guidance, in order to facilitate compliance in a practical manner***.

Amendment 64

Proposal for a directive
Recital 46 a (new)

Text proposed by the Commission	*Amendment*
	(46a) In order to support companies fulfilling their due diligence obligations along their value chain, the European Commission should conduct further research on digital tools and promote them.

Amendment 65

Proposal for a directive
Recital 47

Text proposed by the Commission	*Amendment*
(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis. In order to support SMEs, Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms, and Member States ***could*** also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures***, in case such requirements would jeopardize the viability of the SME*** and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.	(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis. In order to support SMEs, Member States***, with the support of the Commission,*** should set up and operate, either individually or jointly, dedicated ***user-friendly*** websites, portals or platforms, and Member States ***should*** also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs. ***SMEs should also have the possibility to apply this Directive on a voluntary basis and should for that purpose be supported through adequate measures and tools, and be incentivised.***

Amendment 66

Proposal for a directive
Recital 48

Text proposed by the Commission	*Amendment*
(48) In order to complement Member State support to SMEs, the Commission ***may*** build on existing EU tools, projects and other actions helping with the due diligence implementation in the EU and in	(48) In order to complement Member State support to ***companies in their implementation, including*** SMEs, the Commission ***should*** build on existing EU tools, projects and other actions helping

third countries. It ***may*** set up new support measures that provide help to companies, including SMEs on due diligence requirements, including an observatory for value chain transparency and the facilitation of joint stakeholder initiatives.

with the due diligence implementation in the EU and in third countries. It ***should*** set up new support measures that provide help to companies, including SMEs on due diligence requirements, including an observatory for value chain transparency and the facilitation of joint stakeholder initiatives.

Amendment 67

Proposal for a directive
Recital 49

Text proposed by the Commission	*Amendment*
(49) The Commission and Member States should continue to work in partnership with third countries to support upstream economic operators build the capacity to effectively prevent and mitigate adverse human rights and environmental impacts of their operations and business relationships, paying specific attention to the challenges faced by smallholders. They should use their neighbourhood, development and international cooperation instruments to support third country governments and upstream economic operators in third countries addressing adverse human rights and environmental impacts of their operations and upstream business relationships. This could include working with partner country governments, the local private sector and stakeholders on addressing the root causes of adverse human rights and environmental impacts.	(49) The Commission and Member States should continue to work in partnership with third countries to support upstream economic operators build the capacity to effectively prevent and mitigate adverse human rights and environmental impacts of their operations and business relationships, paying specific attention to the challenges faced by smallholders. They should use their neighbourhood, development and international cooperation instruments***, including Free Trade Agreements,*** to support third country governments and upstream economic operators in third countries addressing adverse human rights and environmental impacts of their operations and upstream business relationships. This could include working with partner country governments, the local private sector and stakeholders on addressing the root causes of adverse human rights and environmental impacts.

Amendment 68

Proposal for a directive
Recital 50

Text proposed by the Commission	*Amendment*
(50) In order to ensure that this	(50) In order to ensure that this

Directive effectively contributes to combating climate change, companies should adopt ***a plan*** to ensure that the business model and strategy of the company are ***compatible with*** the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement***. In case*** climate ***is or*** should ***have been identified as a principal risk for or a principal impact of*** the company's ***operations***, ***the company should include emissions reduction objectives in its plan***.	Directive effectively contributes to combating climate change, companies should ***in consultation with stakeholders*** adopt ***and implement a transition plan in line with the reporting requirements in Article 19a of Directive (EU) 2022/2464 (CSRD)*** to ensure that the business model and strategy of the company are ***aligned with the objectives of*** the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement***, as well as the objective of achieving*** climate ***neutrality by 2050 as established in Regulation (EU) 2021/1119 (European Climate Law), and the 2030 climate target. The plan*** should ***take into account the value chain and include time-bound targets related to their climate objectives for scope 1, 2 and, where relevant, 3 emissions, including, where appropriate, absolute emission reduction targets for greenhouse gas including, where relevant, methane emissions, for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence, except where a company can demonstrate that its operations and value chain do not cause greenhouse gas emissions and that such emission reduction targets would therefore not be appropriate. The plans should develop implementing actions to achieve*** the company's ***climate targets and be based on conclusive scientific evidence***, ***meaning evidence with independent scientific validation that is consistent with the limiting of global warming to 1.5°C as defined by the Intergovernmental Panel on Climate Change (IPCC) and taking into account the recommendations of the European Scientific Advisory Board on Climate Change***.

Amendment 69

Proposal for a directive
Recital 51

Text proposed by the Commission	*Amendment*
(51) ***With a view*** to ensure that ***such emission reduction plan is properly implemented and embedded in*** the financial incentives of directors, ***the plan*** should ***be duly taken into account when setting*** directors' ***variable remuneration, if*** variable remuneration is linked to the ***contribution of a director to*** the company's ***business strategy and long-term interests and sustainability***.	(51) ***Transition plans should include clear obligations for directors and board members*** to ensure that ***environmental and climate risks and impacts are addressed in the company's strategy. With a view to increasing*** the financial incentives of directors, ***companies with more than 1000 employees on average*** should ***have a relevant and effective policy in place to ensure that a part of the*** directors' variable remuneration is linked to the ***achievement of the targets of*** the company's ***transition plan for combating climate change***.

Amendment 70

Proposal for a directive
Recital 53

Text proposed by the Commission	*Amendment*
(53) In order to ensure the monitoring of the correct implementation of companies' due diligence obligations and ensure the proper enforcement of this Directive, Member States should designate one or more national supervisory authorities. These supervisory authorities should be of a public nature, independent from the companies falling within the scope of this Directive or other market interests, and free of conflicts of interest. In accordance with national law, Member States should ensure appropriate financing of the competent authority. They should be entitled to carry out investigations, on their own initiative or based on ***complaints*** or substantiated concerns raised under this Directive. Where competent authorities under sectoral legislation exist, Member States could identify those as responsible for the application of this Directive in their areas of competence. They could designate authorities for the supervision of regulated financial undertaking also as supervisory authorities for the purposes of this	(53) In order to ensure the monitoring of the correct implementation of companies' due diligence obligations and ensure the proper enforcement of this Directive, Member States should designate one or more national supervisory authorities. These supervisory authorities should be of a public nature, independent from the companies falling within the scope of this Directive or other market interests, and free of conflicts of interest. In accordance with national law, Member States should ensure appropriate financing of the competent authority. They should be entitled to carry out investigations, ***including, where appropriate, on-site inspections and hearing of relevant stakeholders,*** on their own initiative or based on ***grievances*** or substantiated concerns raised under this Directive. Where competent authorities under sectoral legislation exist, Member States could identify those as responsible for the application of this Directive in their areas of competence. They could designate authorities for the supervision of regulated

Directive.

financial undertaking also as supervisory authorities for the purposes of this Directive. ***Member States, when designating supervisory authorities and defining the procedures by which they operate, should ensure coordination and complementarity with other processes available under other international instruments, such as the non-judicial grievance mechanism operated by National Contact Points.***

Amendment 71

Proposal for a directive
Recital 54

Text proposed by the Commission	*Amendment*
(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for dissuasive, proportionate and effective sanctions for infringements of those measures. In order for such sanction regime to be effective, administrative sanctions to be imposed by the national supervisory authorities should include pecuniary sanctions. Where the legal system of a Member State does not provide for administrative sanctions as foreseen in this Directive, the rules on administrative sanctions should be applied in such a way that the sanction is initiated by the competent supervisory authority and imposed by the judicial authority. Therefore, it is necessary that those Member States ensure that the application of the rules and sanctions has an equivalent effect to the administrative sanctions imposed by the competent supervisory authorities.	(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for dissuasive, proportionate and effective sanctions for infringements of those measures. In order for such sanction regime to be effective, administrative sanctions to be imposed by the national supervisory authorities should include pecuniary sanctions***, a public statement indicating that the company is responsible and the nature of the infringement, obligations to perform an action including ceasing the conduct constituting the infringement and desisting from any repetition of that conduct, and suspension of products from free circulation or export***. Where the legal system of a Member State does not provide for administrative sanctions as foreseen in this Directive, the rules on administrative sanctions should be applied in such a way that the sanction is initiated by the competent supervisory authority and imposed by the judicial authority. Therefore, it is necessary that those Member States ensure that the application of the rules and sanctions has an equivalent effect to the administrative sanctions imposed by the competent supervisory

authorities.

Amendment 72

Proposal for a directive
Recital 54 a (new)

Text proposed by the Commission	*Amendment*
	(54a) In order to prevent an artificial reduction of potential administrative fines resulting from an ultimate parent company shifting its net worldwide turnover to third entities, Member States should ensure that, with regards to companies referred to in Articles 2(1)(b) and 2(2)(b), administrative pecuniary sanctions are calculated taking into account the consolidated turnover reported by that company.

Amendment 73

Proposal for a directive
Recital 54 b (new)

Text proposed by the Commission	*Amendment*
	(54b) Under Article 18(2) of Directive 2014/24/EU, Article 36(2) of Directive 2014/25/EU and Article 30(3) of Directive 2014/23/EU, Member States are required to take appropriate measures to ensure compliance with obligations under Union law with regards to procurement and concession contracts. Therefore the Commission should assess whether it is relevant to review these directives to further specify the requirements and measures Member States are to adopt to ensure compliance with the sustainability and due diligence obligations under this Directive throughout procurement and concession processes, from selection to performance of the contract.

Amendment 74

Proposal for a directive
Recital 56

Text proposed by the Commission	*Amendment*
(56) In order to ensure effective compensation of victims of adverse impacts, Member States should be required to lay down rules governing the civil liability of companies for damages arising due to its failure to comply with the due diligence process. The company should be liable for damages if they failed to comply with the obligations to prevent and mitigate potential adverse impacts or to bring actual impacts to an end and ***minimise their extent***, and as a result of this failure an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures ***occurred*** and led to damage.	(56) In order to ensure effective compensation of victims of adverse impacts, Member States should be required to lay down rules governing the civil liability of companies for damages arising due to its failure to comply with the due diligence process. The company should be liable for damages if they failed to comply with the obligations to prevent and mitigate potential adverse impacts or to bring actual impacts to an end and ***mitigate them , or provide remediation***, and as a result of this failure ***the company caused or contributed to*** an adverse impact that should have been identified, ***prioritised,*** prevented, mitigated,***,*** brought to an end***, remediated*** or its extent minimised through the appropriate measures***,*** and led to damage. ***Member States should also make sure that , in case there is no legal successor, the mother companies can be held liable for their subsidiary where the subsidiary is under the scope of this Directive or was at the time of the impact and has been dissolved by the parent company or has dissolved itself intentionally in order to avoid liability, irrespective of any cooperation with the parent company in conducting due diligence.***

Amendment 75

Proposal for a directive
Recital 57

Text proposed by the Commission	*Amendment*
(57) ***As regards damages occurring at the level of established indirect business relationships, the liability of the company should be subject to specific conditions. The company should not be liable if it***	(57) In the assessment of the existence and extent of liability, due account ***should*** be taken of the company's efforts, insofar as they relate directly to the damage in question, to ***take*** remedial action***,***

carried out specific due diligence measures. However, it should not be exonerated from liability through implementing such measures in case it was unreasonable to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the adverse impact. In addition, in the assessment of the existence and extent of liability, due account ***is to*** be taken of the company's efforts, insofar as they relate directly to the damage in question, to ***comply with any*** remedial action required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with other entities to address adverse impacts in its value chains.

including that required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with ***affected stakeholders and*** other entities to address adverse impacts in its value chains.

PUBLIC

Amendment 76

Proposal for a directive
Recital 57 a (new)

Text proposed by the Commission	*Amendment*
	(57a) Moreover, the possibility for a company to prioritise, when necessary, should be taken into consideration for its potential liability under Article 22. Provided that the prioritisation was done faithfully with regard to the severity and likelihood of the adverse impact, a company should not be held liable if an adverse impact arises from an activity or operation that was legitimately not prioritised.

Amendment 77

Proposal for a directive
Recital 58

Text proposed by the Commission	*Amendment*
(58) The liability regime does not	(58) The liability regime does not

regulate who should prove that the company's action was reasonably adequate under the circumstances of the case, ***therefore this question is left to*** national law.	regulate who should prove that the company's action was reasonably adequate under the circumstances of the case, ***however Member States may foresee in their*** national law ***that where a claimant provides prima facie elements substantiating the likelihood of the defendant's liability, the defendant is held liable, unless it can prove that it has complied with its obligations under this Directive***.

Amendment 78

Proposal for a directive
Recital 59

Text proposed by the Commission	*Amendment*
(59) As regards civil liability rules, the civil liability of a company for damages arising due to its failure to carry out adequate due diligence should be without prejudice to civil liability of its subsidiaries or the respective civil liability of direct and indirect business partners in the value chain. Also, the civil liability rules under this Directive should ***be without prejudice to*** Union or national rules on ***civil*** liability ***related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive***.	(59) As regards civil liability rules, the civil liability of a company for damages ***that it has caused or contributed to*** arising due to its failure to carry out adequate due diligence should be without prejudice to civil liability of its subsidiaries or the respective civil liability of direct and indirect business partners in the value chain. Also, the civil liability rules under this Directive should ***not limit companies' liability under*** Union or national ***legal systems, including*** rules on ***joint and several*** liability.

Amendment 79

Proposal for a directive
Recital 59 a (new)

Text proposed by the Commission	*Amendment*
	(59a) The right to an effective remedy is an internationally recognised human right, enshrined in Article 8 of the Universal Declaration of Human Rights, Article 9(3) of the Aarhus Convention on

Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters and Article 2(3)of the International Covenant on Civil and Political Rights, and is also a fundamental right of the Union within the meaning of Article 47 of the Charter. Delays and difficulties in accessing evidence, as well as gender disparity, geographical location, vulnerabilities and marginalisation can constitute major practical and procedural obstacles for the persons concerned, hindering their access to an effective remedy without fear of reprisals. Member States should thus ensure that victims have access to an effective remedy and that the costs and the length of the proceedings do not prevent them from access to courts. These measures may, for example, take the form of public funding, including structural support for victims of actual and potential adverse impacts, limitation of applicable court or administrative fees, or access to legal aid.

Amendment 80

Proposal for a directive
Recital 59 b (new)

Text proposed by the Commission	*Amendment*
	(59b) Mandated trade unions, civil society organisations or other relevant actors acting in the public interest, such as National Human Rights Institutions or an Ombudsman, should be able to bring actions before their courts on behalf of a victim or group of victims of adverse impacts, and should have the rights and obligations of a claimant party in the proceedings, without prejudice to existing national law.

Amendment 81

Proposal for a directive
Recital 59 c (new)

Text proposed by the Commission	*Amendment*
	(59c) Limitation periods for bringing civil liability claims for damages should be at least ten years. When setting the starting point of such limitation periods, Member States should consider taking into account the moment the impact causing the damage has ceased and when the victim concerned knew or could be reasonable expected to have known that the damage they suffered was caused by the adverse impact.

Amendment 82

Proposal for a directive
Recital 65 a (new)

Text proposed by the Commission	*Amendment*
	(65a) Human rights and environmental rights defenders are on the front line of the consequences of adverse environmental and human rights impacts worldwide and in the EU, and have been threatened, intimidated, persecuted, harassed or even murdered. Companies should therefore not expose them to any kind of violence.

Amendment 83

Proposal for a directive
Recital 69

Text proposed by the Commission	*Amendment*
(69) This Directive is without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict	(69) This Directive is without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict

with a provision of another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and shall apply to those specific obligations.	with a provision of another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and shall apply to those specific obligations, ***in those cases where the obligations set out in another legislative act apply to a more specific sector or subject matter. Such acts include, but are not limited to existing as well as future EU legislation regarding timber and deforestation, posting of workers and forced labour.***

Amendment 84

Proposal for a directive
Recital 70

Text proposed by the Commission	*Amendment*
(70) The Commission should assess and report whether ***new sectors*** should be ***added to the list of high-impact*** sectors ***covered by this Directive***, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear evidence on labour exploitation, human rights violations or newly emerging environmental threats, ***whether the list of relevant international conventions referred to in this Directive should be amended, in particular in the light of international developments, or whether the provisions on due diligence under this Directive should be extended to adverse climate impacts***.	(70) The Commission should assess and report whether ***the scope of the Directive*** should be ***lowered, in particular for certain*** sectors, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear ***data or*** evidence on labour exploitation, human rights violations or newly emerging environmental threats, ***including data from the EBRD, ILO or FRA***.

Amendment 85

Proposal for a directive
Article 1 – paragraph 1 – subparagraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) on obligations for companies	(a) on obligations for companies

regarding actual and potential human rights adverse impacts and environmental adverse impacts, with respect to their own operations, ***the operations*** of their subsidiaries, and the ***value chain*** operations carried out by entities with whom the company has ***an established*** business relationship and	regarding actual and potential human rights adverse impacts and environmental adverse impacts ***that they caused, contributed to or are directly linked to***, with respect to their own operations, ***and those*** of their subsidiaries, and the operations carried out by entities ***in their value chain*** with whom the company has ***a*** business relationship and

Amendment 86

Proposal for a directive
Article 1 – paragraph 1 – subparagraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) on liability for violations of the obligations mentioned above***.***	(b) on liability for violations of the obligations mentioned above ***which led to damage;***

Amendment 87

Proposal for a directive
Article 1 – paragraph 1 – subparagraph 2

Text proposed by the Commission	*Amendment*
The nature of business relationships as 'established' shall be reassessed periodically, and at least every 12 months.	***deleted***

Amendment 88

Proposal for a directive
Article 1 – paragraph 2

Text proposed by the Commission	*Amendment*
2. This Directive shall not constitute grounds for reducing the level of protection of human rights ***or of protection of*** the environment or ***the protection of*** the climate provided for by the ***law of*** Member States at the time of the adoption of this Directive.	2. This Directive shall not constitute grounds for reducing the level of protection of human rights***, including employment and social rights as stipulated in existing Union and national legislation,*** the environment or the climate provided for by the Member States ***or by applicable***

collective agreements, at the time of the adoption of this Directive.

Amendment 89

Proposal for a directive
Article 2 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) the company had more than ***500*** employees on average and had a net worldwide turnover of more than EUR ***150*** million in the last financial year for which annual financial statements have been prepared;	(a) The company had more than ***250*** employees on average and had a net worldwide turnover of more than EUR ***40*** million in the last financial year for which annual financial statements have been prepared;

Amendment 90

Proposal for a directive
Article 2 – paragraph 1 – point b – introductory part

Text proposed by the Commission	*Amendment*
(b) the company did not reach the thresholds under ***point (a),*** but ***had more than 250*** employees ***on average and had*** a net worldwide turnover of more than ***EUR 40*** million in the last financial year for which annual financial statements have been prepared***, provided that at least 50% of this net turnover was generated in one or more of the following sectors:***	(b) the company did not reach the thresholds under ***(a)*** but ***is the ultimate parent company of a group that had 500*** employees ***and*** a net worldwide turnover of more than ***150*** million in the last financial year for which annual financial statements have been prepared***.***

Amendment 91

Proposal for a directive
Article 2 – paragraph 1 – point b – point i

Text proposed by the Commission	*Amendment*
(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear;	***deleted***

Amendment 92

Proposal for a directive
Article 2 – paragraph 1 – point b – point ii

Text proposed by the Commission	*Amendment*
(ii) agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages;	***deleted***

PUBLIC

Amendment 93

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii

Text proposed by the Commission	*Amendment*
(iii) the extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products).	***deleted***

Amendment 94

Proposal for a directive
Article 2 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year;	(a) ***the company*** generated a net ***worldwide*** turnover of more than EUR 150 million***, provided that at least EUR 40 million was generated*** in the Union in the

financial year preceding the last financial year***, including turnover generated by third party companies with whom the company and/or its subsidiaries has entered into a vertical agreement in the Union in return for royalties***;

Amendment 95

Proposal for a directive
Article 2 – paragraph 2 – point b

Text proposed by the Commission	*Amendment*
(b) ***generated a net turnover of more than EUR 40 million but not more than EUR 150 million in the Union in the financial year preceding the last financial year, provided that at least 50% of its*** net worldwide turnover was generated in ***one or more of the sectors listed in paragraph 1, point (b).***	(b) ***the company did not reach the thresholds under (a) but is the ultimate parent company of a group that had 500 employees and a*** net worldwide turnover ***of more than 150 million and at least 40 million*** was generated in ***the Union in the last financial year for which annual financial statements have been prepared, including turnover generated by third party companies with whom the company and/or its subsidiaries has entered into a vertical agreement in the Union in return for royalties.***

Amendment 96

Proposal for a directive
Article 2 – paragraph 3

Text proposed by the Commission	*Amendment*
3. For the purposes of paragraph 1, the number of part-time employees shall be calculated on a full-time equivalent basis. Temporary agency workers shall be included in the calculation of the number of employees in the same way as if they were workers employed directly for the same period of time by the company.	3. For the purposes of paragraph 1, the number of part-time employees shall be calculated on a full-time equivalent basis. Temporary agency workers ***and other workers in non-standard forms of employment*** shall be included in the calculation of the number of employees in the same way as if they were workers employed directly for the same period of time by the company.

Amendment 97

Proposal for a directive
Article 3 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
For the purpose of this Directive, the following definitions shall apply:	***1.*** For the purpose of this Directive, the following definitions shall apply:

Amendment 98

Proposal for a directive
Article 3 – paragraph 1 – point a – point i

Text proposed by the Commission	*Amendment*
(i) a legal person constituted as one of the legal forms listed in Annex I to Directive 2013/34/EU of the European Parliament and of the Council[110] ;	(i) a legal person constituted as one of the legal forms listed in Annex I ***and Annex II*** to Directive 2013/34/EU of the European Parliament and of the Council[110];
[110] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (OJ L 182, 29.6.2013, p. 19).	[110] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (OJ L 182, 29.6.2013, p. 19).

Amendment 99

Proposal for a directive
Article 3 – paragraph 1 – point a – point iii

Text proposed by the Commission	*Amendment*
(iii) a legal person constituted as one of the legal forms listed in Annex II to Directive 2013/34/EU composed entirely of undertakings organised in one of the legal forms falling within points (i) and (ii);	***deleted***

Amendment 100

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 8

Text proposed by the Commission	*Amendment*
— pension institutions operating pension schemes which are considered to be social security schemes covered by Regulation (EC) No 883/2004 of the European Parliament and of the Council[119] and Regulation (EC) No 987/2009 of the European Parliament and of the Council[120] as well as any legal entity set up for the purpose of investment of such schemes;	***deleted***

[119] Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems (OJ L 166, 30.4.2004, p. 1).

[120] Regulation (EC) No 987/2009 of the European Parliament and of the Council of 16 September 2009 laying down the procedure for implementing Regulation (EC) No 883/2004 on the coordination of social security systems (OJ L 284, 30.10.2009, p. 1).

Amendment 101

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 9

Text proposed by the Commission	*Amendment*
— an alternative investment fund (AIF) managed by an AIFM as defined in Article 4(1), point (b), of Directive 2011/61/EU or an AIF supervised under the applicable national law;	***deleted***

Amendment 102

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 10

Text proposed by the Commission	*Amendment*
— UCITS in the meaning of Article 1(2) of Directive 2009/65/EC;	***deleted***

Amendment 103

Proposal for a directive
Article 3 – paragraph 1 – point a a (new)

Text proposed by the Commission	*Amendment*
	(aa) 'investee company' means a company in which an institutional investor or asset manager invests which cannot be considered as a controlled undertaking;

Amendment 104

Proposal for a directive
Article 3 – paragraph 1 – point a b (new)

Text proposed by the Commission	*Amendment*
	(ab) 'institutional investor' means an entity as defined by Article 2(e) of Directive 2007/36/EC, within the scope of Article 2 of this Directive;

Amendment 105

Proposal for a directive
Article 3 – paragraph 1 – point a c (new)

Text proposed by the Commission	*Amendment*
	(ac) 'asset manager' means an entity as defined by Article 2(f) of Directive 2007/36/EC, within the scope of Article 2 of this Directive;

Amendment 106

Proposal for a directive
Article 3 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) 'adverse environmental impact' means an adverse impact on the environment resulting from the ***violation of one of the prohibitions and*** obligations ***pursuant*** to the international ***environmental conventions*** listed in the Annex**,** Part II;	(b) 'adverse environmental impact' means an adverse impact on the environment resulting from the ***failure to comply with*** obligations ***in line with the relevant provisions of the instruments listed in Part I, points 18 and 19, of the Annex and Part II of the Annex, taking into account, where available, the national legislation and measures linked to those provisions related*** to the international ***texts*** listed in ***Part I, points 18 and 19, of the Annex and*** Part II of the Annex;

Amendment 107

Proposal for a directive
Article 3 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) 'adverse human rights impact' means an adverse impact on ***protected*** persons resulting from ***the violation of one of*** the rights or prohibitions ***listed in the Annex, Part I Section 1, as*** enshrined in ***the*** international conventions listed in the Annex, Part I Section 2;	(c) 'adverse human rights impact' means an adverse impact on persons resulting from ***any action which removes or reduces the ability of an individual or group to enjoy*** the rights or ***to be protected by*** prohibitions enshrined in international conventions ***and instruments*** listed in the Annex, Part I***, Section 1 and Annex, Part I,*** Section 2;

Amendment 108

Proposal for a directive
Article 3 – paragraph 1 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) 'adverse impact' means any potential or actual adverse human rights or adverse environmental impact;

Amendment 109

Proposal for a directive
Article 3 – paragraph 1 – point d

Text proposed by the Commission	*Amendment*
(d) 'subsidiary' means a legal person through which the activity of a 'controlled undertaking' as defined in Article 2(1), point (f), of Directive 2004/109/EC of the European Parliament and of the Council[128] is exercised;	(d) 'subsidiary' means ***a legal person as defined in Article 2, point (10), of Directive 2013/34/EU and*** a legal person through which the activity of a 'controlled undertaking' as defined in Article 2(1), point (f), of Directive 2004/109/EC of the European Parliament and of the Council [128] is exercised;
[128] Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).	[128] Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).

Amendment 110

Proposal for a directive
Article 3 – paragraph 1 – point e – introductory part

Text proposed by the Commission	*Amendment*
(e) 'business relationship' means a relationship with a contractor, subcontractor or ***any*** other ***legal*** entities ***('partner')***	(e) 'business relationship' means a ***direct or indirect*** relationship ***of a company*** with a contractor, subcontractor***,*** or other entities ***in its value chain:***

Amendment 111

Proposal for a directive
Article 3 – paragraph 1 – point e – point i

Text proposed by the Commission	*Amendment*
(i) with whom the company has a commercial agreement or to whom the company provides ***financing, insurance or***	(i) with whom the company has a commercial agreement or to whom the

reinsurance, or	company provides ***financial services;***

Amendment 112

Proposal for a directive
Article 3 – paragraph 1 – point e – point ii

Text proposed by the Commission	*Amendment*
(ii) that performs ***business operations*** related to the products or services of the company ***for or on behalf of the company***;	(ii) that performs ***activities*** related to the products or services of the company;

Amendment 113

Proposal for a directive
Article 3 – paragraph 1 – point f

Text proposed by the Commission	*Amendment*
(f) 'established business relationship' means a business relationship, whether direct or indirect, which is, or which is expected to be lasting, in view of its intensity or duration and which does not represent a negligible or merely ancillary part of the value chain;	***deleted***

Amendment 114

Proposal for a directive
Article 3 – paragraph 1 – point g

Text proposed by the Commission	*Amendment*
(g) 'value chain' means ***activities related to the production of goods or the provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of upstream and downstream established business relationships of the company. As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision of these specific services***	(g) 'value chain' means***:***

shall only include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;

PUBLIC

Amendment 115

Proposal for a directive
Article 3 – paragraph 1 – point g – point i (new)

Text proposed by the Commission	*Amendment*
	(i) activities related to, and entities involved in, the production, design, sourcing, extraction, manufacture, transport, storage and supply of raw materials, products or parts of a company's product and the development of a company's product or the development or provision of a service, and

Amendment 116

Proposal for a directive
Article 3 – paragraph 1 – point g – point ii (new)

Text proposed by the Commission	*Amendment*
	(ii) activities related to, and entities involved in, the sale, distribution, transport, storage, and waste management of a company's products or the provision of services, and excluding the waste management of the product by individual consumers.

Amendment 117

Proposal for a directive
Article 3 – paragraph 1 – point g – subparagraph 1 a (new)

Text proposed by the Commission	*Amendment*
	As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision of these specific services shall include the activities of the clients directly receiving such financial services provided by financial undertakings pursuant to point (iv) and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of regulated financial undertakings within the meaning of point (a)-(iv) does not cover households and natural persons or SMEs;

Amendment 118

Proposal for a directive
Article 3 – paragraph 1 – point h

Text proposed by the Commission	*Amendment*
(h) 'independent third-party verification' means verification of ***the compliance by*** a company***,*** or parts of its value chain***, with human rights and environmental requirements*** resulting from the provisions of this Directive by an auditor which is independent from the company, free from any conflicts of interests, has experience and competence in environmental and human rights matters and is accountable for the quality and reliability of the audit;	(h) 'independent third-party verification' means verification of ***aspects of the due diligence of*** a company or parts of its value chain resulting from the provisions of this Directive ***either*** by an auditor ***or an audit firm that is approved in accordance with Article 3 of Directive 2006/43/EC or accredited in a Member State for conducting certifications, or by an independent assurance services provider as defined in Article 2, point (23), of Directive 2006/43/EC accredited in a Member State in accordance with Regulation (EC) No 765/2008 of the European Parliament and of the Council for the specific conformity assessment activity referred to in Article 14(4a) or by an independent third party that is accredited in a Member State for conducting certifications and*** which is independent from the company, free from any conflicts of interests, has ***demonstrated*** experience***, expertise*** and competence in environmental***, climate,*** and human rights matters***,*** and is accountable for the quality

	and reliability of the audit ***or assessment, and meets the minimum standards set out in the delegated act as described in Article 14(4a)***;

Amendment 119

Proposal for a directive
Article 3 – paragraph 1 – point j

Text proposed by the Commission	*Amendment*
(j) 'industry initiative' means ***a combination of voluntary value chain due diligence*** procedures, tools ***and*** mechanisms, ***including independent third-party verifications***, developed and overseen by governments, industry associations ***or*** groupings of interested organisations;	(j) 'industry ***or multi-stakeholder*** initiative' means ***an initiative that companies participate in, which provides standards,*** procedures, tools ***and/or*** mechanisms, ***in order to support***, ***monitor, evaluate, certify, and/or verify aspects of their due diligence, or the due diligence conducted by their subsidiaries and/or business relationships. Such initiatives may be*** developed and overseen by governments, industry associations**,** groupings of interested organisations***, or civil society organisations***;

Amendment 120

Proposal for a directive
Article 3 – paragraph 1 – point l

Text proposed by the Commission	*Amendment*
(l) 'severe adverse impact' means an adverse environmental impact or an adverse human rights impact that is especially significant by its nature, or affects a large number of persons or a large area of the environment, or which is irreversible, or is particularly difficult to remedy as a result of the measures necessary to restore the situation prevailing prior to the impact;	***deleted***

Amendment 121

Proposal for a directive
Article 3 – paragraph 1 – point n

Text proposed by the Commission	*Amendment*
(n) 'stakeholders' means ***the company's employees, the employees of its subsidiaries, and other*** individuals, groups***,*** communities ***or entities whose*** rights or interests ***are*** or could be affected by the ***products, services and operations of that*** company, its subsidiaries and ***its business relationships***;	(n) '***affected*** stakeholders' means ***those*** individuals, groups ***or*** communities ***that have*** rights or ***legitimate*** interests ***that are affected*** or could be affected by the ***adverse impacts stemming from a company's activities or actions or the activities or actions of entities in its value chain, and the legitimate representatives of such individuals or groups, including the workers and their representatives and the trade unions of the*** company, ***of*** its subsidiaries and ***throughout its value chain, or in cases where there are no individuals, groups or communities affected by an adverse impact on the environment, credible and experienced organisations whose purpose includes the protection of the environment***;

Amendment 122

Proposal for a directive
Article 3 – paragraph 1 – point n a (new)

Text proposed by the Commission	*Amendment*
	(na) 'vulnerable stakeholders' means affected stakeholders that find themselves in marginalised situations and situations of vulnerability, due to specific contexts or intersecting factors, including among others, sex, gender, age, race, ethnicity, class, caste, education, indigenous peoples, migration status, disability, as well as social and economic status, and includes stakeholders living in conflict-affected and high risk areas, which are the causes of diverse and often disproportionate adverse impacts, and create discrimination and additional barriers to participation and access to justice;

Amendment 123

Proposal for a directive
Article 3 – paragraph 1 – point q

Text proposed by the Commission	*Amendment*
(q) 'appropriate ***measure***' means ***a measure that is*** capable of achieving the objectives of due diligence***,*** commensurate ***with*** the degree of severity and the likelihood of the adverse impact, and ***reasonably available*** to the ***company, taking*** into account the circumstances of the specific case, including characteristics of the economic sector ***and of*** the specific business relationship ***and the company's influence thereof, and the need to ensure prioritisation of action.***	(q) 'appropriate ***measures***' means ***measures that are*** capable of achieving the objectives of due diligence ***and effectively addressing the adverse impact identified pursuant to Article 6 in a manner proportionate and*** commensurate ***to*** the degree of severity and the likelihood of the adverse impact, and ***proportionate and commensurate*** to the ***size, resources and capacities of the company. This shall take*** into account the circumstances of the specific case, including ***the nature of the adverse impact,*** characteristics of the economic sector***, the nature of the company's specific activities, products and services,*** the specific business relationship***;***

Amendment 124

Proposal for a directive
Article 3 – paragraph 1 – point q a (new)

Text proposed by the Commission	*Amendment*
	(qa) 'leverage' means the ability to affect change in the practices of the entity causing or contributing to the adverse impact;

Amendment 125

Proposal for a directive
Article 3 – paragraph 1 – point q b (new)

Text proposed by the Commission	*Amendment*
	(qb) "to cause an adverse impact' means that the company's activities on their own are sufficient to result in an

adverse impact;

Amendment 126

Proposal for a directive
Article 3 – paragraph 1 – point q c (new)

Text proposed by the Commission	*Amendment*
	(qc) 'to contribute to an adverse impact' means that a company's own activities, in combination with the activities of other entities, cause an impact, or that the activities of the company cause, facilitate or incentivise another entity to cause an adverse impact. The contribution must be substantial, meaning that it does not include minor or trivial contributions. Assessing the substantial nature of the contribution and understanding when the actions of the company may have caused, facilitated or incentivised another entity to cause an adverse impact can involve the consideration of multiple factors. The following factors can be taken into account:
	– the extent to which a company may encourage or motivate an adverse impact by another entity, i.e. the degree to which the activity increased the risk of the impact occurring,
	– the extent to which a company could or should have known about the adverse impact or potential for adverse impact, i.e. the degree of foreseeability,
	– the degree to which any of the company's activities actually mitigated the adverse impact or decreased the risk of the impact occurring.
	The mere existence of a business relationship or activities which create the general conditions in which it is possible for adverse impacts to occur does not in itself constitute a relationship of contribution. The activity in question should substantially increase the risk of

adverse impact;

Amendment 127

Proposal for a directive
Article 3 – paragraph 1 – point q d (new)

Text proposed by the Commission	*Amendment*
	(qd) being 'directly linked to an adverse impact' means that there is a relationship between the adverse impact and the company's products, services or operations through another business relationship and where the company has neither caused nor contributed to the impact. Directly linked is not defined by a direct business relationship. Also, a direct linkage does not imply that the responsibility shifts from the business relationship causing an adverse impact to the company with which it has a linkage;

Amendment 128

Proposal for a directive
Article 3 – paragraph 1 – point q e (new)

Text proposed by the Commission	*Amendment*
	(qe) 'risk-based' means proportionate to the likelihood and severity of potential adverse impacts;

Amendment 129

Proposal for a directive
Article 3 – paragraph 1 – point q f (new)

Text proposed by the Commission	*Amendment*
	(qf) 'risk factors' means company-level risk factors, business model risk factors, geographic risk factors, product and service risk factors and sectoral risk factors;

Amendment 130

Proposal for a directive
Article 3 – paragraph 1 – point q g (new)

Text proposed by the Commission	*Amendment*
	(qg) 'severity of an adverse impact' means the scale, scope and irremediable character of the adverse impact, taking into account the gravity of an adverse impact, including the number of individuals that are or will be affected, the extent to which the environment is or may be damaged or otherwise affected, its irreversibility and the limits on the ability to restore affected individuals or the environment to a situation equivalent to their situation prior to the impact.

Amendment 131

Proposal for a directive
Article 3 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. The Commission shall be empowered to adopt delegated acts in accordance with Article 28 to amend the Annex, in order to make sure that it remains consistent with the Union's objectives on human rights and the environment.

Amendment 132

Proposal for a directive
Article 3 a (new)

Text proposed by the Commission	*Amendment*
	Article 3a
	Single market clause

	1. The Commission and the Member States shall coordinate during the transposition of this Directive and thereafter in view of a full level of harmonisation between Member States, in order to ensure a level playing field for companies and to prevent the fragmentation of the Single Market.
	2. The Commission shall consider, six years after the entry into force of this Directive, whether changes to the level of harmonisation of this Directive are required to ensure a level-playing field for companies in the Single Market, including whether the provisions of this Directive could be converted into a Regulation.

Amendment 133

Proposal for a directive
Article 4 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies conduct human rights and environmental due diligence as laid down in Articles 5 to 11 ('due diligence') by carrying out the following actions:	1. Member States shall ensure that companies conduct ***risk-based*** human rights and environmental due diligence as laid down in Articles 5 to 11 ('due diligence') by carrying out the following actions:

Amendment 134

Proposal for a directive
Article 4 – paragraph 1 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) where necessary, prioritising potential and actual adverse impacts in accordance with Article 8b;

Amendment 135

Proposal for a directive
Article 4 – paragraph 1 – point c b (new)

Text proposed by the Commission	*Amendment*
	(cb) remedying actual adverse impacts in accordance with Article 8c;

Amendment 136

Proposal for a directive
Article 4 – paragraph 1 – point d

Text proposed by the Commission	*Amendment*
(d) establishing ***and maintaining a complaints procedure*** in accordance with Article 9;	(d) establishing ***or participating in a notification and non-judicial grievance mechanism*** in accordance with Article 9;

Amendment 137

Proposal for a directive
Article 4 – paragraph 1 – point e

Text proposed by the Commission	*Amendment*
(e) monitoring the effectiveness of their due diligence policy and measures in accordance with Article 10;	(e) monitoring ***and verifying*** the effectiveness of their due diligence policy and measures in accordance with Article 10;

Amendment 138

Proposal for a directive
Article 4 – paragraph 1 – point f a (new)

Text proposed by the Commission	*Amendment*
	(fa) consulting and engaging with affected stakeholders in a meaningful way in accordance with Article 8d.

Amendment 139

Proposal for a directive
Article 4 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Companies shall retain documentation demonstrating their compliance with this Directive for at least 10 years.

Amendment 140

Proposal for a directive
Article 4 a (new)

Text proposed by the Commission	*Amendment*
	Article 4a
	Due diligence support at group level
	1. Member States shall ensure that parent companies may perform actions which can contribute to their subsidiaries falling under the scope of this Directive meet their obligations set out in Articles 5 to 11 and Article 15. This is without prejudice to the civil liability of subsidiaries in accordance with Article 22.
	2. The parent company may perform actions which contribute to fulfilling the due diligence obligations by the subsidiary company in accordance with paragraph 1, subject to all the following conditions:
	(a) the subsidiary provides all the relevant and necessary information to its parent company and cooperates with it;
	(b) the subsidiary abides by its parent company's due diligence policy;
	(c) the parent company accordingly adapts its due diligence policy to ensure that the obligations laid down in Article 5(1) are fulfilled with respect to the subsidiary;
	(d) the subsidiary integrates due diligence into all its policies and risk management systems in accordance with

	Article 5;
	(e) where necessary, the subsidiary continues to take appropriate measures in accordance with Articles 7 and 8, as well as continues to perform its obligations under Articles 8a, 8b and 8d;
	(f) where the parent company performs specific actions on behalf of the subsidiary, both the parent company and subsidiary clearly and transparently communicate so towards relevant stakeholders and the public domain;
	(g) the subsidiary integrates climate in its policies and risk management systems in accordance with Article 15.

Amendment 141

Proposal for a directive
Article 5 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies integrate due diligence into ***all*** their corporate policies and have in place a due diligence policy. The due diligence policy shall contain all of the following:	1. Member States shall ensure that companies integrate due diligence into their ***relevant*** corporate policies and have in place a due diligence policy. The due diligence policy shall contain all of the following:

Amendment 142

Proposal for a directive
Article 5 – paragraph 1 – point -a (new)

Text proposed by the Commission	*Amendment*
	(-a) a description of the potential or actual adverse impacts identified by the company in line with Article 6;

Amendment 143

Proposal for a directive
Article 5 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) a description of the company's approach, including in the long term***, to due diligence***;	(a) a description of the company's approach ***to due diligence***, including in the ***short, medium and*** long term;

Amendment 144

Proposal for a directive
Article 5 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) a code of conduct ***describing*** rules and principles to be followed ***by the company's employees and*** subsidiaries;	(b) a code of conduct ***defining*** rules and principles ***and measures*** to be followed ***and implemented where relevant throughout the company and its*** subsidiaries ***across all operations. The code of conduct shall be designed to ensure that the company respects human rights and the environment, and it shall be aligned with the fundamental values of the Union***;

Amendment 145

Proposal for a directive
Article 5 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) a description of the processes put in place to implement due diligence, including the measures taken to ***verify compliance with the code of conduct and to extend its application to established*** business ***relationships***.	(c) a description of the processes put in place ***and appropriate measures taken*** to implement due diligence ***in line with Articles 7 and 8 in the value chain***, including the ***relevant*** measures taken to ***incorporate due diligence into its own business model, employment and purchasing practices with entities with which the company has a*** business ***relationship and measures taken to monitor and verify due diligence activities***.

Amendment 146

Proposal for a directive
Article 5 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Member States shall ensure that the companies ***update*** their due diligence policy ***annually***.	2. Member States shall ensure that the companies ***continuously review*** their due diligence policy ***and update it when significant changes occur***.

Amendment 147

Proposal for a directive
Article 5 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Companies shall carry out a due diligence policy which is proportionate and commensurate to the likelihood and severity of their potential adverse impacts and the severity of their actual adverse impacts, as well as their specific circumstances and risk factors, particularly their sector and location of activity, the size and length of their value chain, the size of the company, its capacity, resources and leverage.

Amendment 148

Proposal for a directive
Article 5 – paragraph 2 b (new)

Text proposed by the Commission	*Amendment*
	2b. When companies operate in areas in a state of armed conflict or fragile post-conflict, areas under occupation and/or annexation, as well as areas witnessing weak or non-existent governance and security, such as failed states, Member States shall ensure that they respect obligations under international humanitarian law and conduct heightened, conflict-sensitive due

	diligence on their operations and business relations through integrating into their due diligence, a conflict analysis based on meaningful and conflict-sensitive stakeholders' engagement, of the root causes, triggers and parties driving the conflict, and of the impact of the company's activities on the conflict.

Amendment 149

Proposal for a directive
Article 6 – title

Text proposed by the Commission	*Amendment*
Identifying actual and potential adverse impacts	Identifying ***and assessing*** actual and potential adverse impacts

Amendment 150

Proposal for a directive
Article 6 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse human rights ***impacts and adverse*** environmental impacts arising from their own operations or those of their subsidiaries and***, where*** related to their value chains, ***from their established business relationships, in accordance with paragraph 2, 3 and 4***.	1. Member States shall ensure that companies take appropriate measures to ***broadly scope the impacts of their operations, subsidiaries and business relationships in order to*** identify ***and assess*** actual and potential adverse human rights ***and*** environmental impacts arising from their own operations***, products and services*** or those of their subsidiaries and ***those*** related to their value chains, ***and whether they cause or contribute to or are directly linked to those impacts***.

Amendment 151

Proposal for a directive
Article 6 – paragraph 2

Text proposed by the Commission	*Amendment*
2. ***By way of derogation from paragraph 1***, companies ***referred to in Article 2(1), point (b), and Article 2(2), point (b),*** shall ***only be required to*** identify actual and potential ***severe*** adverse impacts relevant ***to the respective sector mentioned in Article 2(1), point (b)***.	2. ***Member States shall ensure that, as part of their due diligence process***, companies shall***:***
	(a) identify ***where adverse impacts are most likely to occur and to be severe, including by identifying individual higher risk operations, subsidiaries and business relationships which should be prioritised taking into account relevant risk factors; and***
	(b) carry out in-depth assessments of prioritised operations, subsidiaries and business relationships in order to determine the nature and extent of specific actual and potential adverse impacts***.***

Amendment 152

Proposal for a directive
Article 6 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2 a. In identifying individual higher risk business relationships, relevant company-level risk factors shall include whether the business relationship is a company covered by this Directive.

Amendment 153

Proposal for a directive
Article 6 – paragraph 3

Text proposed by the Commission	*Amendment*
3. When companies referred to in Article 3, point (a)(iv), provide ***credit, loan or other*** financial services, identification of	3. When companies referred to in Article 3, point (a)(iv), provide financial services, identification of actual and

actual and potential adverse human rights impacts and adverse environmental impacts shall be carried out ***only*** before providing that service.

potential adverse human rights impacts and adverse environmental impacts shall be carried out before providing that service ***and before subsequent financial operations, and, if notified of possible risks by means of the procedures referred to in Article 9, during the provision of the service.***

Amendment 154

Proposal for a directive
Article 6 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Member States shall ensure that, for the purposes of identifying ***the*** adverse impacts ***referred to in paragraph 1*** based on, where appropriate, quantitative and qualitative information, companies ***are entitled to*** make use of appropriate resources, including independent reports and information gathered through the ***complaints procedure*** provided for in Article 9. Companies shall***, where relevant,*** also carry out ***consultations*** with potentially affected ***groups*** including workers and other relevant stakeholders to gather information on actual or potential adverse impacts.	4. Member States shall ensure that, for the purposes of identifying ***and assessing*** adverse impacts based on, where appropriate, quantitative and qualitative information, ***including the relevant disaggregated data that can be reasonably obtained by a company,*** companies ***shall*** make use of appropriate ***methods and*** resources, including ***public reports,*** independent reports and information gathered through the ***notification and non-judicial grievance mechanism*** provided for in Article 9. Companies shall also carry out ***meaningful engagement in accordance with Article 8d*** with potentially affected ***stakeholders*** including workers and other relevant stakeholders to gather information on ***as well as to identify and assess*** actual or potential adverse impacts.

Amendment 155

Proposal for a directive
Article 6 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4a. In the event that not all the necessary information regarding its value chain is available, the company shall

explain the efforts made to obtain the necessary information about its value chain, the reasons why not all of the necessary information could be obtained, and its plans to obtain the necessary information in the future.

Amendment 156

Proposal for a directive
Article 7 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse human rights impacts and adverse environmental impacts that have been, or should have been, identified pursuant to Article 6, in accordance with ***paragraphs 2, 3, 4 and 5 of*** this Article.	1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible ***or has failed***, adequately mitigate potential adverse human rights impacts***,*** that have been, or should have been, identified pursuant to Article 6, in accordance with this Article.

Amendment 157

Proposal for a directive
Article 7 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. For the purposes of this Article, in cases where a company may cause a potential adverse impact, appropriate measures shall be understood as measures which aim to prevent or mitigate a potential adverse impact. In cases where a company may contribute to an adverse impact, appropriate measures shall be understood as measures which aim to prevent or mitigate the contribution to the impact, using or increasing the company's leverage with other responsible parties to prevent or mitigate the potential adverse impact. In cases where a company's operations, products

or services may be directly linked to an adverse impact through its business relationships with other entities, appropriate measures shall be understood as measures which aim to use or increase the company's leverage with responsible parties to seek to prevent or mitigate the potential adverse impact and to influence the entity causing the impact.

Amendment 158

Proposal for a directive
Article 7 – paragraph 1 b (new)

Text proposed by the Commission	*Amendment*
	1b. For the purposes of this Article, it shall be presumed that financial undertakings are directly linked to an adverse impact in their value chain without causing or contributing to it.

Amendment 159

Proposal for a directive
Article 7 – paragraph 2 – introductory part

Text proposed by the Commission	*Amendment*
2. Companies shall be required to take the following actions, where relevant:	2. Companies shall be required to take ***appropriate measures, including*** the following actions, where relevant:

Amendment 160

Proposal for a directive
Article 7 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) where necessary due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with reasonable and clearly defined ***timelines*** for action and	(a) where necessary due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with ***a*** reasonable and clearly defined ***timeline*** for ***the***

qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be ***developed in consultation with affected stakeholders***;

implementation of appropriate measures and action***,*** and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be ***applicable and accurately tailored to the context of companies' operations and value chain. The development and implementation of a climate transition plan according to Article 15 shall be considered an appropriate measure to prevent environmental adverse impacts related to climate change mitigation pursuant to paragraph 1 of this Article***;

Amendment 161

Proposal for a directive
Article 7 – paragraph 2 – point b

Text proposed by the Commission	*Amendment*
(b) ***seek*** contractual ***assurances from a business*** partner with whom it has a ***direct*** business relationship that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan***, including by seeking*** corresponding contractual ***assurances from its*** partners, to the extent that their activities are part of the company's value chain ***(contractual cascading)***. When such contractual assurances are obtained, paragraph 4 shall apply;	(b) ***consider establishing through*** contractual ***provisions with a*** partner with whom it has a business relationship that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan***. Partners with whom the company has a business relationship could be asked to establish*** corresponding ***reasonable, non-discriminatory and fair*** contractual ***provisions with their*** partners, to the extent that their activities are part of the company's value chain. When such contractual assurances are obtained, paragraph 4 shall apply;

Amendment 162

Proposal for a directive
Article 7 – paragraph 2 – point c

Text proposed by the Commission	*Amendment*
(c) make necessary investments, such as into management ***or*** production processes ***and infrastructures, to comply***	(c) make necessary ***modifications, improvements to, withdrawals of or*** investments ***in, the company's own***

with paragraph 1;	***operations***, such as into management***,*** production ***or other operational*** processes***, facilities, products and product traceability, projects, services and skills***;

Amendment 163

Proposal for a directive
Article 7 – paragraph 2 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) adapt business models and strategies, including purchasing practices, including those which contribute to living wages and incomes for their suppliers, in order to prevent potential adverse impacts, and develop and use purchase policies that do not encourage potential adverse impacts on human rights or the environment;

Amendment 164

Proposal for a directive
Article 7 – paragraph 2 – point d

Text proposed by the Commission	*Amendment*
(d) provide targeted and proportionate support for an SME with which the company has ***an established*** business relationship***, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME***;	(d) provide targeted and proportionate ***financial and administrative*** support for an SME with which the company has ***a*** business relationship;

Amendment 165

Proposal for a directive
Article 7 – paragraph 2 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) engage with a business relationship about the company's

	expectations with regard to preventing and mitigating the potential adverse impacts, including by providing or enabling access to capacity-building, guidance, administrative and financial support such as loans or financing, taking into consideration the resources, knowledge and constraints of the business partner;

Amendment 166

Proposal for a directive
Article 7 – paragraph 2 – point e

Text proposed by the Commission	*Amendment*
(e) in compliance with Union law including competition law, collaborate with other entities, including, ***where relevant,*** to increase the company's ability to bring the adverse impact to an end, in particular where no other action is suitable or effective.	(e) in compliance with Union law including competition law, collaborate with other entities, including to increase the company's ability to bring the adverse impact to an end, in particular where no other action is suitable or effective.

Amendment 167

Proposal for a directive
Article 7 – paragraph 2 – point e a (new)

Text proposed by the Commission	*Amendment*
	(ea) when there is a direct linkage to impacts occurring in business relationships with other companies operating in the Union, appropriate measures can include notifying the relevant supervisory authority while continuing to make reasonable efforts to seek to prevent or mitigate the impact.

Amendment 168

Proposal for a directive
Article 7 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. When distributing or selling a product or providing a service, companies shall take appropriate measures to ensure that the composition, design and commercialisation of a product or service is in line with Union law and does not lead to adverse impacts, be it individual or collective. In this regard, particular attention shall be paid to potential adverse impact on children.

Amendment 169

Proposal for a directive
Article 7 – paragraph 3

Text proposed by the Commission	*Amendment*
3. As regards potential adverse impacts that could not be prevented or adequately mitigated by the measures in paragraph 2, the company may seek to conclude a contract with a partner with whom it has an indirect relationship, with a view to achieving compliance with the company's code of conduct or a prevention action plan. When such a contract is concluded, paragraph 4 shall apply.	***deleted***

Amendment 170

Proposal for a directive
Article 7 – paragraph 4 – subparagraph 1

Text proposed by the Commission	*Amendment*
The contractual ***assurances or the contract*** shall be accompanied by ***the appropriate*** measures to ***verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.***	The contractual ***provisions*** shall be accompanied by measures to ***support carrying out due diligence.***

Amendment 171

Proposal for a directive
Article 7 – paragraph 4 – subparagraph 2

Text proposed by the Commission	*Amendment*
When contractual ***assurances are obtained from***, or a contract is entered into, with ***an SME***, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	When ***provisions, including*** contractual***, are established***, or a contract is entered into, with ***a business relationship***, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification. ***At the request of the SME, they shall cover the costs in full or shall share them with the company. SMEs may share the results of verifications carried out in relation to themselves with multiple companies.*** ***The contractual provisions sought in accordance with paragraph 2 shall not be such as to result in the transfer of responsibility for carrying out due diligence in accordance with this Directive and of the liability for failing to do so.*** ***In seeking such contractual provisions, companies shall assess whether the business partner can reasonably be expected to comply with those provisions.***

Amendment 172

Proposal for a directive
Article 7 – paragraph 5 – subparagraph 1 – introductory part

Text proposed by the Commission	*Amendment*
As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated ***by the measures in paragraphs 2***, ***3 and 4***, the company shall be required to refrain from entering into new or	As regards potential adverse impacts within the meaning of paragraph 1 that ***a company caused or contributed to and that*** could not be prevented or adequately mitigated, ***and where there is no reasonable prospect of change***, the

extending existing relations with the partner in connection with or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take the following actions:	company shall be required to refrain from entering into new or extending existing relations with the partner in connection with or in the value chain of which the impact has arisen, and shall, where the law governing their relations so entitles them to, take the following actions ***as a last resort, in line with responsible disengagement***:

Amendment 173

Proposal for a directive
Article 7 – paragraph 5 – subparagraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) temporarily suspend commercial relations with the partner in question, while pursuing prevention and ***minimisation*** efforts***, if there is reasonable expectation that these efforts will succeed in the short-term***;	(a) temporarily suspend commercial relations with the partner in question, while pursuing prevention and ***mitigation*** efforts;

Amendment 174

Proposal for a directive
Article 7 – paragraph 5 – subparagraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) terminate the business relationship with respect to the activities concerned ***if*** the potential adverse impact ***is severe***.	(b) terminate the business relationship with respect to the activities concerned***, on account of the severity of*** the potential adverse impact ***or if the conditions for temporary suspension under point (a) are not met***.

Amendment 175

Proposal for a directive
Article 7 – paragraph 5 – subparagraph 1 a (new)

Text proposed by the Commission	*Amendment*
	Prior to temporarily suspending

commercial relations or terminating the business relationship, companies shall first be required to assess whether the adverse impacts of doing so would be greater than the adverse impact which is intended to be prevented or mitigated. Should that be the case, companies may refrain from temporarily suspending commercial relations or terminating the business relationship. Where companies do temporarily suspend commercial relations or terminate the business relationship, they shall take steps to prevent, mitigate, or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep that decision under review.

Amendment 176

Proposal for a directive
Article 7 – paragraph 5 – subparagraph 2

Text proposed by the Commission	*Amendment*
Member States shall provide for the availability of an option to terminate ***the*** business relationship in contracts governed by their laws.	Member States shall provide for the availability of an option to ***suspend or*** terminate ***a*** business relationship in contracts governed by their laws***, except for contracts where the parties are obliged by law to enter into them***. ***Companies may refer to supervisory authorities to receive guidance on the course of action to take.***

Amendment 177

Proposal for a directive
Article 7 – paragraph 6

Text proposed by the Commission	*Amendment*
6. By way of derogation from paragraph 5, point (b), when companies referred to in Article 3, point (a)(iv), provide ***credit, loan or other*** financial services, they shall not be required to	6. By way of derogation from paragraph 5, first subparagraph, point (b), when companies referred to in Article 3, point (a)(iv), provide financial services ***to entities that cause or contribute to***

terminate the ***credit, loan or other*** financial service contract ***when this can be reasonably expected to cause substantial prejudice*** to the entity to whom that service is being provided.	***potential adverse impacts within the meaning of paragraph 1***, they shall not be required to terminate the financial service contract ***if this is strictly necessary to prevent bankruptcy*** to the entity to whom that service is being provided. ***In addition to paragraph 5, second subparagraph, a decision to terminate the financial service contract in derogation from paragraph 5, first subparagraph, point (b) may only be taken, as a last resort, if the leverage efforts of companies referred to in Article 3, point (a)(iv) have ultimately failed to influence the entity to whom that service is being provided to prevent or adequately mitigate adverse potential impacts.***

Amendment 178

Proposal for a directive
Article 8 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures to bring actual adverse impacts that have been, or should have been, identified pursuant to Article 6 to an end, in accordance with ***paragraphs 2 to 6 of*** this Article.	1. Member States shall ensure that companies take appropriate measures to bring actual adverse impacts that have been, or should have been, identified pursuant to Article 6 to an end, in accordance with this Article.

Amendment 179

Proposal for a directive
Article 8 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies ***minimise*** the extent of such an impact.	2. Where the adverse impact cannot ***immediately*** be brought to an end, Member States shall ensure that companies ***adequately mitigate*** the extent of such an impact***, while pursuing all efforts to bring the adverse impact to an end***.

Amendment 180

Proposal for a directive
Article 8 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. For the purposes of this Article, in cases where a company has caused an actual impact, appropriate measures shall be understood as measures which aim to mitigate the extent of an actual adverse impact, and remediate damage. In cases where a company has contributed to an actual adverse impact, appropriate measures shall be understood as measures which aim to mitigate the contribution to the impact, using or increasing the company's leverage with other responsible parties to mitigate the potential adverse impact and contribute to remediating damage, to the extent of the contribution. In cases where a company's operations, products or services are directly linked to an adverse impact through its relationships with other entities, appropriate measures shall be understood as measures which aim to use or increase the company's leverage with responsible parties to seek to mitigate the adverse impact. A company directly linked to an adverse impact shall consider using its leverage with responsible parties to enable the remediation of any damage caused by an impact.

Amendment 181

Proposal for a directive
Article 8 – paragraph 2 b (new)

Text proposed by the Commission	*Amendment*
	2b. For the purposes of this Article, it shall be presumed that financial undertakings are directly linked to an adverse impact in their value chain without causing or contributing to it.

Amendment 182

Proposal for a directive
Article 8 – paragraph 3 – introductory part

Text proposed by the Commission	*Amendment*
3. Companies shall be required to take the following actions, where relevant:	3. Companies shall be required to take ***appropriate measures, including*** the following actions, where relevant:

Amendment 183

Proposal for a directive
Article 8 – paragraph 3 – point a

Text proposed by the Commission	*Amendment*
(a) neutralise the adverse impact or ***minimise*** its extent***, including by the payment of damages to*** the affected persons ***and of financial compensation*** to the ***affected communities***. The action shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact;	(a) ***in accordance with Article 8c,*** neutralise the adverse impact or ***adequately mitigate*** its extent ***by restoring*** the affected persons ***and/or the environment to a situation equivalent or as close as possible to their situation prior*** to the ***impact***. The action shall be proportionate ***and commensurate*** to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact ***and to its resources and leverage***;

Amendment 184

Proposal for a directive
Article 8 – paragraph 3 – point b

Text proposed by the Commission	*Amendment*
(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. ***Where relevant, the corrective*** action plan shall be	(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan with reasonable and clearly defined timelines for ***the implementation of appropriate measures and*** action***,*** and qualitative and quantitative indicators for measuring improvement. ***The***

developed in consultation with stakeholders;	***preventative*** action plan shall be ***applicable and accurately tailored to the context of companies' operations and value chain. Companies may develop their action plans in cooperation with industry initiatives. The development and implementation of a climate transition plan according to Article 15 shall be considered an appropriate measure to minimise environmental adverse impacts related to climate change mitigation pursuant to paragraphs 1 and 2 of this Article***;

Amendment 185

Proposal for a directive
Article 8 – paragraph 3 – point c

Text proposed by the Commission	*Amendment*
(c) ***seek*** contractual ***assurances from a direct*** partner with whom it has ***an established*** business relationship that it will ensure compliance with ***the*** code of conduct and***,*** as necessary, a corrective action plan***, including by seeking*** corresponding contractual ***assurances from its*** partners, to the extent that they are part of the value chain ***(contractual cascading)***. When such contractual assurances are obtained, paragraph 5 shall apply***.***	(c) ***choose to establish through*** contractual ***provisions with a*** partner with whom it has ***a*** business relationship that it will ensure compliance with ***a company's*** code of conduct***,*** and as necessary, a corrective action plan***. Partners with whom the company has a business relationship could be asked to establish*** corresponding ***reasonable, non-discriminatory and fair*** contractual ***provisions with their*** partners, to the extent that they are part of the value chain. When such contractual assurances are obtained, paragraph 5 shall apply***;***

Amendment 186

Proposal for a directive
Article 8 – paragraph 3 – point d

Text proposed by the Commission	*Amendment*
(d) make necessary investments, such as into management ***or*** production processes ***and infrastructures to comply with paragraphs 1, 2 and 3***;	(d) make necessary ***modifications, improvements to, withdrawals of or*** investments ***in, the company's own operations***, such as into management***,*** production ***or other operational*** processes***,***

	facilities, products and product traceability, projects, services and skills;

Amendment 187

Proposal for a directive
Article 8 – paragraph 3 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) adapt business models and strategies, including purchasing practices, including those which contribute to living wages and incomes for their suppliers, in order to bring to an end or mitigate actual adverse impacts, and develop and use purchase policies that do not encourage actual adverse impacts on human rights or the environment;

Amendment 188

Proposal for a directive
Article 8 – paragraph 3 – point e

Text proposed by the Commission	*Amendment*
(e) provide targeted and proportionate support for an SME with which the company has ***an established*** business relationship***, where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME***;	(e) provide targeted and proportionate ***financial and administrative*** support for an SME with which the company has ***a*** business relationship;

Amendment 189

Proposal for a directive
Article 8 – paragraph 3 – point e a (new)

Text proposed by the Commission	*Amendment*
	(ea) engage with a business relationship about the company's expectations with regard to bringing to an end and mitigating actual adverse

impacts, including by providing or enabling access to capacity-building, guidance, administrative and financial support such as loans or financing, taking into consideration the resources, knowledge and constraints of the business partner;

Amendment 190

Proposal for a directive
Article 8 – paragraph 3 – point f a (new)

Text proposed by the Commission	*Amendment*
	(fa) when there is a direct linkage to impacts occurring in business relationships with other companies operating in the Union, appropriate measures can include notifying the relevant supervisory authority while continuing to make reasonable efforts to seek to bring the impact to an end or mitigate the impact.

Amendment 191

Proposal for a directive
Article 8 – paragraph 3 a (new)

Text proposed by the Commission	*Amendment*
	3a. When distributing or selling a product or providing a service, companies shall take appropriate measures to ensure that the composition, design and commercialisation of a product or service is in line with Union law and does not lead to adverse impacts, be it individual or collective. In this regard, particular attention shall be paid to potential adverse impact on children.

Amendment 192

Proposal for a directive
Article 8 – paragraph 4

Text proposed by the Commission	*Amendment*
4. As regards actual adverse impacts that could not be brought to an end or adequately mitigated by the measures in paragraph 3, the company may seek to conclude a contract with a partner with whom it has an indirect relationship, with a view to achieving compliance with the company's code of conduct or a corrective action plan. When such a contract is concluded, paragraph 5 shall apply.	***deleted***

PUBLIC

Amendment 193

Proposal for a directive
Article 8 – paragraph 5 – subparagraph 1

Text proposed by the Commission	*Amendment*
The contractual ***assurances or the contract*** shall be accompanied by ***the appropriate*** measures to ***verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification***.	The contractual ***provisions*** shall be accompanied by measures to ***support carrying out due diligence***.

Amendment 194

Proposal for a directive
Article 8 – paragraph 5 – subparagraph 2

Text proposed by the Commission	*Amendment*
When contractual ***assurances are obtained from***, or a contract is entered into, with ***an SME***, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	When ***provisions, including*** contractual***, are established***, or a contract is entered into, with ***a business relationship***, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification. ***SMEs may share the results***

of the verifications carried out in relation to themselves with multiple companies.

Amendment 195

Proposal for a directive
Article 8 – paragraph 5 – subparagraph 2 a (new)

Text proposed by the Commission	*Amendment*
	The contractual provisions sought in accordance with paragraph 3 shall not be such as to result in the transfer of responsibility for carrying out due diligence in accordance with this Directive and the liability for failing to do so.

Amendment 196

Proposal for a directive
Article 8 – paragraph 5 – subparagraph 2 b (new)

Text proposed by the Commission	*Amendment*
	In seeking such contractual provisions, companies shall assess whether the business partner can reasonably be expected to comply with those provisions.

Amendment 197

Proposal for a directive
Article 8 – paragraph 6 – subparagraph 1 – introductory part

Text proposed by the Commission	*Amendment*
Asregards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be ***minimised by the measures provided for in paragraphs 3***, ***4 and 5***, the company shall refrain from entering into new or extending existing relations with the partner in connection to or in the value chain of which the impact has arisen and	As regards actual adverse impacts within the meaning of paragraph 1 that ***a company caused or contributed to, and that*** could not be brought to an end or the extent of which could not be ***mitigated***, ***and where there is no reasonable prospect of change***, the company shall ***be required to*** refrain from entering into new or extending existing relations with the partner in

shall, where the law governing their relations so entitles them to, take one of the following actions:	connection to or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take one of the following actions ***as a last resort, in line with responsible disengagement***:

Amendment 198

Proposal for a directive
Article 8 – paragraph 6 – subparagraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) temporarily suspend commercial relationships with the partner in question, while pursuing efforts ***to bring to an end or minimise the extent of the adverse impact, or***	(a) temporarily suspend commercial relationships with the partner in question, while pursuing ***prevention and mitigation*** efforts

Amendment 199

Proposal for a directive
Article 8 – paragraph 6 – subparagraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) terminate the business relationship with respect to the activities concerned, ***if the*** adverse impact ***is considered severe***.	(b) terminate the business relationship with respect to the activities concerned, ***on account of the severity of the actual*** adverse impact***, or if the conditions for temporary suspension under point (a) are not met***.

Amendment 200

Proposal for a directive
Article 8 – paragraph 6 – subparagraph 1 a (new)

Text proposed by the Commission	*Amendment*
	Prior to temporarily suspending commercial relations or terminating the business relationship, companies shall first be required to assess whether the

	adverse impacts of doing so would be greater than the adverse impact which is intended to be brought to an end or mitigated. Should that be the case, companies may refrain from temporarily suspending commercial relations or terminating the business relationship. Where companies do temporarily suspend commercial relations or terminate the business relationship, they shall take steps to prevent, mitigate or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep that decision under review.

Amendment 201

Proposal for a directive
Article 8 – paragraph 6 – subparagraph 2

Text proposed by the Commission	*Amendment*
Member States shall provide for the availability of an option to terminate ***the*** business relationship in contracts governed by their laws.	Member States shall provide for the availability of an option to ***suspend or*** terminate ***a*** business relationship in contracts governed by their laws***, except for contracts where the parties are obliged by law to enter into them***. ***Companies may refer to supervisory authorities to receive guidance on the course of action to take.***

Amendment 202

Proposal for a directive
Article 8 – paragraph 7

Text proposed by the Commission	*Amendment*
7. By way of derogation from paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide ***credit, loan or other*** financial services, they shall not be required to terminate the ***credit, loan or other*** financial service contract, ***when this can be reasonably expected to cause substantial***	7. By way of derogation from paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide financial services ***to entities that cause or contribute to actual adverse impacts in the meaning of paragraph 1***, they shall not be required to terminate the financial service contract, ***if this is strictly***

prejudice to the entity to whom that service is being provided.	***necessary to prevent bankruptcy*** to the entity to whom that service is being provided. ***In addition to paragraph 6, second subparagraph, a decision to terminate the financial service contract in derogation from paragraph 6, point (b) may only be taken, as a last resort, if the leverage efforts of companies referred to in Article 3(1), point (a)(iv) have ultimately failed to influence the entity to whom that service is being provided to bring actual adverse impacts to an end or to minimise their extent.***

Amendment 203

Proposal for a directive
Article 8 a (new)

Text proposed by the Commission	*Amendment*
	Article 8a
	Appropriate measures by institutional investors and asset managers to induce their investee companies to bring actual adverse impacts caused by them to an end
	1. Member States shall ensure that institutional investors and asset managers take appropriate measures as described in paragraph 3 of this Article to induce their investee companies to bring actual adverse impacts to an end that have been, or should have been identified pursuant to Article 6.
	2. Where the adverse impact cannot be brought to an end, Member States shall ensure that institutional investors and asset managers induce their investee companies to minimise the extent of such an impact.
	3. Where relevant, institutional investors and asset managers shall be required to engage with the investee company and exercise voting rights in line with Article 3g (1), point (a), of Directive 2007/36/EC [SRD2], in order to induce the management body of an investee

	company to bring the actual impact to and end or minimise its extent. The action sought from the investee company shall be proportionate to the significance and scale of the adverse impact and to the contribution of the investee company's conduct to the adverse impact. Likewise, the actions required from institutional investors and asset managers shall be proportionate and commensurate, and shall take due account of the degree of control they have over the investee company.

Amendment 204

Proposal for a directive
Article 8 b (new)

Text proposed by the Commission	*Amendment*
	Article 8b
	Prioritising actual and potential adverse impacts
	1. In cases where it is not possible to prevent, bring to an end or mitigate all identified adverse impacts simultaneously through appropriate measures as outlined in Articles 7 and 8, companies may prioritise the order in which they take appropriate measures on the basis of the likelihood and severity of adverse impacts.
	2. Companies shall be required to take appropriate measures as per paragraph 1 according to the severity and likelihood of impacts and taking into account risk factors.
	3. Once the most severe and likely adverse impacts are addressed in accordance with Articles 7 or 8 in a reasonable time, the company shall address less severe and less likely adverse impacts.

Amendment 205

Proposal for a directive
Article 8 c (new)

Text proposed by the Commission	*Amendment*
	Article 8c
	Remediation of actual adverse impacts
	1. Member States shall ensure that where a company has caused or contributed to an actual adverse impact, that company shall take appropriate measures to remediate that adverse impact and the possible harm it has caused to people or the environment, or contribute to its remediation. The remediation may be proposed as a result of a non-judicial grievance procedure as laid down in Article 9.
	2. Such remedial measures shall aim to restore the affected persons and groups or communities and/or the environment to a situation equivalent or as close as possible to their situation prior to the impact. They may include compensation, restitution, rehabilitation, public apologies, reinstatement or a contribution to investigations. Companies shall prevent additional harm being caused.
	3. Member states shall ensure that the single helpdesk as designated pursuant to Article 14a acts as a contact point for due diligence mediation in order to assist companies and stakeholders in finding remedial solutions. In performing those duties, the single helpdesk shall be impartial, predictable and equitable.
	4. Where a company is directly linked to an adverse impact, Member States shall encourage its voluntary participation in any remedial measures, where appropriate, and encourage companies to consider using their leverage with responsible parties to enable the remediation of any damage caused by an impact.

PUBLIC

Amendment 206

Proposal for a directive
Article 8 d (new)

Text proposed by the Commission	*Amendment*
	Article 8d
	Carrying out meaningful engagement with affected stakeholders
	1. Member States shall ensure that companies take appropriate measures to carry out meaningful engagement with affected stakeholders that allows for genuine interaction and dialogue in their due diligence process. To this end, the engagement shall cover information and consultation of affected stakeholders and shall be comprehensive, structural, effective, timely and culturally and gender sensitive.
	2. Where it is not possible to carry out meaningful engagement with affected stakeholders, or where engagement with additional expert perspectives is useful to allow the company to comply fully with the requirements of this Directive, in particular in the context of scoping and prioritisation decisions under Article 6, companies shall engage in a meaningful way with other relevant stakeholders, such as civil society organisations, or legal or natural persons defending human rights or the environment in order to gain credible insights into potential or actual adverse impacts, in order to be able to comply with the requirements of this Directive.
	3. Companies shall, as appropriate, provide comprehensive, targeted and relevant information to affected stakeholders about their value chain and their actual or potential adverse impacts on the environment, human rights and good governance.
	4. Affected stakeholders shall be allowed to request additional written information, which shall be provided by

the company within a reasonable amount of time and in an appropriate and comprehensible format. Without prejudice to Directive (EU) 2016/943, if the company refuses a request for additional information, the affected stakeholder shall be entitled to written justification for that refusal. Member States shall ensure that supervisory or judicial authorities are entitled to order the disclosure of the information.

5. Companies shall set up an appropriate framework for consulting affected stakeholders. Companies may decide to identify and consult different affected stakeholders depending on the context or adverse impact concerned. Companies shall in particular inform and consult workers and workers representatives as well as other relevant affected stakeholders when developing a due diligence policy in line with Article 5, when identifying adverse impacts in line with Article 6, when developing action plans or terminating a business relationship in line with Article 7 and 8, when prioritising their adverse impacts in line with Article 8b, when developing remedial measures in line with Article 8c, when establishing a notification or non-judicial grievance mechanism in line with Article 9 and when carrying out their obligations in line with Article 10.

6. Workers and their representatives shall be informed by their company on its due diligence policy and the implementation thereof, and engagement with them shall be without prejudice to existing Union and national legislation in the field of employment and social rights as well as collective agreements applicable.

7. In informing and consulting affected stakeholders, companies shall identify and address barriers to engagement and shall ensure that participants are not the subject of retaliation or retribution, including by

	maintaining confidentiality or anonymity. Companies shall pay particular attention to the needs of vulnerable stakeholders, and overlapping vulnerabilities and intersecting factors, ensure a gender-responsive approach, and fully respect the United Nations Declaration on the Rights of Indigenous Peoples.

Amendment 207

Proposal for a directive
Article 9 – title

Text proposed by the Commission	*Amendment*
Complaints procedure	***Notification and non-judicial grievance mechanism***

Amendment 208

Proposal for a directive
Article 9 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies provide ***the possibility for*** persons and organisations listed in paragraph 2 to ***submit complaints to them*** where they have legitimate concerns regarding actual or potential adverse human rights ***impacts and adverse*** environmental impacts with respect to ***their*** own operations, the operations of their subsidiaries and their value chains.	1. Member States shall ensure that companies provide ***publicly available and effective notification and non-judicial grievance mechanisms at operational level, that can be used by*** persons and organisations listed in paragraph 2 to ***notify them of or raise grievances and request remediation,*** where they have legitimate ***information or*** concerns regarding actual or potential adverse human rights ***or*** environmental impacts with respect to ***the companies'*** own operations, the operations of their subsidiaries and their value chains. ***Member States shall ensure that companies are able to provide such a possibility to submit notifications and grievances through collaborative arrangements, including industry initiatives, with other companies or organisations, by participating in multi-stakeholder grievance mechanisms or***

joining a global framework agreement.

Amendment 209

Proposal for a directive
Article 9 – paragraph 2 – introductory part

Text proposed by the Commission	*Amendment*
(2) Member States shall ensure that the ***complaints*** may be submitted by:	(2) Member States shall ensure that the ***grievances*** may be submitted by:

Amendment 210

Proposal for a directive
Article 9 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact,	(a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact, ***and the legitimate representatives of such individuals, or, in cases where there are no individuals, groups or communities affected by an adverse impact on the environment, credible and experienced organisations whose purpose includes the protection of the environment,***

Amendment 211

Proposal for a directive
Article 9 – paragraph 2 – point c

Text proposed by the Commission	*Amendment*
(c) civil society organisations active in the areas related to the value chain concerned.	***deleted***

Amendment 212

Proposal for a directive
Article 9 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Member States shall ensure that notifications may be submitted by the persons and organisations listed in points (a) and (b) of paragraph 2, and in addition, in as far as they are not covered under those points, by the following:
	(a) legal or natural persons defending human rights or the environment;
	(b) civil society organisations active in the areas related to the value chain concerned.

Amendment 213

Proposal for a directive
Article 9 – paragraph 3

Text proposed by the Commission	*Amendment*
3. Member States shall ensure that the companies establish a procedure for dealing with ***complaints*** referred to in paragraph 1, including a procedure when the company considers the ***complaint*** to be unfounded, and inform the relevant ***workers and trade unions*** of those procedures. Member States shall ensure that where the ***complaint*** is well-founded, the adverse impact that is the subject matter of the ***complaint*** is deemed to be identified within the meaning of Article 6.	3. Member States shall ensure that the companies establish a procedure for dealing with ***notifications and grievances*** referred to in paragraph 1, including a procedure when the company considers the ***notifications or grievances*** to be unfounded, and inform the relevant ***affected stakeholders, and their representatives where applicable, and other relevant persons or organisations covered by paragraphs 2 and 2a,*** of those procedures. Member States shall ensure that where the ***notification or grievance*** is well-founded, the adverse impact that is the subject matter of the ***notification or grievance*** is deemed to be identified within the meaning of Article 6.

Amendment 214

Proposal for a directive
Article 9 – paragraph 3 a (new)

Text proposed by the Commission	*Amendment*
	3a. Member States shall ensure that when companies establish or participate in notification and grievance mechanisms, those mechanisms are legitimate, accessible, predictable, equitable, transparent, rights-compatible, gender- and culturally responsive, and based on engagement and dialogue. Notification and grievance mechanisms shall be designed and operated in a manner that is informed by the perspectives of stakeholders and adapted to the needs of people who may be most vulnerable to adverse impacts. Companies shall adopt and implement policies and processes to maintain the independence of the notification and grievance mechanism.

Amendment 215

Proposal for a directive
Article 9 – paragraph 3 b (new)

Text proposed by the Commission	*Amendment*
	3b. Companies shall take measures to ensure that persons submitting notifications or grievances are free from retaliation or retribution, including by ensuring that notifications and grievances can be raised either anonymously or confidentially, in accordance with national law and adopt and implement policies to that effect. Where information needs to be shared, it shall be in a manner that does not endanger the stakeholders' safety, including by not disclosing their identity.

Amendment 216

Proposal for a directive
Article 9 – paragraph 3 c (new)

Text proposed by the Commission	*Amendment*
	3c. Member States shall ensure that persons submitting grievances under paragraph 2, where they do not do so anonymously, are entitled to receive timely and appropriate follow-up from the company with which they have filed a grievance pursuant to paragraph 1 and shall also be entitled:
	(a) to be provided with the reasoning as to whether a grievance has been considered founded or unfounded and provided with information on the steps and actions taken;
	(b) to engage with the company's representatives at an appropriate level to discuss potential or actual adverse impacts that are the subject matter of the grievance;
	(c) to request that companies remediate or contribute to the remediation of actual adverse impacts, in line with Article 8c.

Amendment 217

Proposal for a directive
Article 9 – paragraph 4 – introductory part

Text proposed by the Commission	*Amendment*
4. Member States shall ensure that ***complainants*** are entitled	4. Member States shall ensure that ***persons submitting notifications under paragraph 2a, where they do not do so anonymously,*** are entitled ***to receive timely and appropriate follow-up from the company with which they have filed a notification pursuant to paragraph 1.***

Amendment 218

Proposal for a directive
Article 9 – paragraph 4 – point a

Text proposed by the Commission	*Amendment*
(a) to request appropriate follow-up on the complaint from the company with which they have filed a complaint pursuant to paragraph 1, and	***deleted***

Amendment 219

Proposal for a directive
Article 9 – paragraph 4 – point b

Text proposed by the Commission	*Amendment*
(b) to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint.	***deleted***

Amendment 220

Proposal for a directive
Article 9 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4a. Member States shall ensure that supervisory authorities are empowered to issue guidance to companies and other relevant actors responsible for developing and administering notification and grievance mechanisms, including in relation to their compliance with the criteria set out in this Article, and in line with relevant international standards.

Amendment 221

Proposal for a directive
Article 9 – paragraph 4 b (new)

Text proposed by the Commission	*Amendment*
	4b. The submission of a notification or

	grievance under this Article shall not be a prerequisite for or preclude the persons submitting them from having access to the substantiated concerns procedure under Article 19 or to judicial or other non-judicial mechanisms, such as the OECD National contact points where they exist.

Amendment 222

Proposal for a directive
Article 10 – title

Text proposed by the Commission	*Amendment*
Monitoring	Monitoring ***and verifying***

Amendment 223

Proposal for a directive
Article 10 – paragraph 1

Text proposed by the Commission	*Amendment*
Member States shall ensure that companies ***carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the value chains of the company, those of their established business relationships, to*** monitor the effectiveness of ***the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights and environmental adverse impacts. Such assessments*** shall be based, where appropriate, on qualitative and quantitative indicators and be carried out ***at least every 12 months*** and whenever there are reasonable grounds to believe that ***significant*** new risks of the occurrence of those adverse impacts may arise. The due diligence policy shall be updated in accordance with the outcome of those assessments.	Member States shall ensure that companies ***continuously verify the implementation and*** monitor the ***adequacy and*** effectiveness of ***their actions taken in accordance with this Directive. Monitoring and verification*** shall be based, where appropriate, on qualitative and quantitative indicators and be carried out ***continuously, taking into account the nature, severity and likelihood of the adverse impacts in question*** and whenever there are reasonable grounds to believe that new risks of the occurrence of those adverse impacts may arise. ***Where appropriate,*** the due diligence policy***, the prevention action plan and the corrective action plan*** shall be ***reviewed and*** updated in accordance with the outcome of those assessments.

Amendment 224

Proposal for a directive
Article 11 – paragraph 1

Text proposed by the Commission	*Amendment*
Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a ***and 29a*** of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement in ***a language customary in the sphere of international business***. The statement shall be published ***by 30 April each year, covering the previous calendar year***.	***1.*** Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a***, 29a and 40a*** of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement in ***at least one of the official languages of the Union***. The statement shall be published ***no later than 12 months after the balance sheet date of the financial year for which the statement is drawn up***. ***For non-EU companies the statement will include information on the way to contact the company's authorised representative as defined in Article 16.***

Amendment 225

Proposal for a directive
Article 11 – paragraph 2

Text proposed by the Commission	*Amendment*
The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, specifying information on the description of due diligence, potential and actual adverse impacts and actions taken on those.	***2.*** The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, ***ensuring that it is consistent with the disclosure requirements for due diligence outlined in Article 40b of Directive 2013/34/EU, and*** specifying information on the description of due diligence, potential and actual adverse impacts and actions taken on those. ***This reporting should be sufficiently detailed to demonstrate it complied with the obligations under this Directive.*** ***When adopting delegated acts, the Commission shall ensure that there is no duplication in reporting requirements for companies referred to in Article 3, point (a)(iv), that are subject to reporting***

requirements and consider principal adverse impacts under Article 4 of Regulation (EU) 2019/2088 of the European Parliament and of the Council, while maintaining in full the minimum obligations stipulated in this Directive.

For companies that do not have a website, Member States shall dedicate a website to the publication of the annual statement of the companies concerned.

Amendment 226

Proposal for a directive
Article 11 a (new)

Text proposed by the Commission	*Amendment*
	Article 11a
	Accessibility of information on the European Single Access Point (ESAP)
	1. Member States shall ensure that, when making public the annual statements drawn-up pursuant to Article 11(1) of this Directive, companies submit that information at the same time to the collection body referred to in paragraph 3 of this Article for accessibility on ESAP, as established under Regulation (EU) XX/XXXX [ESAP Regulation] of the European Parliament and of the Council[1a].
	That information shall comply with all of the following requirements:
	(a) the information shall be prepared in a data extractable format as defined in Article 2, point (3), of Regulation (EU) XX/XXXX [ESAP Regulation][1b] or, where required under Union law, in a machine-readable format, as defined in Article 2, point (13), of Directive (EU) 2019/1024 of the European Parliament and of the Council[1c];
	(b) the information shall be accompanied by all the following

metadata:

(i) all the names of the company to which the information relates;

(ii) the legal entity identifier of the company, as specified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation];

(iii) the size of the company by category, as specified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation];

(iv) the type of information, as classified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation];

(v) the specific period for which the information is to be made publicly available on ESAP, where relevant.

2. For the purposes of paragraph 1(b)(ii), Member States shall ensure that companies acquire a legal entity identifier as specified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation].

3. By [1 day before the obligation for companies to submit to the collection body enters into application], for the purposes of making accessible on ESAP the information referred to in paragraph 1, Member States shall designate one of the officially appointed mechanisms referred to in Article 21, point (2) of Directive 2004/109/EC as the collection body as defined in Article 2, point (2), of Regulation (EU) XX/XXXX [ESAP Regulation] and notify ESMA thereof.

4. For the purposes of ensuring an efficient collection and administration of data submitted in accordance with paragraph 1, points (a) and (b), the Commission shall be empowered to adopt implementing measures to specify:

(a) any other metadata to accompany the information;

(b) the structuring of data in the

information;

(c) whether a machine-readable format is required and which machine-readable format is to be used.

[1a] Regulation (EU) XX/XXXX of the European Parliament and of the Council establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability (OJ L [...], […], p. […]).

[1b] Directive (EU) 2019/1024 of the European Parliament and of the Council of 20 June 2019 on open data and the re-use of public sector information (OJ L 172, 26.6.2019, p. 56).

[1c] Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC (OJ L 257, 28.8.2014, p. 73)

Amendment 227

Proposal for a directive
Article 12 – paragraph 1

Text proposed by the Commission	*Amendment*
In order to provide support to companies to facilitate their compliance with Article 7(2), point (b), and Article 8(3), point (c), the Commission shall adopt guidance about voluntary model contract clauses.	In order to provide support to companies to facilitate their compliance with Article 7(2), point (b), and Article 8(3), point (c), the Commission shall***, in consultation with Member States and relevant stakeholders,*** adopt guidance***, tailored to the sector and size of companies,*** about voluntary model contract clauses ***by the application date of this Directive***. ***Those model contractual clauses shall stipulate, as a minimum:***

Amendment 228

Proposal for a directive
Article 12 – paragraph 1 – point a (new)

Text proposed by the Commission	*Amendment*
	(a) the clear allocation of tasks between both contracting parties, in ongoing cooperation, and that contractual clauses shall not be such as to result in the transfer of responsibility for carrying out due diligence; and

Amendment 229

Proposal for a directive
Article 12 – paragraph 1 – point b (new)

Text proposed by the Commission	*Amendment*
	(b) that without prejudice to Article 7 (5) and Article 8 (6), where contractual clauses are breached, companies shall first take appropriate measures in line with Article 7 (4) and Article 8 (5) and shall avoid terminating such clauses.

Amendment 230

Proposal for a directive
Article 13 – paragraph 1

Text proposed by the Commission	*Amendment*
In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States ***and*** stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate ***with*** international bodies having expertise in due diligence, ***may*** issue guidelines, including ***for specific sectors or*** specific ***adverse impacts***.	***1.*** In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, ***including in relation to rights and protections enshrined in the Annex,*** the Commission, in consultation with Member States***, the European cross-industry and sectoral social partners and other relevant*** stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, ***the European Labour Authority, the European External Action Service, the***

European Innovation Council and the Small and Medium-Sized Enterprises Executive Agency (EISMEA), the European Food Safety Authority, and where appropriate ***the OECD and other*** international bodies having expertise in due diligence, ***shall*** issue ***clear and easily understandable*** guidelines, including ***general and sector-*** specific ***guidance, in order to facilitate compliance in a practical manner***.

Amendment 231

Proposal for a directive
Article 13 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the guidelines shall include:
	(a) information on the implementation of the human rights and environmental standards applicable to businesses based on the OECD Guidelines for Multinational Enterprises as clarified in the OECD Due Diligence Guidance for Responsible Business Conduct as well as the UN Guiding Principles on Business and Human Rights;
	(b) lists of risk factors and accompanying guidance, including enterprise-level risk factors, geographic risk factors and sectoral risk factors;
	(c) sector specific guidance, in particular for the following sector, in line with current or future OECD guidelines:
	(i) the manufacture and the wholesale trade and retail of textiles, wearing apparel, fur, leather and related products (including footwear),
	(ii) agriculture, water supply, the management of land and resources,

including nature conservation, forestry, fisheries (including aquaculture), the rubber industry, the manufacture of food products, marketing and advertising of food and beverages, and the wholesale trade and retail of agricultural raw materials, live animals, animal products, wood, food, and beverages, and waste management,

(iii) mining and quarrying, the extraction, refining, transport and handling of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products, (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products, (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products), construction, energy sector,

(iv) the provision of financial services, investment services and activities, and other financial services;

(d) information on how to perform heightened, conflict-sensitive due diligence in conflict-affected areas;

(e) information on how to share resources and information among companies and other legal entities for the purposes of preventing, mitigating and remediating adverse impacts in compliance with competition law;

(f) information on how to take into account the specific needs of SMEs;

(g) information on the establishment of a notification and non-judicial grievance mechanism,

(h) information on responsible disengagement and an assessment and dynamic listing of contexts where adverse

	impacts are systemic state-sponsored;
	(i) practical guidance on how to identify and engage with affected stakeholders;
	(j) information on facilitation by Member States of access to justice for victims and prevention of retaliation of affected stakeholders;
	(k) practical guidance on the development and implementation of prioritisation strategies, including practical guidance on how proportionality and prioritisation, in terms of impacts, sectors and geographical areas, may be applied to due diligence obligations depending on the size and sector of the company;
	(l) information on responsible purchasing practices;
	(m) information on gender-responsive and culturally responsive due diligence, and measures that companies should take to address the challenges faced by smallholders, including access to a living income;
	(n) information on how to support safe participatory collection of independent data on human rights violations and environmental damages and on how to undertake necessary actions for the data to be considered;
	(o) information for Union export credit agencies to help Union and Member States' funds and export credits operate in line with the principles of this Directive.

Amendment 232

Proposal for a directive
Article 13 – paragraph 1 b (new)

Text proposed by the Commission	*Amendment*
	1b. The guidelines shall be made

available no later than ... [1 year before the date of entry into force of obligations for companies under this Directive], in free of charge and easily accessible format, including digital, and in all the official languages of the Union. The Commission shall periodically review the relevance of its guidelines and adapt them, including to new best practices.

Amendment 233

Proposal for a directive
Article 13 – paragraph 1 c (new)

Text proposed by the Commission	*Amendment*
	1c. Country fact-sheets shall be updated regularly by the Commission and made publicly available in order to provide up-to-date information on the international Conventions and Treaties ratified by each of the Union's trading partners. The Commission shall collect and publish trade and customs data on origins of raw materials, and intermediate and finished products, and publish information on human rights, environmental and governance potential or actual adverse impacts risks associated with certain countries or regions, sectors and sub-sectors, and products.

Amendment 234

Proposal for a directive
Article 14 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall, in order to provide information and support to companies and the partners with whom they have ***established*** business relationships in their value chains in their efforts to fulfil the obligations resulting from this Directive, set up and operate	1. ***Before the entry into force of this Directive,*** Member States ***with the support of the Commission*** shall ***develop and implement measures and toolboxes***, in order to provide information***, advice*** and support to companies and the partners with whom they have business relationships in

individually or jointly dedicated websites, platforms or portals. ***Specific consideration*** shall be ***given, in that respect,*** to the ***SMEs that are present in the value chains of*** companies.	their value chains in their efforts to fulfil the obligations resulting from this Directive, ***and*** set up and operate individually or jointly dedicated ***user-friendly*** websites, platforms or portals. ***Such information, advice and support*** shall be ***practical and tailored*** to the ***specific needs of SMEs in particular. Member States shall also ensure that training on how to perform due diligence is made available for*** companies. ***In doing so, Member States shall ensure complementarity and coherence with similar measures already in existence, such as information and promotion provided by OECD National Contact Points.***

Amendment 235

Proposal for a directive
Article 14 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. The Commission shall establish a dedicated digital portal for companies to access free of charge all templates and information relating to all reporting requirements stemming from this Directive and other Union legislative instruments specific to a particular company based on its size, sector, product and service, risk exposure etc., as well as access to information on funding and tendering opportunities in order to implement, fulfil and profit from their due diligence obligations.

Amendment 236

Proposal for a directive
Article 14 – paragraph 1 b (new)

Text proposed by the Commission	*Amendment*
	1b. Member States shall provide

	information and support for stakeholders and their representatives to exercise their engagement in due diligence, for their capacity development, and provide them with information and assistance to facilitate their access to justice. This shall include legal counsel and setting up and operating individually or jointly dedicated websites, platforms or portals. Member States may also provide financial support to stakeholders for the purpose of raising their awareness and facilitating access to the rights provided to them by this Directive, as well as support and protection for affected stakeholders in relation to potential or actual adverse impacts related to business operations.

Amendment 237

Proposal for a directive
Article 14 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Without prejudice to applicable State aid rules, Member States ***may financially*** support ***SMEs***.	2. Without prejudice to applicable State aid rules, Member States ***shall provide financial and other*** support ***to SMEs, where relevant***.

Amendment 238

Proposal for a directive
Article 14 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The Commission ***may*** complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.	3. The Commission ***shall establish advisors for due diligence under the scope of the Enterprise Europe Network and shall, including in view of ensuring consistency,*** complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help

companies fulfil their obligations.

Amendment 239

Proposal for a directive
Article 14 – paragraph 3 a (new)

Text proposed by the Commission	*Amendment*
	3a. The Commission and Member States shall ensure that the Union's cooperation and trade instruments support the development of an enabling environment in third countries, as well as developing and strengthening cooperation and partnership mechanisms with third countries, and relying on existing instruments, to address the root causes of adverse impacts on human rights and the environment , and build the capacity of third country economic actors to respect the environment and human rights.

Amendment 240

Proposal for a directive
Article 14 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Companies may ***rely on*** industry ***schemes*** and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such ***schemes and*** initiatives are appropriate to support the fulfilment of ***those*** obligations. ***The Commission and the Member States may facilitate the dissemination of information on such schemes or initiatives and their outcome***. The Commission, in collaboration with Member States, ***may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.***	4. ***Without prejudice to Articles 18, 19 and 22,*** companies may ***participate in*** industry and multi-stakeholder initiatives to support the implementation of ***aspects of*** their ***due diligence*** obligations referred to in Articles 5 to 11 of this Directive to the extent that such initiatives are appropriate to support the fulfilment of ***the relevant*** obligations. ***They may be particularly appropriate to support sector-wide risk identification, providing tools for mitigation of specific risks, coordinating the use of companies' leverage to enable remediation, and providing access to a grievance mechanism***. The Commission, in collaboration with Member States, ***the OECD, the OHCHR and relevant***

stakeholders, shall:

Amendment 241

Proposal for a directive
Article 14 – paragraph 4 – point a (new)

Text proposed by the Commission	*Amendment*
	(a) issue guidance and a methodology for assessing the scope, alignment with this Directive, and credibility including with regard to transparency, governance, oversight mechanisms and accountability of participating companies, of individual industry and multi-stakeholder initiatives, building on the OECD's alignment assessment methodology;

Amendment 242

Proposal for a directive
Article 14 – paragraph 4 – point b (new)

Text proposed by the Commission	*Amendment*
	(b) establish a centralised and public digital platform for companies, governments and other stakeholders to access free of charge independent third-party assessments of the scope, alignment, and credibility of individual industry and multi-stakeholder initiatives using the methodology developed by the Commission under point (a). Independent third-party assessments may be carried out by Member States, the OECD or other independent third party assessors;

Amendment 243

Proposal for a directive
Article 14 – paragraph 4 – point c (new)

Text proposed by the Commission	*Amendment*
	(c) facilitate the dissemination of other relevant information on the scope, alignment and credibility of industry and multi-stakeholder initiatives and their outcomes. Member States shall foster the development of appropriate industry or multi-stakeholder initiatives to support companies in particular sectors or on particular issues that involve severe sustainability risks but lack such initiatives.

Amendment 244

Proposal for a directive
Article 14 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4a. Without prejudice to Articles 18, 19 and 22, companies may use independent third party verification to support the implementation of aspects of their due diligence obligations referred to in Articles 5 to 11 of this Directive to the extent that such verification is appropriate to support the fulfilment of the relevant obligations. The Commission shall adopt a delegated act in accordance with Article 28 to specify the minimum standards, including transparency standards, for the independent third-party verification.

Amendment 245

Proposal for a directive
Article 14 – paragraph 4 b (new)

Text proposed by the Commission	*Amendment*
	4b. Relevant stakeholders may submit notifications and grievances pursuant to Article 9 through industry and multi-stakeholder initiatives that the company

participates in.

Amendment 246

Proposal for a directive
Article 14 a (new)

Text proposed by the Commission	*Amendment*
	Article 14a
	Single helpdesk
	1. Each Member State shall designate one or more national helpdesks on corporate sustainability due diligence. Member States may assign this role to an existing authority such as National Contact Points where they exist but shall ensure that the single helpdesks are functionally independent from the tasks and role of the supervisory authorities.
	2. Companies may seek additional guidance and obtain further support and information about how best to fulfil their due diligence obligations through this point of contact, including on the role of collaborative industry and multi-stakeholder initiatives in supporting and assisting companies to meet specific aspects of their due diligence obligations.
	3. The single helpdesks may also liaise with each other to ensure cross-border cooperation, and, where relevant, Member States shall ensure that single helpdesks coordinate with other implementation bodies or other relevant international instruments, such as OECD National Contact Points.

Amendment 247

Proposal for a directive
Article 15 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that	1. Member States shall ensure that

companies referred to in Article ***2(1), point (a), and*** Article ***2(2), point (a), shall adopt a plan*** to ensure that the business model and strategy of the company are ***compatible with*** the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. ***This*** plan shall***, in particular, identify, on the basis of information reasonably available to the company, the extent to which climate change is a risk for, or an impact of, the company's operations.***	companies referred to in Article ***2 develop and implement a transition plan in line with the reporting requirements in*** Article ***19a of Regulation (EU) 2021/0104 (CSRD),*** to ensure that the business model and strategy of the company are ***aligned with the objectives of*** the transition to a sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris Agreement ***and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119 (European Climate Law) as regards its operations in the Union, including its 2050 climate neutrality target and the 2030 climate target***. ***This*** plan shall ***include a description of:***

Amendment 248

Proposal for a directive
Article 15 – paragraph 1 – point a (new)

Text proposed by the Commission	*Amendment*
	(a) the resilience of the company's business model and strategy to risks related to climate matters;

Amendment 249

Proposal for a directive
Article 15 – paragraph 1 – point b (new)

Text proposed by the Commission	*Amendment*
	(b) the opportunities for the company related to climate matters;

Amendment 250

Proposal for a directive
Article 15 – paragraph 1 – point c (new)

Text proposed by the Commission	*Amendment*
	(c) where appropriate an identification and explanation of decarbonisation levers within the company's operations and value chain, including the exposure of the company to coal-, oil- and gas-related activities, as referred to in Articles 19a(2), point (a)(iii), and 29a(2), point (a)(iii), of Directive 2013/34/EU;

Amendment 251

Proposal for a directive
Article 15 – paragraph 1 – point d (new)

Text proposed by the Commission	*Amendment*
	(d) how the company's business model and strategy take account of the interests of the company's affected stakeholders and of the impacts of the company on climate change;

Amendment 252

Proposal for a directive
Article 15 – paragraph 1 – point e (new)

Text proposed by the Commission	*Amendment*
	(e) how the company's strategy has been implemented and will be implemented with regard to climate matters, including related financial and investment plans;

Amendment 253

Proposal for a directive
Article 15 – paragraph 1 – point f (new)

Text proposed by the Commission	*Amendment*
	(f) the time-bound targets related to climate change set by the company for scope 1, 2 and, where relevant, 3 emissions, including where appropriate, absolute emission reduction targets for greenhouse gas for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence, and a description of the progress the company has made towards achieving those targets;

Amendment 254

Proposal for a directive
Article 15 – paragraph 1 – point g (new)

Text proposed by the Commission	*Amendment*
	(g) a description of the role of the administrative, management and supervisory bodies with regard to climate matters.

Amendment 255

Proposal for a directive
Article 15 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Member States shall ensure that, in case climate change is or should have been identified as a principal risk for, or a principal impact of, the company's operations, the company includes emission reduction objectives in its plan.	***deleted***

Amendment 256

Proposal for a directive
Article 15 – paragraph 3

Text proposed by the Commission	*Amendment*
3. Member States shall ensure that ***companies duly take into account the fulfilment of*** the obligations ***referred to in paragraphs 1 and 2 when setting variable remuneration, if*** variable remuneration is linked ***to the contribution of a director*** to the company's ***business strategy and long-term interests and sustainability***.	3. Member States shall ensure that ***directors are responsible for overseeing*** the obligations ***set out in this Article and that companies with more than 1000 employees on average have a relevant and effective policy in place to ensure that part of any*** variable remuneration ***for directors*** is linked to the company's ***transition plan referred to in this Article. Such a policy shall be approved by the Annual General Meeting.***

Amendment 257

Proposal for a directive
Article 17 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Each Member State shall designate one or more supervisory authorities to supervise compliance with the obligations laid down in national provisions adopted pursuant to ***Articles 6 to 11 and Article 15(1) and (2)*** ('supervisory authority').	1. Each Member State shall designate one or more supervisory authorities to supervise compliance with the obligations laid down in national provisions adopted pursuant to ***this Directive*** ('supervisory authority').

Amendment 258

Proposal for a directive
Article 17 – paragraph 6

Text proposed by the Commission	*Amendment*
6. By the date indicated in Article 30(1), point (a), Member States shall inform the Commission of the names and contact details of the supervisory authorities designated pursuant to this Article, as well as of their respective competence where there are several designated supervisory authorities. They shall inform the Commission of any changes thereto.	6. By the date indicated in Article 30(1), point (a), Member States shall inform the Commission of the names and contact details of the supervisory authorities ***and, where applicable, the respective competences of those authorities,*** designated pursuant to this Article, as well as of their respective competence where there are several designated supervisory authorities. They shall inform the Commission of any

changes thereto.

Amendment 259

Proposal for a directive
Article 17 – paragraph 7

Text proposed by the Commission	*Amendment*
7. The Commission shall make publicly available, including on its website, a list of the supervisory authorities. The Commission shall regularly update the list on the basis of the information received from the Member States.	7. The Commission shall make publicly available, including on its website, a list of the supervisory ***authorities, and, when a Member State has several supervisory authorities, the respective competences of those*** authorities. The Commission shall regularly update the list on the basis of the information received from the Member States.

Amendment 260

Proposal for a directive
Article 17 – paragraph 8

Text proposed by the Commission	*Amendment*
8. Member States shall guarantee the independence of the supervisory authorities and ***shall*** ensure that they, and all persons working for or who have worked for them and ***auditors or experts*** acting on their behalf, exercise their powers impartially, transparently and with due respect for obligations of professional secrecy. In particular, Member States shall ensure that the authority is legally and functionally independent from the companies falling within the scope of this Directive or other market interests, that its staff and the persons responsible for its management are free of conflicts of interest, subject to confidentiality requirements, and that they refrain from any action incompatible with their duties.	8. Member States shall guarantee the independence of the supervisory authorities and ensure that they, and all persons working for or who have worked for them and ***persons*** acting on their behalf, exercise their powers impartially, transparently and with due respect for obligations of professional secrecy. In particular, Member States shall ensure that the authority is legally and functionally independent from the companies falling within the scope of this Directive or other market interests, that its staff and the persons responsible for its management are free of conflicts of interest, subject to confidentiality requirements, and that they refrain from any action incompatible with their duties.

Amendment 261

Proposal for a directive
Article 17 – paragraph 8 a (new)

Text proposed by the Commission	*Amendment*
	8a. Member States shall ensure that supervisory authorities publish and make available on a website an annual report detailing their past activities, future work plan and priorities, and the most serious non-compliance issues.

Amendment 262

Proposal for a directive
Article 17 – paragraph 8 b (new)

Text proposed by the Commission	*Amendment*
	8b. Member States shall ensure that supervisory authorities recognise the role of implementation bodies of other relevant international instruments, such as OECD National Contact Points. The Commission, in consultation with relevant international bodies, may develop guidelines on the coordination between supervisory authorities and such implementation bodies.

Amendment 263

Proposal for a directive
Article 18 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that the supervisory authorities have adequate powers ***and*** resources to carry out the tasks assigned to them under this Directive, including the power to ***request*** information and carry out investigations related to compliance with the obligations set out in this Directive.	1. Member States shall ensure that the supervisory authorities ***are independent and impartial and*** have adequate powers***,*** resources ***and expertise*** to carry out the tasks assigned to them under this Directive, including the power to ***require companies to provide*** information and carry out investigations***, which can include where appropriate on site inspections and the***

	hearing of relevant stakeholders, related to compliance with the obligations set out in this Directive.

Amendment 264

Proposal for a directive
Article 18 – paragraph 4 – subparagraph 2

Text proposed by the Commission	*Amendment*
Taking remedial action does not preclude the imposition of administrative sanctions or the triggering of civil liability in case of damages, in accordance with Articles 20 and 22, respectively.	Taking remedial action does not preclude the imposition of administrative sanctions or the triggering of civil liability in case of damages, ***including*** in accordance with Articles 20 and 22, respectively.

Amendment 265

Proposal for a directive
Article 18 – paragraph 5 – point b

Text proposed by the Commission	*Amendment*
(b) to impose ***pecuniary*** sanctions in accordance with Article 20;	(b) to impose sanctions in accordance with Article 20;

Amendment 266

Proposal for a directive
Article 18 – paragraph 5 – point c

Text proposed by the Commission	*Amendment*
(c) to adopt interim measures to avoid the risk of severe ***and*** irreparable harm***.***	(c) to adopt interim measures to avoid the risk of severe ***or*** irreparable harm;

Amendment 267

Proposal for a directive
Article 18 – paragraph 5 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) to assess the validity of

prioritisation strategies as foreseen under Article 8b and order a review if the requirements for such strategies have not been met.

Amendment 268

Proposal for a directive
Article 18 – paragraph 7

Text proposed by the Commission	*Amendment*
7. Member States shall ensure that each natural or legal person has the right to an effective judicial remedy against a legally binding decision by a supervisory authority concerning them.	7. Member States shall ensure that each natural or legal person has the right to an effective judicial remedy against a legally binding decision by a supervisory authority concerning them***, in accordance with national law and without prejudice to Member State rules on companies' right to court appeal and other relevant safeguards.***

Amendment 269

Proposal for a directive
Article 18 – paragraph 7 a (new)

Text proposed by the Commission	*Amendment*
	7a. Supervisory authorities shall publish and regularly update a list of all companies subject to this Directive under their jurisdiction, without containing any personal data within the meaning of Article 4(1) of Regulation (EU) 2016/679. The lists of companies subject to this Directive shall display links to access companies' due diligence statements where applicable.

Amendment 270

Proposal for a directive
Article 18 – paragraph 7 b (new)

Text proposed by the Commission	*Amendment*
	7b. Member States shall ensure that the supervisory authorities keep records of the investigations referred to in paragraph 1, indicating, in particular, their nature and result, as well as records of any notice of remedial action issued under paragraph 5.

Amendment 271

Proposal for a directive
Article 18 – paragraph 7 c (new)

Text proposed by the Commission	*Amendment*
	7c. Decisions of supervisory authorities regarding a company's compliance with this Directive shall be without prejudice to the company's civil liability under Article 22. In the context of ongoing civil liability proceedings and upon request of a court, supervisory authorities shall share any information they may have at their disposal about a given company with the court before which the proceedings brought under Article 22 are to be heard.

Amendment 272

Proposal for a directive
Article 19 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. Member States shall ensure that, where persons submitting substantiated concerns so request, the supervisory authority takes the necessary measures for the appropriate protection of the identity of that person and their personal information, which, if disclosed, would be harmful to that person.

Amendment 273

Proposal for a directive
Article 19 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Where the substantiated concern falls under the competence of another supervisory authority, the authority receiving the concern shall transmit it to that authority.	2. Where the substantiated concern falls under the competence of another supervisory authority, the authority receiving the concern shall transmit it to that authority ***and inform the person that has submitted a substantiated concern as provided for in paragraph 1***.

Amendment 274

Proposal for a directive
Article 19 – paragraph 3

Text proposed by the Commission	*Amendment*
3. Member States shall ensure that supervisory authorities assess the substantiated concerns and, where appropriate, exercise their powers as referred to in Article 18.	3. Member States shall ensure that supervisory authorities assess the substantiated concerns and, where appropriate, exercise their powers as referred to in Article 18 ***within a reasonable period of time***.

Amendment 275

Proposal for a directive
Article 19 – paragraph 4

Text proposed by the Commission	*Amendment*
4. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and shall provide the reasoning for it.	4. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and ***of its decision to accede to or refuse the request for action, and*** shall provide the reasoning for it***, and a description of the further steps and measures it will take***. ***Supervisory***

authorities may allow for additional information to be provided by the person who has submitted the concern.

Amendment 276

Proposal for a directive
Article 19 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4a. Member States shall ensure that supervisory authorities establish easily accessible channels for receiving concerns. Procedures to submit substantiated concerns shall be fair, equitable, timely and free of charge. Member States shall ensure that practical information is made available to the public on access to administrative and judicial review procedures.

Amendment 277

Proposal for a directive
Article 19 – paragraph 5

Text proposed by the Commission	*Amendment*
5. Member States shall ensure that the persons submitting the substantiated concern according to this Article ***and having, in accordance with national law, a legitimate interest in the matter*** have access to a court or other independent and impartial public body competent to review the procedural and substantive legality of the decisions, acts or failure to act of the supervisory authority.	5. Member States shall ensure that the persons submitting the substantiated concern according to this Article have access to a court or other independent and impartial public body competent to review the procedural and substantive legality of the decisions, acts or failure to act of the supervisory authority**.**

Amendment 278

Proposal for a directive
Article 20 – paragraph 2

Text proposed by the Commission	*Amendment*
2. In deciding whether to impose sanctions and, if so, in determining their nature and appropriate level, due account shall be taken of ***the company's efforts to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as collaboration with other entities to address adverse impacts in its value chains, as the case may be.***	2. In deciding whether to impose sanctions and, if so, in determining their nature and appropriate level, due account shall be taken of***:***

Amendment 279

Proposal for a directive
Article 20 – paragraph 2 – point a (new)

Text proposed by the Commission	*Amendment*
	(a) the company's efforts to comply with any remedial action required of them by a supervisory authority;

Amendment 280

Proposal for a directive
Article 20 – paragraph 2 – point b (new)

Text proposed by the Commission	*Amendment*
	(b) any investments made and any targeted support provided pursuant to Articles 7 and 8;

Amendment 281

Proposal for a directive
Article 20 – paragraph 2 – point c (new)

Text proposed by the Commission	*Amendment*
	(c) any collaboration with other entities to address adverse impacts in its

value chains;

Amendment 282

Proposal for a directive
Article 20 – paragraph 2 – point d (new)

Text proposed by the Commission	*Amendment*
	(d) the seriousness and duration of the company's infringement, or the severity of the impacts that have occurred;

Amendment 283

Proposal for a directive
Article 20 – paragraph 2 – point e (new)

Text proposed by the Commission	*Amendment*
	(e) the extent to which prioritisation decisions were reasonable, credible and taken in good faith;

Amendment 284

Proposal for a directive
Article 20 – paragraph 2 – point f (new)

Text proposed by the Commission	*Amendment*
	(f) any previous infringements by the company of national provisions adopted pursuant to this Directive;

Amendment 285

Proposal for a directive
Article 20 – paragraph 2 – point g (new)

Text proposed by the Commission	*Amendment*
	(g) the financial benefits gained or losses avoided by the company due to the infringement, if the relevant data are

available;

Amendment 286

Proposal for a directive
Article 20 – paragraph 2 – point h (new)

Text proposed by the Commission	*Amendment*
	(h) penalties imposed in respect of similar infringements in other Member States;

Amendment 287

Proposal for a directive
Article 20 – paragraph 2 – point i (new)

Text proposed by the Commission	*Amendment*
	(i) whether the company has effectively dealt with complaints or proposals raised by persons or affected stakeholders, including pursuant to Article 9;

Amendment 288

Proposal for a directive
Article 20 – paragraph 2 – point j (new)

Text proposed by the Commission	*Amendment*
	(j) any other aggravating or mitigating factors applicable to the circumstances of the case.

Amendment 289

Proposal for a directive
Article 20 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. At least the following measures

and sanctions shall be provided for:

(a) pecuniary sanctions;

(b) a public statement indicating that a company is responsible and the nature of the infringement;

(c) the obligation to perform an action, including to cease the conduct constituting the infringement and to desist from any repetition of that conduct;

(d) the suspension of products from free circulation or export.

Amendment 290

Proposal for a directive
Article 20 – paragraph 3

Text proposed by the Commission	*Amendment*
3. When pecuniary sanctions are imposed, they shall be based on the company's turnover.	3. When pecuniary sanctions are imposed, they shall be based on the company's ***net worldwide*** turnover. ***The maximum limit of pecuniary sanctions shall be not less than 5% of the net worldwide turnover of the company in the business year preceding the fining decision.***

Amendment 291

Proposal for a directive
Article 20 – paragraph 3 – subparagraph 1 a (new)

Text proposed by the Commission	*Amendment*
	Member States shall ensure that, with regards to companies referred to in Article 2(1), point (b) and Article 2(2), point (b), administrative pecuniary sanctions are calculated taking into account the consolidated turnover reported by that company.

Amendment 292

Proposal for a directive
Article 20 – paragraph 3 a (new)

Text proposed by the Commission	*Amendment*
	3a. Member States shall lay down rules so that companies which are formed in accordance with the legislation of a third country under Article 2(2) shall be excluded from public procurement processes if they fail to appoint an authorised representative under Article 16.

Amendment 293

Proposal for a directive
Article 20 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Member States shall ensure that any decision of the supervisory authorities containing sanctions related to the breach of the provisions of this directive is published.	4. Member States shall ***keep a record of sanctions that have been imposed and*** ensure that any decision of the supervisory authorities containing sanctions related to the breach of the provisions of this directive is published. ***The published decision shall not contain any personal data within the meaning of Article 4(1) of Regulation (EU) 2016/679.***

Amendment 294

Proposal for a directive
Article 21 – paragraph 1 – subparagraph 1

Text proposed by the Commission	*Amendment*
The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall facilitate the cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of	The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall facilitate the cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of

the supervisory authorities and, as appropriate, sharing of information among them.	the supervisory authorities and, as appropriate, sharing of information among them***, as well as ensuring regular public communication on the activities of the Network***.

Amendment 295

Proposal for a directive
Article 21 – paragraph 1 – subparagraph 2

Text proposed by the Commission	*Amendment*
The Commission ***may*** invite Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.	The Commission ***shall*** invite ***the European Agency for Fundamental Rights, the European Environment Agency, the European Labour Authority, the European Innovation Council and SMEs Executive Agency, and the European Securities and Markets Authority and other*** Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.

Amendment 296

Proposal for a directive
Article 21 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Member States shall cooperate with the Network in order to identify the companies within their jurisdiction , in particular by providing all necessary information in order to assess whether a non-European company fulfils the criteria set in Article 2.

Amendment 297

Proposal for a directive
Article 21 – paragraph 8 a (new)

Text proposed by the Commission	*Amendment*
	8a. The European Network of Supervisory Authorities shall publish a register of non-EU companies and their compliance.

Amendment 298

Proposal for a directive
Article 22 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) they failed to comply with the obligations laid down in ***Articles 7 and 8*** and;	(a) they failed to comply with the obligations laid down in ***this Directive*** and;

Amendment 299

Proposal for a directive
Article 22 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) as a result of this failure ***an*** adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures laid down in ***Articles 7 and 8 occurred*** and led to damage.	(b) as a result of this failure ***the company caused or contributed to an actual*** adverse impact that should have been identified, ***prioritised,*** prevented, mitigated, brought to an end***, remediated*** or its extent minimised through the appropriate measures laid down in ***this Directive*** and led to damage.

Amendment 300

Proposal for a directive
Article 22 – paragraph 2 – subparagraph 1

Text proposed by the Commission	*Amendment*
Notwithstanding paragraph 1, Member States shall ensure that where a company has taken the actions referred to in Article 7(2), point (b) and Article 7(4), or Article	***deleted***

8(3), point (c), and Article 8(5), it shall not be liable for damages caused by an adverse impact arising as a result of the activities of an indirect partner with whom it has an established business relationship, unless it was unreasonable, in the circumstances of the case, to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the extent of the adverse impact.

PUBLIC

Amendment 301

Proposal for a directive
Article 22 – paragraph 2 – subparagraph 2

Text proposed by the Commission	*Amendment*
In the assessment of the existence and extent of liability ***under this paragraph***, due account shall be taken of the company's efforts, insofar as they relate directly to the damage in question, to ***comply with any*** remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as any collaboration with other entities to address adverse impacts in its value chains.	In the assessment of the existence and extent of liability, due account shall be taken ***of the extent*** of the company's efforts, insofar as they relate directly to the damage in question, to ***take*** remedial action***, including that*** required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as any collaboration with other entities ***and affected stakeholders*** to address adverse impacts in its value chains.

Amendment 302

Proposal for a directive
Article 22 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Member States shall ensure that:
	(a) the limitation period for bringing actions for damages is at least ten years and measures are in place to ensure that costs of the proceedings are not prohibitively expensive for claimants to

seek justice;

(b) claimants are able to seek injunctive measures, including summary proceedings. These shall be in the form of a definitive or provisional measure to cease an action which may be in breach of this Directive, or to comply with a measure under this Directive;

(c) measures are in place to ensure that mandated trade unions, civil society organisations, or other relevant actors acting in the public interest can bring actions before a court on behalf of a victim or a group of victims of adverse impacts, and that these entities have the rights and obligations of a claimant party in the proceedings, without prejudice to existing national law;

(d) when a claim is brought, that a claimant provides elements substantiating the likelihood of a company's liability under this Directive and has indicated that additional evidence lies in the control of the company, courts are able to order that such evidence be disclosed by the company in accordance with national procedural law, subject to the Union and national rules on confidentiality and proportionality.

Amendment 303

Proposal for a directive
Article 22 – paragraph 2 b (new)

Text proposed by the Commission	*Amendment*
	2b. Companies that have participated in industry or multi-stakeholder initiatives, multi-stakeholders initiatives, or used third-party verification or contractual clauses to support the implementation of specific aspects of their due diligence obligations can still be held liable in accordance with this Article.

Amendment 304

Proposal for a directive
Article 22 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The civil liability of a company for damages arising under this provision shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the value chain.	3. The civil liability of a company for damages arising under this provision shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the value chain. ***In such instances as where a subsidiary is under the scope of this Directive and has been dissolved by the parent company or has dissolved itself intentionally in order to avoid liability, the liability can be imputed to the parent company in case there is no legal successor.***

Amendment 305

Proposal for a directive
Article 22 – paragraph 4

Text proposed by the Commission	**Amendment**
4. The civil liability rules under this Directive shall ***be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for*** liability ***in situations not covered by or providing for stricter*** liability ***than this Directive.***	**4.** The civil liability rules under this Directive shall ***not limit companies'*** liability ***under Union or national legal systems, including rules on joint and several*** liability.

Amendment 306

Proposal for a directive
Article 24 – title

Text proposed by the Commission	*Amendment*
Public support	Public support***, public procurement and public concessions***

Amendment 307

Proposal for a directive
Article 24 – paragraph 1

Text proposed by the Commission	*Amendment*
Member States shall ensure that ***companies applying for public support certify that no sanctions have been imposed on them for a failure to comply*** with the obligations ***of*** this Directive.	Member States shall ensure that ***(non-)compliance*** with the obligations ***resulting from*** this Directive ***or their voluntary implementation qualifies as one of the environmental and social aspects to be taken into consideration in accordance with the rules applicable to the provision of public support or the award of public contracts and concessions***.

Amendment 308

Proposal for a directive
Article 28 – paragraph 2

Text proposed by the Commission	*Amendment*
2. The power to adopt delegated acts referred to in Article ***11*** shall be conferred on the Commission for ***an indeterminate*** period of ***time***.	2. The power to adopt delegated acts referred to in Article ***3(2), Article 11 and Article 14(4a)*** shall be conferred on the Commission for ***a*** period of ***5 years from … [date of entry into force of this Directive]***. ***The Commission shall draw up a report in respect of the delegation of power no later than nine months before the end of the 5-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such an extension no later than three months before the end of each period.***

Amendment 309

Proposal for a directive
Article 28 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The delegation of power referred to in Article ***11*** may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.	3. The delegation of power referred to in Article ***3(2), and Article 11 or Article 14(4a)*** may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

Amendment 310

Proposal for a directive
Article 28 – paragraph 6

Text proposed by the Commission	*Amendment*
6. A delegated act adopted pursuant to Article ***11*** shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.***"***	6. A delegated act adopted pursuant to Article ***3(2), Article 11 or Article 14(4a)*** shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Amendment 311

Proposal for a directive
Article 29 – title

Text proposed by the Commission	*Amendment*
Review	Review ***and reporting***

Amendment 312

Proposal for a directive
Article 29 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
No later than … [OP please insert the date = *7* years after the date of entry into force of this Directive], the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives ***and*** assess the following issues:	***1.*** No later than … [OP please insert the date = ***6*** years after the date of entry into force of this Directive], ***and every 3 years thereafter,*** the Commission shall submit a ***comprehensive*** report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives***, in particular regarding its effectiveness in preventing potential adverse impacts, bringing actual adverse impacts to an end or minimising their extent globally, derive recommendations for actions and shall be accompanied, if appropriate, by a legislative proposal. The report shall*** assess ***in particular*** the following issues:

Amendment 313

Proposal for a directive
Article 29 – paragraph 1 – point -a (new)

Text proposed by the Commission	*Amendment*
	(-a) the impact of this Directive on SMEs, accompanied by an account and assessment of the effectiveness of the different measures and tools for support provided to SMEs by the Commission and the Member States;

Amendment 314

Proposal for a directive
Article 29 – paragraph 1 – point -a a (new)

Text proposed by the Commission	*Amendment*
	(-aa) an assessment of the number of

small and medium-sized undertakings voluntarily applying corporate sustainability and due diligence in line with this Directive;

Amendment 315

Proposal for a directive
Article 29 – paragraph 1 – point -a b (new)

Text proposed by the Commission	*Amendment*
	(-ab) the effectiveness of this Directive in achieving its objectives, including the associated indirect costs and the economic, social and environmental benefits thereof as well as the effects on the competitiveness of European Union companies;

Amendment 316

Proposal for a directive
Article 29 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be lowered;	***(a)*** whether the thresholds regarding the number of employees and net turnover laid down in Article ***2*** need to be lowered, ***in particular for certain sectors, whether the modalities for calculating thresholds are appropriate and whether significant loopholes need to be closed for the Directive to apply to all relevant legal forms of economic operators and complex corporate structures;***

Amendment 317

Proposal for a directive
Article 29 – paragraph 1 – point a a (new)

Text proposed by the Commission	*Amendment*
	(aa) the effectiveness of the

	enforcement mechanisms put in place at national level and of the sanctions and procedures for civil liability in particular;

Amendment 318

Proposal for a directive
Article 29 – paragraph 1 – point a b (new)

Text proposed by the Commission	*Amendment*
	(ab) the convergence and divergence between national laws of the Member States transposing this Directive;

Amendment 319

Proposal for a directive
Article 29 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) whether the list of sectors in Article 2(1), point (b), needs to be changed, including in order to align it to guidance from the Organisation for Economic Cooperation and Development;	***deleted***

Amendment 320

Proposal for a directive
Article 29 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) whether the Annex needs to be modified, including in light of international developments	***deleted***

Amendment 321

Proposal for a directive
Article 29 – paragraph 1 – point d

Text proposed by the Commission	*Amendment*
(d) whether Articles 4 to 14 should be extended to adverse ***climate*** impacts.	(d) whether Articles 4 to 14 should be extended to ***additional*** adverse impacts***, in particular to also encompass adverse impacts on good governance***.

Amendment 322

Proposal for a directive
Article 29 – paragraph 1 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) whether a broad sustainability plan, dealing with other environmental impacts than climate, shall be developed;

Amendment 323

Proposal for a directive
Article 29 – paragraph 1 – point d b (new)

Text proposed by the Commission	*Amendment*
	(db) whether the definition of "value chain" as regards regulated financial undertakings should be extended to a wider range of companies;

Amendment 324

Proposal for a directive
Article 29 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. The Commission shall initiate and coordinate an annual Union-wide assessment of the resilience of companies to adverse scenarios related to their value chains. The Commission shall provide this assessment to the European Parliament and the Council.

Amendment 325

Proposal for a directive
Article 30 – paragraph 1 – subparagraph 2 – introductory part

Text proposed by the Commission	*Amendment*
They shall apply those provisions ***as follows***:	They shall apply those provisions ***from… [OJ to insert: 3 years from the entry into force of this Directive] as regards companies referred to in Article 2(1) which had more than 1000 employees on average and had a net worldwide turnover of more than EUR 150 million in the last financial year, or were the ultimate parent company of a group with such a number of employees and generating such a turnover, and Article 2(2) which generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year, or were the ultimate parent company of a group generating such a turnover.*** ***They shall apply those provisions from… [OJ to insert: 4 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), which had more than 500 employees on average and had a net worldwide turnover of more than EUR 150 million in the last financial year, or were the ultimate parent company of a group with such a number of employees and generating such a turnover.*** ***They shall apply those provisions from… [OJ to insert: 4 years from entry into force of this Directive] as regards companies referred to in Article 2(1) point (a), which had more than 250 employees on average and had a net worldwide turnover of more than EUR 40 million, and Article 2(2) which generated a net turnover of more than EUR 40 million in the Union and EUR 150 million worldwide in the financial year preceding the last financial year or were the ultimate parent company of a group generating such a turnover.***

	By way of derogation from the fourth subparagraph of this paragraph, companies referred to in Article 2(1), point (a), which had more than 250 employees on average and had a net worldwide turnover of more than EUR 40 million but not more than EUR 150 million in the last financial year may decide not to fulfil the obligations under this Directive until [OJ to insert: 5 years from entry into force of this Directive]. In such cases, the company shall notify the supervisory authority, while providing a brief statement on why it is the case.

Amendment 326

Proposal for a directive
Article 30 – paragraph 1 – subparagraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) from… [OJ to insert: 2 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (a), and Article 2(2), point (a);	***deleted***

Amendment 327

Proposal for a directive
Article 30 – paragraph 1 – subparagraph 2 – point b

Text proposed by the Commission	*Amendment*
(b) from … [OJ to insert: 4 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (b), and Article 2(2), point (b).	***deleted***

Amendment 328

Proposal for a directive
Annex I – Part I – subheading 1 – title

Text proposed by the Commission	*Amendment*
1. ***Violations of*** rights and prohibitions included in international human rights agreements	1. Rights and prohibitions included in international human rights agreements

Amendment 329

Proposal for a directive
Annex I – Part I – subheading 1 – point 1

Text proposed by the Commission	*Amendment*
1. ***Violation of*** the people's right to dispose of a land's natural resources and to not be deprived of means of subsistence in accordance with Article 1 of the International Covenant on Civil and Political Rights;	1. The people's right to dispose of a land's natural resources and to not be deprived of means of subsistence in accordance with Article 1 of the International Covenant on Civil and Political Rights;

Amendment 330

Proposal for a directive
Annex I – Part I – subheading 1 – point 2

Text proposed by the Commission	*Amendment*
2. ***Violation of*** the right to life and security in accordance with Article 3 of the Universal Declaration on Human rights;	2. The right to life and security in accordance with Article 3 of the Universal Declaration on Human rights;

Amendment 331

Proposal for a directive
Annex I – Part I – subheading 1 – point 3

Text proposed by the Commission	*Amendment*
3. ***Violation of*** the prohibition of torture, cruel, inhuman or degrading treatment in accordance with Article 5 of the Universal Declaration of Human Rights;	3. The prohibition of torture, cruel, inhuman or degrading treatment in accordance with Article 5 of the Universal Declaration of Human Rights;

PUBLIC

Amendment 332

Proposal for a directive
Annex I – Part I – subheading 1 – point 4

Text proposed by the Commission	*Amendment*
4. ***Violation of*** the right to liberty and security in accordance with Article 9 of the Universal Declaration of Human Rights;	4. The right to liberty and security in accordance with Article 9 of the Universal Declaration of Human Rights;

Amendment 333

Proposal for a directive
Annex I – Part I – subheading 1 – point 5

Text proposed by the Commission	*Amendment*
5. ***Violation of*** the prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and attacks on their reputation, in accordance with Article 17 of the Universal Declaration of Human Rights;	5. The prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and attacks on their reputation, in accordance with Article 17 of the Universal Declaration of Human Rights;

Amendment 334

Proposal for a directive
Annex I – Part I – subheading 1 – point 6

Text proposed by the Commission	*Amendment*
6. ***Violation of*** the prohibition of interference with the freedom of thought, conscience and religion in accordance with Article 18 of the Universal Declaration of Human Rights;	6. The prohibition of interference with the freedom of thought, conscience and religion in accordance with Article 18 of the Universal Declaration of Human Rights;

Amendment 335

Proposal for a directive
Annex I – Part I – subheading 1 – point 7

Text proposed by the Commission	*Amendment*
7. ***Violation of*** the right to enjoy just and favourable conditions of work including ***a fair wage,*** a decent living, safe and healthy working conditions and reasonable limitation of working hours in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;	7. The right to enjoy just and favourable conditions of work including ***remuneration that provides for*** a decent living, safe and healthy working conditions and reasonable limitation of working hours***. This includes both the right to a living wage for employees and the right to a living income for self-employed workers and smallholders*** in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights ***and Article 23(3) of the Universal Declaration of Human Rights***;

Amendment 336

Proposal for a directive
Annex I – Part I – subheading 1 – point 7 a (new)

Text proposed by the Commission	*Amendment*
	7a The right of everyone to an adequate standard of living for themselves and their family, including adequate food, clothing and housing, and to continuous improvement of living conditions in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights and Article 25 of the Universal Declaration of Human Rights;

Amendment 337

Proposal for a directive
Annex I – Part I – subheading 1 – point 8

Text proposed by the Commission	*Amendment*
8. ***Violation of*** the prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate	8. The prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate food, clothing,

food, clothing, and water and sanitation in the ***work place*** in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	and water and sanitation in the ***workplace*** in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;

Amendment 338

Proposal for a directive
Annex I – Part I – subheading 1 – point 9

Text proposed by the Commission	*Amendment*
9. ***Violation of*** the right of the child to have his or her best interests given primary consideration in all decisions and actions that affect children in accordance with Article 3 of the Convention of the Rights of the Child; ***violation of*** the right of the child to develop to his or her full potential in accordance with Article 6 of the Convention of the Rights of the Child; ***violation of*** the right of the child to the highest attainable standard of health in accordance with Article 24 of the Convention on the Rights of the Child; ***violation of*** the right to social security and an adequate standard of living in accordance with Article 26 and 27 of the Convention on the Rights of the Child; ***violation of*** the right to education in accordance with Article 28 of the Convention on the Rights of the Child; ***violation of*** the right of the child to be protected from all forms of sexual exploitation and sexual abuse and to be protected from being abducted, sold or moved illegally to a different place in or outside their country for the purpose of exploitation, in accordance with Articles 34 and 35 of the Convention of the Rights of the Child;	9. The right of the child to have his or her best interests given primary consideration in all decisions and actions that affect children in accordance with Article 3 of the Convention of the Rights of the Child; the right of the child to develop to his or her full potential in accordance with Article 6 of the Convention of the Rights of the Child; the right of the child to the highest attainable standard of health in accordance with Article 24 of the Convention on the Rights of the Child; the right to social security and an adequate standard of living in accordance with Article 26 and 27 of the Convention on the Rights of the Child; the right to education in accordance with Article 28 of the Convention on the Rights of the Child; the right of the child to be protected from all forms of sexual exploitation and sexual abuse and to be protected from being abducted, sold or moved illegally to a different place in or outside their country for the purpose of exploitation, in accordance with Articles 34 and 35 of the Convention of the Rights of the Child;

Amendment 339

Proposal for a directive
Annex I – Part I – subheading 1 – point 10

Text proposed by the Commission	*Amendment*
10. ***Violation of*** the prohibition of the employment of a child under the age at which compulsory schooling is completed and, in any case, is not less than 15 years, except where the law of the place of employment so provides in accordance with Article 2 (4) and Articles 4 to 8 of the International Labour Organization Minimum Age Convention, 1973 (No. 138);	10. The prohibition of the employment of a child under the age at which compulsory schooling is completed and, in any case, is not less than 15 years, except where the law of the place of employment so provides in accordance with Article 2 (4) and Articles 4 to 8 of the International Labour Organization Minimum Age Convention, 1973 (No. 138);

Amendment 340

Proposal for a directive
Annex I – Part I – subheading 1 – point 11 – introductory part

Text proposed by the Commission	*Amendment*
11. ***Violation of*** the prohibition of child labour pursuant to Article 32 of the Convention on the Rights of the Child, including the worst forms of child labour for children (persons below the age of 18 years) in accordance with Article 3 of the of the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:	11. The prohibition of child labour pursuant to Article 32 of the Convention on the Rights of the Child, including the worst forms of child labour for children (persons below the age of 18 years) in accordance with Article 3 of the of the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:

Amendment 341

Proposal for a directive
Annex I – Part I – subheading 1 – point 12

Text proposed by the Commission	*Amendment*
12. ***Violation of*** the prohibition of forced labour; this includes all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered himself or herself voluntarily, for example as a result of debt bondage or trafficking in human beings; excluded from forced labour are any work or services that	12. The prohibition of forced labour; this includes all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered himself or herself voluntarily, for example as a result of debt bondage or trafficking in human beings; excluded from forced labour are any work or services that comply with Article 2 (2)

comply with Article 2 (2) of International Labour Organization Forced Labour Convention, 1930 (No. 29) or with Article 8 (3) (b) and (c) of the International Covenant on Civil and Political Rights;	of International Labour Organization Forced Labour Convention, 1930 (No. 29) or with Article 8 (3) (b) and (c) of the International Covenant on Civil and Political Rights;

Amendment 342

Proposal for a directive
Annex I – Part I – subheading 1 – point 13

Text proposed by the Commission	*Amendment*
13. ***Violation of*** the prohibition of all forms of slavery, practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation in accordance with Article 4 of the Universal Declaration of Human Rights and Art. 8 of the International Covenant on Civil and Political Rights;	13. The prohibition of all forms of slavery, practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation in accordance with Article 4 of the Universal Declaration of Human Rights and Art. 8 of the International Covenant on Civil and Political Rights;

Amendment 343

Proposal for a directive
Annex I – Part I – subheading 1 – point 14

Text proposed by the Commission	*Amendment*
14. ***Violation of*** the prohibition of human trafficking in accordance with Article 3 of the Palermo Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;	14. The prohibition of human trafficking in accordance with Article 3 of the Palermo Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;

Amendment 344

Proposal for a directive
Annex I – Part I – subheading 1 – point 15 – introductory part

Text proposed by the Commission	*Amendment*
15. ***Violation of*** the right to freedom of association, assembly, the rights to organise and collective bargaining in accordance with Article 20 of the Universal Declaration of Human Rights, Articles 21 and 22 of the International Covenant on Civil and Political Rights Article 8 of the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the International Labour Organization Right to Organise and Collective Bargaining Convention, 1949 (No. 98), including the following rights:	15. The right to freedom of association, assembly, the rights to organise and collective bargaining in accordance with Article 20 of the Universal Declaration of Human Rights, Articles 21 and 22 of the International Covenant on Civil and Political Rights Article 8 of the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the International Labour Organization Right to Organise and Collective Bargaining Convention, 1949 (No. 98), including the following rights:

Amendment 345

Proposal for a directive
Annex I – Part I – subheading 1 – point 16

Text proposed by the Commission	*Amendment*
16. ***Violation of*** the prohibition of unequal treatment in employment, unless this is justified by the requirements of the employment in accordance with Article 2 and Article 3 of the International Labour Organisation Equal Remuneration Convention, 1951 (No. 100), Article 1 and Article 2 of the International Labour Organisation Discrimination (Employment and Occupation) Convention, 1958 (No. 111) and Article 7 of the International Covenant on Economic, Social and Cultural Rights; unequal treatment includes, in particular, the payment of unequal remuneration for work of equal value;	16. The prohibition of unequal treatment in employment, unless this is justified by the requirements of the employment in accordance with Article 2 and Article 3 of the International Labour Organisation Equal Remuneration Convention, 1951 (No. 100), Article 1 and Article 2 of the International Labour Organisation Discrimination (Employment and Occupation) Convention, 1958 (No. 111) and Article 7 of the International Covenant on Economic, Social and Cultural Rights; unequal treatment includes, in particular, the payment of unequal remuneration for work of equal value;

Amendment 346

Proposal for a directive
Annex I – Part I – subheading 1 – point 17

Text proposed by the Commission	*Amendment*
17. ***Violation of*** the prohibition of withholding an adequate living wage in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;	17. The prohibition of withholding an adequate living wage in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;

Amendment 347

Proposal for a directive
Annex I – Part I – subheading 1 – point 18 – introductory part

Text proposed by the Commission	*Amendment*
18. ***Violation of*** the prohibition of causing any ***measurable*** environmental degradation, such as harmful soil change, water or air pollution, harmful emissions or excessive water consumption or other impact on natural resources, that	18. The prohibition of causing any environmental degradation, such as harmful soil change, water or air pollution, harmful emissions**,** or excessive water consumption or other impact on natural resources, that

Amendment 348

Proposal for a directive
Annex I – Part I – subheading 1 – point 18 – point a

Text proposed by the Commission	*Amendment*
(a) impairs the natural bases for the preservation and production of food or	(a) impairs the natural bases for the preservation and production of food ***and feed*** or

Amendment 349

Proposal for a directive
Annex I – Part I – subheading 1 – point 18 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) impairs health, such as causing epidemics, taking into account the One Health approach or

Amendment 350

Proposal for a directive
Annex I – Part I – subheading 1 – point 18 – point e

Text proposed by the Commission	*Amendment*
(e) affects ecological integrity, such as deforestation,	(e) affects ecological integrity, such as deforestation***, in accordance with Article 3 of the Universal Declaration of Human Rights, Article 5 of the International Covenant on Civil and Political Rights and Article 12 of the International Covenant on Economic, Social and Cultural Rights***,

Amendment 351

Proposal for a directive
Annex I – Part I – subheading 1 – point 19

Text proposed by the Commission	*Amendment*
19. ***Violation of*** the prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise use land, forests and waters, including by deforestation, the use of which secures the livelihood of a person in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	19. The prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise use land, forests and waters, including by deforestation, the use of which secures the livelihood of a person in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;

Amendment 352

Proposal for a directive
Annex I – Part I – subheading 1 – point 19 a (new)

Text proposed by the Commission	*Amendment*
	19a. The rights of indigenous peoples to self-determination in accordance with Article 1 of the International Covenant on Civil and Political Rights, Article 1 of the International Covenant on Economic, Social and Cultural Rights, and Article 5

	of the International Convention on the Elimination of All forms of Racial Discrimination, and their right to give, modify, withhold or withdraw their free, prior, and informed consent to interventions, decisions and activities that may affect their lands, territories, resources and rights, in accordance with Article 27 of the International Covenant on Civil and Political Rights and Article 15 of the International Covenant on Economic, Social and Cultural Rights and Articles 2 and 5 of the International Convention on the Elimination of All Forms of Racial Discrimination;

Amendment 353

Proposal for a directive
Annex I – Part I – subheading 1 – point 20

Text proposed by the Commission	*Amendment*
20. ***Violation of*** the indigenous peoples' right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired in accordance with ***Article 25, 26 (1) and (2), 27, and 29 (2)*** of the ***United Nations Declaration on the*** Rights ***of Indigenous Peoples;***	20. The indigenous peoples' right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired in accordance with ***Articles 1 and 27*** of the ***International Covenant on Civil and Political*** Rights ***and Articles 1, 2 and 15 of the International Covenant on Economic, Social and Cultural Rights and Article 5 of the International Convention on the Elimination of All Forms of Racial Discrimination***

Amendment 354

Proposal for a directive
Annex I – Part I – subheading 1 – point 21

Text proposed by the Commission	*Amendment*
21. ***Violation of*** a prohibition or right not covered by points 1 to 20 above but included in the human rights agreements listed in Section 2 of this Part, ***which***	21. A prohibition or right not covered by points 1 to 20 above but included in the human rights agreements listed in Section 2 of this Part, ***where there is a foreseeable***

directly impairs a legal interest protected in those agreements, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the obligations referred to in Article 4 of this Directive taking into account all relevant circumstances of their operations, such as the sector and operational context.	***risk that such a prohibition or right may be affected***.

PUBLIC

Amendment 355

Proposal for a directive
Annex I – Part I – subheading 2 – title

Text proposed by the Commission	*Amendment*
2. Human rights and fundamental freedoms conventions	2. Human rights and fundamental freedoms conventions ***and instruments***

Amendment 356

Proposal for a directive
Annex I – Part I – subheading 2 – indent 11

Text proposed by the Commission	*Amendment*
— The Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;	— The ***United Nations*** Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;

Amendment 357

Proposal for a directive
Annex I – Part I – subheading 2 – indent 11 a (new)

Text proposed by the Commission	*Amendment*
	— The United Nations Declaration on the Rights of Peasants and Other People Working in Rural Areas;

Amendment 358

Proposal for a directive
Annex I – Part I – subheading 2 – indent 12 a (new)

Text proposed by the Commission	*Amendment*
	— United Nations Convention against Corruption, 2003;

Amendment 359

Proposal for a directive
Annex I – Part I – subheading 2 – indent 12 b (new)

Text proposed by the Commission	*Amendment*
	— OECD Anti-Bribery Convention, 1997;

Amendment 360

Proposal for a directive
Annex I – Part I – subheading 2 – indent 14 a (new)

Text proposed by the Commission	*Amendment*
	— The International Labour Organisation's Indigenous and Tribal Peoples' Convention, 1989 (No. 169);

Amendment 361

Proposal for a directive
Annex I – Part I – subheading 2 – indent 15 – subindent 5 a (new)

Text proposed by the Commission	*Amendment*
	— ILO Occupational Safety and Health Convention, 1981 (No. 155)

Amendment 362

Proposal for a directive
Annex I – Part I – subheading 2 – indent 15 – subindent 5 b (new)

Text proposed by the Commission	*Amendment*
	— ILO Promotional Framework for Occupational Safety and Health, 2006 (No 187)

Amendment 363

Proposal for a directive
Annex I – Part I – subheading 2 – indent 15 a (new)

Text proposed by the Commission	*Amendment*
	— The International humanitarian law instruments as laid out in the Geneva Conventions and additional protocols

Amendment 364

Proposal for a directive
Annex I – Part I – subheading 2 – indent 15 b (new)

Text proposed by the Commission	*Amendment*
	— Council of Europe Convention on preventing and combating violence against women and domestic violence

Amendment 365

Proposal for a directive
Annex I – Part II – title

Text proposed by the Commission	*Amendment*
violations of internationally recognized objectives and prohibitions included in environmental conventions	***Union and*** internationally recognized objectives and prohibitions included in environmental ***and climate*** conventions ***and Union legislation***

Amendment 366

Proposal for a directive
Annex I – Part II – point - 1 (new)

Text proposed by the Commission	*Amendment*
	- 1. The obligation to identify and prevent, mitigate or bring to an end an adverse impact on one of the following environmental categories:
	a) climate change;
	b) biodiversity loss;
	c) air, water and soil pollution;
	d) degradation of land, marine and freshwater ecosystems;
	e) deforestation;
	f) overconsumption of material, water, energy and other natural resources;
	g) harmful generation and mismanagement of waste, including hazardous substances;

Amendment 367

Proposal for a directive
Annex I – Part II – point 1

Text proposed by the Commission	*Amendment*
1. Violation of the obligation to take the necessary measures related to the use of biological resources in order to avoid or minimize adverse impacts on biological diversity, in line with Article 10 (b) of the 1992 Convention on Biological Diversity and [taking into account possible amendments following the post 2020 UN Convention on Biological Diversity], including the obligations of the Cartagena Protocol on the development, handling, transport, use, transfer and release of living modified organisms and of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity of 12 October 2014;	***deleted***

Amendment 368

Proposal for a directive
Annex I – Part II – point 2

Text proposed by the Commission	*Amendment*
2. ***Violation of*** the prohibition to import or export any specimen included in an Appendix of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March 1973 without a permit, pursuant to Articles III, IV and V;	2. The prohibition to import or export any specimen included in an Appendix of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March 1973 without a permit, pursuant to Articles III, IV and V;

Amendment 369

Proposal for a directive
Annex I – Part II – point 3

Text proposed by the Commission	*Amendment*
3. ***Violation of*** the prohibition of the manufacture of mercury-added products pursuant to Article 4 (1) and Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention);	3. The prohibition of the manufacture of mercury-added products pursuant to Article 4 (1) and Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention);

Amendment 370

Proposal for a directive
Annex I – Part II – point 4

Text proposed by the Commission	*Amendment*
4. ***Violation of*** the prohibition of the use of mercury and mercury compounds in manufacturing processes within the meaning of Article 5 (2) and Annex B Part I of the Minamata Convention from the phase-out date specified in the Convention for the respective products and processes;	4. The prohibition of the use of mercury and mercury compounds in manufacturing processes within the meaning of Article 5 (2) and Annex B Part I of the Minamata Convention from the phase-out date specified in the Convention for the respective products and processes;

Amendment 371

Proposal for a directive
Annex I – Part II – point 5

Text proposed by the Commission	*Amendment*
5. ***Violation of*** the prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;	5. The prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;

Amendment 372

Proposal for a directive
Annex I – Part II – point 6

Text proposed by the Commission	*Amendment*
6. ***Violation of*** the prohibition of the production and use of chemicals pursuant to Article 3 (1) (a) (i) and Annex A of the Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants (POPs Convention), in the version of Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169 of 25 June 2019 pp. 45-77;	6. The prohibition of the production and use of chemicals pursuant to Article 3 (1) (a) (i) and Annex A of the Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants (POPs Convention), in the version of Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169 of 25 June 2019 pp. 45-77;

Amendment 373

Proposal for a directive
Annex I – Part II – point 7

Text proposed by the Commission	*Amendment*
7. ***Violation of*** the prohibition of the handling, collection, storage and disposal of waste in a manner that is not environmentally sound in accordance with the regulations in force in the applicable jurisdiction under the provisions of Article 6 (1) (d) (i) and (ii) of the POPs Convention;	7. The prohibition of the handling, collection, storage and disposal of waste in a manner that is not environmentally sound in accordance with the regulations in force in the applicable jurisdiction under the provisions of Article 6 (1) (d) (i) and (ii) of the POPs Convention;

Amendment 374

Proposal for a directive
Annex I – Part II – point 8

Text proposed by the Commission	*Amendment*
8. Violation of the prohibition of importing a chemical listed in Annex III of the Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO), adopted on 10 September 1998, as indicated by the importing Party to the Convention in line with the Prior Informed Consent (PIC) Procedure;	***deleted***

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Amendment 375

Proposal for a directive
Annex I – Part II – point 9

Text proposed by the Commission	*Amendment*
9. ***Violation of*** the prohibition of the production and consumption of specific substances that deplete the ozone layer (i.e., CFCs, Halons, CTC, TCA, BCM, MB, HBFCs and HCFCs) after their phase-out pursuant to the Vienna Convention for the protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer;	9. The prohibition of the production and consumption of specific substances that deplete the ozone layer (i.e., CFCs, Halons, CTC, TCA, BCM, MB, HBFCs and HCFCs) after their phase-out pursuant to the Vienna Convention for the protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer;

Amendment 376

Proposal for a directive
Annex I – Part II – point 10 – introductory part

Text proposed by the Commission	*Amendment*
10. ***Violation of*** the prohibition of exports of hazardous waste within the meaning of Article 1 (1) and other wastes within the meaning of Article 1 (2) of the Basel Convention on the Control of	10. The prohibition of exports of hazardous waste within the meaning of Article 1 (1) and other wastes within the meaning of Article 1 (2) of the Basel Convention on the Control of

Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention) and within the meaning of Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190 of 12 July 2006 pp. 1-98) (Regulation (EC) No 1013/2006), as last amended by Commission Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)	Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention) and within the meaning of Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190 of 12 July 2006 pp. 1-98) (Regulation (EC) No 1013/2006), as last amended by Commission Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)

Amendment 377

Proposal for a directive
Annex I – Part II – point 12 a (new)

Text proposed by the Commission	*Amendment*
	12a. The obligation to achieve reductions in greenhouse gas emissions interpreted in line with Article 2 (1)(a), Article 4 (1), Article 4 (2), and Article 5 (1) of the Paris Agreement under the United Nations Framework on Climate Change, the European Climate Law, and the Global Methane Pledge.

Amendment 378

Proposal for a directive
Annex I – Part II – point 12 b (new)

Text proposed by the Commission	*Amendment*
	12b. The obligation to take all measures consistent with the UN Convention on the Laws of the Sea (UNCLOS) that are necessary to prevent, reduce and control pollution of the marine environment from any source, using for this purpose the best practicable means at their disposal and in accordance with their capabilities, in line with Article 194(1) of UNCLOS, including Article 194 (3)(a), Article 194 (3)(b), Article 194 (3)(c), and Article 194

(3)(d) of UNCLOS.

Amendment 379

Proposal for a directive
Annex I – Part II – point 12 c (new)

Text proposed by the Commission	*Amendment*
	12c. The rights of access to information, public participation in decision making and access to justice in environmental matters in accordance with, in particular, Articles 4, 6, and 9 of the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention)

Amendment 380

Proposal for a directive
Annex I – Part II – point 12 d (new)

Text proposed by the Commission	*Amendment*
	12d. The obligation to ensure that persons, groups and organizations that promote and defend human rights in environmental matters relating to a company's value chain are able to act free from threat, restriction and insecurity and are not penalized, persecuted or harassed in any way for their involvement, in accordance with Article 3 (8) of the Aarhus Convention.

Amendment 381

Proposal for a directive
Annex I – Part II – point 12 e (new)

Text proposed by the Commission	*Amendment*
	12e. The obligation to take all appropriate measures to prevent, control

and reduce any transboundary impact on transboundary waters in line with the 1992 Convention on the Protection and Use of Transboundary Watercourses and International Lakes.

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ANNEX: LIST OF ENTITIES OR PERSONS FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT

The following list is drawn up on a purely voluntary basis under the exclusive responsibility of the rapporteur. The rapporteur has received input from the following entities or persons in the preparation of the draft report:

93 Gruppen
American Bar Association
American Chamber of Commerce in Belgium (AmCham Belgium)
American University College of Law
Amnesty International
Anti-Slavery International
Association française des entreprises privées (AFEP)
Association of Financial Markets in Europe (AFME)
Austrian Chamber of Labour (AK)
Bayer AG
Business & Human Rights Resource Centre
Business Europe
Centraal Bureau Levensmiddelenhandel (CBL)
Clean Clothes Campaign
ClientEarth
Coopération Internationale pour le Développement et la Solidarité (CIDSE)
Cornell University
Danish Institute for Human Rights
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
Deutscher Gewerkschaftsbund (DGB)
Digital Europe
E3G
Economy for the Common Good (ECG)
Ecopreneur
Erasmus Universiteit Rotterdam
Ernst and Young (EY)
Eurochambres
Eurogroup for Animals
Eurometaux
European Association of Auto Suppliers (CLEPA)
European Branded Clothing Alliance (EBCA)
European Coalition for Corporate Justice (ECCJ)
European Cocoa Association
European Economic and Social Committee (EESC)
European Federation of Building and Woodworkers (EFBWW)
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)
European Federation of Jewellery

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European Securities and Markets Association (ESMA)
European Trade Union Confederation (ETUC)
European Trade Union Institute (ETUI)
European University Institute
Evofenedex
Federatie Nederlandse Vakbeweging (FNV)
Federation Bancaire Francaise (FBF)
Finnish Trade Union Representation to the EU
Finnwatch
Frank Bold
Friedrich-Ebert-Stiftung
Friends of the Earth Europe
Germanwatch
GLOBAL 2000
Global Witness
Greenpeace Nederland
Initiatief Duurzaam en Verantwoord Ondernemen (IDVO)
Institut Jacques Delors
International Alert
International Federation for Human Rights
Green Trade Network
Mission of Norway to the EU
MVO Platform
Nederlandse Vereniging van Banken
Nestlé
Notre Affaire à Tous
NOVA School of Law
Open Society Foundations
Organisation for Economic Cooperation and Development (OECD)
Oxfam
Pensioenfederatie
Quifactum
Rutgers Law School
Search for Common Ground
Shift Project
Sociaal-Economische Raad (SER)
Solidaridad
Stichting Vredesbeweging Pax Nederland (PAX)
The Responsible Contracting Project
Tony's Chocolonely
TUI Group
UNICEF
Unionen
University of Utrecht

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Verbraucherzentrale Bundesverband (VZBV)
Vereniging VNO-NCW
World Benchmarking Alliance
World Wide Fund for Nature (WWF)

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25.1.2023

OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
(COM(2022)0071 – C9-0050/2022 – 2022/0051(COD))

Rapporteur for opinion(*): Raphaël Glucksmann

(*) Associated committee – Rule 57 of the Rules of Procedure

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SHORT JUSTIFICATION

The European Commission published a Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 on 23 February 2022. The proposal puts forward and details mandatory due diligence processes for companies to fulfil their responsibilities and to be held liable for failures to do so.

The DROI rapporteur welcomes the Commission's proposal and considers it likely to contribute to fostering positive behavioural change by companies towards identification, prevention and mitigation of harmful impacts of their operations and relationships in their global value chains.

With this legislative proposal, the EU has an opportunity to assert itself as a global normative power by showing leadership in addressing the serious sustainable development challenge faced by societies collectively and globally. This Directive presents an unparalleled occasion for the EU to integrate human and environmental sustainability into business and corporate practices and to drive change on the global level.

However, in many respects the proposal fails to adopt a human-rights centred approach and to implement the widely accepted international standards. It does not fully meet its stated objectives and falls short in living up to due diligence best practices, already implemented by many EU companies on a voluntary basis.

In order to scale up the quality and efficiency of due diligence processes and to enhance accountability of companies along their value chains, the rapporteur identifies several aspects where clarification and improvements are to be envisaged. These improvements aim at making the legislation more effective and workable for companies, affected stakeholders and victims.

To this end, the following elements could be added or strengthened:

- ensuring that companies carry out due diligence efforts throughout their entire value chains, based on the risk of adverse impacts determined by their sector of activity and the context of their operations;

- requiring companies to tackle risks and adverse impacts on good governance, given the proven and internationally recognised interrelationship between good governance and the enjoyment of Human Rights;

- requiring companies to meaningfully engage with stakeholders with the aim of informing and improving their corporate decisions and due diligence practices, as well as to ensure protection and safety of all stakeholders from retaliation and reprisal for their participation;

- requiring companies to provide for effective remediation of harm caused by or connected to their operations and value chains;

- ensuring liability of companies and guaranteeing access to justice and legal remedies for victims of harm linked to violations of due diligence obligations.

AMENDMENTS

The Committee on Foreign Affairs calls on the Committee on Legal Affairs, as the committee responsible, to take into account the following amendments:

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Amendment 1

Proposal for a directive
Recital 1

Text proposed by the Commission	*Amendment*
(1) The Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights. Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action includes fostering the sustainable economic, social and environmental development of developing countries.	(1) The Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in ***the EU Treaties and*** the EU Charter of Fundamental Rights. Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action includes fostering the sustainable economic, social and environmental development of developing countries.

Amendment 2

Proposal for a directive
Recital 5

Text proposed by the Commission	*Amendment*
(5) Existing international standards on responsible business conduct specify that companies should protect human rights and set out how they should address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights[79] recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address	(5) Existing international standards on responsible business conduct specify that companies ***have a responsibility to respect and*** should protect human rights and set out how they should address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights[79] recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by

those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through their direct and indirect business relationships.

accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through their direct and indirect business relationships. ***Those Guiding Principles state that businesses should have in place processes to enable the remediation of any adverse human right impacts they cause or to which they contribute. Those Guiding Principles further recognise, as part of their duty to protect against business-related human rights abuses, that States should take appropriate steps to ensure, through judicial, administrative and legislative means, that those affected have access to an effective remedy.***

[79] United Nations' "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework", 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.

[79] United Nations' "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework", 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.

Amendment 3

Proposal for a directive
Recital 6

Text proposed by the Commission	*Amendment*
(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises[80] which extended the application of due diligence to environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance[81] are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual and potential impacts in their operations,	(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises[80] which extended the application of due diligence to environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance[81] are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual and potential impacts in their operations,

value chains and other business relationships. The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.[82]

value chains and other business relationships. ***The OECD Guidelines also set out the requirement for companies to engage with relevant stakeholders in order to provide meaningful opportunities for their views to be taken into account in relation to planning and decision making for projects or other activities that may significantly impact local communities.*** The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.[82]

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[80] OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/.https://mneguidelines.oecd.org/mneguidelines/

[81] OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm.

[82] The International Labour Organisation's "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.

[80] OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/.https://mneguidelines.oecd.org/mneguidelines/

[81] OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm.

[82] The International Labour Organisation's "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.

Amendment 4

Proposal for a directive
Recital 12

Text proposed by the Commission	*Amendment*
(12) This Directive is in coherence with the EU Action Plan on Human Rights and Democracy 2020-2024[99] . This Action Plan defines as a priority to strengthen the Union's engagement to actively promote	(12) This Directive is in coherence with the EU Action Plan on Human Rights and Democracy 2020-2024[99] . This Action Plan defines as a priority to strengthen the Union's engagement to actively promote

the global implementation of the United Nations Guiding Principles on Business and Human Rights and other relevant international guidelines such as the OECD Guidelines for Multinational Enterprises, including by advancing relevant due diligence standards.	the global implementation of the United Nations Guiding Principles on Business and Human Rights and other relevant international guidelines such as the OECD Guidelines for Multinational Enterprises, including by advancing relevant due diligence standards. ***The Action Plan also emphasises the importance of the fight against corruption along the lines of the UN Convention against Corruption, recognising that corruption facilitates, perpetuates and institutionalises human rights violations and hinders the observance and implementation of human rights.***
[99] Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 ***(JOIN/2020/5*** final).	[99] Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 ***(JOIN(2020)5*** final).

Amendment 5

Proposal for a directive
Recital 14

Text proposed by the Commission	*Amendment*
(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies through the identification, prevention and mitigation***, bringing to an end and minimisation*** of potential ***or*** actual adverse human rights ***and environmental impacts*** connected with companies' own operations, subsidiaries and value chains.	(14) This Directive aims to ensure that companies active in the internal market ***respect human rights and*** contribute to sustainable development and the sustainability transition of economies and societies through the identification, prevention and mitigation of potential ***and*** actual adverse ***impacts on*** human rights***, the environment and good governance and through bringing to an end, providing for effective legal remediation and ensuring access to justice for victims of actual adverse impacts on human rights, the environment and good governance*** connected with companies' own operations, subsidiaries and value chains.

Amendment 6

Proposal for a directive
Recital 15

Text proposed by the Commission	*Amendment*
(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their ***established direct and indirect*** business relationships throughout their value chains in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. Account should be taken of the specificities of the company's value chain, sector or geographical area in which its value chain partners operate, the company's power to influence its direct and indirect business relationships, and whether the company could increase its power of influence.	(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their business relationships throughout their value chains in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. ***In such a situation, the company should foresee following its assessment to terminate the business relationship with respect of the activities concerned.*** Therefore, the main obligations in this Directive should be 'obligations of means'. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. Account should be taken of the specificities of the company's value chain, sector or geographical area in which its value chain partners operate, the company's power to influence its direct and indirect business relationships, and whether the company could increase its power of influence.

Amendment 7

Proposal for a directive
Recital 15 a (new)

Text proposed by the Commission	*Amendment*
	(15a) Companies should adapt the due diligence measures to the context, environment and political and social circumstances of their own operations, their subsidiaries, as well as their business relationships throughout their value chains. In conflict-affected and high-risk areas, companies face an increased risk of being involved in serious human rights abuses In these areas, Member States and companies should respect their obligations under International Humanitarian Law (IHL) when applicable, and should undertake heightened due diligence following the guidance on heightened human rights due diligence for business in conflict-affected contexts developed by the UNDP and other relevant international bodies. This includes complementing standard due diligence with a conflict analysis, based on stakeholders engagement, aimed at understanding the root causes, triggers and parties driving the conflict and the impact of the company's business activities on the conflict.

Amendment 8

Proposal for a directive
Recital 16

Text proposed by the Commission	*Amendment*
(16) The due diligence process set out in this Directive should cover the six steps defined by the OECD Due Diligence Guidance for Responsible Business Conduct, which include due diligence measures for companies to identify and address adverse human rights ***and environmental impacts***. This encompasses the following steps: (1) integrating due diligence into policies and management systems, (2) identifying and assessing adverse human rights ***and environmental***	(16) The due diligence process set out in this Directive should cover the six steps defined by the OECD Due Diligence Guidance for Responsible Business Conduct, which include due diligence measures for companies to identify and address adverse ***impacts on*** human rights***, the environment and good governance***. This encompasses the following steps: (1) integrating due diligence into policies and management systems, (2) identifying and assessing adverse ***impacts on*** human

impacts, (3) preventing, ceasing or minimising actual and potential adverse human rights, ***and environmental impacts***, (4) assessing the effectiveness of measures, (5) communicating, (6) providing remediation.	rights***, the environment and good governance***, (3) preventing, ceasing or minimising actual and potential adverse ***impacts on*** human rights, ***the environment and good governance***, (4) assessing the effectiveness of measures, (5) communicating, (6) providing remediation. ***The OECD Due Diligence Guidance for Responsible Business Conduct also includes detailed recommendations to ensure meaningful stakeholder involvement and access to justice, including guidance to remove barriers to engagement with vulnerable stakeholder groups.***

Amendment 9

Proposal for a directive
Recital 16 a (new)

Text proposed by the Commission	*Amendment*
	(16a) For each of the six steps and throughout the entire due diligence process, companies should carry out meaningful stakeholders engagement. As set out in the OECD Guidelines for Multinational Enterprises, effective stakeholder engagement involves interactive processes, is characterised by two-way communication and depends on the good faith of the participants on both sides. For the purpose of this Directive, stakeholders engagement processes should guarantee the safety and protection of the physical and legal integrity of stakeholders. Companies should address risks of retaliation and reprisal faced by stakeholders due to their participation. Companies should pay special attention to overlapping vulnerabilities and intersecting factors in stakeholder engagement. Vulnerable stakeholders groups suffer from differentiated and often disproportionate adverse impacts and often face discrimination and additional barriers to participation and access to justice.

	Companies should provide meaningful information to stakeholders about actual and potential adverse impacts on human rights, the environment and good governance of particular operations, projects and investments, in a timely and accessible manner, taking into account specifics of the stakeholder's group. Companies must respect the rights of indigenous peoples, as laid out in the United Nations Declaration on the Rights of Indigenous Peoples, including as regards their free, prior and informed consent and their right to self-determination.

Amendment 10

Proposal for a directive
Recital 17

Text proposed by the Commission	*Amendment*
(17) Adverse human rights ***and environmental impact*** occur in companies' own operations, subsidiaries, products, and in their value chains, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover ***human rights and environmental*** adverse impacts generated throughout the life-cycle of production and use and disposal of product or provision of services, at the level of own operations, subsidiaries and in value chains.	(17) Adverse ***impacts on*** human rights***, the environment and good governance,*** occur in companies' own operations, subsidiaries, products, ***services,*** and in their value chains, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover adverse impacts ***on human rights, the environment and good governance*** generated throughout the life-cycle of production and use and disposal of product or provision of services, at the level of own operations, subsidiaries and in ***the*** value chains ***of companies within the scope***.

Amendment 11

Proposal for a directive
Recital 20

Text proposed by the Commission	*Amendment*
(20) In order to allow companies to properly identify the adverse impacts in their value chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations ***should be limited*** in this Directive ***to established*** business relationships. ***For the purpose of this Directive, established business relationships should mean such direct and indirect business relationships which are, or which are expected to be lasting, in view of their intensity and duration and which do not represent a negligible or ancillary part of the value chain. The nature of business relationships as "established" should be reassessed periodically, and at least every 12 months. If the direct business relationship of a company is established, then all linked indirect business relationships should also be considered as established regarding that company.***	(20) In order to allow companies to properly identify the adverse impacts in their value chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations in this Directive ***should cover*** business relationships.

Amendment 12

Proposal for a directive
Recital 21

Text proposed by the Commission	*Amendment*
(21) Under this Directive, EU companies with more than ***500*** employees on average ***and*** a worldwide net turnover exceeding EUR ***150*** million in ***the financial year preceding*** the last financial year should be required to comply with due diligence. As regards companies which do not fulfil those criteria, but ***which*** had more than ***250*** employees on average and more than EUR ***40*** million ***worldwide net turnover in the financial year preceding*** the last financial year ***and which operate*** in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation	(21) Under this Directive, EU companies with more than ***250*** employees on average ***or*** a worldwide net turnover exceeding EUR ***40 million and/or a balance sheet of more than EUR 20*** million in the last financial year ***for which annual financial statements have been prepared*** should be required to comply with due diligence. As regards companies which do not fulfil those criteria, but ***are publicly listed on the stock exchange or*** had more than ***50*** employees on average***,*** and ***had a net worldwide turnover of*** more than EUR ***8*** million ***and/or a balance sheet of more than EUR 4 million in*** the last financial year ***for which annual financial***

period. ***In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts.*** Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council[103] , should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company.

[103] Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).

statements have been prepared, provided that at least 50% of its net turnover was generated in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council[103] , should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company.

[103] Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).

Amendment 13

Proposal for a directive
Recital 22

Text proposed by the Commission	*Amendment*
(22) In order to reflect the priority areas of international action aimed at tackling human rights ***and*** environmental issues, the selection of high-impact sectors for the purposes of this Directive should be based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this Directive: the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of ***textiles,*** clothing ***and*** footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the	(22) In order to reflect the priority areas of international action aimed at tackling human rights***,*** environmental ***and good governance*** issues, the selection of high-impact sectors for the purposes of this Directive should be based on ***the collection of independent data on and documentation of human rights violations, good governance issues and environmental damages and could in particular be informed by*** existing ***and future*** sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of

wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; the extraction of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products ***(except machinery and equipment)***, and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products)***. As regards*** the financial sector, ***due to its specificities, in particular as regards the value chain and the services offered, even if it is covered by sector-specific OECD guidance, it should not form part of the high-impact sectors covered by this Directive. At the same time, in this sector,*** the broader coverage of actual and potential adverse impacts should be ensured by also including very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited liability.

this Directive: the manufacture of textiles, ***wearing apparel,*** leather and related products (including footwear ***and articles of fur***), and the wholesale trade ***and retail sale*** of clothing***,*** footwear ***and leather goods in specialised stores***; agriculture***, water supply***, forestry, fisheries (including aquaculture)***, botanical and zoological gardens and nature reserves activities***, the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; ***mining and quarrying,*** the extraction ***and refining, transport and handling*** of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products, and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products)***; manufacture of computer, electronic and optical products, manufacture of electrical equipment and manufacture of machinery and equipment; construction, including the construction of buildings, civil engineering and specialised construction activities; financial and insurance activities and real estate activities; electricity, gas, steam and air conditioning supply, including production, transmission, distribution and trade of these products; legal and accounting activities, including auditing activities; accommodation and food service activities and cleaning activities; security and investigation activities, including security systems service activities; employment activities; remediation activities and other waste management services, waste collection, treatment and disposal activities; materials recovery; human health and social work activities, including***

residential care activities; information service activities, including data processing, hosting and related activities; web portals. In the financial sector, the broader coverage of actual and potential adverse impacts should be ensured by also including very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited liability.

Amendment 14

Proposal for a directive
Recital 25

Text proposed by the Commission	*Amendment*
(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on ***protected*** persons resulting from ***the violation of one of*** the rights and prohibitions as enshrined in the international conventions as listed in the Annex to this Directive. In order to ensure a comprehensive coverage of human rights, a ***violation of a prohibition or*** right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions should also form part of the adverse human rights impact covered by this Directive***, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply*** with the ***due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context***. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the Annex to this	(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on persons resulting from ***any action or omission which ends or reduces the ability of an individual or a group to enjoy*** the rights and ***be protected by*** prohibitions as enshrined in the international ***instruments and*** conventions as listed in the Annex to this Directive. In order to ensure a comprehensive coverage of human rights, a ***negative impact on the enjoyment of a*** right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions should also form part of the adverse human rights impact covered by this Directive***. That Annex should be reviewed on a regular basis and be consistent*** with the ***Union's objectives on human rights. The Commission should be empowered to adopt delegated acts to amend the list in Annex***. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the Annex to this Directive.

Directive.

Amendment 15

Proposal for a directive
Recital 27

Text proposed by the Commission	*Amendment*
(27) In order to conduct appropriate human rights, ***and*** environmental due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, prevent and mitigate as well as bring to an end ***and minimise the extent*** of potential and actual adverse human rights ***and environmental impacts***, establish and maintain a complaints ***procedure,*** monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts should be clearly distinguished in this Directive.	(27) In order to conduct appropriate human rights, environmental ***and good governance*** due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, prevent and mitigate as well as bring to an end***, and provide for remediation*** of potential and actual adverse ***impacts on*** human rights***, the environment and good governance***, establish and maintain a complaints ***mechanism*** monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising ***and providing for remediation of*** actual adverse impacts should be clearly distinguished in this Directive.

Amendment 16

Proposal for a directive
Recital 28

Text proposed by the Commission	*Amendment*
(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework, companies should integrate due diligence into all their corporate policies and have in place a due	(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework, companies should integrate due diligence into all their corporate policies and have in place a due

diligence policy. The due diligence policy should contain a description of the company's approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed by the company's employees and subsidiaries; a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to ***established*** business relationships. The code of conduct should apply in all relevant corporate functions and operations, including procurement and purchasing decisions. Companies should also update their due diligence policy annually.

diligence policy. The due diligence policy should contain a description of the company's approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed by the company's employees and subsidiaries; a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to business relationships. The code of conduct should apply in all relevant corporate functions and operations, including procurement and purchasing decisions. Companies should also ***assess and*** update their due diligence policy ***whenever there are reasonable grounds to believe that new risks of adverse impacts may arise, and at least*** annually.

Amendment 17

Proposal for a directive
Recital 30

Text proposed by the Commission	*Amendment*
(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights ***and environmental impacts***. In order to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification of adverse impacts should include assessing the human rights, and environmental context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment; and periodically, at least every 12 months, throughout the life of an	(30) Under the due diligence obligations set out by this Directive, a company should identify ***and assess*** actual or potential adverse ***impacts on*** human rights***, the environment and good governance***. In order to allow for a comprehensive identification of adverse impacts, such identification should be based on ***meaningful stakeholders engagement*** quantitative and qualitative ***indicators, a mapping of the company's value chains, including relevant*** information***, such as names, locations, types of products and services supplied, and concerning subsidiaries, suppliers and business partners***. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification of adverse impacts should include assessing the

activity or relationship. ***Regulated financial undertakings providing loan, credit, or other financial services should identify the adverse impacts only at the inception of the contract***. When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or ***minimize*** all its adverse impacts at the same time, it should ***be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances***.

human rights, and environmental context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment; and periodically, at least every 12 months, throughout the life of an activity or relationship. ***Free, prior and informed consent of indigenous peoples should be a pre-requisite for any activity that affects their lands, territories and natural resources***. When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or ***mitigate*** all its adverse impacts at the same time, it should ***develop and implement a prioritisation strategy in consultation with stakeholders, which should take into account the level of severity, likelihood, the duration, the spread and reversibility of the different actual and potential adverse impacts on human rights, the environment and good governance***.

Amendment 18

Proposal for a directive
Recital 32

Text proposed by the Commission	*Amendment*
(32) In line with international standards, prevention and mitigation as well as bringing to an end and ***minimisation*** of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement ***is a last-resort action, in line with the Union`s policy of zero-tolerance on child labour.***	(32) In line with international standards, prevention and mitigation as well as bringing to an end and ***remediation*** of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that ***companies engage with affected stakeholders and assess potential adverse impacts of temporal suspension or***

Terminating ***a*** business relationship ***in which child labour was found could expose the child to even more severe adverse human rights impacts. This should therefore be taken into account when deciding on the appropriate action to take***.

termination of contracts, in order to avoid greater harm. Disengagement ***should be foreseen when the potential adverse impact is linked to a systemic and state organised oppression and consequently cannot be prevented by the actions of the company and when the company assesses that*** terminating ***the*** business relationship ***would not create greater adverse impact than the one it intends to prevent or mitigate***.

Amendment 19
Proposal for a directive
Recital 34

Text proposed by the Commission	*Amendment*
(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions***, where relevant. Where necessary due to the complexity of prevention measures,*** companies should develop and implement a prevention action plan. Companies should seek to obtain contractual assurances from a direct partner with whom they have ***an established*** business relationship that it will ensure compliance with the code of conduct or the prevention action plan, including by seeking corresponding contractual assurances from its partners to the extent that their activities are part of the companies' value chain. The contractual assurances should be accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate support for ***an SME with which they have an established business relationship*** such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan,	(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions***:*** companies should develop and implement a prevention action plan. ***The prevention action plan should be developed through meaningful stakeholders engagement on an ongoing basis and be accurately tailored to the context of companies operations and value chain. It should identify and assess if the company's business model and strategies are adapted with the due diligence requirements and include a prioritisation strategy based on the severity and likelihood of the potential adverse impact in the event that the company is not in a position to prevent or mitigate all potential adverse impacts at the same time.*** Companies should seek to obtain contractual assurances from a direct partner with whom they have business relationship that it will ensure compliance with the code of conduct or the prevention action plan, including by seeking corresponding contractual assurances from its partners to the extent that their activities are part of the companies' value chain. The contractual assurances should be accompanied by appropriate measures to verify compliance. To ensure

or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.	comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate support for ***partners, suppliers, including SMEs*** such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.

Amendment 20

Proposal for a directive
Recital 36

Text proposed by the Commission	*Amendment*
(36) ***In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also,*** for cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, ***refer to*** the obligation ***for companies*** to refrain from entering into new or extending existing relations with the partner in question and***, where the law governing their relations so entitles them to,*** to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and ***minimisation*** efforts, if there is reasonable expectation that these efforts are to succeed in the short-term; or to terminate the business relationship with respect to the activities concerned if the potential adverse	(36) For cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, ***companies should have*** the obligation to refrain from entering into new or extending existing relations with the partner in question and to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and ***mitigation*** efforts, if there is reasonable expectation that these efforts are to succeed in the short-term; or to terminate the business relationship with respect to the activities concerned if the potential adverse impact is ***linked to a systemic and state organised oppression and consequently cannot be prevented by the actions of the company and when the company assesses that it would not create greater adverse impact than the one it intends to prevent or mitigate***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to ***temporarily suspend or*** terminate the business relationship in contracts

impact is ***severe***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition law.

governed by their laws. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition law.

Amendment 21

Proposal for a directive
Recital 38

Text proposed by the Commission	*Amendment*
(38) Under the due diligence obligations set out by this Directive, if a company identifies actual ***human rights or environmental*** adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries. However, it should be clarified that***, as regards established business relationships,*** where adverse impacts cannot be brought to an end, companies should ***minimise the extent of such*** impacts***. Minimisation of the extent*** of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define	(38) Under the due diligence obligations set out by this Directive, if a company identifies actual adverse impacts ***on human rights, the environment or good governance***, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries. However, it should be clarified that where adverse impacts cannot be brought to an end, companies should ***mitigate the*** impacts ***and provide for or co-operate in the remediation of the impact directly to the affected persons or communities. Mitigation*** of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. ***Remediation should aim to restore***

which actions companies should be required to take for bringing actual human rights ***and*** environmental adverse impacts to an end and ***minimisation of their extent, where relevant depending on the circumstances***.

the affected persons to the situation they would be in, had the adverse impact not occurred (if possible) and be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights***,*** environmental ***and good governance*** adverse impacts to an end and ***remediation. Remedial actions should be determined on the basis of meaningful engagement with affected stakeholders and may include restitution or rehabilitation, apologies, financial or non-financial compensation, assessing whether vulnerable stakeholders benefit equitably in compensation payments or other forms of restitution***. ***Companies should provide guarantees that they will not allow adverse impacts to recur. Remediation proposal by a company should not prevent affected stakeholders from engaging the civil liability of the company and should be duly considered by courts in civil proceedings.***

Amendment 22

Proposal for a directive
Recital 39

Text proposed by the Commission	*Amendment*
(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions***, where relevant***. They should neutralise the adverse impact or minimise its extent, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. ***Where necessary due to the fact that the adverse impact cannot***	(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions. They should neutralise the adverse impact or minimise its extent, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. Companies should develop and implement a corrective action plan with reasonable

be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain contractual assurances from a direct business partner with whom they have ***an established*** business relationship that they will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain. The contractual assurances should be accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or ***minimising the extent of*** adverse impact, provide targeted and proportionate support for ***an*** SMEs with which they have ***an established*** business relationship and collaborate with other entities, including***, where relevant,*** to increase the company's ability to bring the adverse impact to an end.

and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. ***The corrective action plan should be developed through meaningful stakeholders engagement on an ongoing basis, with proper follow-through on the implementation of agreed commitments and be accurately tailored to the context of companies operations and value chain. It should also identify and assess if the company's business model and strategies are adapted to the due diligence requirements.*** Companies should also seek to obtain contractual assurances from a direct business partner with whom they have ***a*** business relationship that they will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain. The contractual assurances should be accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or ***mitigating the*** adverse impact, provide targeted and proportionate support for ***partners and suppliers, including*** SMEs with which they have ***a*** business relationship and collaborate with other entities, including to increase the company's ability to bring the adverse impact to an end.

Amendment 23

Proposal for a directive
Recital 41

Text proposed by the Commission	*Amendment*
(41) ***In order to ensure that bringing actual adverse impacts to an end or minimising them is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business***	(41) For cases where actual adverse impacts could not be brought to an end or adequately mitigated by the described measures, ***companies should have*** the obligation to refrain from entering into new or extending existing relations with the

relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success. However, this Directive should also, for cases where actual adverse impacts could not be brought to an end or adequately mitigated by the described measures***, refer to*** the obligation ***for companies*** to refrain from entering into new or extending existing relations with the partner in question and***, where the law governing their relations so entitles them to***, to either temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or ***minimise the extent of*** the adverse impact, or terminate the business relationship with respect to the activities concerned, if the adverse impact is ***considered severe***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws.

partner in question and, to either temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or ***mitigate*** the adverse impact, or terminate the business relationship with respect to the activities concerned, if the adverse impact is ***linked to a systemic and state organised oppression and consequently cannot be ceased or mitigated by the actions of the company and when the company assesses that it would not create a greater adverse impact than the one it intends to cease or mitigate***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to ***temporarily suspend or*** terminate the business relationship in contracts governed by their laws.

Amendment 24

Proposal for a directive
Recital 42

Text proposed by the Commission	*Amendment*
(42) Companies should provide the possibility for persons and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential ***human rights and environmental*** adverse impacts***. Organisations who could*** submit such complaints ***should include*** trade unions and other workers' representatives representing individuals working in the value chain concerned and civil society organisations ***active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact***. Companies should establish a procedure for dealing with those complaints and	(42) Companies should provide the possibility for persons and organisations to submit ***early warnings and*** complaints directly to them in case of legitimate concerns regarding actual or potential adverse impacts ***on human rights, the environment and good governance, with regard to their own operations, the operations of their subsidiaries, and the value chain operations carried out by entities with whom the company has a business relationship. Any stakeholders should be entitled to*** submit such complaints ***including*** trade unions and other workers' representatives representing individuals working in the value chain

inform workers, trade unions and other workers' representatives***, where relevant,*** about such processes. Recourse to the complaints and remediation mechanism should not prevent the complainant from having recourse to judicial remedies. In accordance with international standards, complaints should be entitled to request from the company appropriate follow-up on the complaint and to meet with the company's representatives at an appropriate level to discuss potential or actual ***severe*** adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.

concerned***, local communities, indigenous people*** and civil society organisations***, human rights and environmental rights defenders, direct witnesses and victims of corruption crimes perpetuated by the company or other legal or natural persons who have as a statutory purpose the defence of human rights, the environment and good governance***. Companies should establish a procedure for dealing with ***and responding in a timely manner to*** those complaints and inform ***the complainants and relevant stakeholders, including*** workers, trade unions and other workers' representatives about such processes. Recourse to the complaints and remediation mechanism should not prevent the complainant from having recourse to judicial remedies ***and effective access to justice***. In accordance with international standards, ***companies should undertake appropriate follow-up action concerning the complaint, disclose information about the result of the procedure and measures and decisions taken and the reasoning for the decisions.*** Complaints should be entitled to request from the company appropriate follow-up on the complaint and to meet with the company's representatives at an appropriate level to discuss potential or actual adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.

Amendment 25

Proposal for a directive
Recital 46

Text proposed by the Commission	*Amendment*
(46) In order to provide support and practical tools to companies ***or to Member State authorities*** on how ***companies*** should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in	(46) In order to provide support and practical tools to companies on how ***they*** should fulfil their due diligence obligations ***or to Member State authorities on how to effectively enforce these obligations, and in order to ensure effective and uniform implementation across Member States***, the

consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, should ***have the possibility to*** issue guidelines, including ***for*** specific sectors ***or*** specific adverse impacts.

Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and ***where relevant the Executive Agency for Small and Medium-sized Enterprises, as well as*** where appropriate with international bodies having expertise in due diligence, should issue guidelines, including ***on the following matters:*** specific ***high-risk*** sectors***; resource and information sharing among companies and legal entities impacts in compliance with competition law; specific process and resources for SMEs to support the application of due diligence; mapping of companies' value chains,*** specific adverse impacts***, including adverse impacts on good governance; facilitation of access to justice for victims; prevention and mitigation of retaliation risks faced by stakeholders; heightened due diligence in conflict-affected and high-risk areas; responsible disengagement; assessment and dynamic listing of contexts of systemic and state-imposed oppression; methodology and criteria for administrative sanctions; integrity and fitness of industry schemes and multi-stakeholder initiatives; gender- and culturally-responsive due diligence; challenges faced by smallholders***.

Amendment 26

Proposal for a directive
Recital 47

Text proposed by the Commission	*Amendment*
(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. ***The aim is nevertheless*** to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global	(47) Although ***most*** SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. ***SMEs that are not in the scope but decide to voluntarily comply with due diligence obligations in line with this Directive***

economic and sanitary crisis***. In order*** to support ***SMEs,*** Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms***, and Member States could also financially support SMEs and help them build capacity***. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures, in case such requirements would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.

should be incentivised to do so and rewarded for doing so. To this end, Member States are, for instance, encouraged to set up labelling systems to identify complying SMEs. In order to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis ***and*** to support ***them,*** Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. ***Member States should also financially support SMEs, through dedicated funding, provide technical assistance to help them comply with due diligence requirements and help them build capacity.*** Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures, in case such requirements would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.

Amendment 27

Proposal for a directive
Recital 55

Text proposed by the Commission	*Amendment*
(55) In order to ensure consistent application and enforcement of national provisions adopted pursuant to this Directive, national supervisory authorities should cooperate and coordinate their action. For that purpose a European Network of Supervisory Authorities should be set up by the Commission and the supervisory authorities should assist each other in performing their tasks and provide mutual assistance.	(55) In order to ensure consistent application and enforcement of national provisions adopted pursuant to this Directive, national supervisory authorities should cooperate and coordinate their action. For that purpose a European Network of Supervisory Authorities should be set up by the Commission and the supervisory authorities should assist each other in performing their tasks and provide mutual assistance. ***In order to safeguard the level playing field and mitigate risks of forum-shopping arising from***

	decentralised enforcement, the Commission should support Member States with guidelines on application and enforcement, and monitor adherence to these guidelines through the European Semester for policy coordination, and address potential shortcomings in country-specific recommendations.

Amendment 28

Proposal for a directive
Recital 70

Text proposed by the Commission	*Amendment*
(70) The Commission should assess and report whether new sectors should be added to the list of high-impact sectors covered by this Directive, ***in order to align it to*** guidance from the Organisation for Economic Cooperation and Development or in light of clear evidence on labour exploitation, human rights violations or newly emerging environmental threats***,*** whether the list of relevant international conventions referred to in this Directive should be amended, in particular in the light of international developments***, or whether the provisions on due diligence under this Directive should be extended to adverse climate impacts***.	(70) The Commission should assess and report ***on a regular basis*** whether new sectors should be added to the list of high-impact sectors covered by this Directive, ***including in accordance with*** guidance from the Organisation for Economic Cooperation and Development or in light of clear evidence on labour exploitation, human rights violations or newly emerging ***good governance and*** environmental threats ***and*** whether the list of relevant international conventions ***and instruments*** referred to in this Directive should be amended, in particular in the light of international developments. ***The Commission should be empowered to adopt delegated acts to complement the list of high-impact sectors.***

Amendment 29
Proposal for a directive
Article 2 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. This Directive shall apply to companies which are formed in accordance with the legislation of a Member State and which fulfil one of the following conditions:	1. This Directive shall apply to ***all*** companies which are formed in accordance with the legislation of a Member State and which fulfil one of the following conditions:

Amendment 30

Proposal for a directive
Article 2 – paragraph 1 – point b – introductory part

Text proposed by the Commission	*Amendment*
(b) the company did not reach the thresholds under point (a)***,*** but had more than ***250*** employees on average and had a net worldwide turnover of more than EUR ***40*** million in the last financial year for which annual financial statements have been prepared, provided that at least 50% of ***this*** net turnover was generated in one or more of the following sectors:	(b) the company did not reach the thresholds under point (a) but ***is publicly listed on the stock exchange or*** had more than ***50*** employees on average and had a net worldwide turnover of more than EUR ***8*** million ***and/or a balance sheet of more than EUR 4 million*** in the last financial year for which annual financial statements have been prepared, provided that at least 50% of ***its*** net turnover was generated in one or more of the following ***high-impact*** sectors:

Amendment 31

Proposal for a directive
Article 2 – paragraph 1 – point b – point i

Text proposed by the Commission	*Amendment*
(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of ***textiles,*** clothing ***and*** footwear;	(i) the manufacture of textiles, ***wearing apparel,*** leather and related products (including footwear ***and articles of fur***), and the wholesale trade ***and retail sale*** of clothing***,*** footwear ***and leather goods in specialised stores***;

Amendment 32

Proposal for a directive
Article 2 – paragraph 1 – point b – point ii

Text proposed by the Commission	*Amendment*
(ii) agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages;	(ii) agriculture***, water supply,*** forestry, fisheries (including aquaculture), ***botanical and zoological gardens and nature reserves activities,*** the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals,

wood, food, and beverages;

Amendment 33

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii

Text proposed by the Commission	*Amendment*
(iii) the extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products)**.**	(iii) ***mining and quarrying,*** the extraction ***and refining, transport and handling*** of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals**,** and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products)***;***

Amendment 34

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii a (new)

Text proposed by the Commission	*Amendment*
	(iiia) manufacture of computer, electronic and optical products, manufacture of electrical equipment and manufacture of machinery and equipment;

Amendment 35

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii b (new)

Text proposed by the Commission	*Amendment*
	(iiib) construction, including the construction of buildings, civil engineering and specialised construction activities;

Amendment 36

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii c (new)

Text proposed by the Commission	*Amendment*
	(iiic) financial and insurance activities and real estate activities;

Amendment 37

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii d (new)

Text proposed by the Commission	*Amendment*
	(iiid) electricity, gas, steam and air conditioning supply, including production, transmission, distribution and trade of these products;

Amendment 38

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii e (new)

Text proposed by the Commission	*Amendment*
	(iiie) legal and accounting activities, including auditing activities;

Amendment 39

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii f (new)

Text proposed by the Commission	*Amendment*
	(iiif) accommodation and food service activities and cleaning activities;

Amendment 40

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii g (new)

Text proposed by the Commission	*Amendment*
	(iiig) security and investigation activities, including security systems service activities;

Amendment 41

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii h (new)

Text proposed by the Commission	*Amendment*
	(iiih) employment activities;

Amendment 42

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii i (new)

Text proposed by the Commission	*Amendment*
	(iii i) remediation activities and other waste management services, waste collection, treatment and disposal activities; materials recovery;

Amendment 43

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii j (new)

Text proposed by the Commission	*Amendment*
	(iii j) human health and social work activities, including residential care activities;

Amendment 44

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii k (new)

Text proposed by the Commission	*Amendment*
	(iii k) information service activities, including data processing, hosting and related activities; web portals.

Amendment 45

Proposal for a directive
Article 3 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) 'adverse human rights impact' means ***an adverse*** impact on ***protected*** persons resulting from ***the violation of one*** of the rights or prohibitions ***listed in the Annex, Part I Section 1, as*** enshrined in the international conventions listed in the Annex, Part I Section 2;	(c) 'adverse human rights impact' means ***any potential or actual negative*** impact on persons resulting from ***any action or omission, which ends or reduces an individual or a group's enjoyment*** of the rights or ***protection by*** prohibitions enshrined in the international conventions ***and instruments, notably those*** listed in the Annex, Part I***, Section 1 and enshrined in the Annex, Part I,*** Section 2***, including the subsequent case law. That Annex shall be reviewed on a regular basis and be consistent with the Union's objectives on human rights. The Commission is empowered to adopt delegated acts to amend the lists in Annex I, Part 1, Sections 1 and 2***;

Amendment 46

Proposal for a directive
Article 3 – paragraph 1 – point c a (new)

Text proposed by the Commission	*Amendment*
	(c a) 'adverse impact on good governance' means any potential or actual adverse impact throughout companies' entire value chains on the good governance of a country, region or territory, as set in international good governance and anti-corruption instruments listed in Annex I, Part 1, Section 3. That Annex shall be reviewed on a regular basis and be consistent with the Union's objectives on good governance. The Commission is empowered to adopt delegated acts to amend the list in Annex I, Part 1, Section 3;

Amendment 47

Proposal for a directive
Article 3 – paragraph 1 – point c b (new)

Text proposed by the Commission	*Amendment*
	(c b) 'conflict-affected and high-risk areas' means geographic areas in a state of armed conflict, inter-state or civil wars or fragile post-conflict, areas under occupation and/or annexation, areas witnessing weak or non-existent governance and/or security, such as failed states, areas that experience widespread violence and/or severe violations of international humanitarian and/or human rights law, as well as areas where these violations are systemic and/or state-imposed;

Amendment 48

Proposal for a directive
Article 3 – paragraph 1 – point n

Text proposed by the Commission	*Amendment*
(n) 'stakeholders' means the company's employees***, the*** employees of its subsidiaries, and other individuals, groups, communities or entities whose rights or interests are or could be affected by the products, services and operations of that company, its subsidiaries and its business relationships;	(n) 'stakeholders' means***:***
	(i) the company's ***workers and*** employees ***(including under informal arrangements) and their representatives, the workers and*** employees of its subsidiaries ***and their representatives***, ***trade unions, local communities, indigenous people, human rights and environmental rights defenders, civil society organisations direct witnesses and victims of corruption crimes perpetrated by the company*** and other individuals, groups, communities or entities whose rights or interests are or could be affected by ***human rights, environmental, good governance adverse impacts linked to*** the products, services and operations of that company, its subsidiaries and its business relationships ***through the entire value chain;***
	(ii) organisations representing the individuals, groups, communities or entities included in (i) or whose statutory purpose is the defence of human rights, good governance, the environment or climate;

Amendment 49

Proposal for a directive
Article 3 – paragraph 1 – point n a (new)

Text proposed by the Commission	*Amendment*
	(na) 'vulnerable stakeholders' means individuals and right-holders groups that find themselves in marginalised situations and situations of vulnerability, due to

specific contexts or intersecting factors, including, among others, their sex, gender, age, race, ethnicity, class, education, indigenous identity, migration status, disability, as well as social and economic status; which are the causes of differentiated and often disproportionate adverse impacts, and creates discrimination and an additional barrier to participation and access to justice;

Amendment 50

Proposal for a directive
Article 3 – paragraph 1 – point n b (new)

Text proposed by the Commission	*Amendment*
	(nb) 'human rights defenders' means individuals, groups and organs of society that promote, protect or strive for the realisation of universally recognised human rights and fundamental freedoms; human rights defenders seek the promotion and protection of civil and political rights as well as the promotion, protection and realisation of economic, social and cultural rights;

Amendment 51

Proposal for a directive
Article 3 – paragraph 1 – point n c (new)

Text proposed by the Commission	*Amendment*
	(nc) 'environmental rights defenders' means individuals and groups who, in their personal or professional capacity and in a peaceful manner, strive to protect and promote rights relating to the environment and climate, including biodiversity, water, air, land, soil, flora and fauna;

Amendment 52

Proposal for a directive
Article 3 – paragraph 1 – point n d (new)

Text proposed by the Commission	*Amendment*
	(nd) 'meaningful stakeholders engagement' means an interactive, responsive, ongoing process of engagement with stakeholders, characterised by two-way communication, conducted in good faith and guaranteeing proper implementation of agreed commitments and which involves the timely provision of all relevant information needed by stakeholders; adequate processes to remove barriers to participation for vulnerable stakeholders (such as language, culture, gender and power imbalances, divisions within the community), as well as adequate protection to ensure safety of stakeholders and prevent retaliation and reprisals;

Amendment 53

Proposal for a directive
Article 4 a (new)

Text proposed by the Commission	*Amendment*
	Article 4a
	Heightened due diligence in conflict-affected and high-risk areas
	Member States shall ensure that companies operating in conflict-affected areas and high-risk areas as defined in Article 3(cb) respect their obligations under international humanitarian law and conduct heightened, conflict-sensitive due diligence on all their operations and business relations through integrating into their due diligence, a conflict analysis, based on meaningful and conflict-sensitive stakeholders' engagement, of the root causes, triggers and parties driving the conflict, and of the

impact of the company's activities on the conflict.

Amendment 54

Proposal for a directive
Article 5 a (new)

Text proposed by the Commission	*Amendment*
	Article 5a
	Stakeholders engagement
	1. Member States shall ensure that companies effectively and meaningfully engage stakeholders, in fulfilling their obligations pursuant to Articles 4 to 11.
	2. At each phase of and throughout the entire due diligence process, companies shall be required to ensure:
	(a) meaningful stakeholder engagement in an interactive, responsive, ongoing process, characterised by two-way communication, conducted in good faith, adapted to and removing barriers faced by vulnerable stakeholders;
	(b) timely and comprehensive provision of all relevant information needed by stakeholders to make informed judgments, in an accessible and transparent manner, including meaningful information about operations, projects and investments and their actual and potential adverse impacts, in accordance with Article 11;
	(c) adequate protection of stakeholders from the risk of retaliation, in accordance with Article 23;
	(d) a gender and culturally responsive approach;
	(e) proper follow-through on implementation of agreed commitments.
	3. The engagement of workers and workers' representatives shall be without prejudice to Directives 2002/14/EC and 2009/38/EC of the European Parliament

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and of the Council and Council Directive 2001/86/EC.

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Amendment 55

Proposal for a directive
Article 6 – title

Text proposed by the Commission	*Amendment*
Identifying actual and potential adverse impacts	Identifying ***and assessing*** actual and potential adverse impacts

Amendment 56

Proposal for a directive
Article 6 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse human rights ***impacts and adverse environmental impacts*** arising from their own operations or those of their subsidiaries and***, where related to their*** value chains***, from their established*** business relationships, in accordance with paragraph 2, 3 and 4.	1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse ***impacts on*** human rights***, the environment and good governance*** arising from their own operations or those of their subsidiaries and ***entities on the*** value chains ***with which companies have a*** business relationships, in accordance with paragraph 2, 3 and 4.

Amendment 57

Proposal for a directive
Article 6 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Member States shall ensure that, for the purposes of identifying the adverse impacts referred to in paragraph 1 ***based on, where appropriate***, ***quantitative and qualitative information***, companies ***are entitled to make use of appropriate resources, including*** independent reports and information gathered through the	4. Member States shall ensure that, for the purposes of identifying ***and assessing*** the adverse impacts referred to in paragraph 1, companies ***take action and decisions on the basis of:***

complaints ***procedure*** provided for in Article 9***. Companies shall, where relevant, also carry out consultations*** with potentially affected ***groups including workers and other relevant*** stakeholders ***to gather information on actual or potential adverse impacts.***

(a) a mapping of the company's value chain and disclosure of relevant information including names, locations, types of operations, products and services supplied, as well as other relevant information concerning subsidiaries, branches and business relationships;

(b) qualitative and quantitative indicators, including disaggregated data;

(c) independent reports and information gathered through the complaints ***mechanism*** provided for in Article 9***;***

(d) meaningful engagement with potentially affected stakeholders***, in accordance with Article 3(nd);***

(e) the context of their operations, meaning that companies operating in conflict-affected areas and high-risk areas conduct heightened, conflict-sensitive due diligence, through integrating, a conflict analysis, of the root causes, triggers and parties driving the conflict, and of the impact of the company's activities on the conflict;

Amendment 58

Proposal for a directive
Article 6 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4a. Member States shall ensure that appropriate resources are made available to companies for the purposes of identifying the adverse impacts referred to in paragraph 1 and may work with the Commission to prepare appropriate

	resources. Supervisory authorities as defined in Article 17 shall have the power to carry out promotional and educational activities in this regard, including directed at smaller companies not subject to the obligations under this Directive.

Amendment 59

Proposal for a directive
Article 7 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse human rights ***impacts and adverse environmental impacts*** that have been, or should have been, identified pursuant to Article 6***, in accordance with paragraphs 2, 3, 4 and 5 of this Article***.	1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse ***impacts on*** human rights***, the environment and good governance*** that have been, or should have been, identified pursuant to Article 6.

Amendment 60

Proposal for a directive
Article 7 – paragraph 2 – introductory part

Text proposed by the Commission	*Amendment*
2. Companies shall be required to take the following actions***, where relevant***:	2. Companies shall be required to take ***appropriate measures, including but not limited to*** the following actions:

Amendment 61

Proposal for a directive
Article 7 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) ***where necessary due to the nature or complexity of the measures required for prevention,*** develop and implement a	(a) develop and implement a prevention action plan, with reasonable and clearly defined timelines for ***appropriate***

prevention action plan, with reasonable and clearly defined timelines for ***action*** and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be developed ***in consultation*** with affected stakeholders***;***

measures and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be developed ***through meaningful stakeholders engagement on an ongoing basis and be accurately tailored to the context of companies operations and value chain. It shall identify and assess if the company's business model and strategies are adapted to the due diligence requirements; include a prioritisation strategy based on the severity and likelihood of the potential adverse impact in the event that the company is not in a position to prevent or mitigate all potential adverse impacts at the same time; require engagement*** with affected stakeholders ***and assessment of potential adverse impacts of temporal suspension or termination of contracts, in order to avoid greater harm, foresee the termination of contracts when the potential adverse impact is linked to a systemic and state organised oppression and consequently cannot be prevented by the actions of the company and when the company assesses that it would not create greater adverse impact than the one intended to prevent or mitigate.***

Amendment 62

Proposal for a directive
Article 8 – paragraph 3 – introductory part

Text proposed by the Commission	*Amendment*
3. Companies shall be required to take the following actions***, where relevant***:	3. Companies shall be required to take ***appropriate measures, including but not limited to*** the following actions:

Amendment 63

Proposal for a directive
Article 8 – paragraph 3 – point a

Text proposed by the Commission	*Amendment*
(a) ***neutralise*** the adverse impact ***or minimise its extent, including by the payment of*** damages to the affected persons ***and of financial compensation to the affected communities. The action shall*** be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact;	(a) ***cease and mitigate*** the adverse impact***, where it identifies that it has caused or contributed to that impact throughout its value chain; provide for or cooperate with full remediation of the*** damages ***directly*** to the affected persons ***or communities. Remedial actions shall:***
	(i) aim to restore the affected persons to the situation they would be in, had the adverse impact not occurred, if possible, and be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact;
	(ii) be fairly shared between the company and the partner causing or contributing to the damage;
	(iii) be determined on the basis of meaningful engagement with affected stakeholders and may include restitution or rehabilitation, apologies, financial or non-financial compensation, assessing whether vulnerable stakeholders benefit equitably in compensation payments or other forms of restitution and taking measures to prevent future adverse impacts;
	(iv) not prevent affected stakeholders from engaging the civil liability of companies and shall be duly considered by courts in civil proceedings.

Amendment 64

Proposal for a directive
Article 8 – paragraph 3 – point b

Text proposed by the Commission	*Amendment*
(b) ***where necessary due to the fact that the adverse impact cannot be immediately brought to an end,*** develop	(b) develop and implement a corrective action plan ***and measures*** with reasonable and clearly defined timelines for action***,***

and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. ***Where relevant,*** the corrective action plan shall be developed ***in consultation with stakeholders;***	***tools*** and qualitative and quantitative indicators for measuring improvement. The corrective action plan shall be developed ***through meaningful stakeholders engagement on an ongoing basis, with proper follow-through on the implementation of agreed commitments and be accurately tailored to the context of companies operations and value chain. It shall identify and assess if the company's business model and strategies are adapted to the due diligence requirements***; ***require engagement with affected stakeholders and assessment of the adverse impact of temporal suspension or termination of contracts, in order to avoid greater harm and foresee termination of contracts when the adverse impact is linked to a systemic and state organised oppression and consequently cannot be ceased or mitigated by the actions of the company and when the company assesses that it would not create a greater adverse impact than the one intended to cease or mitigate.***

Amendment 65

Proposal for a directive
Article 9 – title

Text proposed by the Commission	*Amendment*
Complaints ***procedure***	Complaints ***mechanism***

Amendment 66

Proposal for a directive
Article 9 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Member States shall ensure that ***the*** complaints may be submitted by***:***	2. Member States shall ensure that complaints may be submitted by ***all persons, groups, communities, entities and civil society organisations covered by Article 3 points (n), (na), (nb) and (nc), as***

	well as the natural and legal persons representing them. In case the complainant is a child, a legal guardian may bring a complaint on behalf of the child.
(a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact,	
(b) trade unions and other workers' representatives representing individuals working in the value chain concerned,	
(c) civil society organisations active in the areas related to the value chain concerned.	

Amendment 67

Proposal for a directive
Article 9 – paragraph 4 – introductory part

Text proposed by the Commission	*Amendment*
4. Member States shall ensure that complainants ***are entitled***	4. Member States shall ensure that ***companies are providing*** complainants ***and their representatives with:***

Amendment 68

Proposal for a directive
Article 9 – paragraph 4 – point -a (new)

Text proposed by the Commission	*Amendment*
	(-a) information on how to access such complaints mechanisms and a publicly available description of the procedures;

Amendment 69

Proposal for a directive
Article 9 – paragraph 4 – point -a a (new)

Text proposed by the Commission	*Amendment*
	(-aa) legitimate, accessible, predictable, safe, equitable, transparent, rights-compatible and adaptable complaints mechanisms that allows stakeholders, including in particular actual and potentially affected rights-holders, to have a meaningful participation in the establishment and evaluation of such independent complaints mechanisms;

Amendment 70

Proposal for a directive
Article 9 – paragraph 4 – point -a b (new)

Text proposed by the Commission	*Amendment*
	(-ab) guarantees of non-retaliation, confidentiality and anonymity for stakeholders;

Amendment 71

Proposal for a directive
Article 9 – paragraph 4 – point -a c (new)

Text proposed by the Commission	*Amendment*
	(-ac) timely and exhaustive information, including clear time indications regarding the steps and actions taken in the context of a specific complaint, the result of the procedure and its detailed reasoning;

Amendment 72

Proposal for a directive
Article 9 – paragraph 4 – point a

Text proposed by the Commission	*Amendment*
(a) ***to request*** appropriate follow-up on the complaint from the company with	(a) appropriate***, timely and effective*** follow-up ***action*** on the complaint from the

which they have filed a complaint pursuant to paragraph 1, ***and***	company with which they have filed a complaint pursuant to paragraph 1,

Amendment 73

Proposal for a directive
Article 9 – paragraph 4 – point b

Text proposed by the Commission	*Amendment*
(b) to meet with the company's representatives at an appropriate level to discuss potential or actual ***severe*** adverse impacts that are the subject matter of the complaint**.**	(b) ***the opportunity*** to meet with the company's representatives at an appropriate level to discuss potential or actual adverse impacts that are the subject matter of the complaint***;***

Amendment 74

Proposal for a directive
Article 9 – paragraph 4 – point b a (new)

Text proposed by the Commission	*Amendment*
	(ba) full remediation, as referred to in and within the meaning of Article 8(3) point (b), through the complaints mechanism and guarantees that harms that are the subject of the complaint will not be repeated. The remedy shall be proportionate to the significance and scale of the adverse impact;

Amendment 75

Proposal for a directive
Article 9 – paragraph 4 – point b b (new)

Text proposed by the Commission	*Amendment*
	(bb) unhindered access to the substantiated concerns procedure as described in Article 19, to public judicial mechanisms described in Article 22 and to any other judicial or non-judicial mechanism, regardless of their recourse to a complaints mechanism and whether

or not they have used or exhausted the avenues of non-judicial mechanisms.

Amendment 76

Proposal for a directive
Article 13

Text proposed by the Commission	*Amendment*
In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, ***and*** where appropriate with international bodies having expertise in due diligence, ***may*** issue guidelines, ***including for specific*** sectors ***or*** specific adverse impacts.	***1.*** In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, ***where relevant the Executive Agency for Small and Medium-sized Enterprises, as well as*** where appropriate with international bodies having expertise in due diligence, ***shall*** issue guidelines ***on the specific obligations under Articles 5 to 11, as well as on the following aspects :*** ***(a)*** specific ***high-risk*** sectors ***of economic activity leading to significant adverse impacts on human rights, the environment and good governance***, ***including sectors referred to in Article 2(1)(b);*** ***(b) resource and information sharing among companies and other legal entities for the purposes of preventing, mitigating and remediating adverse impacts in compliance with competition law;*** ***(c) specific processes and resources and information sharing for SMEs to support the application of due diligence in their operations;*** ***(d) mapping of companies' value chains and efficient processes to monitor partners' behaviours throughout the entire value chain;*** ***(e)*** specific adverse impacts***, including adverse impacts on good governance;***

(f) responsible and sustainable trading, purchasing and pricing policies and practices;

(g) facilitation of access to justice for victims, including regarding collective redress, representative actions, non-discriminatory costs of proceedings and appropriate limitation periods;

(h) prevention and mitigation of retaliation risks faced by stakeholders, including human rights and environmental defenders, for their participation;

(i) implementation of heightened due diligence in conflict-affected areas, military occupation situations, and non-self-governing territories;

(j) responsible disengagement from harmful business relationships;

(k) assessment and dynamic listing of contexts where adverse impacts are linked to systemic and state-organised oppression and where therefore meaningful engagement, prevention and mitigation are made impossible;

(l) methodology and criteria to be used by supervisory authorities to make decisions related to administrative sanctions and nature and harmonisation of effective, proportionate and dissuasive sanctions;

(m) assessing the integrity and fitness of industry schemes and multi-stakeholder initiatives, notably the inclusion of the perspectives of civil society and stakeholders in audits;

(n) measures that the companies should take to ensure gender- and culturally-responsive due diligence;

(o) measures that companies should take to address the challenges faced by smallholders, including access to a living income.

2. Given the importance of uniform implementation across Member States'

	authorities to ensure a level playing field, adherence to these guidelines shall be monitored through the European Semester for policy coordination, and potential shortcomings addressed in country-specific recommendations.

Amendment 77

Proposal for a directive
Annex I – Part I – Section 1 – title

Text proposed by the Commission	*Amendment*
1. ***Violations of*** rights and prohibitions included in international human rights agreements	1. Rights and prohibitions included in international human rights agreements

Amendment 78

Proposal for a directive
Annex I – Part I – Section 1 – introductory part (new)

Text proposed by the Commission	*Amendment*
	Such rights and prohibitions include, among others:

Amendment 79

Proposal for a directive
Annex I – Part I – Section 1 – point 1

Text proposed by the Commission	*Amendment*
1. ***Violation of*** the people's right to dispose of a land's natural resources and to not be deprived of means of subsistence in accordance with Article 1 of the International Covenant on Civil and Political Rights;	1. the people's right to dispose of a land's natural resources and to not be deprived of means of subsistence in accordance with Article 1 of the International Covenant on Civil and Political Rights;

Amendment 80

Proposal for a directive
Annex I – Part I – Section 1 – point 2

Text proposed by the Commission	*Amendment*
2. ***Violation of*** the right to life and security in accordance with Article 3 of the Universal Declaration on Human rights;	2. the right to life and security in accordance with Article 3 of the Universal Declaration on Human rights;

Amendment 81

Proposal for a directive
Annex I – Part I – Section 1 – point 3

Text proposed by the Commission	*Amendment*
3. ***Violation of*** the prohibition of torture, cruel, inhuman or degrading treatment in accordance with Article 5 of the Universal Declaration of Human Rights;	3. the prohibition of torture, cruel, inhuman or degrading treatment in accordance with Article 5 of the Universal Declaration of Human Rights;

Amendment 82

Proposal for a directive
Annex I – Part I – Section 1 – point 4

Text proposed by the Commission	*Amendment*
4. ***Violation of*** the right to liberty and security in accordance with Article 9 of the Universal Declaration of Human Rights;	4. the right to liberty and security in accordance with Article 9 of the Universal Declaration of Human Rights;

Amendment 83

Proposal for a directive
Annex I – Part I – Section 1 – point 5

Text proposed by the Commission	*Amendment*
5. ***Violation of*** the prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and attacks on their reputation, in accordance with Article 17 of the Universal Declaration of Human	5. the prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and attacks on their reputation, in accordance with Article 17 of the Universal Declaration of Human Rights;

Rights;

Amendment 84

Proposal for a directive
Annex I – Part I – Section 1 – point 6

Text proposed by the Commission	*Amendment*
6. ***Violation of*** the prohibition of interference with the freedom of thought, conscience and religion in accordance with Article 18 of the Universal Declaration of Human Rights;	6. the prohibition of interference with the freedom of thought, conscience and religion in accordance with Article 18 of the Universal Declaration of Human Rights;

Amendment 85

Proposal for a directive
Annex I – Part I – Section 1 – point 7

Text proposed by the Commission	*Amendment*
7. ***Violation of*** the right to enjoy just and favourable conditions of work including a ***fair wage,*** a decent living, safe and healthy working conditions and reasonable limitation of working hours in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;	7. the right to enjoy just and favourable conditions of work including a ***remuneration that provides for*** a decent living, safe and healthy working conditions and reasonable limitation of working hours***. This includes both the right to a fair wage for employees and the right to living income for self-employed workers and smallholders*** in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;

Amendment 86

Proposal for a directive
Annex I – Part I – Section 1 – point 7 a (new)

Text proposed by the Commission	*Amendment*
	7a. the right to an adequate standard of living for oneself and her/his family, including adequate food, clothing and housing, and the right to continuous improvement of living conditions in

	accordance with Article 11(1) of the International Covenant on Economic, Social and Cultural Rights and Article 25(1) of the Universal Declaration of Human Rights;

Amendment 87

Proposal for a directive
Annex I – Part I – Section 1 – point 8

Text proposed by the Commission	*Amendment*
8. ***Violation of*** the prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate food, clothing, and water and sanitation in the work place in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	8. the prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate food, clothing, and water and sanitation in the work place in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;

Amendment 88

Proposal for a directive
Annex I – Part I – Section 1 – point 9

Text proposed by the Commission	*Amendment*
9. ***Violation of*** the right of the child to have his or her best interests given primary consideration in all decisions and actions that affect children in accordance with Article 3 of the Convention of the Rights of the Child; ***violation of*** the right of the child to develop to his or her full potential in accordance with Article 6 of the Convention of the Rights of the Child; ***violation of*** the right of the child to the highest attainable standard of health in accordance with Article 24 of the Convention on the Rights of the Child; ***violation of*** the right to social security and an adequate standard of living in accordance with Article 26 and 27 of the Convention on the Rights of the Child;	9. the right of the child to have his or her best interests given primary consideration in all decisions and actions that affect children in accordance with Article 3 of the Convention of the Rights of the Child; the right of the child to develop to his or her full potential in accordance with Article 6 of the Convention of the Rights of the Child; the right of the child to the highest attainable standard of health in accordance with Article 24 of the Convention on the Rights of the Child; the right to social security and an adequate standard of living in accordance with Article 26 and 27 of the Convention on the Rights of the Child; the right to education in accordance with

violation of the right to education in accordance with Article 28 of the Convention on the Rights of the Child; ***violation of*** the right of the child to be protected from all forms of sexual exploitation and sexual abuse and to be protected from being abducted, sold or moved illegally to a different place in or outside their country for the purpose of exploitation, in accordance with Articles 34 and 35 of the Convention of the Rights of the Child;	Article 28 of the Convention on the Rights of the Child; the right of the child to be protected from all forms of sexual exploitation and sexual abuse and to be protected from being abducted, sold or moved illegally to a different place in or outside their country for the purpose of exploitation, in accordance with Articles 34 and 35 of the Convention of the Rights of the Child;

Amendment 89

Proposal for a directive
Annex I – Part I – Section 1 – point 10

Text proposed by the Commission	*Amendment*
10. ***Violation of*** the prohibition of the employment of a child under the age at which compulsory schooling is completed and, in any case, is not less than 15 years, except where the law of the place of employment so provides in accordance with Article 2 (4) and Articles 4 to 8 of the International Labour Organization Minimum Age Convention, 1973 (No. 138);	10. the prohibition of the employment of a child under the age at which compulsory schooling is completed and, in any case, is not less than 15 years, except where the law of the place of employment so provides in accordance with Article 2 (4) and Articles 4 to 8 of the International Labour Organization Minimum Age Convention, 1973 (No. 138);

Amendment 90

Proposal for a directive
Annex I – Part I – Section 1 – point 11 – introductory part

Text proposed by the Commission	*Amendment*
11. ***Violation of*** the prohibition of child labour pursuant to Article 32 of the Convention on the Rights of the Child, including the worst forms of child labour for children (persons below the age of 18 years) in accordance with Article 3 of the of the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:	11. the prohibition of child labour pursuant to Article 32 of the Convention on the Rights of the Child, including the worst forms of child labour for children (persons below the age of 18 years) in accordance with Article 3 of the of the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:

Amendment 91

Proposal for a directive
Annex I – Part I – Section 1 – point 12

Text proposed by the Commission	*Amendment*
12. ***Violation of*** the prohibition of forced labour; this includes all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered himself or herself voluntarily, for example as a result of debt bondage or trafficking in human beings; excluded from forced labour are any work or services that comply with Article 2 (2) of International Labour Organization Forced Labour Convention, 1930 (No. 29) or with Article 8 (3) (b) and (c) of the International Covenant on Civil and Political Rights;	12. the prohibition of forced labour; this includes all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered himself or herself voluntarily, for example as a result of debt bondage or trafficking in human beings; excluded from forced labour are any work or services that comply with Article 2 (2) of International Labour Organization Forced Labour Convention, 1930 (No. 29) or with Article 8 (3) (b) and (c) of the International Covenant on Civil and Political Rights;

Amendment 92

Proposal for a directive
Annex I – Part I – Section 1 – point 13

Text proposed by the Commission	*Amendment*
13. ***Violation of*** the prohibition of all forms of slavery, practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation in accordance with Article 4 of the Universal Declaration of Human Rights and Art. 8 of the International Covenant on Civil and Political Rights;	13. the prohibition of all forms of slavery, practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation in accordance with Article 4 of the Universal Declaration of Human Rights and Art. 8 of the International Covenant on Civil and Political Rights;

Amendment 93

Proposal for a directive
Annex I – Part I – Section 1 – point 14

Text proposed by the Commission	*Amendment*
14. ***Violation of*** the prohibition of human trafficking in accordance with Article 3 of the Palermo Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;	14. the prohibition of human trafficking in accordance with Article 3 of the Palermo Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;

Amendment 94

Proposal for a directive
Annex I – Part I – Section 1 – point 15 – introductory part

Text proposed by the Commission	*Amendment*
15. ***Violation of*** the right to freedom of association, assembly, the rights to organise and collective bargaining in accordance with Article 20 of the Universal Declaration of Human Rights, Articles 21 and 22 of the International Covenant on Civil and Political Rights Article 8 of the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the International Labour Organization Right to Organise and Collective Bargaining Convention, 1949 (No. 98), including the following rights:	15. the right to freedom of association, assembly, the rights to organise and collective bargaining in accordance with Article 20 of the Universal Declaration of Human Rights, Articles 21 and 22 of the International Covenant on Civil and Political Rights Article 8 of the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the International Labour Organization Right to Organise and Collective Bargaining Convention, 1949 (No. 98), including the following rights:

Amendment 95

Proposal for a directive
Annex I – Part I – Section 1 – point 16

Text proposed by the Commission	*Amendment*
16. ***Violation of*** the prohibition of unequal treatment in employment, unless this is justified by the requirements of the employment in accordance with Article 2	16. the prohibition of unequal treatment in employment, unless this is justified by the requirements of the employment in accordance with Article 2 and Article 3 of

and Article 3 of the International Labour Organisation Equal Remuneration Convention, 1951 (No. 100), Article 1 and Article 2 of the International Labour Organisation Discrimination (Employment and Occupation) Convention, 1958 (No. 111) and Article 7 of the International Covenant on Economic, Social and Cultural Rights; unequal treatment includes, in particular, the payment of unequal remuneration for work of equal value;	the International Labour Organisation Equal Remuneration Convention, 1951 (No. 100), Article 1 and Article 2 of the International Labour Organisation Discrimination (Employment and Occupation) Convention, 1958 (No. 111) and Article 7 of the International Covenant on Economic, Social and Cultural Rights; unequal treatment includes, in particular, the payment of unequal remuneration for work of equal value;

Amendment 96

Proposal for a directive
Annex I – Part I – Section 1 – point 17

Text proposed by the Commission	*Amendment*
17. ***Violation of*** the prohibition of withholding an adequate living wage in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;	17. the prohibition of withholding an adequate living wage in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;

Amendment 97

Proposal for a directive
Annex I – Part I – Section 1 – point 18 – introductory part

Text proposed by the Commission	*Amendment*
18. ***Violation of*** the prohibition of causing any ***measurable*** environmental degradation, such as harmful soil change, water or air pollution, harmful emissions or excessive water consumption or other impact on natural resources, that	18. the prohibition of causing any ***quantative and qualitative*** environmental degradation, such as harmful soil change, water or air pollution, harmful emissions or excessive water consumption or other impact on natural resources, that

Amendment 98

Proposal for a directive
Annex I – Part I – Section 1 – point 18 – point e

Text proposed by the Commission	*Amendment*
(e) affects ecological integrity, such as deforestation,	(e) affects ecological integrity, such as deforestation, ***and the intrinsic value of ecosystems as well as the interrelations between them;***

Amendment 99

Proposal for a directive
Annex I – Part I – Section 1 – point 18 – last subparagraph

Text proposed by the Commission	*Amendment*
in accordance with Article 3 of the Universal Declaration of Human Rights, Article 5 of the International Covenant on Civil and Political Rights and Article 12 of the International Covenant on Economic, Social and Cultural Rights;	in accordance with Article 3 of the Universal Declaration of Human Rights, Article 5 of the International Covenant on Civil and Political Rights and Article 12 of the International Covenant on Economic, Social and Cultural Rights ***and the right to a clean, healthy and sustainable environment***;

Amendment 100

Proposal for a directive
Annex I – Part I – Section 1 – point 19

Text proposed by the Commission	*Amendment*
19. ***Violation of*** the prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise use land, forests and waters, including by deforestation, the use of which secures the livelihood of a person in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	19. the prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise use land, forests and waters, including by deforestation, the use of which secures the livelihood of a person in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;

Amendment 101

Proposal for a directive
Annex I – Part I – Section 1 – point 20

Text proposed by the Commission	*Amendment*
20. ***Violation of*** the indigenous peoples' right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired in accordance with Article 25, 26 (1) and (2), 27, and 29 (2) of the United Nations Declaration on the Rights of Indigenous Peoples;	20. the indigenous peoples' right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired in accordance with Article 25, 26 (1) and (2), 27, and 29 (2) of the United Nations Declaration on the Rights of Indigenous Peoples;

Amendment 102

Proposal for a directive
Annex I – Part I – Section 1 – point 20 a (new)

Text proposed by the Commission	*Amendment*
	20a. the indigenous peoples' right to self-determination in accordance with Article 3 of the United Nations Declaration on the Rights of Indigenous Peoples and their right to give, modify, withhold or withdraw their free, prior, and informed consent to interventions, decisions and activities that may affect their lands, territories, resources and rights, in accordance with Article 10, 11(2), 19, 28, 29(2) and 32(2) of the United Nations Declaration on the Rights of Indigenous Peoples and Article 6 and 16(2) of the International Labour Organization's Indigeneous and Tribal Peoples Convention, 1989 (No. 169);

Amendment 103

Proposal for a directive
Annex I – Part I – point 21

Text proposed by the Commission	*Amendment*
21. ***Violation of*** a prohibition or right not covered by points 1 to 20 above but included in the human rights agreements listed in Section 2 of this Part***, which***	21. a prohibition or right not covered by points 1 to 20 above but included in the human rights agreements listed in Section 2 of this Part.

directly impairs a legal interest protected in those agreements, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the obligations referred to in Article 4 of this Directive taking into account all relevant circumstances of their operations, such as the sector and operational context.

PUBLIC

Amendment 104

Proposal for a directive
Annex I – Part I – Section 2 – title

Text proposed by the Commission	*Amendment*
2. Human rights and fundamental freedoms conventions	2. Human rights and fundamental freedoms conventions ***and instruments***

Amendment 105

Proposal for a directive
Annex I – Part I – Section 2– introductory part (new)

Text proposed by the Commission	*Amendment*
	Such conventions and instruments include, among others:

Amendment 106

Proposal for a directive
Annex I – Part I – Section 2– indent 6 a (new)

Text proposed by the Commission	*Amendment*
	— The International Convention for the Protection of All Persons from Enforced Disappearance;

Amendment 107

Proposal for a directive
Annex I – Part I – Section 2– indent 7 a (new)

Text proposed by the Commission	*Amendment*
	— The United Nations Declaration on the Elimination of Violence against Women;

Amendment 108

Proposal for a directive
Annex I – Part I – Section 2– indent 10

Text proposed by the Commission	*Amendment*
— The United Nations Declaration on the Rights of Indigenous Peoples;	— The United Nations Declaration on the Rights of Indigenous Peoples***, the United Nations Development Group's Guidelines on Indigenous Peoples' Issues (2009) and UN-REDD Programme Guidelines on Free, Prior and Informed Consent (2013)***;

Amendment 109

Proposal for a directive
Annex I – Part I – Section 2– indent 10 a (new)

Text proposed by the Commission	*Amendment*
	— The United Nations Declaration on Human Rights Defenders;

Amendment 110

Proposal for a directive
Annex I – Part I – Section 2– indent 10 b (new)

Text proposed by the Commission	*Amendment*
	— The International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families;

Amendment 111

Proposal for a directive
Annex I – Part I – Section 2– indent 11

Text proposed by the Commission	*Amendment*
— The Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;	— The ***United Nations*** Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;

Amendment 112

Proposal for a directive
Annex I – Part I – Section 2– indent 11 a (new)

Text proposed by the Commission	*Amendment*
	— The United Nations Declaration on the Elimination of All Forms of Intolerance and of Discrimination Based on Religion or Belief;

Amendment 113

Proposal for a directive
Annex I – Part I – Section 2 – indent 11 b (new)

Text proposed by the Commission	*Amendment*
	— The United Nations Declaration on the Rights of Peasants and Other People Working in Rural Areas;

Amendment 114

Proposal for a directive
Annex I – Part I – Section 2 – indent 12 a (new)

Text proposed by the Commission	*Amendment*
	— The United Nations Protocol against the Smuggling of Migrants by Land, Sea and Air supplementing the United Nations Convention against

Transnational Organized Crime;

Amendment 115

Proposal for a directive
Annex I – Part I – Section 2 – indent 14 a (new)

Text proposed by the Commission	*Amendment*
	— The International Labour Organization's Indigenous and Tribal Peoples Convention, 1989 (No. 169);

Amendment 116

Proposal for a directive
Annex I – Part I – Section 2 – indent 14 b (new)

Text proposed by the Commission	*Amendment*
	— The International Labour Organization's Domestic Workers Convention, 2011 (No. 189);

Amendment 117

Proposal for a directive
Annex I – Part I – Section 2 – indent 14 c (new)

Text proposed by the Commission	*Amendment*
	— The International Labour Organization's Violence and Harassment Convention, 2019 (No. 190);

Amendment 118

Proposal for a directive
Annex I – Part I – Section 2 – indent 20 a

Text proposed by the Commission	*Amendment*
	— Occupational Safety and Health Convention, 1981 (No. 155)

Amendment 119

Proposal for a directive
Annex I – Part I – Section 2 – indent 23 a (new)

Text proposed by the Commission	*Amendment*
	— The International humanitarian law instruments including:
	- the four Geneva Conventions of 1949:
	- Convention (I) for the Amelioration of the Condition of the Wounded and Sick in Armed Forces in the Field;
	- Convention (II) for the Amelioration of the Condition of Wounded, Sick and Shipwrecked Members of Armed Forces at Sea;
	- Convention (III) relative to the Treatment of Prisoners of War;
	- Convention (IV) relative to the Protection of Civilian Persons in Time of War;
	- Additional protocols to the Geneva Conventions;

Amendment 120

Proposal for a directive
Annex I – Part I –Section 2 – indent 23 b (new)

Text proposed by the Commission	*Amendment*
	— The Rome Statute of the International Criminal Court;

Amendment 121

Proposal for a directive
Annex I – Part I – Section 2 – indent 23 c (new)

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Text proposed by the Commission	*Amendment*
	— United Nations Basic Principles and Guidelines on the Right to a Remedy and Reparation for Victims of Gross Violations of International Human Rights Law and Serious Violations of International Humanitarian Law;

Amendment 122

Proposal for a directive
Annex I – Part I – Section 2 – indent 23 d (new)

Text proposed by the Commission	*Amendment*
	— UN General Assembly Resolution 76/300 on the human right to a clean, healthy and sustainable environment;

Amendment 123

Proposal for a directive
Annex I – Part I – Section 2 – indent 23 e (new)

Text proposed by the Commission	*Amendment*
	— UN General Assembly Resolutions 64/292, 68/157 and 45/8 on the human right to safe drinking water and sanitation;

Amendment 124

Proposal for a directive
Annex I – Part I– Section 2 – indent 23 f (new)

Text proposed by the Commission	*Amendment*
	— UN Guiding Principles on Business and Human Rights (UNGPs);

Amendment 125

Proposal for a directive
Annex I – Part I – Section 2 – indent 23 g (new)

Text proposed by the Commission	*Amendment*
	— OECD Due Diligence Guidance for Responsible Business Conduct;

Amendment 126

Proposal for a directive
Annex I – Part I – Section 2 – indent 23 h (new)

Text proposed by the Commission	*Amendment*
	— The European Convention on Human Rights;

Amendment 127

Proposal for a directive
Annex I – Part I – Section 2 – indent 23 i (new)

Text proposed by the Commission	*Amendment*
	— The Charter of Fundamental Rights of the European Union;

Amendment 128

Proposal for a directive
Annex I – Part I – Section 2 – indent 23 j (new)

Text proposed by the Commission	*Amendment*
	— The European Social Charter;

Amendment 129

Proposal for a directive
Annex I – Part I – Section 2 – indent 23 k (new)

Text proposed by the Commission	*Amendment*
	— The European Convention on the Legal Status of Migrant Workers;

PUBLIC

Amendment 130

Proposal for a directive
Annex I – Part I – Section 2 – indent 23 l (new)

Text proposed by the Commission	*Amendment*
	— The Council of Europe Convention on preventing and combating violence against women and domestic violence.

Amendment 131

Proposal for a directive
Annex I – Part I – Section 3 (new)

Text proposed by the Commission	*Amendment*
	3. Good governance and anti-corruption instruments
	Such instruments include, among others:
	- United Nations Convention against Corruption, 2003;
	- United Nations Declaration of Basic Principles of Justice for Victims of Crime and Abuse of Power, 1985;
	- United Nations Basic Principles on the Independence of the Judiciary, 1985;
	- Council of Europe Civil law Convention on Corruption, 1999;
	- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997;
	- Convention drawn up on the basis of Article K.3(2)(c) of the Treaty on European Union on the Fight Against Corruption Involving Officials of the European Communities or Officials of Member States of the European Union, 1997;
	- Principle Ten on Anti-Corruption

of the UN Global Compact;

- United Nations Code of Conduct for Law Enforcement Officials, 1979.

PUBLIC

PROCEDURE – COMMITTEE ASKED FOR OPINION

PUBLIC

Title	Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
References	COM(2022)0071 – C9-0050/2022 – 2022/0051(COD)
Committee responsible Date announced in plenary	JURI 4.4.2022
Opinion by Date announced in plenary	AFET 4.4.2022
Associated committees - date announced in plenary	15.9.2022
Rapporteur for the opinion Date appointed	Raphaël Glucksmann 11.5.2022
Discussed in committee	10.10.2022
Date adopted	24.1.2023
Result of final vote	+: 41 –: 19 0: 5
Members present for the final vote	Alexander Alexandrov Yordanov, François Alfonsi, Petras Auštrevičius, Traian Băsescu, Reinhard Bütikofer, Susanna Ceccardi, Włodzimierz Cimoszewicz, Anna Fotyga, Michael Gahler, Sunčana Glavak, Raphaël Glucksmann, Klemen Grošelj, Bernard Guetta, Sandra Kalniete, Dietmar Köster, Andrius Kubilius, Ilhan Kyuchyuk, David Lega, Miriam Lexmann, Nathalie Loiseau, Leopoldo López Gil, Antonio López-Istúriz White, Thierry Mariani, Pedro Marques, Marisa Matias, David McAllister, Vangelis Meimarakis, Sven Mikser, Francisco José Millán Mon, Javier Nart, Matjaž Nemec, Gheorghe-Vlad Nistor, Urmas Paet, Demetris Papadakis, Kostas Papadakis, Tonino Picula, Giuliano Pisapia, Thijs Reuten, Nacho Sánchez Amor, Isabel Santos, Mounir Satouri, Radosław Sikorski, Jordi Solé, Sergei Stanishev, Dragoş Tudorache, Hilde Vautmans, Thomas Waitz, Charlie Weimers, Isabel Wiseler-Lima, Salima Yenbou, Bernhard Zimniok, Željana Zovko
Substitutes present for the final vote	Anna-Michelle Asimakopoulou, Özlem Demirel, Markéta Gregorová, Karsten Lucke, Erik Marquardt, Carina Ohlsson, María Soraya Rodríguez Ramos, Mick Wallace
Substitutes under Rule 209(7) present for the final vote	Manon Aubry, Damien Carême, Theresa Muigg, Younous Omarjee, Ivan Štefanec

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

41	+
ECR	Anna Fotyga
PPE	Andrius Kubilius
RENEW	Petras Auštrevičius, Klemen Grošelj, Bernard Guetta, Ilhan Kyuchyuk, Nathalie Loiseau, Javier Nart, Urmas Paet, María Soraya Rodríguez Ramos, Dragoş Tudorache, Salima Yenbou
S&D	Włodzimierz Cimoszewicz, Raphaël Glucksmann, Dietmar Köster, Karsten Lucke, Pedro Marques, Sven Mikser, Theresa Muigg, Matjaž Nemec, Carina Ohlsson, Demetris Papadakis, Tonino Picula, Giuliano Pisapia, Thijs Reuten, Isabel Santos, Sergei Stanishev, Nacho Sánchez Amor
The Left	Manon Aubry, Özlem Demirel, Marisa Matias, Younous Omarjee, Mick Wallace
Verts/ALE	François Alfonsi, Reinhard Bütikofer, Damien Carême, Markéta Gregorová, Erik Marquardt, Mounir Satouri, Jordi Solé, Thomas Waitz

19	-
ECR	Charlie Weimers
ID	Thierry Mariani, Bernhard Zimniok
NI	Kostas Papadakis
PPE	Alexander Alexandrov Yordanov, Anna-Michelle Asimakopoulou, Traian Băsescu, Michael Gahler, Sandra Kalniete, David Lega, Leopoldo López Gil, Antonio López-Istúriz White, David McAllister, Vangelis Meimarakis, Francisco José Millán Mon, Radosław Sikorski, Ivan Štefanec, Željana Zovko
RENEW	Hilde Vautmans

5	0
ID	Susanna Ceccardi
PPE	Sunčana Glavak, Miriam Lexmann, Gheorghe-Vlad Nistor, Isabel Wiseler-Lima

Key to symbols:
+ : in favour
- : against
0 : abstention

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25.1.2023

OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
(COM(2022)0071 – C9-0050/2022 – 2022/0051(COD))

Rapporteur for opinion (*): Barry Andrews

(*) Associated committee – Rule 57 of the Rules of Procedure'

PUBLIC

AMENDMENTS

The Committee on International Trade calls on the Committee on Legal Affairs, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a directive
Recital 18

Text proposed by the Commission	*Amendment*
(18) The value chain should cover activities related to the production ***of a good or*** provision of services ***by a company***, including ***the development of the product or the service and the use and disposal of the product as well as the related activities of established business relationships of the company. It should encompass*** upstream ***established*** direct and indirect business ***relationships*** that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company ***that are necessary to carry out the company's activities, and also*** downstream ***relationships, including***	(18) The value chain should cover activities ***of a company and of its business partners*** related to the production ***and supply of goods or the*** provision of services, including upstream direct and indirect business ***partners*** that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company ***including the development of the product or the service, and*** downstream direct and indirect business ***partners that distribute the product to wholesalers, retailers or consumers, transport and store the product, dismantle or recycle*** the product, including ***compost or landfill***

established direct and indirect business ***relationships, that use or receive products, parts of products or services from the company up to the end of life of*** the product, including ***inter alia the distribution*** of the ***product to retailers, the transport and storage*** of the ***product, dismantling*** of the ***product, its recycling, composting or landfilling***.

waste resulting from the operations of the ***company. The use*** of the ***goods should not be considered as part*** of the ***value chain for the purposes of this Directive***.

PUBLIC

Amendment 2

Proposal for a directive
Recital 21

Text proposed by the Commission	*Amendment*
(21) Under this Directive, EU companies with more than ***500*** employees on average and a worldwide net turnover ***exceeding EUR 150*** million in the financial year preceding the last financial year should be required to comply with due diligence. As regards companies which do not fulfil those criteria, but which had ***more than 250*** employees on average and more than EUR ***40*** million worldwide net turnover in the financial year preceding the last financial year and which operate in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council[103] , should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation	(21) Under this Directive, EU companies with more than ***250*** employees on average and ***which generated*** a worldwide net turnover ***of more than EUR 40*** million in the financial year preceding the last financial year should be required to comply with due diligence. As regards companies which do not fulfil those criteria, but which had ***50*** employees ***or more*** on average and ***generated*** more than EUR ***8*** million worldwide net turnover in the financial year preceding the last financial year and which operate in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council[103] , should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU,

of the number of employees of the sending company.

should only be included in the calculation of the number of employees of the sending company.

[103] Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).

[103] Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).

Amendment 3

Proposal for a directive
Recital 22

Text proposed by the Commission

(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the selection of high-impact sectors for the purposes of this Directive should be based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this Directive: the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; the extraction of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals

Amendment

(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the selection of high-impact sectors for the purposes of this Directive should be based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this Directive: the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; the extraction of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals

and other intermediate products)***. As regards the*** financial ***sector, due to its specificities, in particular as regards the value chain and the*** services ***offered, even if it is covered by sector-specific OECD guidance***, ***it should not form part of the high-impact sectors covered by this Directive. At the same time, in this sector, the broader coverage of actual and potential adverse impacts should be ensured by also including very large companies in the scope that are regulated*** financial ***undertakings, even if they do not have a legal form with limited liability***.	and other intermediate products)***; the provision of*** financial ***services such as loans, credits, financing, pensions, market funding, risk management, payment services, securitisation, insurance or reinsurance services, investment*** services ***and activities***, ***and other*** financial ***services***.

Amendment 4

Proposal for a directive
Recital 23

Text proposed by the Commission	*Amendment*
(23) In order to achieve fully the objectives of this Directive addressing human rights and adverse environmental impacts with respect to companies' operations, subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of ***at least EUR 150*** million in the Union in the financial year preceding the last financial year or a net turnover of more than EUR ***40*** million but less than EUR ***150*** million in the financial year preceding the last financial year in one or more of the high-impact sectors, as of 2 years after the end of the transposition period of this Directive.	(23) In order to achieve fully the objectives of this Directive addressing human rights and adverse environmental impacts with respect to companies' operations, subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of ***more than EUR 40*** million in the Union in the financial year preceding the last financial year or a net turnover of more than EUR ***8*** million but less than EUR ***40*** million in the financial year preceding the last financial year in one or more of the high-impact sectors, as of 2 years after the end of the transposition period of this Directive.

Amendment 5

Proposal for a directive
Recital 36

Text proposed by the Commission	*Amendment*
(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, to ***either*** temporarily suspend commercial relationships with the partner in question, while pursuing ***prevention and minimisation efforts, if there is reasonable expectation that these*** efforts ***are to succeed in the short-term; or*** to terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition	(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question ***in connection to or in the value chain of which the impact has arisen*** and, where the law governing their relations so entitles them to ***and if they are in the best interest of the potential victims of the potential or actual adverse impacts***, ***in line with responsible disengagement*** to temporarily suspend commercial relationships with the partner in question, while pursuing ***appropriate*** efforts ***to bring to an end or mitigate the extent of the adverse impact, or as a last resort*** to terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe***, systemic or state-sponsored***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these

law.

instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition law.

Amendment 6

Proposal for a directive
Recital 41

Text proposed by the Commission	*Amendment*
(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success. However, this Directive should also, for cases where actual adverse impacts could not be brought to an end or ***adequately*** mitigated by the described measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, ***where the law governing their relations so entitles them to***, to ***either*** temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or ***minimise*** the extent of the adverse impact***, or*** terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe***. In order to allow companies to fulfil that obligation, Member States*** should ***provide for the availability of an option to terminate the business relationship in contracts governed by*** their ***laws***.	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success. However, this Directive should also, for cases where actual adverse impacts could not be brought to an end or ***which could not be*** mitigated by the described measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, ***if they are in the best interest of the potential victims of the potential or actual adverse impacts***, ***in line with responsible disengagement*** to temporarily suspend commercial relationships with the partner in question, while pursuing ***appropriate*** efforts to bring to an end or ***mitigate*** the extent of the adverse impact***. The company may as a last resort*** terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe***, systemic or state-sponsored. The company*** should ***engage in a timely, efficient and meaningful manner with stakeholders, including workers and*** their ***legitimate representatives impacted by the decision to disengage before reaching this decision, and should address the adverse impacts related to the***

decision to disengage.

Amendment 7

Proposal for a directive
Recital 42

Text proposed by the Commission	*Amendment*
(42) Companies should provide the possibility for persons and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential human rights ***and*** environmental ***adverse*** impacts. Organisations who could submit such complaints should include trade unions and other workers' representatives representing individuals working in the value chain concerned and civil society organisations active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact. Companies should establish a procedure for dealing with those complaints and inform workers, trade unions and other workers' representatives, where relevant, about such processes. Recourse to the complaints and remediation mechanism should not ***prevent*** the complainant from having recourse to judicial remedies. In accordance with international standards, complaints should be entitled to request from the company appropriate follow-up on the complaint and to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.	(42) Companies should provide the possibility for persons and organisations to submit ***notifications or*** complaints directly to them in case of legitimate concerns regarding actual or potential human rights***,*** environmental ***impacts or good governance*** impacts ***with respect to their value chain, their own operations, the operations of their subsidiaries and their business partners***. Organisations who could submit such complaints should include ***the company's employees, the employees of its subsidiaries, workers,*** trade unions***, civil society organisations*** and other workers' representatives representing individuals working in the value chain concerned and civil society organisations active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact. Companies should establish a ***safe, legitimate, accessible and equitable*** procedure for dealing with those complaints and inform workers, trade unions and other workers' representatives, where relevant, about such processes. Recourse to the complaints and remediation mechanism should not ***preclude*** the complainant from having recourse to judicial remedies. In accordance with international standards, complaints should be entitled to request from the company appropriate follow-up on the complaint and to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable

solicitations of companies.

Amendment 8

Proposal for a directive
Recital 47

Text proposed by the Commission	*Amendment*
(47) ***Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis.*** In order to support SMEs, Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms, and Member States could also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures, in case such requirements would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.	(47) In order to support SMEs, Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms, and Member States could also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures, in case such requirements would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.

Amendment 9

Proposal for a directive
Article 1 – paragraph 1 – subparagraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) on obligations for companies ***regarding*** actual and potential human rights adverse impacts and ***environmental*** adverse impacts, with respect to their own	(a) on obligations for companies ***to integrate due diligence into their policies, identify and assess*** actual and potential ***adverse impacts to*** human rights***, the***

operations, the operations of their subsidiaries, and the value chain operations carried out by entities with whom the company has ***an established*** business relationship and	***environment and good governance, prevent and mitigate such potential*** adverse impacts and ***bring those actual*** adverse impacts ***to an end***, ***establish and maintain a complaints procedure, monitor the effectiveness of their due diligence policy, publicly communicate on their due diligence policy and provide for or cooperate in remediation where appropriate*** with respect to their own operations***, products and services***, the operations of their subsidiaries, and the value chain operations carried out by entities with whom the company has ***a*** business relationship and

Amendment 10

Proposal for a directive
Article 1 – paragraph 1 – subparagraph 2

Text proposed by the Commission	*Amendment*
The nature of business relationships as 'established' shall be reassessed periodically, and at least every 12 months.	***deleted***

Amendment 11

Proposal for a directive
Article 2 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) the company had more than ***500*** employees on average and ***had*** a net worldwide turnover of more than EUR ***150*** million in the last financial year for which annual financial statements have been prepared;	(a) the company had more than ***250*** employees on average and ***generated*** a net worldwide turnover of more than EUR ***40*** million in the last financial year for which annual financial statements have been prepared;

Amendment 12

Proposal for a directive
Article 2 – paragraph 1 – point b – introductory part

Text proposed by the Commission	*Amendment*
(b) the company did not reach the thresholds under point (a), but had ***more than 250*** employees on average and ***had*** a net worldwide turnover of more than EUR ***40*** million in the last financial year for which annual financial statements have been prepared, provided that at least 50% of this net turnover was generated in one or more of the following sectors:	(b) the company did not reach the thresholds under point (a), but had ***50*** employees ***or more*** on average and ***generated*** a net worldwide turnover of more than EUR ***8*** million in the last financial year for which annual financial statements have been prepared, provided that at least 50% of this net turnover was generated in one or more of the following sectors:

Amendment 13

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii a (new)

Text proposed by the Commission	*Amendment*
	(iii a) the provision of financial services such as loans, credits, financing, pensions, market funding, risk management, payment services, securitisation, insurance or reinsurance services, investment services and activities, and other financial services;

Amendment 14

Proposal for a directive
Article 2 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) generated a net turnover of more than EUR ***150*** million in the Union in the financial year preceding the last financial year;	(a) generated a net turnover of more than EUR ***40*** million in the Union in the financial year preceding the last financial year;

Amendment 15

Proposal for a directive
Article 2 – paragraph 2 – point b

Text proposed by the Commission	*Amendment*
(b) generated a net turnover of more than EUR ***40*** million but not more than EUR ***150*** million in the Union in the financial year preceding the last financial year, provided that at least 50% of its net worldwide turnover was generated in one or more of the sectors listed in paragraph 1, point (b).	(b) generated a net turnover of more than EUR ***8*** million but not more than EUR ***40*** million in the Union in the financial year preceding the last financial year, provided that at least 50% of its net worldwide turnover was generated in one or more of the sectors listed in paragraph 1, point (b).

Amendment 16

Proposal for a directive
Article 3 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) 'adverse environmental impact' means an adverse impact on the environment resulting from the violation of one of the prohibitions and obligations ***pursuant*** to the international environmental conventions listed in the Annex, Part II;	(b) 'adverse environmental impact' means an adverse impact on the environment resulting from the violation of one of the prohibitions and obligations ***established under international environmental and climate legislation including but not limited*** to the international environmental conventions listed in the Annex, Part II;

Amendment 17

Proposal for a directive
Article 3 – paragraph 1 – point g

Text proposed by the Commission	*Amendment*
(g) 'value chain' means activities related to the production of goods or the provision of services ***by a*** company***,*** including the development of the product or the service ***and the use and disposal of*** the product ***as well as the related activities of upstream and downstream established business relationships*** of the company. ***As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision of these specific services***	(g) 'value chain' means activities ***of a company and of its business partners*** related to the production ***and supply*** of goods or the provision of services***, including:***

shall only include the activities of the ***clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question.*** The value chain ***of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;***

(i) upstream direct and indirect business partners that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company including the development of the product or the service***, and***

(ii) downstream direct and indirect business partners that distribute the product ***to wholesalers, retailers or consumers, transport and store the product, dismantle or recycle the product, including compost or landfill waste resulting from the operations*** of the company.

The use of the ***goods shall not be considered as part of*** the value chain ***for the purposes of this Directive.***

Amendment 18

Proposal for a directive
Article 3 – paragraph 1 – point j

Text proposed by the Commission	*Amendment*
(j) 'industry initiative' means a combination of voluntary value chain due diligence procedures, tools and mechanisms, including independent third-party verifications***, developed*** and overseen by governments, industry associations or groupings of interested organisations***;***	(j) 'industry ***or multi-stakeholder*** initiative' means a combination of voluntary value chain due diligence procedures, ***best practices,*** tools and mechanisms, including independent third-party verifications and ***audits*** overseen by ***the Commission,*** governments***, including the governments of developing countries***, industry associations or groupings of interested organisations ***that:***

	(i) are voluntarily adopted by companies, and, when adopted, are binding companies and, if applicable, their partners,
	(ii) include the perspectives of civil society in audits and the steering of the standards and grievance mechanisms according to the effectiveness criteria of the UNGP;

Amendment 19

Proposal for a directive
Article 3 – paragraph 1 – point n

Text proposed by the Commission	*Amendment*
(n) 'stakeholders' means the company's employees, the employees of its subsidiaries, and other individuals, groups, communities or entities ***whose rights or interests are or could be affected by the products, services and operations of that company, its subsidiaries and its business relationships***;	(n) 'stakeholders' means ***persons or groups who have interests that are or could be affected by the potential or actual adverse impacts on human rights, the environment and good governance caused by the products, services and operations of a company, its subsidiaries and its business relationships across the value chain such as*** the company's employees, the employees of its subsidiaries, ***workers and their representatives, trade unions, company's shareholders, rightsholders*** and other individuals, groups, communities or entities;

Amendment 20

Proposal for a directive
Article 6 – paragraph 2

Text proposed by the Commission	*Amendment*
2. By way of derogation from paragraph 1, companies referred to in Article 2(1), point (b), and Article 2(2), point (b), shall only be required to identify actual and potential severe adverse impacts relevant to the respective sector mentioned in Article 2(1), point (b).	***deleted***

Amendment 21

Proposal for a directive
Article 6 – paragraph 3

Text proposed by the Commission	*Amendment*
3. When companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, identification of actual and potential adverse human rights impacts and adverse environmental impacts shall be carried out only before providing that service..	***deleted***

PUBLIC

Amendment 22

Proposal for a directive
Article 8 – paragraph 6 – subparagraph 1

Text proposed by the Commission	*Amendment*
As regards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be ***minimised*** by the measures provided for in paragraphs 3, 4 and 5, the company shall refrain from entering into new or extending existing relations with the partner in connection to or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, ***take one*** of the ***following actions:***	As regards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be ***mitigated*** by the measures provided for in paragraphs 3, 4 and 5, ***or any other means and where there is no reasonable prospect of change*** the company shall refrain from entering into new or extending existing relations with the partner in connection to or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, ***and if they are in the best interest*** of the ***potential victims of the potential and actual adverse impacts, in line with responsible disengagement*** temporarily suspend commercial relationships with the partner in question, while pursuing appropriate efforts to bring to an end or mitigate the extent of the adverse impact**.**
(a) temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact**,** ***or***	

(b) terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe.	***The company may also, as a last resort,*** terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe, ***systemic or state-sponsored. The company shall engage in a timely, efficient and meaningful manner with stakeholders impacted by the decision to disengage before reaching this decision, and shall address the adverse impacts related to the decision to disengage.***

Amendment 23

Proposal for a directive
Article 8 – paragraph 6 – subparagraph 2

Text proposed by the Commission	*Amendment*
Member States shall provide for the availability of an option to terminate the business relationship in contracts governed by their laws.	Member States shall provide for***,*** the availability of an option ***to suspend or as a last resort,*** to terminate the business relationship in contracts governed by their laws.

Amendment 24

Proposal for a directive
Article 8 – paragraph 7

Text proposed by the Commission	*Amendment*
7. By way of derogation from paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, they shall not be required to terminate the credit, loan or other financial service contract, when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided.	***deleted***

Amendment 25

Proposal for a directive
Article 9 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies ***provide the possibility for*** persons and organisations listed in paragraph 2 to submit complaints to them ***where they have legitimate concerns*** regarding actual or potential ***adverse*** human rights ***impacts and adverse*** environmental impacts with respect to their own operations, the operations of their subsidiaries and their ***value chains***.	1. Member States shall ensure that companies ***establish or participate in effective mechanisms that can be used by*** persons and organisations listed in paragraph 2 to submit ***notifications or*** complaints to them regarding actual or potential human rights, environmental ***impacts or good governance*** impacts with respect to ***their value chain,*** their own operations, the operations of their subsidiaries and their ***business partners***. ***Member States shall ensure that companies are able to provide the possibility to submit notifications and complaints through collaborative arrangements with other companies or organisations, by participating in multi-stakeholder grievance mechanisms or joining a Global Framework Agreement. The complaint procedure shall be safe, legitimate, accessible and equitable, and shall provide for the possibility to raise complaints anonymously in accordance with Union and national law and confidentially. Recourse to such procedures shall not preclude claimants from having access to judicial mechanisms.***

Amendment 26

Proposal for a directive
Article 9 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact,	(a) persons who are affected or have reasonable ***and factual*** grounds to believe that they might be affected by an ***actual or potential*** adverse impact, ***the products, services and operations of that company,***

Amendment 27

Proposal for a directive
Article 9 – paragraph 2 – point b

Text proposed by the Commission	*Amendment*
(b) trade unions ***and*** other workers' representatives representing individuals working in the value chain concerned,	(b) ***the company's employees, the employees of its subsidiaries, workers,*** trade unions***,*** other workers' representatives ***or civil society organisations*** representing individuals working in ***or affected by*** the value chain concerned,

Amendment 28

Proposal for a directive
Article 9 – paragraph 3

Text proposed by the Commission	*Amendment*
3. Member States shall ensure that the companies establish a procedure for dealing with complaints referred to in paragraph 1, including a procedure when the company considers the complaint to be unfounded***, and*** inform the relevant ***workers and*** trade unions of those procedures. Member States shall ensure that where the complaint is well-founded***,*** the adverse impact that is the subject matter of the complaint is deemed to be identified within the meaning of Article 6.	3. Member States shall ensure that the companies establish a procedure for dealing with complaints referred to in paragraph 1, including a ***safe*** procedure when the company considers the complaint to be unfounded***. Member States shall ensure that companies*** inform the relevant ***persons,*** trade unions***, and other workers' representatives of individuals working in the value chain concerned, and civil society organisations active in the areas related to the value chain concerned*** of those procedures. Member States shall ensure that where the complaint is well-founded the adverse impact that is the subject matter of the complaint is deemed to be identified within the meaning of Article 6. ***Member States shall ensure that companies provide information to stakeholders on such complaints mechanisms, including on how to access them, on decisions and remedies relating to a company and on how the company is implementing them.***

Amendment 29

Proposal for a directive
Article 9 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4a. Member States shall ensure that supervisory authorities are empowered to issue guidance to companies and other actors responsible for developing and administering complaints mechanisms, including in relation to their compliance with the criteria set out in this Article, in line with relevant international standards.

Amendment 30

Proposal for a directive
Article 13 – paragraph 1

Text proposed by the Commission	*Amendment*
In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, ***may*** issue guidelines, including for specific sectors ***or*** specific adverse impacts.	In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European ***Agency for Small and Medium enterprises, the European*** Environment Agency, ***the European Labour Authority*** and where appropriate with international bodies having expertise in due diligence, ***shall*** issue ***clear and comprehensive,*** guidelines, including for specific sectors***,*** specific adverse impacts***, and on appropriate follow-up to a complaint***. ***These guidelines shall also clarify how companies' obligations stemming from this Directive interact with obligations stemming from other Union legislation to ensure coherence and complementarity. The guidelines shall particularly take into account SMEs' needs and shall enable administrative and financial assistance. The guidelines shall help companies, in particular SMEs, to fulfil their due***

diligence obligations in accordance with Articles 5 to 11, taking into account the need to simplify the administrative burden for smaller companies, to ensure a level playing field within the Union and to ensure a consistent implementation of this Directive. These guidelines may include the following:

(a) for specific sectors or specific adverse impacts;

(b) an overview on applicable industry initiatives, multi-stakeholder initiatives and industry schemes;

(c) practical guidance on how proportionality and prioritisation, in terms of impacts, sectors and geographical areas, may be applied to due diligence obligations depending on the size and sector of the company;

(d) responsible purchasing practices;

(e) gender-responsive and culturally responsive due diligence;

(f) resource and information sharing among companies and other legal entities for the purposes of preventing, mitigating and remediating adverse impacts in compliance with competition law;

(g) responsible disengagement;

(h) heightened due diligence in conflict-affected areas.

Amendment 31

Proposal for a directive
Article 14 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The Commission ***may*** complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and ***may*** devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their	3. The Commission ***shall*** complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and ***shall*** devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their

obligations.	obligations ***as well as a non-exhaustive list of industry schemes in accordance to Article 3, point (j). The Commission and Member States shall develop and strengthen cooperation and partnership mechanisms with third countries to address the root causes of adverse impacts on human rights, the environment and good governance, and build the capacity of upstream economic actors to comply with the requirements under this Directive. The Commission shall support safe participatory collection of the independent data on such adverse impacts and undertake necessary actions for the data to be used in the implementation of this Directive.***

Amendment 32

Proposal for a directive
Article 14 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive ***to the extent*** that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States ***may*** facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, ***may*** issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.	4. Companies may rely on industry schemes and multi-stakeholder initiatives ***deemed fit by the Commission, in accordance to Article 3, point (j),*** to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States ***shall*** facilitate the dissemination of information on ***the precise scope and alignment with this Directive of*** such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, ***shall*** issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives. ***Participation in industry or multi-stakeholder initiatives remain complementary to the company's individual responsibility and obligations to perform due diligence under this***

Directive.

Amendment 33

Proposal for a directive
Article 29 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
No later than … [OP please insert the date = ***7*** years after the date of entry into force of this Directive], the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives and assess the following issues:	No later than … [OP please insert the date = ***5*** years after the date of entry into force of this Directive], the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives and assess the following issues:

Amendment 34

Proposal for a directive
Article 29 – paragraph 1 – point d a (new)

Text proposed by the Commission	*Amendment*
	(d a) the impact on SMEs

Amendment 35

Proposal for a directive
Article 29 – point d b (new)

Text proposed by the Commission	*Amendment*
	(d b) the availability and effectiveness of supporting tools

Amendment 36

Proposal for a directive
Annex I – Part II – subheading 1

Text proposed by the Commission	*Amendment*

violations of internationally recognized objectives and prohibitions included in environmental conventions	violations of ***EU and*** internationally recognized objectives and prohibitions included in environmental ***and climate*** conventions ***and Union legislation***

Amendment 37

Proposal for a directive
Annex I – Part II – point 1 a (new)

Text proposed by the Commission	*Amendment*
	1 a. Violation of European environmental principles as defined in Article 191 TFEU;

Amendment 38

Proposal for a directive
Annex I – Part II – point 12 d (new)

Text proposed by the Commission	*Amendment*
	12 d. Violation of the obligations under the Paris Agreement.

PUBLIC

PROCEDURE – COMMITTEE ASKED FOR OPINION

PUBLIC

Title	Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
References	COM(2022)0071 – C9-0050/2022 – 2022/0051(COD)
Committee responsible Date announced in plenary	JURI 4.4.2022
Opinion by Date announced in plenary	INTA 4.4.2022
Associated committees - date announced in plenary	15.9.2022
Rapporteur for the opinion Date appointed	Barry Andrews 14.7.2022
Discussed in committee	21.3.2022 14.11.2022
Date adopted	24.1.2023
Result of final vote	+: 22 –: 19 0: 1
Members present for the final vote	Barry Andrews, Tiziana Beghin, Geert Bourgeois, Saskia Bricmont, Jordi Cañas, Daniel Caspary, Arnaud Danjean, Paolo De Castro, Raphaël Glucksmann, Roman Haider, Christophe Hansen, Heidi Hautala, Karin Karlsbro, Danilo Oscar Lancini, Bernd Lange, Thierry Mariani, Margarida Marques, Emmanuel Maurel, Javier Moreno Sánchez, Carles Puigdemont i Casamajó, Samira Rafaela, Catharina Rinzema, Inma Rodríguez-Piñero, Helmut Scholz, Sven Simon, Mihai Tudose, Kathleen Van Brempt, Marie-Pierre Vedrenne, Jörgen Warborn, Iuliu Winkler, Jan Zahradil, Juan Ignacio Zoido Álvarez
Substitutes present for the final vote	Mazaly Aguilar, Anna Cavazzini, Enikő Győri, Manuela Ripa, Angelika Winzig
Substitutes under Rule 209(7) present for the final vote	Catherine Griset, Leopoldo López Gil, Karsten Lucke, Christian Sagartz, Simone Schmiedtbauer

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

22	+
NI	Tiziana Beghin, Carles Puigdemont i Casamajó
Renew	Barry Andrews, Jordi Cañas, Karin Karlsbro, Samira Rafaela, Marie-Pierre Vedrenne
S&D	Paolo De Castro, Raphaël Glucksmann, Bernd Lange, Karsten Lucke, Margarida Marques, Javier Moreno Sánchez, Inma Rodríguez-Piñero, Mihai Tudose, Kathleen Van Brempt
The Left	Emmanuel Maurel, Helmut Scholz
Verts/ALE	Saskia Bricmont, Anna Cavazzini, Heidi Hautala, Manuela Ripa

19	-
ECR	Mazaly Aguilar, Geert Bourgeois, Jan Zahradil
ID	Catherine Griset, Roman Haider, Danilo Oscar Lancini, Thierry Mariani
NI	Enikő Győri
PPE	Daniel Caspary, Arnaud Danjean, Christophe Hansen, Leopoldo López Gil, Christian Sagartz, Simone Schmiedtbauer, Sven Simon, Jörgen Warborn, Iuliu Winkler, Angelika Winzig, Juan Ignacio Zoido Álvarez

1	0
Renew	Catharina Rinzema

Key to symbols:
+ : in favour
- : against
0 : abstention

PUBLIC

30.1.2023

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
(COM(2022)0071 – C9-0050/2022 – 2022/0051(COD))

Rapporteur for opinion (*): René Repasi

(*) Associated committee – Rule 57 of the Rules of Procedure

PUBLIC

AMENDMENTS

The Committee on Economic and Monetary Affairs calls on the Committee on Legal Affairs, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a directive
Recital 4

Text proposed by the Commission	*Amendment*
(4) The behaviour of companies across all sectors of the economy is key to success in the Union's sustainability objectives as Union companies, ***especially*** large ones, rely on global value chains. It is also in the interest of companies to ***protect*** human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering enterprises which support value-oriented transformation already exist on Union[77] , as well as national[78] level.	(4) The behaviour of companies across all sectors of the economy is key to success in the Union's sustainability objectives as Union companies, ***including*** large ones, rely on global value chains. It is also in the interest of companies to ***respect*** human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering enterprises which support value-oriented transformation already exist on Union[77] , as well as national[78] level. ***Further, binding due diligence legislation has been implemented in Member States such as France and Germany which heightens the need for a level playing field for***

companies to avoid fragmentation and to provide legal certainty for businesses operating in the single market.

[77] 'Enterprise Models and the EU agenda', CEPS Policy Insights, No PI2021-02/ January 2021.

[78] E.g. https://www.economie.gouv.fr/entreprises/societe-mission

[77] 'Enterprise Models and the EU agenda', CEPS Policy Insights, No PI2021-02/ January 2021.

[78] E.g. https://www.economie.gouv.fr/entreprises/societe-mission

Amendment 2

Proposal for a directive
Recital 5

Text proposed by the Commission	*Amendment*
(5) Existing international standards on responsible business conduct specify that companies should ***protect*** human rights and set out how they should address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights[79] recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through their direct and indirect business relationships.	(5) ***Well-established*** existing international standards on responsible business conduct ***such as the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Due Diligence*** specify that companies should ***respect*** human rights and set out how they should address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights[79] recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through their direct and indirect business relationships.

[79] United Nations' "Guiding Principles on Business and Human Rights: Implementing

[79] United Nations' "Guiding Principles on Business and Human Rights: Implementing

the United Nations 'Protect, Respect and Remedy' Framework", 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.	the United Nations 'Protect, Respect and Remedy' Framework", 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.

Amendment 3

Proposal for a directive
Recital 15

Text proposed by the Commission	*Amendment*
(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their ***established*** direct and indirect business relationships throughout their value chains in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. Account should be taken of the specificities of the company's value chain, sector or geographical area in which its value chain partners operate, the company's power to influence its direct and indirect business relationships, and whether the company could increase its power of influence.	(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their direct and indirect business relationships throughout their value chains in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'. The company should take the appropriate ***proportionate and commensurate*** measures ***within their means*** which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. Account should be taken of the specificities of the company's value chain, sector or geographical area in which its value chain partners operate, the company's power to influence its direct and indirect business relationships, and whether the company could increase its power of influence.

Amendment 4

Proposal for a directive
Recital 17 a (new)

Text proposed by the Commission	*Amendment*
	(17a) Global value chains, in particular critical raw materials value chains, are impacted by detrimental effects of natural or man-made hazards. The risks in critical value chains have been made apparent by the COVID-19 crisis while the frequency and impact of those shocks are likely to increase in the future, constituting a driver for inflation and leading to a subsequent increase of macroeconomic volatility as well as market and trade uncertainty. To address this, the EU should establish resilience stress tests for companies, akin to the stress tests for financial institutions, that would map, assess and provide potential responses to their value chain risks, including externalities as well as social, environmental and political risks.

Amendment 5

Proposal for a directive
Recital 18

Text proposed by the Commission	*Amendment*
(18) The value chain should cover activities related to the production of a good or provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of ***established*** business relationships of the company. It should encompass upstream ***established*** direct and indirect business relationships that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company that are necessary to carry out the company's activities, and also downstream relationships, including ***established*** direct and indirect business relationships, that use	(18) The value chain should cover activities related to the production of a good or provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of business relationships of the company. It should encompass upstream direct and indirect business relationships that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company that are necessary to carry out the company's activities, and also downstream relationships, including direct and indirect business relationships, that use or receive

or receive products, parts of products or services from the company up to the end of life of the product, including inter alia the distribution of the product to retailers, the transport and storage of the product, dismantling of the product, its recycling, composting or landfilling.	products, parts of products or services from the company up to the end of life of the product, including inter alia the distribution of the product to retailers, the transport and storage of the product, dismantling of the product, its recycling, composting or landfilling.

Amendment 6

Proposal for a directive
Recital 19

Text proposed by the Commission	*Amendment*
(19) As regards regulated financial undertakings providing loan, credit, or other financial services, "value chain" with respect to the provision of such services should ***be limited to*** the activities of the clients receiving such services, ***and*** the subsidiaries thereof whose activities are linked to the contract in question. Clients that are households and natural persons not acting in a professional or business capacity, as well as small and medium sized undertakings, should not be considered to be part of the value chain. The activities of the companies or other legal entities that are included in the value chain of that client should not be covered.	(19) As regards regulated financial undertakings providing loan, credit, or other financial services, ***linked to the conclusion of a contract*** "value chain" with respect to the provision of such services should ***include*** the activities of the clients receiving such services, the subsidiaries thereof whose activities are linked to the contract in question ***and the impacts of the clients and other companies belonging to the same group***. Clients that are households and natural persons not acting in a professional or business capacity, as well as small and medium sized undertakings, should not be considered to be part of the value chain ***of regulated financial undertakings. However, a financial undertaking may, on a voluntary basis, decide to cover SMEs in its value chain***. The activities of the companies or other legal entities that are included in the value chain of that client should not ***by priority*** be covered ***to avoid the overlap of due diligence exercises of regulated financial undertakings that have partially overlapping value chains***.

Amendment 7

Proposal for a directive
Recital 20

Text proposed by the Commission	*Amendment*
(20) In order to allow companies to properly identify the adverse impacts in their value chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations should be limited in this Directive to established business relationships. For the purpose of this Directive, established business relationships should mean such direct and indirect business relationships which are, or which are expected to be lasting, in view of their intensity and duration and which do not represent a negligible or ancillary part of the value chain. The nature of business relationships as "established" should be reassessed periodically, and at least every 12 months. If the direct business relationship of a company is established, then all linked indirect business relationships should also be considered as established regarding that company.	***deleted***

Amendment 8

Proposal for a directive
Recital 25

Text proposed by the Commission	*Amendment*
(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on protected persons resulting from the violation of one of the rights and prohibitions as enshrined in the ***international conventions as listed in the Annex to this Directive***. In order to ensure a comprehensive coverage of human rights, a violation of a prohibition or right not specifically listed in ***that Annex*** which directly impairs a legal interest protected in ***those*** conventions should also form part of the adverse human rights impact covered by this Directive, provided that the	(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on protected persons resulting from the violation of one of the rights and prohibitions as enshrined in the ***OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles for Business and Human Rights***. In order to ensure a comprehensive coverage of human rights, a violation of a prohibition or right not specifically listed in ***these guidelines*** which directly impairs a legal interest protected in ***international*** conventions

company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the ***Annex to this Directive***.

should also form part of the adverse human rights impact covered by this Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the ***OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles for Business and Human Rights***.

Amendment 9

Proposal for a directive
Recital 27

Text proposed by the Commission	*Amendment*
(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should ***integrate*** due diligence into corporate policies, identify, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish and maintain a complaints procedure, monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts should	(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should ***embed the company's commitment to*** due diligence into corporate policies ***and management systems***, identify, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts ***that they cause or contribute or are directly linked to***, establish and maintain a complaints procedure, monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible,

be clearly distinguished in this Directive.

minimising actual adverse impacts should be clearly distinguished in this Directive.

PUBLIC

Amendment 10

Proposal for a directive
Recital 27 a (new)

Text proposed by the Commission	*Amendment*
	(27a) In line with the OECD Due Diligence Guidance for Responsible Business Conduct, meaningful stakeholder engagement is a key component of the due diligence process. The consultation and involvement of stakeholders can help companies to identify risks more precisely and to set up a more effective due diligence strategy. Therefore, the consultation and involvement of stakeholders should be required in all stages of the due diligence process. Their involvement and consultation may help to push back against pressure from financial markets and short-term investors and give voice to those with a strong interest in the long-term sustainability of the company.

Amendment 11

Proposal for a directive
Recital 27 b (new)

Text proposed by the Commission	*Amendment*
	(27b) Companies should provide meaningful information to stakeholders about actual and potential adverse human rights, environmental and climate impacts of particular operations, projects and investments, in a timely and accessible manner taking into account specificities of different stakeholders. Companies must respect the rights of Indigenous Peoples, as laid out in the United Nations Declaration on the Rights of Indigenous

Peoples, including free, prior and informed consent and indigenous peoples' right to self-determination.

PUBLIC

Amendment 12

Proposal for a directive
Recital 28

Text proposed by the Commission	*Amendment*
(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework, companies should integrate due diligence into all their corporate policies and have in place a due diligence policy. The due diligence policy should contain a description of the company's approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed by the company's employees and subsidiaries; a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to ***established*** business relationships. The code of conduct should apply in all relevant corporate functions and operations, including procurement and purchasing decisions. Companies should also update their due diligence policy annually.	(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework, companies should integrate ***and carry out*** due diligence into all their corporate policies and have in place a due diligence policy. The due diligence policy should contain a description of the company's approach, including in the ***short, medium and*** long term, to due diligence, a code of conduct describing the rules and principles to be followed by the company's employees and subsidiaries; a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to business relationships. The code of conduct should apply in all relevant corporate functions and operations, including procurement and purchasing decisions. Companies should also update ***and publish*** their due diligence policy annually.

Amendment 13

Proposal for a directive
Recital 30

Text proposed by the Commission	*Amendment*
(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights and environmental impacts. In order	(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights and environmental impacts. In order

to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification of adverse impacts should include assessing the human rights, and environmental context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment; and periodically, at least every 12 months, throughout the life of an activity or relationship. ***Regulated financial undertakings providing loan, credit, or other financial services should identify the adverse impacts only at the inception of the contract.*** When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances.	to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification of adverse impacts should include assessing the human rights, and environmental context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment; and periodically, at least every 12 months, throughout the life of an activity or relationship. When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances.

Amendment 14

Proposal for a directive
Recital 31

Text proposed by the Commission	*Amendment*
(31) In order to avoid undue burden on ***the smaller companies operating in high-impact sectors which are*** covered by this Directive, those companies should ***only be obliged to identify those actual or potential severe adverse impacts that are***	(31) In order to avoid undue burden on ***SMEs*** covered by this Directive, those companies should ***be supported with adequate and targeted measures and tools***.

relevant to the respective sector.

Amendment 15

Proposal for a directive
Recital 32

Text proposed by the Commission	*Amendment*
(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action, in line with the Union`s policy of zero-tolerance on child labour. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. This should therefore be taken into account when deciding on the appropriate action to take.	(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action ***used only in cases of severe or repeated infringements of obligations under this Directive***, ***after repeated attempts at measures of risk mitigation have failed and only if it is in the best interest of those impacted (responsible disengagement), also*** in line with the Union`s policy of zero-tolerance on child labour. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. This should therefore be taken into account when deciding on the appropriate action to take. ***Moreover, disengagement should also take into account possible impacts for those depending on the product or affected by disruptions of supply chains.***

Amendment 16

Proposal for a directive
Recital 34

Text proposed by the Commission	*Amendment*
(34) So as to comply with the prevention	(34) So as to comply with the prevention

and mitigation obligation under this Directive, companies should be required to ***take the following actions, where relevant. Where necessary due to the complexity of prevention measures, companies should*** develop and implement a prevention action plan. Companies ***should*** seek to obtain contractual assurances from a direct partner with whom they have ***an established*** business relationship that it will ensure compliance with the code of conduct or the prevention action plan, including by seeking corresponding contractual assurances from its partners to the extent that their activities are part of the companies' value chain. The contractual assurances should be accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate support for an SME with which they have ***an established*** business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.	and mitigation obligation under this Directive, companies should be required to develop and implement a prevention action plan. Companies ***may*** seek to obtain contractual assurances from a direct partner with whom they have business relationship that it will ensure compliance with the code of conduct or the prevention action plan, including by seeking corresponding contractual assurances ***may help to efficiently pool and share responsibilities, especially for SMEs. However, relying on contractual assurances does not exclude the possibility of a company to be in breach of its due diligence obligations. It should also be noted that for some companies, including institutional investors, contractual assurances are difficult to obtain because they typically do not have a contractual relationship with an investee company. The contractual assurances*** from its partners to the extent that their activities are part of the companies' value chain ***where possible***. The contractual assurances should be***,*** ***where possible*** accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts***, including in their own operations***, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate support for an SME with which they have business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.

Amendment 17

Proposal for a directive
Recital 35

Text proposed by the Commission	*Amendment*
(35) In order to reflect the full range of options for the company in cases where ***potential*** impacts could not be addressed by the described prevention or minimisation measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.	(35) In order to reflect the full range of options for the company in cases where ***there is knowledge of severe adverse*** impacts could not be addressed by the described prevention or minimisation measures ***in indirect business relationships outside the EU***, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract. ***This possibility should be taken into account on an ad-hoc basis.***

Amendment 18

Proposal for a directive
Recital 36

Text proposed by the Commission	*Amendment*
(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and	(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and

minimisation efforts, if there is reasonable expectation that these efforts are to succeed in the short-term; or to terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws. ***It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In*** these ***instances, the company*** should ***collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition law.***

minimisation efforts, if there is reasonable expectation that these efforts are to succeed in the short-term; or to terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws. ***However***, these ***options*** should ***only be considered if it is in the best interest of those impacted.***

Amendment 19

Proposal for a directive
Recital 38

Text proposed by the Commission	*Amendment*
(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights or environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries. However, it should be clarified that, as regards ***established*** business relationships, where adverse impacts cannot be brought to an end, companies should minimise the extent of such impacts. Minimisation of the extent of	(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights or environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries. However, it should be clarified that, as regards ***to*** business relationships, where adverse impacts cannot be brought to an end, companies should minimise the extent of such impacts. Minimisation of the extent of

adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights and environmental adverse impacts to an end and minimisation of their extent, where relevant depending on the circumstances.

adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights and environmental adverse impacts to an end and minimisation of their extent, where relevant depending on the circumstances.

Amendment 20

Proposal for a directive
Recital 39

Text proposed by the Commission	*Amendment*
(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions***, where relevant***. They should neutralise the adverse impact or minimise its extent, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies ***should also*** seek to obtain contractual assurances from a direct business partner ***with whom they have an established business relationship*** that they will ensure compliance with the company's code of conduct and***, as necessary,*** a prevention action plan, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain. The contractual assurances should be accompanied by the appropriate measures to verify compliance. Finally,	(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions. They should neutralise the adverse impact or minimise its extent, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies ***may also, where appropriate,*** seek to obtain contractual assurances from a direct business partner that they will ensure compliance with the company's code of conduct and a prevention action plan, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain. The contractual assurances should be accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or

companies should also make investments aiming at ceasing or minimising the extent of adverse impact, provide targeted and proportionate support for an SMEs with which they have ***an established*** business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.	minimising the extent of adverse impact, provide targeted and proportionate support for an SMEs with which they have ***a*** business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.

Amendment 21

Proposal for a directive
Recital 41

Text proposed by the Commission	*Amendment*
(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success. However, this Directive should also, for cases where actual adverse impacts could not be brought to an end or adequately mitigated by the described measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, to either temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, or terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws.	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success ***and taking into consideration the best interest of those affected by the impact***. However, this Directive should also, for cases where actual adverse impacts could not be brought to an end or adequately mitigated by the described measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, to either temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, or terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe ***and if this is in the best interest of those affected by the adverse impact in question***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the

business relationship in contracts governed by their laws.

Amendment 22

Proposal for a directive
Recital 42

Text proposed by the Commission	*Amendment*
(42) Companies should provide the possibility for persons and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential human rights and environmental adverse impacts. Organisations who could submit such complaints should include trade unions and other workers' representatives representing individuals working in the value chain concerned and civil society organisations active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact. Companies should establish a procedure for dealing with those complaints and inform workers, trade unions and other workers' representatives***, where relevant,*** about such processes. Recourse to the complaints and remediation mechanism should not prevent the complainant from having recourse to judicial remedies. In accordance with international standards, complaints should be entitled to request from the company appropriate follow-up on the complaint ***and to meet*** with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.	(42) Companies should provide the possibility for persons and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential human rights and environmental adverse impacts***. The complaints must be factually justified and reasonably documented***. Organisations who could submit such complaints should include trade unions and other workers' representatives representing individuals working in the value chain concerned and civil society organisations active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact. Companies should establish a procedure for dealing with those complaints and inform workers, trade unions and other workers' representatives about such processes. Recourse to the complaints and remediation mechanism should not prevent the complainant from having recourse to judicial remedies. In accordance with international standards, complaints should be entitled to request from the company appropriate follow-up on the complaint***, which may include meetings*** with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.

Amendment 23

Proposal for a directive
Recital 42 a (new)

Text proposed by the Commission	*Amendment*
	(42a) If a company is causing or contributing to an actual or potential adverse impact, it should prevent or mitigate the impact, use its leverage and remediate or contribute to remediating the harm. Companies that are linked to an actual or potential adverse impact without causing or contributing to it, should make use of their leverage to the greatest extent possible to mitigate the impact and should assist in remedy. Due to their particular nature and relationship with clients and investees, institutional investors and asset managers can only be considered linked to an adverse impact. As a result, they cannot be held liable for adverse impacts.

Amendment 24

Proposal for a directive
Recital 43

Text proposed by the Commission	*Amendment*
(43) Companies should monitor the implementation and effectiveness of their due diligence measures. They should carry out ***periodic*** assessments of their own operations, those of their subsidiaries and, where related to the value chains of the company, those of their ***established*** business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end and mitigation of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. ***In order to ensure that such*** assessments ***are up-to-date, they*** should be carried out ***at least every 12 months*** and be revised in-between	(43) Companies should monitor the implementation and effectiveness of their due diligence measures. They should carry out ***continuous*** assessments of their own operations, those of their subsidiaries and, where related to the value chains of the company, those of their business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end and mitigation of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. ***The*** assessments should be carried out ***regularly*** and be revised in-between if there are reasonable grounds to believe that

if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen.	significant new risks of adverse impact could have arisen. ***Financial undertakings should assess the company before providing the financial service and, where appropriate, after the provision of the service if it can be reasonably expected that the company in question is causing or contributing to an adverse impact. The appropriate frequency of verification in a given time period implied by the term 'regularly' should be determined in relation to the likelihood and severity of adverse impacts. The more likely and severe the impacts, the more regularly the verification of compliance should be carried out.***

Amendment 25

Proposal for a directive
Recital 44

Text proposed by the Commission	*Amendment*
(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. The proposal to amend Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it. As regards companies that are within the scope of this Directive, but do not fall under Directive	(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. The proposal to amend Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it. ***When information that should be reported according to this Directive is reported in accordance with***

2013/34/EU, in order to comply with their obligation of communicating as part of the due diligence under this Directive, they should publish on their website an annual statement in ***a*** language ***customary in the sphere of international business***.

another reporting requirement, the location of the information and, where applicable, a link to access the relevant report should be provided to ensure that users find it easily. As regards companies that are within the scope of this Directive, but do not fall under Directive 2013/34/EU, in order to comply with their obligation of communicating as part of the due diligence under this Directive, they should publish on their website an annual statement in ***an official*** language ***of the Member State***.

Amendment 26

Proposal for a directive
Recital 45

Text proposed by the Commission	*Amendment*
(45) In order to facilitate companies' compliance with their due diligence requirements through their value chain and limiting shifting compliance burden on SME business partners, the Commission should provide guidance on model contractual clauses.	(45) In order to facilitate companies' compliance with their due diligence requirements through their value chain and limiting shifting compliance burden on SME business partners, the Commission should provide guidance on model contractual clauses. ***The development of contractual clauses to manage environmental and human rights risks shall be prioritized, particularly in the sectors regarded as high-impact for the purposes of this Directive.***

Amendment 27

Proposal for a directive
Recital 46

Text proposed by the Commission	*Amendment*
(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference,	(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference,

and in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, should have the possibility to issue guidelines, including for specific sectors or specific adverse impacts.

and in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, should have the possibility to issue guidelines, including for specific sectors or specific adverse impacts. ***This should include practical guidance on how proportionality and prioritisation may be applied.***

Amendment 28

Proposal for a directive
Recital 47

Text proposed by the Commission	*Amendment*
(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden ***on*** SMEs, many of which are already struggling in the context of the global economic and sanitary crisis***. In order to support SMEs,*** Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms, and Member States ***could*** also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures, in case such requirements would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.	(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden ***in order to support*** SMEs, many of which are already struggling in the context of the global economic and sanitary crisis ***and to mitigate the financial or administrative burden on them.*** Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms, and Member States ***should*** also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures, in case such requirements would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.

Amendment 29

Proposal for a directive
Recital 54

Text proposed by the Commission	*Amendment*
(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for dissuasive, proportionate and effective sanctions for infringements of those measures. In order for such sanction regime to be effective, administrative sanctions to be imposed by the national supervisory authorities should include pecuniary sanctions. Where the legal system of a Member State does not provide for administrative sanctions as foreseen in this Directive, the rules on administrative sanctions should be applied in such a way that the sanction is initiated by the competent supervisory authority and imposed by the judicial authority. Therefore, it is necessary that those Member States ensure that the application of the rules and sanctions has an equivalent effect to the administrative sanctions imposed by the competent supervisory authorities.	(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for ***harmonised,*** dissuasive, proportionate and effective sanctions for infringements of those measures. In order for such sanction regime to be effective, administrative sanctions to be imposed by the national supervisory authorities should include pecuniary sanctions***. Such administrative fines should be comparable in magnitude to fines currently provided for in competition law and data protection law***. Where the legal system of a Member State does not provide for administrative sanctions as foreseen in this Directive, the rules on administrative sanctions should be applied in such a way that the sanction is initiated by the competent supervisory authority and imposed by the judicial authority. Therefore, it is necessary that those Member States ensure that the application of the rules and sanctions has an equivalent effect to the administrative sanctions imposed by the competent supervisory authorities.

Amendment 30

Proposal for a directive
Recital 57

Text proposed by the Commission	*Amendment*
(57) As regards damages occurring at the level of ***established*** indirect business relationships, the liability of the company should be subject to specific conditions. The company should not be liable if it carried out specific due diligence measures. However, it should not be	(57) As regards damages occurring at the level of indirect business relationships, the liability of the company should be subject to specific conditions. The company should not be liable if it carried out specific due diligence measures. However, it should not be exonerated from

exonerated from liability through implementing such measures in case it was unreasonable to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the adverse impact. In addition, in the assessment of the existence and extent of liability, due account is to be taken of the company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with other entities to address adverse impacts in its value chains.	liability through implementing such measures in case it was unreasonable to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the adverse impact. In addition, in the assessment of the existence and extent of liability, due account is to be taken of the company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with other entities to address adverse impacts in its value chains.

Amendment 31

Proposal for a directive
Recital 58

Text proposed by the Commission	*Amendment*
(58) The liability regime does not regulate who should prove that the company's action was reasonably adequate under the circumstances of the case, therefore this question is left to national law.	***deleted***

Amendment 32

Proposal for a directive
Article 1 – paragraph 1 – subparagraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) on obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the ***value chain*** operations carried out by entities ***with whom the company has an established***	(a) on obligations for companies regarding actual and potential human rights adverse impacts and ***actual and potential*** environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the operations carried out by entities ***in their value chain using a risk-based approach;***

business relationship and

Amendment 33

Proposal for a directive
Article 1 – paragraph 1 – subparagraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) on liability for ***violations of the obligations mentioned*** above***.***	(b) on liability for ***harm that occurred in the operations described*** above ***where the company has caused or contributed to the harm by acts or omissions in accordance with national law;***

Amendment 34

Proposal for a directive
Article 1 – paragraph 1 – subparagraph 1 – point b a (new)

Text proposed by the Commission	*Amendment*
	(ba) on access to justice and legal remedies to victims for damages suffered in relations to these impacts.

Amendment 35

Proposal for a directive
Article 1 – paragraph 1 – subparagraph 2

Text proposed by the Commission	*Amendment*
The nature of business relationships as 'established' shall be reassessed periodically, and at least every 12 months.	***deleted***

Amendment 36

Proposal for a directive
Article 1 – paragraph 2

Text proposed by the Commission	*Amendment*
2. This Directive shall not constitute	2. This Directive shall not constitute

grounds for reducing the level of protection of human rights or of protection of the environment or the protection of the climate provided for by the law of Member States ***at the time of the adoption of this Directive***.	grounds for reducing the level of protection of human rights or of protection of the environment or the protection of the climate provided for by the law of Member States***, nor shall it constitute grounds for reducing access to justice and legal remedies for victims***.

Amendment 37

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 19 a (new)

Text proposed by the Commission	*Amendment*
	- a market operator as defined in Article 4(1), point (18), of Directive 2014/65/EU[1a];
	[1a] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349–496).

Amendment 38

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 19 b (new)

Text proposed by the Commission	*Amendment*
	- a credit rating agency as defined in Article 3(1), point (b), of Regulation (EC) 1060/2009 of the European Parliament and of the Council[1a];
	[1a] Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (OJ L 302, 17.11.2009, p.1).

Amendment 39

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 19 c (new)

Text proposed by the Commission	*Amendment*
	- an administrator as defined in Article 3(1), point (6), of Regulation (EU) 2016/1011 of the European Parliament and of the Council[1a].
	[1a] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

Amendment 40

Proposal for a directive
Article 3 – paragraph 1 – point a a (new)

Text proposed by the Commission	*Amendment*
	(aa) 'investee company' means a company in which an institutional investor or asset manager invests which cannot be considered as a controlled undertaking;

Amendment 41

Proposal for a directive
Article 3 – paragraph 1 – point a b (new)

Text proposed by the Commission	*Amendment*
	(ab) 'institutional investor' means an entity as defined by Article 2(e) of Directive 2007/36/EC, within the scope of Article 2 of this Directive;

Amendment 42

Proposal for a directive
Article 3 – paragraph 1 – point a c (new)

Text proposed by the Commission	*Amendment*
	(ac) 'asset manager' means an entity as defined by Article 2(f) of Directive 2007/36/EC, within the scope of Article 2 of this Directive;

Amendment 43

Proposal for a directive
Article 3 – paragraph 1 – point e – introductory part

Text proposed by the Commission	*Amendment*
(e) 'business relationship' means a relationship with a contractor, subcontractor or any other legal entities ('partner')	(e) 'business relationship' means a relationship with a contractor, subcontractor or any other legal entities ('partner')***, throughout its value chain***

Amendment 44

Proposal for a directive
Article 3 – paragraph 1 – point e – point ii a (new)

Text proposed by the Commission	*Amendment*
	(iia) that is directly linked to the business operations, products or services;

Amendment 45

Proposal for a directive
Article 3 – paragraph 1 – point f

Text proposed by the Commission	*Amendment*
(f) 'established business relationship' means a business relationship, whether direct or indirect, which is, or which is expected to be lasting, in view of its intensity or duration and which does not represent a negligible or merely ancillary	***deleted***

part of the value chain;

Amendment 46

Proposal for a directive
Article 3 – paragraph 1 – point g

Text proposed by the Commission	*Amendment*
(g) 'value chain' means activities related to the production of goods or the provision of services by a company, including the development ***of the*** product or ***the*** service ***and the use and disposal of the product as well as the related activities of upstream and downstream established business relationships of the company.*** As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision of these specific services shall ***only*** include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of ***such*** regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;	(g) 'value chain' means activities ***of the business partners of a company*** related to the production ***and supply*** of goods or the provision of services by a company, including the development ***or use of a*** product or service***.*** As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision of these specific services shall ***by priority*** include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question***, as well as cover the impact of such activities***. The value chain of regulated financial undertakings ***within the meaning of point (a) (iv)*** does not cover SMEs receiving loan, credit, financing, insurance or reinsurance***, investment services and activities or other financial services*** of such entities;

Amendment 47

Proposal for a directive
Article 3 – paragraph 1 – point g a (new)

Text proposed by the Commission	*Amendment*
	(ga) 'leverage' means the ability of a company to effect change in the wrongful practices of the entity that causes or contributes to the adverse impact;

Amendment 48

Proposal for a directive
Article 3 – paragraph 1 – point h

Text proposed by the Commission	*Amendment*
(h) 'independent third-party verification' means verification of the compliance by a company, or parts of its value chain, with human rights and environmental requirements resulting from the provisions of this Directive by an auditor which is independent from the company, free from any conflicts of interests, has experience and competence in environmental and human rights matters and is accountable for the quality and reliability of the audit;	(h) 'independent third-party verification' means verification of the compliance by a company, or parts of its value chain, with human rights and environmental requirements resulting from the provisions of this Directive by an auditor ***that is accredited in a Member State for conducting certifications that are based on internationally recognised standards that address human rights and environmental matters and*** which is independent from the company, free from any conflicts of interests, has experience and competence in environmental and human rights matters and is accountable for the quality and reliability of the audit;

Amendment 49

Proposal for a directive
Article 3 – paragraph 1 – point k

Text proposed by the Commission	*Amendment*
(k) 'authorised representative' means a natural or legal person ***resident or established in the Union*** who has a mandate from a company within the meaning of point (a)(ii) to act on its behalf in relation to compliance with that company's obligations pursuant to this Directive;	(k) 'authorised representative' means a natural or legal person who has a mandate from a company within the meaning of point (a)(ii) to act on its behalf in relation to compliance with that company's obligations pursuant to this Directive;

Amendment 50

Proposal for a directive
Article 3 – paragraph 1 – point n

Text proposed by the Commission	*Amendment*
(n) 'stakeholders' means ***the company's employees, the employees of its***	(n) 'stakeholders' means individuals, groups, communities or entities whose

subsidiaries, and other individuals, groups, communities or entities whose rights or interests are or could be affected by the products, services and operations of that company, its subsidiaries and its business relationships;	rights or interests are or could be affected by the ***potential or actual adverse environmental or human rights impacts connected to the*** products, services and operations of that company, its subsidiaries and its business relationships***, including workers and their representatives, local communities, children, indigenous peoples, citizens' associations, trade unions, civil society organisations and the undertakings' shareholders, as well as organisations whose statutory purpose is the defence of human rights, including social and labour rights, the environment land or good governance***;

Amendment 51

Proposal for a directive
Article 3 – paragraph 1 – point q

Text proposed by the Commission	*Amendment*
(q) 'appropriate measure' means a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action.	(q) 'appropriate measure' means a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, ***the company's ability to increase its influence thereof*** and the need to ensure prioritisation of action.

Amendment 52

Proposal for a directive
Article 3 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	For the purposes of point (h) of the first paragraph, the Commission shall adopt a delegated act in accordance with Article

	28 to specify the minimum standards for the independent third-party verification.

Amendment 53

Proposal for a directive
Article 4 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) ***integrating*** due diligence into their policies in accordance with Article 5;	(a) ***embedding*** due diligence into their policies ***and management systems*** in accordance with Article 5;

Amendment 54

Proposal for a directive
Article 4 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) identifying actual or potential adverse impacts in accordance with Article 6;	(b) identifying ***and prioritising*** actual or potential adverse impacts in accordance with Article 6;

Amendment 55

Proposal for a directive
Article 4 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) preventing ***and*** mitigating potential adverse impacts, and bringing actual adverse impacts to an end ***and*** minimising their extent in accordance with Articles 7 and 8;	(c) preventing ***or*** mitigating potential adverse impacts, and***, where applicable*** bringing actual adverse impacts to an end ***or*** minimising their extent in accordance with Articles 7 and 8;

Amendment 56

Proposal for a directive
Article 4 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. Where it is not feasible to address all identified impacts at once, member states shall ensure that companies, when carrying out the actions referred to in paragraph 1, points (b) and (c), shall prioritise adverse impacts according to their severity and their likelihood, and shall take into consideration the nature and context of their operations, including geographic. Severity is understood as a function of the scale, scope and irremediably character of the adverse impact. Actions carried out in accordance with paragraph 1, point (c), may address adverse impacts in the order of their prioritisation.

Amendment 57

Proposal for a directive
Article 5 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies ***integrate*** due diligence into all their corporate policies and have in place a due diligence policy. The due diligence policy shall contain all of the following:	1. Member States shall ensure that companies ***embed*** due diligence into all their corporate policies ***and management systems*** and have in place a due diligence policy. The due diligence policy shall contain all of the following:

Amendment 58

Proposal for a directive
Article 5 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) a code of conduct describing rules and principles to be followed by the company's employees and subsidiaries;	(b) a code of conduct describing rules and principles to be followed by the company's employees and subsidiaries; ***The code of conduct shall be designed to ensure the respect of human rights, the environment by the company;***

Amendment 59

Proposal for a directive
Article 5 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct ***and to extend its application to established business relationships***.	(c) a description of the processes put in place to implement due diligence ***across the value chain***, including the measures taken to verify compliance with the code of conduct.

Amendment 60

Proposal for a directive
Article 5 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Member States shall ensure that the companies update their due diligence policy annually.	2. Member States shall ensure that the companies update ***and publish*** their due diligence policy annually. ***Undertakings' due diligence policies should be publicly accessible through the European Single Access Point for at least 30 years.***

Amendment 61

Proposal for a directive
Article 5 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Member States shall ensure that companies carry out a due diligence policy which is proportionate and commensurate to the likelihood and severity of their potential or actual adverse impacts and their specific circumstances, particularly their sector of activity, the size and length of their value chain, the size of the company, its capacity, resources and leverage.

Amendment 62

Proposal for a directive
Article 6 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse human rights impacts ***and*** adverse environmental impacts arising from their own operations or those of their subsidiaries and, where related to their value chains, from their ***established*** business relationships, in accordance with paragraph 2, 3 and 4.	1. Member States shall ensure that companies take appropriate measures ***within their means*** to identify ***and assess whether they cause, contribute to or are directly linked to*** actual and potential adverse human rights impacts ***as well as actual and potential*** adverse environmental impacts arising from their own operations or those of their subsidiaries and, where related to their value chains, from their business relationships, ***taking a risk-based approach*** in accordance with paragraph 2, 3 and 4.

Amendment 63

Proposal for a directive
Article 6 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. Member States shall ensure companies identify whether they cause, contribute to or are directly linked to actual and potential adverse human rights impacts and adverse environmental impacts based on a risk assessment and risk-based monitoring methodology, taking into account the likelihood, severity and urgency of adverse impacts, the nature and context of their operations, including sector and geographic location, and whether their operations and business relationships cause or contribute to or are directly linked to any of those adverse impacts.

Amendment 64

Proposal for a directive
Article 6 – paragraph 1 b (new)

Text proposed by the Commission	*Amendment*
	1b. Member States shall ensure that companies map their value chain and, with due regard for commercial confidentiality, publicly disclose relevant information including names, locations, types of products and services supplied, and other relevant information concerning subsidiaries, and business relationships.

Amendment 65

Proposal for a directive
Article 6 – paragraph 2

Text proposed by the Commission	*Amendment*
2. By way of derogation from paragraph 1, companies referred to in Article 2(1), point (b), and Article 2(2), point (b), shall only be required to identify actual and potential severe adverse impacts relevant to the respective sector mentioned in Article 2(1), point (b).	***deleted***

Amendment 66

Proposal for a directive
Article 6 – paragraph 3

Text proposed by the Commission	*Amendment*
3. When companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, identification of actual and potential adverse human rights impacts and adverse environmental impacts shall be carried out only before providing that service..	***deleted***

Amendment 67

Proposal for a directive
Article 6 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Member States shall ensure that, for the purposes of identifying the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the complaints procedure provided for in Article 9. Companies shall, where relevant, also carry out consultations with potentially affected groups including workers and other relevant stakeholders to gather information on actual or potential adverse impacts.	4. Member States shall ensure that, for the purposes of identifying ***and assessing*** the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the complaints procedure provided for in Article 9. Companies shall, where relevant, also carry out consultations with potentially affected groups including ***trade unions,*** workers***' representatives*** and other relevant stakeholders to gather information on actual or potential adverse impacts. ***This approach in the financial services sector will be informed by clear financial sector guidelines. Regulated financial institutions as well as other companies shall refer to relevant information derived from sources other than credit rating agencies, sustainability rating agencies or benchmark administrators.***

Amendment 68

Proposal for a directive
Article 7 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse human rights impacts and adverse environmental impacts that have been, or should have been, identified pursuant to Article 6, in accordance with paragraphs 2,	1. Member States shall ensure that companies take appropriate ***and commensurate*** measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse human rights impacts and adverse environmental impacts that have been, or should have been, identified pursuant to Article 6, ***using a risk-based approach*** in accordance with paragraphs 2,

3, 4 and 5 of this Article.	3, 4 and 5 of this Article. ***Companies that are linked to the potential adverse impact without causing or contributing to it are required to make use of their leverage to the greatest extent possible, to prevent or mitigate any remaining impacts and are required to assist in remediation.***

Amendment 69

Proposal for a directive
Article 7 – paragraph 2 – introductory part

Text proposed by the Commission	*Amendment*
2. Companies shall be required to take the following actions, where relevant:	2. ***In order to comply with paragraph 1 of this Article,*** companies shall be required to take the following actions, where relevant:

Amendment 70

Proposal for a directive
Article 7 – paragraph 2 – point a a (new)

Text proposed by the Commission	*Amendment*
	(aa) set up a prioritisation strategy in line with Principle 17 of the UN Guiding Principles on Business and Human Rights. Companies shall consider the level of severity, likelihood and urgency of the different potential or actual adverse impacts on human rights or actual impacts on the environment, the nature and context of their operations, including geographic, the scope of the risks, their scale and how irremediable they might be, and if necessary, use the prioritisation policy in dealing with them. When prioritising their response to risks to human rights, companies shall treat the severity of an adverse impact, such as where a delayed response would make the impact irremediable, as the predominant factor;

Amendment 71

Proposal for a directive
Article 7 – paragraph 2 – point a b (new)

Text proposed by the Commission	*Amendment*
	(ab) companies shall ensure that their purchase policies do not cause or contribute to potential or actual adverse impacts on human rights or actual adverse impacts on the environment;

Amendment 72

Proposal for a directive
Article 7 – paragraph 2 – point b

Text proposed by the Commission	*Amendment*
(b) seek contractual assurances from a business partner ***with whom it has a direct business relationship*** that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan***, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain (contractual cascading)***. When such ***contractual*** assurances are obtained, paragraph 4 shall apply;	(b) seek***, if possible, proportionate and taking into account competition law*** contractual ***and other*** assurances from a business partner that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan. When such assurances are obtained, paragraph 4 shall apply;

Amendment 73

Proposal for a directive
Article 7 – paragraph 2 – point c

Text proposed by the Commission	*Amendment*
(c) ***make necessary investments, such as into management or production*** processes and infrastructures, to comply with paragraph 1;	(c) ***establish appropriate*** processes and ***procedures*** infrastructures, to comply with paragraph 1;

Amendment 74

Proposal for a directive
Article 7 – paragraph 2 – point d

Text proposed by the Commission	*Amendment*
(d) provide targeted and proportionate support for an SME with which the company has ***an established*** business relationship, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME;	(d) provide targeted and proportionate support for an SME with which the company has business relationship, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME;

Amendment 75

Proposal for a directive
Article 7 – paragraph 3

Text proposed by the Commission	*Amendment*
3. As regards potential adverse impacts that could not be prevented or adequately mitigated by the measures in paragraph 2, the company may seek to conclude a contract with a partner with whom it has an indirect relationship, with a view to achieving compliance with the company's code of conduct or a prevention action plan. When such a contract is concluded, paragraph 4 shall apply.	***deleted***

Amendment 76

Proposal for a directive
Article 7 – paragraph 4 – subparagraph 1

Text proposed by the Commission	*Amendment*
The contractual ***assurances or the contract*** shall be accompanied by the appropriate measures to ***verify compliance***. For the purposes of ***verifying compliance***, the company may refer to suitable industry initiatives or independent third-party verification.	***Assurances,*** contractual ***or non-contractual,*** shall be accompanied by the appropriate measures to ***assess their effectiveness***. For the purposes of ***assessing effectiveness***, the company may refer to suitable industry initiatives or independent third-party verification. ***The***

terms used shall be fair, reasonable and non-discriminatory.

Amendment 77

Proposal for a directive
Article 7 – paragraph 4 – subparagraph 2

Text proposed by the Commission	*Amendment*
When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures to ***verify compliance*** are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	Where measures to ***assess the effectiveness*** are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.

Amendment 78

Proposal for a directive
Article 7 – paragraph 4 – subparagraph 2 a (new)

Text proposed by the Commission	*Amendment*
	Member States shall ensure that the general due diligence duty always clearly prevails over any contractual assurances. Contractual assurances shall always be assessed against the general duty.

Amendment 79

Proposal for a directive
Article 7 – paragraph 5 – subparagraph 1 – introductory part

Text proposed by the Commission	*Amendment*
As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated by the measures in paragraphs 2, 3 and 4, the company shall be required to refrain from entering into new or extending existing relations with the partner in	As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated by the measures in paragraphs 2, 3 and 4 ***and taking due account of the efforts of the company to make use of its leverage to prevent or adequately mitigate***

connection with or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take the following actions:

adverse potential impacts, the company shall be required to refrain from entering into new or extending existing relations with the partner in connection with or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take the following actions***, if they are in the best interest of the potential victims of the potential and actual adverse impacts, in line with responsible disengagement, also taking into account proportionality, the consequences of disrupting supply chains and the potential adverse impacts of such decisions***:

Amendment 80

Proposal for a directive
Article 7 – paragraph 5 – subparagraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe.	(b) terminate***, as a last resort,*** the business relationship with respect to the activities concerned if the potential adverse impact is severe ***or irreversible***.

Amendment 81

Proposal for a directive
Article 7 – paragraph 6

Text proposed by the Commission	*Amendment*
6. By way of derogation from paragraph 5, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, they shall not be required to terminate the credit, loan or other financial service contract ***when this can be reasonably expected to cause substantial prejudice*** to the entity to whom that service is being provided.	6. By way of derogation from paragraph 5, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, ***to entities that cause or contribute to potential adverse impacts within the meaning of paragraph 1*** they shall not be required to terminate the credit, loan or other financial service contract ***if this is strictly necessary to prevent bankruptcy*** to the entity to whom that service is being provided. ***A decision***

	to terminate the credit, loan or other financial service contract in derogation from paragraph 5, point (b) may only be taken, as a last resort, if the leverage efforts of companies referred to in Article 3, point (a)(iv) have ultimately failed to influence the entity to whom that service is being provided to prevent or adequately mitigate adverse potential impacts and if the continuation of the credit, loan or other financial service contract is proportionate to the severity and the likelihood of the potential adverse impact.

Amendment 82

Proposal for a directive
Article 8 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures ***to*** bring actual adverse impacts that have been, or should have been, identified pursuant to Article 6 ***to an end***, in accordance with paragraphs 2 to 6 of this Article.	1. Member States shall ensure that companies take appropriate ***and commensurate*** measures ***within their means to mitigate and*** bring ***to an end*** actual adverse impacts ***that they have caused or contributed to and*** that have been, or should have been, identified pursuant to Article 6, in accordance with paragraphs 2 to 6 of this Article. ***Companies that are linked to the adverse impact without causing or contributing to it are required to make use of their leverage to the extent possible, to bring actual adverse impacts to an end.***

Amendment 83

Proposal for a directive
Article 8 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies minimise the extent of such an impact.	2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies ***try to*** minimise the extent of such an impact ***to the greatest***

	extent possible, while continuing to try to bring the adverse impact to an end.

Amendment 84

Proposal for a directive
Article 8 – paragraph 3 – point a

Text proposed by the Commission	*Amendment*
(a) neutralise the adverse impact or minimise its extent, including by the payment of damages to the affected persons and of financial compensation to the affected communities. The action shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact;	(a) neutralise the adverse impact or minimise its extent, including***, where reasonable and applicable*** by the payment of damages to the affected persons and of financial compensation to the affected communities. The action shall be proportionate ***and commensurate*** to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact ***as well as to its resources and leverage***;

Amendment 85

Proposal for a directive
Article 8 – paragraph 3 – point b a (new)

Text proposed by the Commission	*Amendment*
	(ba) set up a prioritisation strategy in line with Principle 17 of the UN Guiding Principles on Business and Human Rights;

Amendment 86

Proposal for a directive
Article 8 – paragraph 3 – point c

Text proposed by the Commission	*Amendment*
(c) ***seek*** contractual ***assurances*** from a ***direct partner with whom it has an established*** business ***relationship*** that it will ensure compliance with the code of conduct and, as necessary, a corrective	(c) ***if applicable, seek assurances,*** contractual ***or non-contractual*** from a business ***partner*** that it will ensure compliance with the code of conduct and, as necessary, a corrective action plan.

action plan***, including by seeking corresponding contractual assurances from its partners, to the extent that they are part of the value chain (contractual cascading)***. When such ***contractual*** assurances are obtained, paragraph 5 shall apply.	When such assurances are obtained, paragraph 5 shall apply.

Amendment 87

Proposal for a directive
Article 8 – paragraph 3 – point d

Text proposed by the Commission	*Amendment*
(d) make necessary investments, such as into management or production processes and infrastructures to comply with paragraphs 1, 2 and 3;	(d) make***, where*** necessary ***and applicable*** investments, such as into management or production processes and infrastructures to comply with paragraphs 1, 2 and 3;

Amendment 88

Proposal for a directive
Article 8 – paragraph 3 – point e

Text proposed by the Commission	*Amendment*
(e) provide targeted and proportionate support for an SME with which the company has ***an established*** business relationship, where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME;	(e) provide targeted and proportionate support for an SME with which the company has ***a*** business relationship, where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME;

Amendment 89

Proposal for a directive
Article 8 – paragraph 4

Text proposed by the Commission	*Amendment*
4. As regards actual adverse impacts that could not be brought to an end or adequately mitigated by the measures in	***deleted***

paragraph 3, the company may seek to conclude a contract with a partner with whom it has an indirect relationship, with a view to achieving compliance with the company's code of conduct or a corrective action plan. When such a contract is concluded, paragraph 5 shall apply.

PUBLIC

Amendment 90

Proposal for a directive
Article 8 – paragraph 5 – subparagraph 1

Text proposed by the Commission	*Amendment*
The contractual ***assurances or the contract*** shall be accompanied by the appropriate measures to ***verify compliance***. For the purposes of ***verifying compliance***, the company may refer to suitable industry initiatives or independent third-party verification.	***Assurances,*** contractual ***or non-contractual*** shall be accompanied by the appropriate measures to ***assess their effectiveness***. For the purposes of ***assessing the effectiveness***, the company may refer to suitable industry initiatives or independent third-party verification. ***The terms used shall be fair, reasonable and non-discriminatory.***

Amendment 91

Proposal for a directive
Article 8 – paragraph 5 – subparagraph 2

Text proposed by the Commission	*Amendment*
When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures to ***verify compliance*** are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	Where measures to ***assess the effectiveness*** are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.

Amendment 92

Proposal for a directive
Article 8 – paragraph 6 – subparagraph 1 – introductory part

Text proposed by the Commission	*Amendment*
As regards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be minimised by the measures provided for in paragraphs 3, 4 and 5, the company shall refrain from entering into new or extending existing relations with the partner in connection to or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take one of the following actions:	As regards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be minimised by the measures provided for in paragraphs 3, 4 and 5***, and taking due account of the efforts of the company to make use of its leverage to bring actual adverse impacts to an end to minimise their extent***, the company shall refrain from entering into new or extending existing relations with the partner in connection to or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take one of the following actions ***if they are in the best interest of the potential victims of the potential and actual adverse impacts, in line with responsible disengagement, also taking into account proportionality and the potential adverse impacts of such decisions***:

Amendment 93

Proposal for a directive
Article 8 – paragraph 6 – subparagraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe.	(b) ***as a last resort, responsibly disengage in*** terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe.

Amendment 94

Proposal for a directive
Article 8 – paragraph 7

Text proposed by the Commission	*Amendment*
7. By way of derogation from	7. By way of derogation from

paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, they shall not be required to terminate the credit, loan or other financial service contract, ***when this can be reasonably expected to cause substantial prejudice*** to the entity to whom that service is being provided.	paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services ***to entities that cause or contribute to actual adverse impacts in the meaning of paragraph 1***, they shall not be required to terminate the credit, loan or other financial service contract, ***if this is strictly necessary to prevent bankruptcy*** to the entity to whom that service is being provided. ***A decision to terminate the credit, loan or other financial service contract in derogation from paragraph 6, point (b) may only be taken, as a last resort, if the leverage efforts of companies referred to in Article 3, point (a)(iv) have ultimately failed to influence the entity to whom that service is being provided to bring actual adverse impacts to an end or to minimise their extent and if the continuation of the credit, loan or other financial service contract is proportionate to the severity of the actual adverse impact.***

Amendment 95

Proposal for a directive
Article 8 a (new)

Text proposed by the Commission	*Amendment*
	Article 8a
	Appropriate measures by institutional investors and asset managers to induce their investee companies to bring actual adverse impacts caused by them to an end
	1. Member States shall ensure that institutional investors and asset managers take appropriate measures as described in paragraph 3 of this Article to induce their investee companies to bring actual adverse impacts that have been, or should have been identified pursuant to Article 6 to an end, in accordance with Article 2, paragraphs 2 to 6.
	2. Where the adverse impact cannot

be brought to an end, Member States shall ensure that institutional investors and asset managers induce their investee companies to minimise the extent of such an impact.

3. Where relevant, institutional investors and asset managers shall be required to engage with the investee company and exercise voting rights in line with Article 3g (1), point (a) of Directive 2007/36/EC [SRD2], in order to induce the management body of an investee company to bring the actual impact to and end or minimise its extent. The action sought from the investee company shall be proportionate to the significance and scale of the adverse impact and to the contribution of the investee company's conduct to the adverse impact. Likewise, the actions required from institutional investors and asset managers shall be proportionate and commensurate, and shall take due account of the degree of control they have over the investee company.

Amendment 96

Proposal for a directive
Article 9 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies ***provide*** the possibility for persons and organisations listed in paragraph 2 to submit complaints to them where they have legitimate ***concerns*** regarding actual or potential adverse human rights impacts and adverse environmental impacts with respect to their own operations, the operations of their subsidiaries and their value chains.	1. Member States shall ensure that companies ***establish or participate in effective complaint mechanisms at operational level that can be used by providing*** the possibility for persons and organisations listed in paragraph 2 to submit complaints to them where they have legitimate ***information*** regarding actual or potential adverse human rights impacts and adverse environmental impacts with respect to their own operations, the operations of their subsidiaries and their value chains. ***The complaint must be factually justified and reasonably documented. The complaint procedure***

shall serve both as an early-warning mechanism for risk-awareness and as a mediation system and shall be safe, legitimate, accessible and equitable, and shall provide for the possibility to raise complaints anonymously and confidentially. Recourse to such procedures shall not preclude claimants from having access to judicial mechanisms.

Amendment 97

Proposal for a directive
Article 9 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. Member States shall ensure that companies are enabled to provide such a mechanism through collaborative arrangements with other companies, industry schemes or organisations, by participating in multi-stakeholder grievance mechanisms or joining a Global Framework Agreement.

Amendment 98

Proposal for a directive
Article 9 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) persons who are affected or have reasonable grounds to believe that they ***might*** be affected by an adverse impact,	(a) persons who are affected or have reasonable grounds to believe that they ***will*** be affected by an adverse impact,

Amendment 99

Proposal for a directive
Article 9 – paragraph 2 – point b

Text proposed by the Commission	*Amendment*
(b) trade unions and other workers' representatives representing individuals working in the value chain concerned,	(b) trade unions and other workers' representatives representing individuals working in the value chain concerned,

which have a legitimate concern,

Amendment 100

Proposal for a directive
Article 9 – paragraph 2 – point c

Text proposed by the Commission	*Amendment*
(c) civil society organisations active in the areas related to the value chain concerned.	(c) civil society organisations active in the areas related to the value chain concerned***, with a legitimate interest***.

Amendment 101

Proposal for a directive
Article 9 – paragraph 3

Text proposed by the Commission	*Amendment*
3. Member States shall ensure that the companies establish a procedure for dealing with complaints referred to in paragraph 1, including a procedure when the company considers the complaint to be unfounded, and inform the relevant workers and trade unions of those procedures. Member States shall ensure that where the complaint is well-founded, the adverse impact that is the subject matter of the complaint is deemed to be identified within the meaning of Article 6.	3. Member States shall ensure that the companies establish a procedure for dealing with complaints referred to in paragraph 1, including a procedure when the company considers the complaint to be unfounded, and inform the relevant workers and trade unions of those procedures. Member States shall ensure that where the complaint is well-founded, the adverse impact that is the subject matter of the complaint is deemed to be identified within the meaning of Article 6. ***This can be done in cooperation with industry schemes or multi-stakeholder initiatives.***

Amendment 102

Proposal for a directive
Article 9 – paragraph 4 – introductory part

Text proposed by the Commission	*Amendment*
4. Member States shall ensure that complainants are entitled	4. Member States shall ensure that complainants are entitled ***to request appropriate follow-up on the complaint***

	from the company with which they have filed a complaint pursuant to paragraph 1.

Amendment 103

Proposal for a directive
Article 9 – paragraph 4 – point a

Text proposed by the Commission	*Amendment*
(a) to request appropriate follow-up on the complaint from the company with which they have filed a complaint pursuant to paragraph 1, and	***deleted***

Amendment 104

Proposal for a directive
Article 9 – paragraph 4 – point b

Text proposed by the Commission	*Amendment*
(b) to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint.	***deleted***

Amendment 105

Proposal for a directive
Article 10 – paragraph 1

Text proposed by the Commission	*Amendment*
Member States shall ensure that companies carry out ***periodic*** assessments of their own operations and measures, those of their subsidiaries and, where related to the value chains of the company, those of their ***established*** business relationships, to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights and environmental	Member States shall ensure that companies carry out ***continuous*** assessments of their own operations and measures, those of their subsidiaries and, where related to the value chains of the company, those of their business relationships, to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights and environmental adverse impacts.

adverse impacts. Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out ***at least every 12 months*** and whenever there are reasonable grounds to believe that significant new risks of the occurrence of those adverse impacts may arise. The due diligence policy shall be updated in accordance with the outcome of those assessments.

Such assessments shall be ***undertaken with trade union, workers' representatives and in consultation with stakeholders. They shall be*** based, where appropriate, on qualitative and quantitative indicators and be carried out ***regularly*** and whenever there are reasonable grounds to believe that significant new risks of the occurrence of those adverse impacts may arise. The due diligence policy shall be updated in accordance with the outcome of those assessments.

Amendment 106

Proposal for a directive
Article 11 – paragraph 1

Text proposed by the Commission	*Amendment*
Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a and 29a of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement in ***a*** language ***customary in the sphere of international business***. The statement shall be published by 30 April each year, covering the previous calendar year.	Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a and 29a of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement in ***an official*** language ***of the Member State***. The statement shall be published by 30 April each year, covering the previous calendar year.

Amendment 107

Proposal for a directive
Article 11 – paragraph 2

Text proposed by the Commission	*Amendment*
The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, specifying information on the description of due diligence, potential and actual adverse impacts and actions taken on those.	The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, specifying information on the description of due diligence, ***its design, methodology,*** potential and actual adverse impacts and actions taken on those. ***The Commission shall ensure that reporting is possible via a simplified reporting form and shall, no later than one year after the entry into force of this***

Directive, provide guidelines to support companies in fulfilling their obligations.

Amendment 108

Proposal for a directive
Article 11 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	When adopting delegated acts, the Commission shall ensure that there is no duplication in reporting requirements for companies referred to in Article 3, point (a)(iv), that are subject to reporting requirements and consider principal adverse impacts under Article 4 of Regulation (EU) 2019/2088 of the European Parliament and of the Council[1a], while maintaining in full the minimum obligations stipulated in this Directive.

[1a] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).

Amendment 109

Proposal for a directive
Article 11 – paragraph 2 b (new)

Text proposed by the Commission	*Amendment*
	Member States shall ensure that annual statements prepared by companies pursuant to this Article are submitted to the collection body referred to in Regulation [insert ESAP Regulation] in order to make that information accessible on the European Single Access Point (ESAP).

Amendment 110

Proposal for a directive
Article 12 – paragraph 1

Text proposed by the Commission	*Amendment*
In order to provide support to companies to facilitate their compliance with Article 7(2), point (b), and Article 8(3), point (c), the Commission shall adopt guidance about voluntary model contract clauses.	In order to provide support to companies to facilitate their compliance with Article 7(2), point (b), and Article 8(3), point (c), the Commission shall adopt guidance about voluntary model contract clauses ***no later than one year after the entry into force of this Directive***. ***It shall prioritise the development of contractual clauses to manage environmental and human rights risks.***

Amendment 111

Proposal for a directive
Article 13 – paragraph 1

Text proposed by the Commission	*Amendment*
In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, ***and where appropriate*** with international bodies having expertise in due diligence, ***may*** issue guidelines***, including for specific sectors or specific adverse impacts.***	In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, ***the Executive Agency for Small and Medium Enterprises, and*** with international bodies having expertise in due diligence, ***shall*** issue guidelines***:***

Amendment 112

Proposal for a directive
Article 13 – paragraph 1 – point a (new)

Text proposed by the Commission	*Amendment*
	(a) in digital, free of charge and easily accessible format;

Amendment 113

Proposal for a directive
Article 13 – paragraph 1 – point b (new)

Text proposed by the Commission	*Amendment*
	(b) including for specific sectors, specific contexts and areas, or specific adverse impacts;

Amendment 114

Proposal for a directive
Article 13 – paragraph 1 – point c (new)

Text proposed by the Commission	*Amendment*
	(c) including practical guidance on how companies and sectors covered by this Directive may apply their due diligence obligations drawing on relevant sectoral and horizontal guidance by the OECD and the UN;

Amendment 115

Proposal for a directive
Article 13 – paragraph 1 – point d (new)

Text proposed by the Commission	*Amendment*
	(d) including an overview on applicable industry initiatives;

Amendment 116

Proposal for a directive
Article 13 – paragraph 1 – point e (new)

Text proposed by the Commission	*Amendment*
	(e) including practical guidance on how proportionality and prioritisation, in

terms of impacts, sectors and geographical areas, may be applied to due diligence obligations depending on the size and sector of the undertaking;

Amendment 117

Proposal for a directive
Article 13 – paragraph 1 – point f (new)

Text proposed by the Commission	*Amendment*
	(f) adopt and adapt guidance as appropriate about competition law in relation to their due diligence obligations in order to provide support to companies to facilitate their compliance with Article 7(2), point (b), and Article 8(3), point (c), through the use of collective leverage.

Amendment 118

Proposal for a directive
Article 13 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	The guidelines shall be made available no later than ... [18 months after the date of entry into force of this Directive]. The Commission shall periodically review the relevance of its guidelines, adapt them to new best practices and issue new guidelines where needed.

Amendment 119

Proposal for a directive
Article 13 – paragraph 1 b (new)

Text proposed by the Commission	*Amendment*
	Country factsheets shall be updated regularly by the Commission and made publicly available in order to provide up-to-date information on the international

Conventions and Treaties ratified by each of the Union's trading partners. The Commission shall collect and publish trade and customs data on origins of raw materials, and intermediate and finished products, and publish information on human rights, environmental and governance potential or actual adverse impacts risks associated with certain countries or regions, sectors and sub-sectors, and products.

Amendment 120

Proposal for a directive
Article 14 – paragraph -1 (new)

Text proposed by the Commission	*Amendment*
	-1. Member States shall provide information and effective support to stakeholders, which may include dedicated websites, platforms or portals, legal counsel and administrative support to claim rights provided to them by this Directive.

Amendment 121

Proposal for a directive
Article 14 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall, in order to provide information and support to companies and the partners with whom they have ***established*** business relationships in their value chains in their efforts to fulfil the obligations resulting from this Directive, set up and operate individually or jointly dedicated websites, platforms or portals. Specific consideration shall be given, in that respect, to the SMEs that are present in the value chains of companies.	1. ***The Commission in cooperation with*** Member States shall, in order to provide information and support to companies and the partners with whom they have business relationships in their value chains in their efforts to fulfil the obligations resulting from this Directive, set up and operate individually or jointly dedicated websites, platforms or portals. Specific consideration shall be given, in that respect, to the SMEs that are present in the value chains of companies.

Amendment 122

Proposal for a directive
Article 14 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Member States may decide not to provide state support to companies that do not comply with the objectives of this Directive.

Amendment 123

Proposal for a directive
Article 14 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The Commission ***may*** complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.	3. The Commission ***shall*** complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.

Amendment 124

Proposal for a directive
Article 14 – paragraph 3 a (new)

Text proposed by the Commission	*Amendment*
	3a. The Commission shall develop and coordinate on a bi-annual basis resilience stress tests for companies. These shall be based on common methodologies that would map, assess the sustainability of companies' value chains and provide preventative and remedial responses to address risks and vulnerabilities relating to adverse impacts in their value chains.

Amendment 125

Proposal for a directive
Article 14 – paragraph 3 b (new)

Text proposed by the Commission	*Amendment*
	3b. The Commission shall, once a year, and more frequently where necessary, provide a summary of the assessments under paragraph to the European Parliament and the Council, including the main identified risks and vulnerabilities.

Amendment 126

Proposal for a directive
Article 14 – paragraph 3 c (new)

Text proposed by the Commission	*Amendment*
	3c. The Commission shall be empowered to adopt a delegated act in accordance with Article 28 to specify information required from companies for the purpose of paragraph 1, points (a) to (f), by October 2024.

Amendment 127

Proposal for a directive
Article 14 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States ***may*** facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, ***may***	4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States ***shall*** facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, ***shall***

issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.

issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.

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Amendment 128

Proposal for a directive
Article 14 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4a. Reliance on industry schemes and multi-stakeholder initiatives shall not absolve the company of its individual responsibility to perform due diligence or prevent it from being held liable.

Amendment 129

Proposal for a directive
Article 15 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies referred to in Article 2(1), point (a), and Article 2(2), point (a)***,*** shall ***adopt a plan to ensure that the business model and strategy of the company are compatible with the*** transition ***to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. This plan shall, in particular***, identify, on the basis of information reasonably available to the company, the extent to which climate change is a risk for, or an impact of, the company's operations.	1. Member States shall ensure that companies referred to in Article 2(1), point (a), and Article 2(2), point (a) shall ***draw up and publish a*** transition ***plan as defined in Article 19a***, ***paragraph 2, point (iii) of Directive 2022/2464 in which they*** identify, on the basis of information reasonably available to the company, the extent to which climate change is a risk for, or an impact of, the company's operations.

Amendment 130

Proposal for a directive
Article 15 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Member States shall ensure that, in case climate change is or should have been identified as a principal risk for, or a principal impact of, the company's operations, the company includes emission reduction objectives in its plan.	2. Member States shall ensure that, in case climate change is or should have been identified as a principal risk for, or a principal impact of, the company's operations, the company includes emission reduction objectives in its ***transition*** plan.

Amendment 131

Proposal for a directive
Article 15 – paragraph 3

Text proposed by the Commission	*Amendment*
3. Member States shall ensure that companies duly take into account the fulfilment of the obligations referred to in paragraphs 1 and 2 when setting variable remuneration, if variable remuneration is linked to the contribution of a director to the company's business strategy and long-term interests and sustainability.	***deleted***

Amendment 132

Proposal for a directive
Article 17 – paragraph 7

Text proposed by the Commission	*Amendment*
7. The Commission shall make publicly available, including on its website, a list of the supervisory authorities. The Commission shall regularly update the list on the basis of the information received from the Member States.	7. The Commission shall make publicly available, including on its website, a list of the supervisory ***authorities, and when applicable, the respective competences of those*** authorities. The Commission shall regularly update the list on the basis of the information received from the Member States.

Amendment 133

Proposal for a directive
Article 18 – paragraph 7

Text proposed by the Commission	*Amendment*
7. Member States shall ensure that each natural or legal person has the right to an effective judicial remedy against a legally binding decision by a supervisory authority concerning them.	7. Member States shall ensure that each natural or legal person has the right to an effective judicial remedy against a legally binding decision by a supervisory authority concerning them***, in accordance with national law***.

Amendment 134

Proposal for a directive
Article 18 – paragraph 7 a (new)

Text proposed by the Commission	*Amendment*
	7a. Member States shall ensure that decisions of supervisory authorities regarding a company's compliance with the Directive shall be without prejudice to the company's civil liability under Article 22.

Amendment 135

Proposal for a directive
Article 20 – paragraph 1

Text proposed by the Commission	*Amendment*
1. ***Member States*** shall lay down ***the*** rules on sanctions applicable to infringements of national provisions adopted pursuant to this Directive, and shall take all measures necessary to ensure that they are implemented. The sanctions provided for shall be effective, proportionate and dissuasive.	1. ***The Commission*** shall lay down ***harmonised*** rules on ***administrative*** sanctions applicable to infringements of national provisions adopted pursuant to this Directive, and ***Member States*** shall take all measures necessary to ensure that they are implemented. The sanctions provided for shall be effective, proportionate and dissuasive.

Amendment 136

Proposal for a directive
Article 20 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Any sanction adopted shall be made public.

Amendment 137

Proposal for a directive
Article 20 – paragraph 3

Text proposed by the Commission	*Amendment*
3. When pecuniary sanctions are imposed, they shall be based on the company's turnover.	***deleted***

Amendment 138

Proposal for a directive
Article 21 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. The Authority shall set up a public database listing all undertakings subject to this Directive. Member States should cooperate with the Authority in order to identify all non-European undertakings covered by this Directive.
	a) the list of undertakings shall link each undertaking's name to the statement published pursuant to Article 11 or otherwise display that the undertaking has not published a statement;
	b) the Authority shall set up a public database of high risk areas, as defined in Article 3;
	c) each high risk area should be associated with a description of the specific risks it is subject to and relevant documentation on such risks.

Amendment 139

Proposal for a directive
Article 22 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) ***they*** failed to comply with the obligations laid down in Articles 7 and 8 and;	(a) ***the companies*** failed to comply with the obligations laid down in Articles 7 and 8 and;

Amendment 140

Proposal for a directive
Article 22 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) ***as a result of*** this failure ***an*** adverse impact ***that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures laid down in Articles 7 and 8 occurred and led to damage***.	(b) this failure ***to comply caused or contributed to the*** adverse impact.

Amendment 141

Proposal for a directive
Article 22 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. This Article will not apply to situations where a company has not caused or contributed to an adverse impact, but there is a direct link between the operations, products or services of the company and an adverse impact.

Amendment 142

Proposal for a directive
Article 22 – paragraph 2 – subparagraph 1

Text proposed by the Commission	*Amendment*
Notwithstanding paragraph 1, Member	Notwithstanding paragraph 1, Member

States shall ensure that where a company has ***taken the actions referred to in Article 7(2), point (b) and Article 7(4), or Article 8(3), point (c), and Article 8(5)***, it shall not be liable for damages caused by an adverse impact arising as a result of the activities of an indirect partner ***with whom it has an established business relationship***, unless it was unreasonable, in the circumstances of the case, to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the extent of the adverse impact.	States shall ensure that where a company has ***demonstrated to have complied with the obligations under this Directive***, it shall not be liable for damages caused by an adverse impact arising as a result of the activities of an indirect partner, unless it was unreasonable, in the circumstances of the case, to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the extent of the adverse impact.

Amendment 143

Proposal for a directive
Article 22 – paragraph 2 – subparagraph 1 a (new)

Text proposed by the Commission	*Amendment*
	If an adverse impact was not prioritised following the prioritization of adverse impacts in accordance with Article 4(1a), a company cannot be held liable for a risk materialising from such an adverse impact provided the risk prioritisation was accurate according to the severity and the likelihood of the adverse impacts identified under Article 6.

Amendment 144

Proposal for a directive
Article 22 – paragraph 2 – subparagraph 2

Text proposed by the Commission	*Amendment*
In the assessment of the existence and extent of liability under this paragraph, due account shall be taken of the company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted	***deleted***

support provided pursuant to Articles 7 and 8, as well as any collaboration with other entities to address adverse impacts in its value chains.

Amendment 145

Proposal for a directive
Article 22 – paragraph 4

Text proposed by the Commission	*Amendment*
4. The civil liability rules under this Directive shall be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive.	4. The civil liability rules under this Directive shall be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive. ***This Directive shall not affect any rights which an injured person may have according to the rules of the law of contractual or non-contractual liability or a special liability system existing at the moment when this Directive is notified.***

Amendment 146

Proposal for a directive
Article 24

Text proposed by the Commission	*Amendment*
Article 24	***deleted***
Public support	
Member States shall ensure that companies applying for public support certify that no sanctions have been imposed on them for a failure to comply with the obligations of this Directive.	

Amendment 147

Proposal for a directive
Article 28 – paragraph 2

Text proposed by the Commission	*Amendment*
2. The power to adopt delegated acts referred to in Article 11 shall be conferred on the Commission for an indeterminate period of time.	2. The power to adopt delegated acts referred to in ***Article 3(1a), Article 14(3c) and*** Article 11 shall be conferred on the Commission for an indeterminate period of time.

Amendment 148

Proposal for a directive
Article 28 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The delegation of power referred to in Article 11 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.	3. The delegation of power referred to in ***Article 3(1a), Article 14(3c) and*** Article 11 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

Amendment 149

Proposal for a directive
Article 28 a (new)

Text proposed by the Commission	*Amendment*
	Article 28a
	Amendment to Directive (EU) 2020/1828 on Representative Actions for the Protection of the Collective Interests of Consumers
	The following is added to Annex I: "(67) Directive (EU) .../... of the European Parliament and of the Council on Corporate Sustainability Due Diligence

and amending Directive (EU) 2019/1937 (OJ L ..., ..., p. ...).”.

Amendment 150

Proposal for a directive
Article 29 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
No later than … [OP please insert the date = 7 years after the date of entry into force of this Directive], the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives and assess the following issues:	No later than … [OP please insert the date = 7 years after the date of entry into force of this Directive], the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives***, in particular regarding its effectiveness in preventing potential adverse impacts, bringing actual adverse impacts to an end or minimising their extent globally*** and assess the following issues:

Amendment 151

Proposal for a directive
Article 29 – paragraph 1 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) whether the definition of "value chain" as regards regulated financial undertakings should be extended to include SMEs;

Amendment 152

Proposal for a directive
Article 29 – paragraph 1 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) whether additional legislative measures need to be adopted with a view to specific adverse impacts;

Amendment 153

Proposal for a directive
Article 29 – paragraph 1 – point d b (new)

Text proposed by the Commission	*Amendment*
	(db) the achievement of the objectives of this Directive, including the convergences in the implementation of measures between the Member State;

Amendment 154

Proposal for a directive
Article 29 – paragraph 1 – point d c (new)

Text proposed by the Commission	*Amendment*
	(dc) whether the impact of the Directive was justified and reached the targeted goals, including the associated indirect costs and the economic, social and environmental benefits thereof, on SMEs.

PUBLIC

ANNEX: LIST OF ENTITIES OR PERSONS FROM WHOM THE RAPPORTEUR FOR THE OPINION HAS RECEIVED INPUT

The following list is drawn up on a purely voluntary basis under the exclusive responsibility of the rapporteur for the opinion. The rapporteur has received input from the following entities or persons in the preparation of the opinion, until the adoption thereof in committee:

Entity and/or person
Deutscher Industrie- und Handelskammertag e.V. (German Chambers of Industry and Commerce)
Bundesministerium der Justiz (Federal Ministry of Justice (Germany))
European Coalition for Corporate Justice (ECCJ)
Global Witness
Südwind e.V.
European Trade Union Confederation (ETUC)
Responsible Business Alliance (RBA)
Dutch Ministry of Foreign Affairs
Organisation for Economic Co-operation and Development (OECD)
Open Society European Policy Institute
Andreas STIHL AG & Co. KG
Bundesarbeitskammer Österreich (Federal Chamber of Labor Austria)
Shift
American Chamber of Commerce to the European Union (AmCham EU)
Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (National Association of German Cooperative Banks
Kirkland & Ellis International LPP
Business Europe (Roundtable)
BlackRock Inc.
Deutsche Kreditwirtschaft (Association of German Banks)
Gesamtverband der Deutschen Versicherungswirtschaft (German Insurance Association)
Hans-Böckler Stiftung (Hans Böckler Foundation)
Arbeitgeberverband Gesamtmetall e.V. (Federation of German Employers' Associations in the Metal and Electrical Engineering Industries)

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PROCEDURE – COMMITTEE ASKED FOR OPINION

PUBLIC

Title	Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
References	COM(2022)0071 – C9-0050/2022 – 2022/0051(COD)
Committee responsible Date announced in plenary	JURI 4.4.2022
Opinion by Date announced in plenary	ECON 4.4.2022
Associated committees - date announced in plenary	15.9.2022
Rapporteur for the opinion Date appointed	René Repasi 3.3.2022
Discussed in committee	17.11.2022
Date adopted	24.1.2023
Result of final vote	+: 32 –: 23 0: 1
Members present for the final vote	Rasmus Andresen, Anna-Michelle Asimakopoulou, Marek Belka, Isabel Benjumea Benjumea, Stefan Berger, Gilles Boyer, Engin Eroglu, Markus Ferber, Jonás Fernández, Giuseppe Ferrandino, Frances Fitzgerald, José Manuel García-Margallo y Marfil, Valentino Grant, Claude Gruffat, José Gusmão, Eero Heinäluoma, Michiel Hoogeveen, Danuta Maria Hübner, Stasys Jakeliūnas, Billy Kelleher, Georgios Kyrtsos, Philippe Lamberts, Aušra Maldeikienė, Pedro Marques, Csaba Molnár, Denis Nesci, Dimitrios Papadimoulis, Piernicola Pedicini, Eva Maria Poptcheva, Dorien Rookmaker, Joachim Schuster, Ralf Seekatz, Paul Tang, Irene Tinagli, Ernest Urtasun, Inese Vaidere, Johan Van Overtveldt, Stéphanie Yon-Courtin, Marco Zanni
Substitutes present for the final vote	Herbert Dorfmann, Gianna Gancia, Eider Gardiazabal Rubial, Valérie Hayer, Eugen Jurzyca, Chris MacManus, Ville Niinistö, Erik Poulsen, René Repasi
Substitutes under Rule 209(7) present for the final vote	Susanna Ceccardi, Andor Deli, Pascal Durand, José Manuel Fernandes, Pierre Larrouturou, Marian-Jean Marinescu, Theresa Muigg, Alessandro Panza

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

32	+
Renew	Gilles Boyer, Engin Eroglu, Giuseppe Ferrandino, Valérie Hayer, Billy Kelleher, Georgios Kyrtsos, Eva Maria Poptcheva, Erik Poulsen, Stéphanie Yon-Courtin
S&D	Marek Belka, Pascal Durand, Jonás Fernández, Eider Gardiazabal Rubial, Eero Heinäluoma, Pierre Larrouturou, Pedro Marques, Csaba Molnár, Theresa Muigg, René Repasi, Joachim Schuster, Paul Tang, Irene Tinagli
The Left	José Gusmão, Chris MacManus, Dimitrios Papadimoulis
Verts/ALE	Rasmus Andresen, Claude Gruffat, Stasys Jakeliūnas, Philippe Lamberts, Ville Niinistö, Piernicola Pedicini, Ernest Urtasun

23	-
ECR	Michiel Hoogeveen, Eugen Jurzyca, Denis Nesci, Dorien Rookmaker, Johan Van Overtveldt
ID	Susanna Ceccardi, Gianna Gancia, Valentino Grant, Alessandro Panza, Marco Zanni
NI	Andor Deli
PPE	Anna-Michelle Asimakopoulou, Isabel Benjumea Benjumea, Stefan Berger, Herbert Dorfmann, Markus Ferber, José Manuel Fernandes, José Manuel García-Margallo y Marfil, Danuta Maria Hübner, Aušra Maldeikienė, Marian-Jean Marinescu, Ralf Seekatz, Inese Vaidere

1	0
PPE	Frances Fitzgerald

Key to symbols:
+ : in favour
- : against
0 : abstention

PUBLIC

9.3.2023

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
(COM(2022)0071 – C9-0050/2022 – 2022/0051(COD))

Rapporteur for opinion:Samira Rafaela

PUBLIC

SHORT JUSTIFICATION

Responsible business conduct is an integral part of the European Union's commitment to decent work worldwide. It is the illustration of how Europe's social market company can renew existing economic governance practices in order to propel the just transition to sustainability, as well as uphold our commitments to human rights and dignity. The European Union will be the global frontrunner of corporate sustainability due diligence and through leading by example will inspire companies from third countries to match the ambitions set forward by this Directive. It is the Rapporteur's strong conviction that due diligence policy will be impactful if it places the inviolable rights of people and their right to a clean environment ahead of outdated parasitic business interests.

The Rapporteur welcomes the proposal put forward by the European Commission, and with its amendments seeks to strengthen the proposal for the Directive by, amongst others, strongly integrating workers' representatives and social partners, accounting for gender sensitivity and mainstreaming, broadening the scope, in order to target all high risk economic activities, and having a victim-based approach. Throughout the text, companies are regarded as partners. The Rapporteur emphasizes the importance of maintaining coherency with existing practices and norms, such as the UN Guiding Principles on Business and Human Rights (UNGPs), ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the OECD Guidelines on Due Diligence.

The Rapporteur considers Europe's SME'S as significant partners in unlocking the full potential of the Directive on Corporate Sustainability Due Diligence. European businesses, regardless of their size, will be indirectly affected by this Directive and they all deserve support in meeting its obligations. All companies play a crucial role in preventing, addressing, and remedying adverse human or environmental impacts. This is why the amendments proposed by the Rapporteur strengthen the capability of companies exercising due diligence, through the obligation of Member States to provide tailor-made templates, sector-specific guidelines, training and facilitating network and/or platform creation. Examples from the field have shown the efficiency and effectiveness of such due diligence support platforms in decreasing administrative burdens and harnessing the collective expertise of companies.

Furthermore, the scope has now been enlarged to include key high risk economic activities, such as financial enterprises, as recommended by the OECD Guidance for Responsible Business Conduct. It is irresponsible for the objectives of this Directive to exclude the sector which is integral for all the companies that will have to conduct due diligence. All business must be committed to responsible conduct.

The Rapporteur is convinced that this Directive will not be effective without the integration of a gender sensitive lens. The Directive as it was proposed did not sufficiently address the gendered dimension of responsible business conduct. The "gender-blind" approach will not effectively promote decent work in worldwide value chains. Specifically, the Rapporteur explicitly includes the Tourism and Hospitality sector for this reason, as women are overrepresented in this sector but are underrepresented at the higher levels of employment and management and as such may be positioned in a precarious position.

Finally, the Rapporteur sees meaningful engagement with potentially affected groups and persons as the centre of this Directive as evidenced by the amendments for the complaint procedure. These potentially affected groups include indigenous people, women, children, and human rights and environmental defenders. In the same vein, whistleblowers need to be protected as they may reveal adverse impacts that would have otherwise not been uncovered. The view of the Rapporteur is that meaningful engagement by companies, will be integral to this Directive's impact and success.

AMENDMENTS

The Committee on Employment and Social Affairs calls on the Committee on Legal Affairs, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a directive
Recital 3

Text proposed by the Commission	*Amendment*
(3) In its Communication on a Strong Social Europe for Just Transition[75], the Commission committed to upgrading Europe's social market economy to achieve a just transition to sustainability. This Directive will also contribute to the European Pillar of Social Rights, which promotes rights ensuring fair working conditions. It forms part of the EU policies and strategies relating to the promotion of decent work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide[76]**.**	(3) In its Communication on a Strong Social Europe for Just Transition[75], the Commission committed to upgrading Europe's social market economy to achieve a just transition to sustainability. This Directive will also contribute to the European Pillar of Social Rights ***('the Pillar')***, which promotes rights ensuring ***decent living and*** fair working conditions***. It will also create greater visibility for, and ownership of, the Pillar among companies, whose involvement is essential for effective implementation of the Pillar***. It forms part of the EU policies and strategies relating to the promotion of decent work worldwide, including in

	global value chains, as referred to in the Commission Communication on ***fair and*** decent work worldwide [76]***. Decent working conditions include amongst others secure employment, working time, adequate wages, social dialogue, freedom of association, existence of work councils, collective bargaining, the information, consultation and participation rights of workers, work-life balance as well as health and safety.***
[75] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Strong Social Europe for Just Transitions (COM/2020/14 final).	[75] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Strong Social Europe for Just Transitions (COM/2020/14 final).
[76] Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on decent work worldwide for a global just transition and a sustainable recovery, COM(2022) 66 final.	[76] Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on decent work worldwide for a global just transition and a sustainable recovery, COM(2022) 66 final.

Amendment 2

Proposal for a directive
Recital 22 a (new)

Text proposed by the Commission	*Amendment*
	(22a) In order to reflect the priority areas of international action aimed at tackling human rights, the selection of high-risk geographical areas for the purposes of this Directive should be based on the European External Action Service (EEAS) EU Annual Reports on Human Rights and Democracy and annually reassessed.

Amendment 3

Proposal for a directive
Recital 26 a (new)

Text proposed by the Commission	*Amendment*
	(26a) In order to achieve an efficient implementation of this Directive, the Commission should introduce a toolbox to provide practical help to companies to comply with due diligence requirements, i.e. through contact points, sharing of best practices or standardized set of principles as a basis for a Code of Conduct.

Amendment 4

Proposal for a directive
Recital 32

Text proposed by the Commission	*Amendment*
(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action, in line with the Union`s policy of zero-tolerance on child labour. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. This should therefore be taken into account when deciding on the appropriate action to take.	(32) ***Where the company cannot prevent, mitigate, bring to an end or minimise all the identified actual and potential adverse impacts at the same time and to the full extent, it should be allowed to prioritise them based on the severity and likelihood of the adverse impact based on consultation with affected stakeholders and, where appropriate, with other relevant stakeholders. In line with the relevant international framework, the severity of an adverse impact should be assessed based on its gravity (scale of the adverse impact), the number of persons or the extent of the environment affected (scope of the adverse impact), its irreversibility, and difficulty to restore the situation prevailing prior to the impact (irremediable character of the adverse impact). The prioritisation strategy shall also ensure that all adverse impacts are addressed within reasonable time.*** In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted ***after a meaningful engagement with them***. In order to enable continuous engagement with the value chain business partner

instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action, ***including*** in line with the Union`s policy of zero-tolerance on child labour***, Union's Strategy on the rights of the Child and the target date of 2025 proclaimed by the United Nations for the full elimination of child labour worldwide***. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. ***In the same line, women in precarious labour conditions could face more severe adverse human rights impacts thus increasing their vulnerability.*** This should therefore be taken into account when deciding on the appropriate action to take***, while aiming to act in the best interest of the affected groups***.

Amendment 5

Proposal for a directive
Recital 42

Text proposed by the Commission	*Amendment*
(42) Companies should provide the possibility for persons and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential human rights and environmental adverse impacts. Organisations who could submit such complaints should include trade unions and ***other*** workers' representatives ***representing*** individuals working in the value chain concerned ***and*** civil society organisations active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact. Companies should establish ***a procedure*** for dealing with those complaints ***and*** inform workers, trade unions and other workers' representatives, where relevant, about such processes. Recourse to the	(42) Companies should provide the possibility for persons and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential human rights and environmental adverse impacts. ***Special attention should be given to ensuring the accessibility of that complaint mechanism and to the protection of the complainant, in particular women, vulnerable persons, people with disabilities and minors. While exercising this right, workers and their representatives should also be properly protected.*** Organisations who could submit such complaints should include trade unions and worker's representatives***, who represent*** individuals working in the value chain concerned, civil society organisations***, human rights and***

complaints and remediation mechanism should not prevent the complainant from having recourse to judicial remedies. In accordance with international standards, ***complaints*** should be entitled to request from the company appropriate follow-up on the complaint and to meet with the company's representatives at an appropriate level to discuss potential or actual ***severe*** adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.

environmental right defenders active in the areas related to the value chain concerned where they have ***substantiated*** knowledge about a potential or actual adverse impact. ***Member States should provide a framework, in accordance with their national labour law and practices, to*** companies ***on the procedure they*** should establish for dealing with those complaints. ***Companies should*** inform workers, trade unions and other workers representatives, where relevant, about such processes ***and related measures.*** Recourse to the complaints and remediation mechanism should not prevent the complainant from having recourse to ***effective*** judicial remedies. In accordance with international standards, ***complainants*** should be entitled to request from the company appropriate follow-up ***in written form and, if requested by the complainant, through adequate means of communication,*** on the complaint***. The follow-up should be facts-based*** and ***provide supporting evidence for the explanation. Complainants should have the right*** to meet with a company's representative at an appropriate level to discuss potential or actual adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies***, once the follow-up has been provided by the company. Companies may collaborate with business partners and entities, including through relevant industry and multi-stakeholder initiatives, when addressing complaints where the respective complainants and complaints are identical, such as through information-sharing, joint investigations or joint monitoring exercises.***

Amendment 6

Proposal for a directive
Recital 48

Text proposed by the Commission	*Amendment*

(48) In order to complement Member State support to SMEs, the Commission may build on existing EU tools, projects and other actions helping with the due diligence implementation in the EU and in third countries. It may set up new support measures that provide help to companies, including SMEs on due diligence requirements, including an observatory for value chain transparency and the facilitation of joint stakeholder initiatives.	(48) In order to complement Member State support to SMEs, the Commission may build on existing EU tools, projects and other actions helping with the due diligence implementation in the EU and in third countries. It may set up new support measures that provide help to companies, including SMEs on due diligence requirements, including an observatory for value chain transparency and the facilitation of joint stakeholder initiatives. ***The Commission could also share and highlight national practices put in place by professional organisations, which enable VSEs/SMEs to respond effectively to governance requirements in a way that is tailored to their capacities and specificities.***

Amendment 7

Proposal for a directive
Recital 64 a (new)

Text proposed by the Commission	*Amendment*
	(64a) The obligations for companies set out in this Directive, regarding actual and potential human rights adverse impacts and environmental adverse impacts, should not have a negative impact on those very rights, including the right to freedom of association, assembly, the rights to organize and collective bargaining. This Directive should not apply when certain companies (insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC and institution for occupational retirement provision as defined in Article 1, point (6) of Directive 2016/2341) enter, for the purpose of providing occupational pensions, into a relationship with a legal entity that is required take out occupational pension provisions for its employees. Excluding these specific relationships will ensure that companies in their provision of occupational pensions and legal entities acting as

employers always can fulfil their obligations, including those following from collective agreements, to provide workers with their occupational pensions.

Amendment 8

Proposal for a directive
Article 2 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) the company did not reach the thresholds under point (a), but had ***more than 250*** employees on average ***and had a net worldwide turnover of more than EUR 40 million in the last financial year for which annual financial statements have been prepared***, provided that at least 50% of ***this*** net turnover was generated ***in*** one or more of the following ***sectors***:	(b) the company did not reach the thresholds under point (a), but had ***150*** employees ***or more*** on average, provided that at least 50% of ***its*** net turnover was generated ***by*** one or more of the following ***high-risk activities***:
(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear;	(i) the manufacture of textiles***,*** ***wearing apparel***, leather and related products (including footwear), and the wholesale trade ***and retail*** of textiles, clothing and footwear***[1a]***;
(ii) agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages;	(ii) agriculture, forestry, fisheries (including aquaculture), the manufacture of food products***,*** and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages***[2a]***;
(iii) the extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products)***.***	(iii) the extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products)***[3a];***
	(iiia) construction activities[4a];

(iiib) the provision of financial services, such as loans, credits, financing, pensions, market funding, risk management, payment services, securitisation, insurance or reinsurance, investment services and activities and other financial services[5a];

(iiic) the production of hardware and software solutions, including artificial intelligence, surveillance, facial recognition, data storage or processing, telecommunication services, including internet service providers[6a]

(iiid) employment activities such as cleaning and household services, tourism and hospitality, health care,social care and elderly care[7a];

(iiie) production and supply of energy, supply of water, gas, steam, air conditioning as well as sewage and waste management[8a];

(iiif) the delivery of audit and certification services regarding compliance with requirements resulting from the provisions of this Directive;

(iiig) transportation, logistics and storage[9a];

(iiih) the manufacture and processing of plastic products;

1a

http://mneguidelines.oecd.org/responsible-supply-chains-textile-garment-sector.htm

2a ***https://mneguidelines.oecd.org/rbc-agriculture-supply-chains.htm***

3a

https://mneguidelines.oecd.org/stakeholder-engagement-extractive-industries.htm; http://mneguidelines.oecd.org/child-labour-risks-in-the-minerals-supply-chain.htm

4a

https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_854733

.pdf

[5a] https://mneguidelines.oecd.org/rbc-financial-sector.htm

[6a] file:///C:/Users/cdheret/Downloads/G2232396.pdf

[7a] https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_854733.pdf ; https://www.bmas.de/SharedDocs/Downloads/DE/Publikationen/Forschungsberichte/fb-543-achtung-von-menschenrechten-entlang-globaler-wertschoepfungsketten.pdf?__blob=publicationFile&v=1

[8a] https://idsn.org/wp-content/uploads/2015/02/SR_on_Water_and_Sanitation_-_references_to_CBD_August_20141.pdf

[9a] https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/normativeinstrument/wcms_742633.pdf

Amendment 9

Proposal for a directive
Article 3 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) 'adverse human rights impact' means an adverse impact on ***protected*** persons resulting from the violation of one of the rights or prohibitions listed in the Annex, Part I Section 1, as enshrined in the international conventions listed in the Annex, Part I Section 2***;***	(c) 'adverse human rights impact' means an adverse impact on ***persons or groups of*** persons resulting from the violation of one of the rights or prohibitions listed in the Annex, Part I Section 1, as enshrined in the international conventions listed in the Annex, Part I Section 2***. This Annex should be reviewed regularly.***

Amendment 10

Proposal for a directive
Article 3 – paragraph 1 – point n

Text proposed by the Commission	*Amendment*
(n) 'stakeholders' means the ***company's employees, the employees of*** its subsidiaries, and other individuals, groups, communities or entities whose rights or interests are or could be affected by the products, services and operations of that company, its subsidiaries and its business relationships;	(n) 'stakeholders' means the ***workers working for the company and*** its subsidiaries ***, trade unions and workers' representatives***, and other individuals, groups, communities or entities ***and their representatives,*** whose rights or interests are or could be affected by the products, services and operations of that company, its subsidiaries and its business relationships;

Amendment 11

Proposal for a directive
Article 5 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) a code of conduct describing rules and principles to be followed by the company's employees ***and*** subsidiaries***;***	(b) a code of conduct describing rules and principles***,*** to be followed by the company's ***management,*** employees***, their representatives, and the company's*** subsidiaries***. The code of conduct shall be developed in consultation with workers, trade unions and workers' representatives and be made publicly available to ease the access of all relevant parties and stakeholders. The code of conduct shall be designed to ensure that the company respects human rights, the environment and good governance and it shall be aligned with the fundamental values of the Union of a high level of protection and improvement of the quality of the environment and equality between men and women, the international conventions listed in the Annex, Part I Section 2, as well as relevant Union law, including on combating climate change. The code of conduct shall be based on European guidelines to be developed by the Commission with a standardised set of principles following the consultation of***

social partners.

Amendment 12

Proposal for a directive
Article 6 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Member States shall ensure that, for the purposes of identifying the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies ***are entitled to*** make use of appropriate resources, including independent reports and information gathered through the complaints procedure provided for in Article 9. Companies shall, where relevant, also carry out consultations with potentially affected groups including workers ***and*** other relevant stakeholders to gather information on actual or potential adverse impacts.	4. Member States shall ensure that, for the purposes of identifying ***and assessing*** the adverse ***human rights and environmental*** impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, ***including disaggregated data, such as sex disaggregated data allowing to identify gender-specific trends,*** companies ***shall*** make use of appropriate resources, including independent reports and information gathered through the complaints procedure provided for in Article 9. Companies shall, where relevant, also carry out consultations with ***affected and*** potentially affected groups including workers***, trade unions and workers' representatives as well as, where appropriate,*** other relevant stakeholders***, such as civil society organisations as well as human rights and environment defenders, in view*** to gather information on actual or potential adverse impacts. ***Stakeholders will vary depending on the nature of the actual or potential impacts at stake, the sector that is concerned as well as the geographical area involved where the company's activities take place.***

Amendment 13

Proposal for a directive
Article 6 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4a. The identification and assessment of actual and potential adverse impacts

	shall include consideration of how the company's activities could affect or are already specifically affecting different groups, with particular attention given to challenges faced by individuals from groups or populations that are disadvantaged or marginalised or could be at risk of being put in vulnerable situations, such as women, children, migrants, indigenous people and people with a disability. Such consideration shall be based on the human rights and fundamental freedoms conventions listed in the Annex, Part I Section 2, supported by a gender-sensitive assessment taking the differentiated impact on men and women into account and the use of a children's right based approach.

Amendment 14

Proposal for a directive
Article 7 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) ***where necessary*** due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for ***measuring*** improvement. The prevention action plan shall be developed in consultation with affected stakeholders***;***	(a) due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for ***monitoring*** improvement***. That prevention action plan shall be gender sensitive by considering the differentiated impact on men and women and it shall take into account environmental and climate change-related challenges***. The prevention action plan shall be developed in ***meaningful engagement, such as via*** consultation ***proceedings,*** with affected stakeholders ***and, where appropriate, with other relevant stakeholders. In the event that a company is not in a position to prevent at the same time all the potential adverse impacts identified, it shall develop and implement a prioritisation strategy in consultation with affected and, where appropriate, other relevant stakeholders,***

	which shall take into account the level of severity and likelihood, the duration, the spread and the reversibility of the different potential adverse impacts on human rights, the environment and climate. All adverse impacts and risks shall be addressed within a reasonable period of time.

Amendment 15

Proposal for a directive
Article 8 – paragraph 3 – point a

Text proposed by the Commission	*Amendment*
(a) ***neutralise*** the adverse impact or minimise its extent, including by the payment of damages to the affected persons and of financial compensation to the affected communities. The action shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact***;***	(a) ***reverse*** the adverse impact or ***if not possible neutralise and greatly*** minimise its extent, including ***by responsive policies and, where applicable,*** by the payment of damages to the affected ***person, groups of*** persons ***or entities*** and of financial compensation to the affected communities. The action shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact***.***

Amendment 16

Proposal for a directive
Article 8 – paragraph 3 – point b

Text proposed by the Commission	*Amendment*
(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for ***measuring*** improvement. ***Where relevant,*** the corrective action plan shall be developed in consultation with stakeholders;	(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for ***monitoring*** improvement. The corrective action plan shall be developed ***through meaningful engagement, including consultation procedures, with affected stakeholders, and where appropriate, other relevant stakeholders. That***

	corrective plan shall be made publicly available and monitored in consultation with ***the representatives of the affected*** stakeholders***. If the company is not able to stop or minimise all actual adverse impact simultaneously, the plan shall include a justified prioritisation strategy that takes into account the level of severity and likelihood, the duration, the spread and the reversibility of each actual adverse impact on human rights, the environment and the climate. All adverse impacts and risks shall be addressed within a reasonable period of time ;***

Amendment 17

Proposal for a directive
Article 9 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Member States shall ensure that ***the*** complaints may be submitted by:	2. Member States shall ensure that ***companies have complaint procedures in place that are legitimate, accessible, predictable, equitable, transparent and rights compatible giving special attention to the protection of affected persons and their representatives. Member States shall ensure that companies adopt and implement policies and processes to maintain the independence of the complaints procedure, are gender-sensitive and address the needs of people who may be at heightened risk of vulnerability or marginalisation, not least by removing barriers to access them. Information shall be published in a manner that does not endanger the stakeholders' safety, including by not disclosing their identity and by guaranteeing non -retaliation due to the use of the complaint procedures.*** Complaints may be submitted by:
a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact,	a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact,
(b) trade unions and ***other*** workers'	(b) trade unions and workers'

representatives representing individuals working in the value chain concerned,	representatives representing individuals working in the value chain concerned,
(c) civil society organisations active in the areas related to the value chain concerned**.**	(c) civil society organisations active in the areas related to the value chain concerned,
	(ca) persons who report breaches of Union law as defined in Directive (EU) 2019/1937.

Amendment 18

Proposal for a directive
Article 9 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Member States shall ensure that complainants are entitled	4. Member States shall ensure that complainants ***or their representatives receive timely information on the steps and actions taken in the context of a specific complaint submitted and*** are entitled***:***
(a) to ***request*** appropriate follow-up on the complaint ***from*** the company with which they have filed a complaint pursuant to paragraph 1, and	(a) to ***receive within reasonable time an*** appropriate follow-up on the complaint***, in written form, and, if requested by the complainant through adequate means of communication, by*** the company with which they have filed a complaint pursuant to paragraph 1, ***thus providing an explanation as to whether a complaint has been found to be unfounded or justified,*** and
(b) to meet with ***the*** company's representatives at an appropriate level to discuss potential or actual ***severe*** adverse impacts that are the subject matter of the complaint.	(b) to meet with ***a*** company's representatives at an appropriate level to discuss potential or actual adverse impacts that are the subject matter of the complaint ***and if the complaint has been found justified, to discuss possible remedy actions***.

Amendment 19

Proposal for a directive
Article 9 – paragraph 4 – point b a (new)

Text proposed by the Commission	*Amendment*
	(ba) to obtain fully remediation or contribution to the full remediation of actual adverse impacts. The remedy shall be proportionate to the significance and scale of the adverse impact.

Amendment 20

Proposal for a directive
Article 9 – paragraph 4 – point b b (new)

Text proposed by the Commission	*Amendment*
	(bb) to access the substantiated concerns procedure referred to in Article 19, to the civil liability as described in Article 22, and to any other judicial mechanisms or other non- judicial grievance mechanism.

Amendment 21

Proposal for a directive
Article 9 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4a. Member States shall ensure that any non-judicial remediation efforts must be in parallel to encouraging collective bargaining and recognition of trade unions and should by no means undermine the role of legitimate trade unions in addressing labour-related disputes.

Amendment 22

Proposal for a directive
Article 9 – paragraph 4 b (new)

Text proposed by the Commission	*Amendment*
	4b. Recourse to the complaints and remediation mechanism at company level

shall not prevent the complainant from having recourse to judicial remedies.

Amendment 23

Proposal for a directive
Article 13 – title

Text proposed by the Commission	*Amendment*
Guidelines	Guidelines ***and tailor-made support to companies***

Amendment 24

Proposal for a directive
Article 13 – paragraph 1

Text proposed by the Commission	*Amendment*
In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, ***may*** issue guidelines, including for specific sectors ***or*** specific adverse impacts.	In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and ***relevant*** stakeholders, ***including cross-industry and sectoral social partners,*** the European Union Agency for Fundamental Rights, the European Environment Agency, ***the European External Action Service, the European Innovation Council and Small and Medium-sized Enterprises Executive Agency (EISMEA)*** and where appropriate with international bodies having expertise in due diligence, ***such as the UN, the ILO and the Council of Europe, shall*** issue guidelines, including for specific sectors***,*** specific adverse impacts ***and high- risk geographical areas***. ***Those guidelines shall be based on already existing work and studies such as the OECD Due Diligence Guidance for Responsible Business Conduct as well as the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights and they shall be***

established in such a way that they have a gender-specific dimension and include, where relevant, aspects related to groups in vulnerable situations such as people with disabilities. The guidelines shall take into account already existing sectoral schemes on due diligence and information related to specific geographic areas. The guidelines shall be in digital and easily accessible format as well as available in all official languages of the Union. The Commission shall periodically review the relevance of the guidelines and adapt them to new needs and best practices, based on regularly updated information on human rights, environmental and governance related potential or actual adverse impact associated with certain countries and regions, sectors and economic activities.

Amendment 25

Proposal for a directive
Article 13 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. Member States shall develop, in consultation with cross-sectoral and sectoral social partners, as well as with industry representatives, and based on the guidelines provided by the Commission, digital platforms with guidance for companies on how to develop due diligence policies and methodologies to assess, identify, prevent and bring to an end actual and potential adverse impacts as well as develop a prevention and corrective action plan. These platforms shall cover the different situations referred to in Article 2(1) and provide tailor-made templates for companies adapted to the actual or potential risks they may encounter.

Amendment 26

Proposal for a directive
Article 13 – paragraph 1 b (new)

Text proposed by the Commission	*Amendment*
	1b. The guidelines, tools and methodologies referred to in Article 13(1) and (2) shall also be accessible to companies that are excluded from the scope of this Directive, but might be impacted indirectly. The purpose of the tailored support shall be to incentivize companies of all sizes to conduct due diligence, and enhance their capacity to do so. Member States shall ensure that SMEs receive tailored and comprehensive support, such as via training opportunities and the creation of a networking and knowledge sharing platform disseminating cross-industry best practices and initiatives as provided in Article 13(1a).

Amendment 27

Proposal for a directive
Annex I – Part I – point 1

Text proposed by the Commission	*Amendment*
1. ***Violations*** of rights and prohibitions included in international human rights agreements	1. ***Violation*** of rights and prohibitions included in international human rights agreements

Amendment 28

Proposal for a directive
Annex I – Part I – point – subpoint 7 a (new)

Text proposed by the Commission	*Amendment*
	7a. Violation of the right to enjoy safe and healthy working conditions in accordance with the ILO Occupational Safety and Health Convention and the ILO Promotional Framework for

Occupational Safety and Health Convention;

Amendment 29

Proposal for a directive
Annex I – Part I – point 1 – subpoint 21 a (new)

Text proposed by the Commission	*Amendment*
	21a. Violation of the right to work (for example Article 6 ICECR)

Amendment 30

Proposal for a directive
Annex I – Part I – point 1 – subpoint 21 b (new)

Text proposed by the Commission	*Amendment*
	21b. Violation of the prohibition of violating or harassing women (for example ILO Convention 190, CoE 'Istanbul Convention')

Amendment 31

Proposal for a directive
Annex I – Part I – point 1 – subpoint 21 c (new)

Text proposed by the Commission	*Amendment*
	21c. Violation of rights without discrimination between men and women as expressed (for example in Articles 1 and 2 of the CEDAW and Article 3 of the ICCPR)

Amendment 32

Proposal for a directive
Annex I – Part I – point 2 – indent 3 a (new)

Text proposed by the Commission	*Amendment*

	- The International Convention on the Protection of the Rights of all Migrant Workers and Members of their Families;

Amendment 33

Proposal for a directive
Annex I – Part I – point 2 – indent 9 a (new)

Text proposed by the Commission	*Amendment*
	- The United Nations Declaration on Human Rights Defenders;

Amendment 34

Proposal for a directive
Annex I – Part I – point 2 – indent 10 a (new)

Text proposed by the Commission	*Amendment*
	- The United Nations Declaration on the Rights of Peasants and Other People Working in Rural Areas;

Amendment 35

Proposal for a directive
Annex I – Part I – point 2 – indent 14 a (new)

Text proposed by the Commission	*Amendment*
	- The International Labour Organisation's Convention on Indigenous and Tribal Peoples (no. 169)
	The International Labour Organization's Violence and Harassment Convention, 2019 (No. 190)

Amendment 36

Proposal for a directive
Annex I – Part I – point 2 – indent 15 a (new)

Text proposed by the Commission	*Amendment*
	- Occupational Safety and Health Convention, 1981 (No. 155)·
	Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)
	The European Convention on Human Rights
	The European Social Charter
	The Charter of Fundamental Rights of the European Union
	Convention on preventing and combating violence against women and domestic violence ('IstanbulConvention')

Amendment 37

Proposal for a directive
Annex I – Part I – point 2 – indent 15 b (new)

Text proposed by the Commission	*Amendment*
	- UN Declaration on Human Rights Defenders

Amendment 38

Proposal for a directive
Annex I – Part I – point 2 – indent 15 c (new)

Text proposed by the Commission	*Amendment*
	- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families

Amendment 39

Proposal for a directive
Annex I – Part I – – point 2 – indents 15 d (new) to 15 j (new)

Text proposed by the Commission	*Amendment*
	- Occupational Safety and Health Convention, 1981 (No. 155) and its 2002 Protocol
	- Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)
	- The International Labour Organization's Violence and Harassment Convention, 2019 (No. 190)
	- Council of Europe Convention on preventing and combating violence against women and domestic violence
	- The European Social Charter
	- The European Convention on Human Rights
	- The Charter of Fundamental Rights

PUBLIC

PROCEDURE – COMMITTEE ASKED FOR OPINION

PUBLIC

Title	Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
References	COM(2022)0071 – C9-0050/2022 – 2022/0051(COD)
Committee responsible Date announced in plenary	JURI 4.4.2022
Opinion by Date announced in plenary	EMPL 4.4.2022
Associated committees - date announced in plenary	15.9.2022
Rapporteur for the opinion Date appointed	Samira Rafaela 5.9.2022
Discussed in committee	8.11.2022
Date adopted	1.3.2023
Result of final vote	+: 28 –: 20 0: 1
Members present for the final vote	João Albuquerque, Marc Angel, Dominique Bilde, Vilija Blinkevičiūtė, Milan Brglez, Jordi Cañas, David Casa, Leila Chaibi, Ilan De Basso, Margarita de la Pisa Carrión, Jarosław Duda, Estrella Durá Ferrandis, Lucia Ďuriš Nicholsonová, Loucas Fourlas, Elisabetta Gualmini, Agnes Jongerius, Irena Joveva, Radan Kanev, Ádám Kósa, Katrin Langensiepen, Miriam Lexmann, Elena Lizzi, Sara Matthieu, Jörg Meuthen, Max Orville, Kira Marie Peter-Hansen, Dragoş Pîslaru, Dennis Radtke, Elżbieta Rafalska, Guido Reil, Daniela Rondinelli, Mounir Satouri, Monica Semedo, Beata Szydło, Eugen Tomac, Romana Tomc, Nikolaj Villumsen, Marianne Vind, Maria Walsh, Stefania Zambelli
Substitutes present for the final vote	Marc Botenga, Gheorghe Falcă, Lina Gálvez Muñoz, José Gusmão, Pierre Larrouturou, Antonius Manders, Samira Rafaela, Evelyn Regner, Marie-Pierre Vedrenne

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

28	+
Renew	Jordi Cañas, Lucia Ďuriš Nicholsonová, Irena Joveva, Max Orville, Samira Rafaela, Monica Semedo, Marie-Pierre Vedrenne
S&D	João Albuquerque, Marc Angel, Vilija Blinkevičiūtė, Milan Brglez, Ilan De Basso, Estrella Durá Ferrandis, Lina Gálvez Muñoz, Elisabetta Gualmini, Agnes Jongerius, Pierre Larrouturou, Evelyn Regner, Daniela Rondinelli, Marianne Vind
The Left	Marc Botenga, Leila Chaibi, José Gusmão, Nikolaj Villumsen
Verts/ALE	Katrin Langensiepen, Sara Matthieu, Kira Marie Peter-Hansen, Mounir Satouri

20	-
ECR	Margarita de la Pisa Carrión, Elżbieta Rafalska, Beata Szydło
ID	Dominique Bilde, Elena Lizzi, Guido Reil, Stefania Zambelli
NI	Ádám Kósa, Jörg Meuthen
PPE	David Casa, Jarosław Duda, Gheorghe Falcă, Loucas Fourlas, Radan Kanev, Miriam Lexmann, Antonius Manders, Dennis Radtke, Eugen Tomac, Romana Tomc, Maria Walsh

1	0
Renew	Dragoş Pîslaru

Key to symbols:
+ : in favour
- : against
0 : abstention

PUBLIC

10.2.2023

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
(COM2022)0071 – C9-0050/2022 – 2022/0051(COD))

Rapporteur for opinion: Tiemo Wölken

PUBLIC

Amendment 1

Proposal for a directive
Recital 1

Text proposed by the Commission	*Amendment*
(1) The Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights. Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action includes fostering the sustainable economic, social and environmental development of developing countries.	(1) The Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights. ***Article 191 of the Treaty on the Functioning of the European Union (TFEU) states that Union policy should contribute to preserving, protecting and improving the quality of the environment, protecting human health, prudent and rational utilisation of natural resources and promoting measures at international level to deal with regional or world wide environmental problems, and in particular combating climate change.*** Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human ***and environmental*** rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action includes***, inter alia,***

fostering the sustainable economic, social and environmental development of developing countries.

Amendment 2

Proposal for a directive
Recital 2

Text proposed by the Commission	*Amendment*
(2) A high level of protection and improvement of the quality of the environment and promoting European core values are among the priorities of the Union, as set out in the Commission's Communication on A European Green Deal[74] . These objectives require the involvement not only of the public authorities but also of private actors, in particular companies.	(2) A high level of protection and improvement of the quality of the environment***, achieving climate neutrality by 2050,*** and promoting European core values are among the priorities of the Union, as set out in the Commission's Communication on A European Green Deal[74]. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies.
[74] Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region "The European Green Deal" (COM/2019/640 final).	[74] Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region "The European Green Deal" (COM/2019/640 final).

Amendment 3

Proposal for a directive
Recital 4

Text proposed by the Commission	*Amendment*
(4) The behaviour of companies across all sectors of the economy is key to success in the Union's sustainability objectives as Union companies, especially large ones, rely on global value chains. It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several	(4) The behaviour of companies across all sectors of the economy is key to success in the Union's sustainability objectives as Union companies, especially large ones, rely on global value chains. It is also in the interest of companies to protect human rights***,*** and the environment ***and climate***, in particular given ***the need for long-term sustainability as a prerequisite for***

initiatives fostering enterprises which support value-oriented transformation already exist on Union[77] , as well as national[78] level.

ensuring economic development for future generations and the rising concern of consumers and investors regarding these topics. Several initiatives fostering enterprises which support value-oriented transformation already exist on Union[77], as well as national[78] level.

[77] 'Enterprise Models and the EU agenda', CEPS Policy Insights, No PI2021-02/ January 2021.

[78] E.g. https://www.economie.gouv.fr/entreprises/societe-mission

[77] 'Enterprise Models and the EU agenda', CEPS Policy Insights, No PI2021-02/ January 2021.

[78] E.g. https://www.economie.gouv.fr/entreprises/societe-mission

Amendment 4

Proposal for a directive
Recital 8 a (new)

Text proposed by the Commission

Amendment

(8a) International agreements under the United Nations United Nations Convention on Biological Diversity, to which the Union and the Member States are parties, such as the recent "Kunming-Montreal Global Biodiversity Framework" (GBF), set out precise goals and targets to address the global biodiversity collapse, including restoration, conservation, halting species extinction, reducing risks associated with pesticides and environmentally harmful subsidies. The role of the private sector, in particular its investment strategies, is considered central to achieve these objectives.

Amendment 5

Proposal for a directive
Recital 9

Text proposed by the Commission	*Amendment*
(9) In the European Climate Law[86] , the Union also legally committed to becoming climate-neutral by 2050 and to reducing emissions by at least 55% by 2030. Both these commitments require changing the way in which companies produce and procure. The Commission's 2030 Climate Target Plan[87] models various degrees of emission reductions required from different economic sectors, though all need to see considerable reductions under all scenarios for the Union to meet its climate objectives. The Plan also underlines that "changes in corporate governance rules and practices, including on sustainable finance, will make company owners and managers prioritise sustainability objectives in their actions and strategies." The 2019 Communication on the European Green Deal[88] sets out that all Union actions and policies should pull together to help the Union achieve a successful and just transition towards a sustainable future. It also sets out that sustainability should be further embedded into the corporate governance framework.	(9) In the European Climate Law[86], the Union also legally committed to becoming climate-neutral by 2050 and to reducing emissions by at least 55% by 2030. Both these commitments require changing the way in which companies produce and procure. The Commission's 2030 Climate Target Plan[87] models various degrees of emission reductions required from different economic sectors, though all need to see considerable reductions under all scenarios for the Union to meet its climate objectives. The Plan also underlines that "changes in corporate governance rules and practices, including on sustainable finance, will make company owners and managers prioritise sustainability objectives in their actions and strategies." The ***General Union Environmental Action Programme to 2030 (the '8th EAP')[87a] aims to accelerate the green transition to a climate-neutral, , resilient and competitive circular economy and to protect, restore and improve the state of the environment by, inter alia, halting and reversing biodiversity loss. The 8th EAP also has the long-term priority objective that by 2050 at the latest, people live well, within the planetary boundaries in a well-being economy where nothing is wasted, growth is regenerative, climate neutrality in the Union has been achieved and inequalities have been significantly reduced. The*** 2019 Communication on the European Green Deal[88] sets out that all Union actions and policies should pull together to help the Union achieve a successful and just transition towards a sustainable future. It also sets out that sustainability should be further embedded into the corporate governance framework.
[86] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and	[86] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and

amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’) PE/27/2021/REV/1 (OJ L 243, 9.7.2021, p. 1).

[87] SWD/2020/176 final.

[88] COM/2019/640 final.

amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’) PE/27/2021/REV/1 (OJ L 243, 9.7.2021, p. 1).

[87] SWD/2020/176 final.

[87a] Decision (EU) 2022/591 of the European Parliament and of the Council of 6 April 2022 on a General Union Environment Action Programme to 2030 (OJ L 114,12.4.2022, p. 22).

[88] COM/2019/640 final.

Amendment 6

Proposal for a directive
Recital 11

Text proposed by the Commission	*Amendment*
(11) The Action Plan on a Circular Economy[91] , the Biodiversity strategy[92] , the Farm to Fork strategy[93] and the Chemicals strategy[94] and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe’s recovery[95] , Industry 5.0[96] and the European Pillar of Social Rights Action Plan[97] and the 2021 Trade Policy Review[98] list an initiative on sustainable corporate governance among their elements.	(11) The Action Plan on a Circular Economy[91], the Biodiversity strategy[92], the Farm to Fork strategy[93] and the Chemicals strategy[94], ***the Pharmaceutical Strategy[94a], the 2021 EU Action Plan Towards Zero Pollution for Air, Water and Soil[94b]*** and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe’s recovery[95], Industry 5.0[96] and the European Pillar of Social Rights Action Plan[97] and the 2021 Trade Policy Review[98] list an initiative on sustainable corporate governance among their elements. ***Due diligence requirements under this Directive should therefore contribute to preserving and restoring biodiversity and by improving the state of the environment, in particular air, water and soil. They should also contribute towards accelerating the transition to a non-toxic circular economy. Due diligence requirements under this Directive should also contribute to the objectives of the Zero Pollution Action Plan of creating a toxic-free environment and protecting the health and well-being of people, animals and ecosystems from environment-related***

risks and negative impacts.

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[91] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final).

[91] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final).

[92] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Biodiversity Strategy for 2030 Bringing nature back into our lives (COM/2020/380 final).

[92] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Biodiversity Strategy for 2030 Bringing nature back into our lives (COM/2020/380 final).

[93] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system (COM/2020/381 final).

[93] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system (COM/2020/381 final).

[94] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Chemicals Strategy for Sustainability Towards a Toxic-Free Environment (COM/2020/667 final).

[94] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Chemicals Strategy for Sustainability Towards a Toxic-Free Environment (COM/2020/667 final).

[94a] ***Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Pharmaceutical Strategy for Europe (COM/2020/761 final).***

[94b] ***Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Pathway to a Healthy Planet for All, EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil' COM(2021) 400 final.***

[95] Communication from the Commission to the European Parliament, the Council, the

[95] Communication from the Commission to the European Parliament, the Council, the

European Economic and Social Committee and the Committee of the Regions on Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery (COM/2021/350 final).

[96] Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en

[97] https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/

[98] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy (COM/2021/66/final).

European Economic and Social Committee and the Committee of the Regions on Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery (COM/2021/350 final).

[96] Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en

[97] https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/

[98] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy (COM/2021/66/final).

Amendment 7

Proposal for a directive
Recital 20

Text proposed by the Commission	*Amendment*
(20) In order to allow companies to properly identify the adverse impacts in their value chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations ***should be limited*** in this Directive ***to established*** business relationships. For the purpose of this Directive, ***established*** business relationships should mean ***such*** direct and indirect business relationships ***which are, or which are expected to be lasting, in view of their intensity and duration and which do not represent a negligible or ancillary part of the value chain. The nature of business relationships as "established" should be reassessed periodically, and at least every 12 months. If the direct business relationship of a company is established, then all linked***	(20) In order to allow companies to properly identify the adverse impacts in their value chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations in this Directive ***should cover all*** business relationships. For the purpose of this Directive, business relationships should mean direct and indirect business relationships***.***

indirect business relationships should also be considered as established regarding that company.

Amendment 8

Proposal for a directive
Recital 21

Text proposed by the Commission	*Amendment*
(21) Under this Directive, EU companies with more than ***500*** employees on average and a worldwide net turnover exceeding EUR ***150*** million in the ***financial year preceding*** the last financial year should be required to comply with due diligence***. As regards companies which do not fulfil those criteria, but which had more than 250 employees on average and more than EUR 40 million worldwide net turnover in the financial year preceding the last financial year and which operate in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts***. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council[103] , should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company.	(21) Under this Directive, EU companies with more than ***250*** employees on average and a worldwide net turnover exceeding EUR ***40*** million in the ***in*** the last financial year ***for which annual financial statements have been prepared*** should be required to comply with due diligence. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council[103], should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company.
[103] Directive (EU) 2018/957 of the European Parliament and of the Council of	[103] Directive (EU) 2018/957 of the European Parliament and of the Council of

28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).

28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).

Amendment 9

Proposal for a directive
Recital 22

Text proposed by the Commission	*Amendment*
(22) In order to reflect the priority areas of international action aimed at tackling human rights ***and*** environmental issues, the selection of high-impact sectors for the purposes of this Directive should be based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this Directive: the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; the extraction of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products). As regards the financial sector, due to its specificities, in particular as regards the value chain and the services offered, even if it is covered by sector-specific OECD guidance, it should not form part of the high-impact sectors covered by this	(22) In order to reflect the priority areas of international action aimed at tackling human rights***,*** environmental ***and climate*** issues, the selection of high-impact sectors for the purposes of this Directive should be based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this Directive: the manufacture of textiles***, fur***, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, ***animal products,*** wood, food, and beverages; ***energy and resource extraction, including*** the extraction***, transport and handling*** of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products). As regards the financial sector, due to its specificities, in particular as regards the value chain and the services offered, even

Directive. At the same time, in this sector, the broader coverage of actual and potential adverse impacts should be ensured by also including very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited liability.

if it is covered by sector-specific OECD guidance, it should not form part of the high-impact sectors covered by this Directive. At the same time, in this sector, the broader coverage of actual and potential adverse impacts should be ensured by also including very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited liability.

Amendment 10

Proposal for a directive
Recital 22 a (new)

Text proposed by the Commission	*Amendment*
	(22a) This Directive acknowledges the 'One Health' approach as an integrated and unifying approach that aims to sustainably balance and optimize the health of people, animals and ecosystems. The 'One Health' approach recognises that the health of humans, domestic and wild animals, plants, and the wider environment, including ecosystems, are closely interlinked and inter-dependent. Therefore, this Directive takes into account the key role of the health sector in climate adaptation, and commits to making our health systems environmentally sustainable, climate-neutral and resilient at the latest by 2050. Companies in the relevant sectors should strive to ensure that the five freedoms for animal welfare are respected. In regards to aquaculture, the OIE Aquatic Animal Health Code standards on transport and slaughter and the EU Platform on Animal Welfare Fish Welfare Guidelines on water quality and handling for the welfare of farmed vertebrate fish should be fully respected. In respect to the G7 commitment to acknowledge the rapid rise in antimicrobial resistance (AMR) at the global scale, it is necessary to promote the prudent and responsible use of antibiotics in human and veterinary medicines, raise

	awareness on sepsis, lead in the development of integrated surveillance systems based on a 'One Health' approach, concurrently advance access to antimicrobials, strengthen research and innovation for new antibiotics in international partnerships, and incentivise the development of new antimicrobial treatments with a particular emphasis on pull incentives.

Amendment 11

Proposal for a directive
Recital 23

Text proposed by the Commission	*Amendment*
(23) In order to achieve fully the objectives of this Directive addressing human rights and ***adverse*** environmental impacts with respect to companies' operations, subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a ***net turnover of at least EUR 150 million in the Union in the financial year preceding the last financial year or a*** net turnover of more than EUR 40 ***million but less than EUR 150*** million in the financial year preceding the last financial year ***in one or more of the high-impact sectors, as of 2 years after the end of the transposition period of this Directive.***	(23) In order to achieve fully the objectives of this Directive addressing human rights and environmental ***adverse*** impacts with respect to companies' operations***, products and services***, subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a ***worldwide*** net turnover of more than EUR 40 million in the financial year preceding the last financial year***.***

Amendment 12

Proposal for a directive
Recital 24 a (new)

Text proposed by the Commission	*Amendment*
	(24a) Companies that are part of a group, including subsidies and parent

companies, may not always have the same value chain. However, it may be that due diligence processes and actions are conducted at the level of the group. In this regard, parent companies may fulfil the due diligence obligations under this Directive on behalf of the companies which are their subsidiaries falling under the scope of this Directive.

Amendment 13

Proposal for a directive
Recital 25

Text proposed by the Commission	*Amendment*
(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on protected persons resulting from the violation of one of the rights and prohibitions as enshrined in the international conventions as listed in the Annex to this Directive. In order to ensure a comprehensive coverage of human rights, a violation of a prohibition or right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions should also form part of the adverse human rights impact covered by this Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context. Due diligence should further encompass adverse environmental impacts resulting from the ***violation of one of the prohibitions and*** obligations ***pursuant to the international environmental conventions*** listed in the Annex to this Directive.	(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on protected persons resulting from the violation of one of the rights and prohibitions as enshrined in the international conventions as listed in the Annex to this Directive. In order to ensure a comprehensive coverage of human rights, a violation of a prohibition or right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions should also form part of the adverse human rights impact covered by this Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context. Due diligence should further encompass adverse environmental impacts ***associated with the environmental categories of climate change mitigation, climate change adaptation, the sustainable use and protection of soil, water and marine resources, the transition to a circular economy, pollution prevention and control, including harmful***

substances, the protection and restoration of biodiversity and ecosystems, and resulting from the ***failure to comply with*** obligations ***in line with the relevant provisions of the instruments*** listed in the Annex to this Directive.

Amendment 14

Proposal for a directive
Recital 27

Text proposed by the Commission	*Amendment*
(27) In order to conduct appropriate human rights, ***and*** environmental due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish and maintain a complaints procedure, monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts should be clearly distinguished in this Directive.	(27) In order to conduct appropriate human rights, environmental ***and climate*** due diligence with respect to their operations, ***products and services*** their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies ***with short-, medium- and long-term measures and targets***, identify, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights**,** and environmental ***and climate*** impacts, ***meaningfully engage with stakeholders*** establish and maintain a complaints procedure, monitor ***and assess*** the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence ***and meaningfully engage with stakeholders***. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts should be clearly distinguished in this Directive.

Amendment 15

Proposal for a directive
Recital 29 a (new)

Text proposed by the Commission	*Amendment*
	(29a) Due diligence obligations should be recognised as an ongoing and dynamic process instead of a 'box-ticking exercise' and due diligence strategies should therefore be in line with the dynamic nature of adverse impacts. Those strategies should cover every actual or potential adverse impact on human rights, the environment, including climate or good governance, although the severity and likelihood of the adverse impact, the company's ability to address the adverse impact, and the company's direct contribution to the cause of the adverse impact should be considered in the context of a prioritisation policy, where it is not feasible to prevent, neutralise or correct all identified adverse impacts at the same time.

Amendment 16

Proposal for a directive
Recital 30

Text proposed by the Commission	*Amendment*
(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights ***and*** environmental impacts. In order to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification of adverse impacts should include assessing the human rights, ***and*** environmental context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating	(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights***, climate and other*** environmental impacts. In order to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative information. For instance, as regards adverse ***climate and other*** environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification of adverse impacts should include assessing the human rights, environmental***, and climate*** context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major decisions or changes in the

environment; and periodically, at least every 12 months, throughout the life of an activity or relationship. Regulated financial undertakings providing loan, credit, or other financial services should identify the adverse impacts only at the inception of the contract. When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should ***be able to prioritize its action, provided it takes the measures reasonably available to the company, taking*** into account the ***specific circumstances***.

operation; in response to or anticipation of changes in the operating environment; and periodically, at least every 12 months, throughout the life of an activity or relationship. Regulated financial undertakings providing loan, credit, or other financial services should identify the adverse impacts only at the inception of the contract. When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should ***develop and implement a prioritisation strategy, which should take*** into account the ***level of severity, likelihood and reversibility of the different potential adverse impacts on human rights, the environment and climate and the consultation with stakeholders***.

Amendment 17

Proposal for a directive
Recital 31

Text proposed by the Commission	*Amendment*
In order to avoid undue burden on the smaller companies operating in high-impact sectors which are covered by this Directive, those companies should only be obliged to identify those actual or potential severe adverse impacts that are relevant to the respective sector.	***deleted***

Amendment 18

Proposal for a directive
Recital 34

Text proposed by the Commission	*Amendment*
(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions, ***where relevant. Where necessary due to the complexity of prevention measures,*** companies should develop and implement a prevention action plan. Companies should ***seek to*** obtain ***contractual assurances*** from a direct partner with whom they have ***an established*** business relationship that it will ensure compliance with ***the code of conduct or*** the prevention action plan, including by seeking corresponding contractual assurances from its partners to the extent that their activities are part of the companies' value chain. The ***contractual*** assurances should be accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate support for an SME with which they have ***an established*** business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the ***code of conduct or*** prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.	(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions. Companies should develop and implement a prevention action plan. Companies should obtain ***assurances,*** contractual ***or otherwise,*** from a direct partner with whom they have ***a*** business relationship that it will ensure compliance with the prevention action plan, including by seeking corresponding assurances***, contractual or otherwise,*** from its partners to the extent that their activities are part of the companies' value chain. The assurances should be accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, ***including into their own staff and management,*** provide targeted and proportionate support for an SME with which they have ***a*** business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.

Amendment 19

Proposal for a directive
Recital 35

Text proposed by the Commission	*Amendment*
(35) In order to reflect the full range of options for the company in cases where potential impacts could not be addressed	(35) In order to reflect the full range of options for the company in cases where potential impacts could not be addressed

by the described prevention or minimisation measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance ***with the company's code of conduct or*** a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.	by the described prevention or minimisation measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.

Amendment 20

Proposal for a directive
Recital 35 a (new)

Text proposed by the Commission	*Amendment*
	(35a) The European Union Agency for Fundamental Rights (FRA), the European Environment Agency, and, where relevant, other agencies such as the European Food and Safety Authority (EFSA), the European Innovation Council and SMEs executive agency (EISMEA) should issue guidelines in a digital and easily accessible format, free of charge on aspects including information on specific sectors or specific adverse impacts, highlighting inter alia specific risk factors and practical guidance.

Amendment 21

Proposal for a directive
Recital 38

Text proposed by the Commission	*Amendment*
(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights or environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company	(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights or environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company

is able to bring to an end actual adverse impacts in their own operations and in subsidiaries. However, it should be clarified that, as regards ***established*** business relationships, where adverse impacts cannot be brought to an end, companies should minimise the extent of such impacts. ***Minimisation*** of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights ***and*** environmental adverse impacts to an end and minimisation of their extent***, where relevant depending on the circumstances.***	is able to bring to an end actual adverse impacts in their own operations and in subsidiaries. However, it should be clarified that, as regards business relationships, where adverse impacts cannot be brought to an end, companies should minimise the extent of such impacts. ***Mitigation*** of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights**,** environmental ***and climate*** adverse impacts to an end and minimisation of their extent**.**

Amendment 22

Proposal for a directive
Recital 39

Text proposed by the Commission	*Amendment*
(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or minimise its extent, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain ***contractual*** assurances from a direct business partner ***with whom they have an established business relationship*** that they will ensure	(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or minimise its extent, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain assurances**,** from a direct business partner that they will ensure compliance with the company's code of conduct and, as necessary, a

compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding ***contractual*** assurances from its partners, to the extent that their activities are part of the company's value chain. The ***contractual*** assurances should be accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or minimising the extent of adverse impact, provide targeted and proportionate support for an SMEs with which they have ***an established*** business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.	prevention action plan, including by seeking corresponding assurances from its partners, to the extent that their activities are part of the company's value chain. The assurances should be accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or minimising the extent of adverse impact, provide targeted and proportionate support for an SMEs with which they have ***a*** business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.

Amendment 23

Proposal for a directive
Recital 44 a (new)

Text proposed by the Commission	*Amendment*
	(44a) Companies should provide stakeholders adequate, comprehensive meaningful information about actual and potential adverse human rights, environmental and climate impacts and the actions taken to respect their due diligence. Stakeholders should also be able to request additional information from a company regarding the actions taken to comply with the obligations set in this Directive.

Amendment 24

Proposal for a directive
Recital 46 a (new)

Text proposed by the Commission	*Amendment*
	(46a) Stakeholders, including human rights and environmental defenders

should be engaged effectively, meaningfully and in an appropriate manner by companies throughout the entire due diligence process. Companies should provide meaningful information to stakeholders about actual and potential adverse human rights, environmental and climate impacts of particular operations, projects and investments, in a timely and culturally sensitive and accessible manner taking into account specifics of the stakeholder group, such as possible vulnerabilities. Companies must respect the rights of indigenous peoples, as laid out in the United Nations Declaration on the Rights of Indigenous Peoples, including free, prior and informed consent and indigenous peoples' right to self-determination.

Amendment 25

Proposal for a directive
Recital 50

Text proposed by the Commission	*Amendment*
(50) In order to ensure that this Directive effectively contributes to combating climate change, companies should adopt a plan to ensure that the business model and strategy of the company are ***compatible*** with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement***. In case*** climate ***is or*** should ***have been identified as a principal risk for or a principal impact of*** the company's ***operations, the company*** should include ***emissions reduction objectives in its plan***.	(50) In order to ensure that this Directive effectively contributes to combating climate change, companies should ***in consultation with stakeholders*** adopt a plan to ensure that the business model and strategy of the company are ***aligned*** with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement***, as well as the objective of achieving*** climate ***neutrality by 2050 as established in Regulation (EU) 2021/1119 (European Climate Law). The plan*** should ***take into account the entire value chain and include time-bound targets related to their climate objectives for scope 1, 2 and, where relevant, 3 emissions, including absolute emission reduction targets for greenhouse gas and, where relevant, methane emissions, for 2030 and in five-year steps up to 2050. The plan should take due account of the latest***

	recommendations of the Intergovernmental Panel on Climate Change (IPCC) and the European Scientific Advisory Board on Climate Change, consider risks and impacts of climate action for the company, identify decarbonisation levers within the company's ***business and value chain and develop implementing actions to achieve the company's climate targets based on current scientific data. The plans*** should include ***clear obligations for directors and board members to ensure that environmental and climate risks and impacts are addressed in the company's strategy***.

Amendment 26

Proposal for a directive
Recital 51

Text proposed by the Commission	*Amendment*
(51) ***With a view to ensure that such emission reduction plan is*** properly implemented and embedded in the financial incentives of directors, the plan should be duly taken into account when setting directors' variable remuneration***, if variable remuneration is linked to the contribution of a director to the company's business strategy and long-term interests and sustainability.***	(51) ***The climate targets and transition plan should be*** properly implemented and embedded in the financial incentives of directors, the plan should be duly taken into account when setting directors' variable remuneration***.***

Amendment 27

Proposal for a directive
Recital 63

Text proposed by the Commission	*Amendment*
(63) In all Member States' national laws, directors owe a duty of care to the company. In order to ensure that this general duty is understood and applied in a manner which is coherent and consistent	(63) In all Member States' national laws, directors owe a duty of care to the company. In order to ensure that this general duty is understood and applied in a manner which is coherent and consistent

with the due diligence obligations introduced by this Directive and that directors systematically ***take into account*** sustainability matters in their decisions, this Directive should clarify, in a harmonised manner, the general duty of care of directors to act in the best interest of the company, by laying down that directors take into account the sustainability matters as referred to in Directive 2013/34/EU, including, ***where applicable,*** human rights, climate change and environmental consequences, including in the short, medium and long term horizons. Such clarification does not require changing existing national corporate structures.	with the due diligence obligations introduced by this Directive and that directors systematically ***integrate*** sustainability matters in their decisions, this Directive should clarify, in a harmonised manner, the general duty of care of directors to act in the best interest of the company, by laying down that directors take into account the sustainability matters as referred to in Directive 2013/34/EU, including, human rights, climate change and environmental consequences, including in the short, medium and long term horizons. Such clarification does not require changing existing national corporate structures.

Amendment 28

Proposal for a directive
Recital 64

Text proposed by the Commission	*Amendment*
(64) Responsibility for due diligence should be assigned to the company's directors, in line with the international due diligence frameworks. Directors should therefore be responsible for putting in place and overseeing the due diligence actions as laid down in this Directive and for adopting the company's due diligence policy, taking into account the input of stakeholders and civil society organisations and integrating due diligence into corporate management systems. Directors should also adapt the corporate strategy to actual and potential impacts identified and any due diligence measures taken.	(64) Responsibility for due diligence should be assigned to the company's directors, in line with the international due diligence frameworks. Directors should therefore be responsible for putting in place and overseeing the due diligence actions ***and the implementation of the climate transition plan referred to in this Directive,*** as laid down in this Directive and for adopting the company's due diligence policy, taking into account the input of stakeholders and civil society organisations and integrating due diligence ***as well as related implementing actions under the company's climate transition plan according to this Directive*** into corporate management systems. Directors should also adapt the corporate strategy to actual and potential impacts identified and any due diligence ***and climate transition plan*** measures taken.

Amendment 29

Proposal for a directive
Recital 70

Text proposed by the Commission	*Amendment*
(70) The Commission should assess and report whether new sectors should be added to the list of high-impact sectors covered by this Directive, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear evidence on labour exploitation, human rights violations or newly emerging environmental threats, whether the list of relevant international conventions referred to in this Directive should be amended, in particular in the light of international developments***, or whether the provisions on due diligence under this Directive should be extended to adverse climate impacts.***	(70) The Commission should assess and report ***on a regular basis*** whether new sectors should be added to the list of high-impact sectors covered by this Directive, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear evidence on labour exploitation, human rights violations or newly emerging environmental ***and climate*** threats, whether the list of relevant international conventions referred to in this Directive should be amended, in particular in the light of international developments***.***

Amendment 30

Proposal for a directive
Recital 71

Text proposed by the Commission	*Amendment*
(71) The objective of this Directive, namely better exploiting the potential of the single market to contribute to the transition to a sustainable economy and contributing to sustainable development through the prevention and mitigation of potential or actual human rights ***and*** environmental adverse impacts in companies' value chains, cannot be sufficiently achieved by the Member States acting individually or in an uncoordinated manner, but can rather, by reason of the scale and effects of the actions, be better achieved at Union level. In particular, addressed problems and their causes are of a transnational dimension, as many companies are operating Union wide or globally and value chains expand to other	(71) The objective of this Directive, namely better exploiting the potential of the single market to contribute to the transition to a sustainable economy and contributing to sustainable development through the prevention and mitigation of potential or actual human rights***,*** environmental ***and climate*** adverse impacts in companies' value chains, cannot be sufficiently achieved by the Member States acting individually or in an uncoordinated manner, but can rather, by reason of the scale and effects of the actions, be better achieved at Union level. In particular, addressed problems and their causes are of a transnational dimension, as many companies are operating Union wide or globally and value chains expand to

Member States and to third countries. Moreover, individual Member States' measures risk being ineffective and lead to fragmentation of the internal market. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.	other Member States and to third countries. Moreover, individual Member States' measures risk being ineffective and lead to fragmentation of the internal market. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.

Amendment 31

Proposal for a directive
Article 2 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) the company had more than ***500*** employees on average and had a net worldwide turnover of more than EUR ***150*** million in the last financial year for which annual financial statements have been prepared;	(a) the company had more than ***250*** employees on average and had a net worldwide turnover of more than EUR ***40*** million in the last financial year for which annual financial statements have been prepared

Amendment 32

Proposal for a directive
Article 2 – paragraph 1 – point b – introductory part

Text proposed by the Commission	*Amendment*
(b) the company ***did not reach the thresholds under point (a), but had more than*** 250 employees ***on average and had*** a net worldwide turnover of more than EUR 40 million in the last financial year for which annual financial statements have been prepared***, provided that at least 50% of this net turnover was generated*** in one or more of the following sectors:	(b) the company ***reached the threshold of*** 250 employees ***and*** a net worldwide turnover of more than EUR 40 million in the last financial year for which annual financial statements have been prepared ***under point (a) and it was active*** in one or more of the following sectors:

Amendment 33

Proposal for a directive
Article 2 – paragraph 1 – point b – point i

Text proposed by the Commission	*Amendment*
(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear;	(i) the manufacture of textiles***, fur***, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear;

Amendment 34
Proposal for a directive
Article 2 – paragraph 1 – point b – point ii

Text proposed by the Commission	*Amendment*
(ii) agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages;	(ii) agriculture, forestry, fisheries (including aquaculture)***, water supply, the management of land and resources, including nature conservation***, the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, ***animal products,*** wood, food, and beverages;

Amendment 35

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii

Text proposed by the Commission	*Amendment*
(iii) the extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products).	(iii) the extraction***, refining, transport and handling*** of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products).

PUBLIC

Amendment 36

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii a (new)

Text proposed by the Commission	*Amendment*
	(iiia) the energy sector, including gas, nuclear, steam, electricity and other sources throughout their life-cycle, from extraction, refining, production, combustion of fuels to transport, handling, storage and waste management, including radioactive waste;

Amendment 37

Proposal for a directive
Article 2 – paragraph 1 – point b a (new)

Text proposed by the Commission	*Amendment*
	(ba) the company is covered by Regulation (EU) 2021/0104 (CSRD);

Amendment 38

Proposal for a directive
Article 2 – paragraph 1 – point b b (new)

Text proposed by the Commission	*Amendment*
	(bb) the company did not reach the threshold under points (a) and (b), but is covered with obligations for the EU Emissions Trading System (EU ETS).

Amendment 39

Proposal for a directive
Article 2 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) generated a net turnover of more than EUR ***150*** million ***in the Union*** in the financial year preceding the last financial year;	(a) generated a net ***worldwide*** turnover of more than EUR ***40*** million in the financial year preceding the last financial year;

Amendment 40

Proposal for a directive
Article 2 – paragraph 2 – point b

Text proposed by the Commission	*Amendment*
(b) generated a net turnover of more than EUR 40 million ***but not more than EUR 150 million in the Union*** in the financial year preceding the last financial year***, provided that at least 50% of its net worldwide turnover was generated*** in one or more of the sectors listed in paragraph 1, point (b).	(b) generated a net ***worldwide*** turnover of more than EUR 40 million in the financial year preceding the last financial year in one or more of the sectors listed in paragraph 1, point (b).

Amendment 41

Proposal for a directive
Article 3 – paragraph 1 – point a – point i

Text proposed by the Commission	*Amendment*
(i) a legal person constituted as one of the legal forms listed in Annex I to Directive 2013/34/EU of the European Parliament and of the Council[1];	(i) a legal person constituted as one of the legal forms listed in Annex I ***or II*** to Directive 2013/34/EU of the European Parliament and of the Council[1];
[1]Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (OJ L 182, 29.6.2013, p. 19).	[1]Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (OJ L 182, 29.6.2013, p. 19).

Amendment 42

Proposal for a directive
Article 3 – paragraph 1 – point a – point ii

Text proposed by the Commission	*Amendment*
(ii) a legal person constituted in accordance with the law of a third country in a form comparable to those listed in Annex I and II of that Directive;	***deleted***

PUBLIC

Amendment 43

Proposal for a directive
Article 3 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
‘adverse environmental impact’ means ***an adverse impact on the environment resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the Annex, Part II;***	‘adverse environmental impact’ means**:**

Amendment 44

Proposal for a directive
Article 3 – paragraph 1 – point b – point i (new)

Text proposed by the Commission	*Amendment*
	(i) an adverse impact on one of the following environmental categories:
	(a) climate change mitigation;
	(b) climate change adaptation;
	(c) the sustainable use and protection of soil, water and marine resources;
	(d) the transition to a circular economy;
	(e) pollution prevention and control, including harmful substances;

(f) the protection and restoration of biodiversity and ecosystems;

Amendment 45

Proposal for a directive
Article 3 – paragraph 1 – point b – point ii (new)

Text proposed by the Commission	*Amendment*
	(ii) an adverse impact on the environment resulting from the failure to comply with obligations in line with the relevant provisions of the instruments listed in the Annex Part I points 18 and 19 and Annex, Part II, taking into account, where available, the national legislation and measures linked to these provisions related to the international texts listed in the Annex Part I points 18 and 19 and Annex Part II;

Amendment 46

Proposal for a directive
Article 3 – paragraph 1 – point b – point iii (new)

Text proposed by the Commission	*Amendment*
	(iii) an adverse impact resulting from an offence as set out in the [Protection of the environment through criminal law][1a];
	[1a] COM(2021)851

Amendment 47

Proposal for a directive
Article 3 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) 'adverse human rights impact' means an adverse impact on protected persons resulting from the violation of one	(c) 'adverse human rights impact' means an adverse impact on protected persons resulting from the violation of one

of the rights or prohibitions listed in the Annex, Part I Section 1, as enshrined in the international conventions listed in the Annex, Part I Section 2;	of the rights or prohibitions listed in the Annex, Part I Section 1, as enshrined in the international conventions listed in the Annex, Part I Section 2***, taking into account, where available, the national legislation and measures linked to these provisions related to the international texts***;

Amendment 48

Proposal for a directive
Article 3 – paragraph 1 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) 'adverse animal welfare impact' means an adverse impact on the welfare of sentient beings resulting from the violation of Union legislation pertaining to the protection of animals;

Amendment 49

Proposal for a directive
Article 3 – paragraph 1 – point c b (new)

Text proposed by the Commission	*Amendment*
	(cb) 'polluter pays principle' means the principle as defined in [Protection of the environment through criminal law] [1a];
	[1a] COM(2021)851

Amendment 50

Proposal for a directive
Article 3 – paragraph 1 – point c c (new)

Text proposed by the Commission	*Amendment*
	(cc) 'One Health approach' means One Health approach as defined in Article 2, point (5), of Regulation (EU)

2021/522 of the European Parliament and of the Council ('EU4Health Programme);

Amendment 51

Proposal for a directive
Article 3 – paragraph 1 – point c d (new)

Text proposed by the Commission	*Amendment*
	(cd) 'Science-based target' means a target defined on the basis of conclusive scientific environmental evidence and with independent scientific validation, that when achieved by the company, ensures that the company's impacts are aligned with the sustainability goals and criteria of the Union for the specific environmental issue. In the specific case of climate change mitigation, this means a target enabling alignment of the company's impacts on climate change with the European Climate Law objectives, in particular of climate neutrality by 2050 at the latest, and with a 1,5°C climate scenario with no or limited overshoot as defined by the IPCC;

Amendment 52

Proposal for a directive
Article 3 – paragraph 1 – point f

Text proposed by the Commission	*Amendment*
(f) 'established business relationship' means a business relationship, whether direct or indirect, which is, or which is expected to be lasting, in view of its intensity or duration and which does not represent a negligible or merely ancillary part of the value chain;	***deleted***

Amendment 53

Proposal for a directive
Article 3 – paragraph 1 – point f a (new)

Text proposed by the Commission	*Amendment*
	(fa) engaging with stakeholders.

Amendment 54

Proposal for a directive
Article 3 – paragraph 1 – point g

Text proposed by the Commission	*Amendment*
(g) 'value chain' means activities related to the production of goods or the provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of upstream and downstream ***established*** business relationships of the company. ***As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision of these specific services shall only include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;***	(g) 'value chain' means activities related to the production of goods or the provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of upstream and downstream business relationships of the company.

Amendment 55

Proposal for a directive
Article 3 – paragraph 1 – point h

Text proposed by the Commission	*Amendment*
(h) 'independent third-party verification' means verification of the compliance by a company, or parts of its	(h) 'independent third-party verification' means verification of the compliance by a company, or parts of its

value chain, with human rights and environmental requirements resulting from the provisions of this Directive by an auditor which is independent from the company, free from any conflicts of interests, has experience and competence in environmental and human rights matters and is accountable for the quality and reliability of the audit;	value chain, with human rights***, climate*** and environmental requirements resulting from the provisions of this Directive by an auditor which is independent from the company, free from any conflicts of interests, has experience***, expertise*** and competence in ***climate,*** environmental and human rights matters and is accountable for the quality and reliability of the audit***, including potential liability claims in case of damages suffered as the result of a deficient audit***;

Amendment 56

Proposal for a directive
Article 3 – paragraph 1 – point h a (new)

Text proposed by the Commission	*Amendment*
	(ha) 'human rights and environmental defenders' means individuals and groups who, in their personal or professional capacity and in a peaceful manner, strive to protect and promote human rights relating to the environment and climate, including biodiversity, water, air, land, soil, flora and fauna;

Amendment 57

Proposal for a directive
Article 3 – paragraph 1 – point i

Text proposed by the Commission	*Amendment*
(i) 'SME' means a micro, small or a medium-sized enterprise, irrespective of its legal form, that is not part of a large group, as those terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU;	(i) ***'small and medium-sized enterprise' or*** 'SME' means a micro, small or a medium-sized enterprise, irrespective of its legal form, that is not part of a large group, as those terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU;

Amendment 58

Proposal for a directive
Article 3 – paragraph 1 – point l

Text proposed by the Commission	*Amendment*
(l) 'severe adverse impact' means an adverse environmental impact or an adverse human rights impact that is especially significant by its nature, or affects a large number of persons or a large area of the environment**,** or which is irreversible, or is particularly difficult to remedy as a result of the measures necessary to restore the situation prevailing prior to the impact;	(l) 'severe adverse impact' means an adverse environmental impact or an adverse human rights impact that is especially significant by its nature, or affects a large number of persons or ***animals*** or a large area of the environment or which is irreversible, or is particularly difficult to remedy as a result of the measures necessary to restore the situation prevailing prior to the impact;

Amendment 59

Proposal for a directive
Article 3 – paragraph 1 – point n

Text proposed by the Commission	*Amendment*
(n) 'stakeholders' means the company's employees, the employees of its subsidiaries, and other individuals, groups, communities or entities whose rights or interests are or could be affected by the products, services and operations of that company, its subsidiaries and its business relationships;	(n) 'stakeholders' means the company's employees, the employees of its subsidiaries, and other individuals, groups, communities or entities ***or non-governmental organisations and human rights and environmental defenders, including legal or natural persons representing them,*** whose rights or interests are or could be affected ***by the potential or actual adverse impacts on human rights and the environment caused*** by the products, services and operations of that company, its subsidiaries and its business relationships ***across the entire value chain, provided their legitimate and substantive interest***;

Amendment 60

Proposal for a directive
Article 3 – paragraph 1 – point n a (new)

Text proposed by the Commission	*Amendment*
	(na) 'social partners' means the company's employees and their representatives cooperating with the management and its representatives via social dialogue;

Amendment 61

Proposal for a directive
Article 3 – paragraph 1 – point q

Text proposed by the Commission	*Amendment*
(q) 'appropriate measure' means a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action.	(q) 'appropriate measure' means a ***set of*** measure***s*** that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action.

Amendment 62

Proposal for a directive
Article 4 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) integrating due diligence into their policies in accordance with Article 5;	(a) integrating due diligence into their policies ***and management systems*** in accordance with Article 5;

Amendment 63

Proposal for a directive
Article 4 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Member States shall ensure that parent companies falling under the scope of this Directive may fulfil the obligations set out in Articles 5 to 11 and Article 15(1) and (2) on behalf of companies which are their subsidiaries falling under the scope of this Directive. This is without prejudice to civil liability of subsidiaries in accordance with Article 22.

Amendment 64

Proposal for a directive
Article 6 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse human rights impacts ***and*** adverse environmental impacts arising from their own operations or those of their subsidiaries and, where related to their value chains, from their ***established*** business relationships, in accordance with paragraph 2, 3 and 4.	1. Member States shall ensure that companies take appropriate measures ***in a transparent manner*** to identify ***and assess*** actual and potential adverse human rights impacts ***as well as actual and potential*** adverse environmental impacts arising from their own operations***, products and services,*** or those of their subsidiaries and, where related to their value chains, from their business relationships, in accordance with paragraph 2, 3 and 4.

Amendment 65

Proposal for a directive
Article 6 – paragraph 2

Text proposed by the Commission	*Amendment*
2. By way of derogation from paragraph 1, companies referred to in Article 2(1), point (b), and Article 2(2), point (b), shall only be required to identify actual and potential severe adverse impacts relevant to the respective sector	***deleted***

mentioned in Article 2(1), point (b).

Amendment 66

Proposal for a directive
Article 6 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Member States shall ensure that, for the purpose of fulfilling the obligations in paragraph 1, companies shall:
	(a) carry out a broad scoping exercise of the company's operations, subsidiaries and business partners in order to identify areas where adverse impacts are most likely to occur including mapping individual higher risk operations, taking into account relevant risk factors; and
	(b) carry out in-depth assessments of operations, subsidiaries and business partners in order to determine the nature and extent of specific actual and potential adverse impacts as well as their likelihood and severity.

Amendment 67

Proposal for a directive
Article 6 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Member States shall ensure that, for the purposes of identifying the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information***,*** companies ***are*** entitled to make use of ***appropriate resources, including*** independent reports and information gathered through the complaints procedure provided for in Article 9. Companies shall, ***where relevant***, also carry out consultations with	4. Member States shall ensure that ***appropriate resources***, for the purposes of identifying the ***actual and potential*** adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information ***are made available to*** companies ***in order to enable compliance with the Directive. Member States may work with the Commission to prepare appropriate resources, such as official risk assessments and ad-hoc***

potentially affected groups including workers and other ***relevant*** stakeholders to gather information on actual or potential adverse impacts.	***helpdesks. Companies shall be*** entitled to make use of independent reports and information gathered through the complaints procedure provided for in Article 9. Companies shall also carry out consultations with potentially affected groups including workers and ***their representatives through social dialogue and*** other stakeholders to gather information on actual or potential adverse impacts.

Amendment 68

Proposal for a directive
Article 7 – paragraph 2 – introductory part

Text proposed by the Commission	*Amendment*
2. Companies shall be required to take the following actions, where relevant:	2. ***In order to comply with paragraph 1 of this article,*** companies shall be required to take the following actions, where relevant:

Amendment 69

Proposal for a directive
Article 7 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) ***where necessary due to the nature or complexity of the measures required for prevention,*** develop and implement a prevention action plan, with reasonable and clearly defined timelines for ***action*** and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be developed in consultation with ***affected*** stakeholders;	(a) develop and implement a prevention ***and mitigation*** action plan, with ***a*** reasonable and clearly defined ***roadmap and*** timelines for ***appropriate measures*** and qualitative and quantitative indicators for measuring improvement. The prevention ***and mitigation*** action plan shall be developed in consultation with stakeholders***, their representatives including NGOs, partners such as workers within the social dialogue, and, where relevant, sectoral initiative and industry schemes. The appropriate measures should apply, where applicable, to a company's own operations, subsidiaries as well as direct and indirect***

business relationships;

Amendment 70

Proposal for a directive
Article 7 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. The development and implementation of a climate transition plan according to Article 15 of this Directive shall be considered an appropriate measure to prevent or mitigate environmental adverse impacts related to climate change mitigation pursuant to paragraph 1 of this Article.

Amendment 71

Proposal for a directive
Article 8 – paragraph 3 – introductory part

Text proposed by the Commission	*Amendment*
3. Companies shall be required to take the following actions, where relevant:	3. ***In order to comply with paragraphs 1 and 2,*** companies shall be required to take the following actions, where relevant:

Amendment 72

Proposal for a directive
Article 8 – paragraph 3 – point a

Text proposed by the Commission	*Amendment*
(a) neutralise the adverse impact or minimise its extent***, including*** by the payment of damages to the affected persons and of financial compensation to the affected communities***. The*** action shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact;	(a) neutralise the adverse impact or minimise its extent ***by appropriate measures. In the event, these measures are accompanied*** by the payment of damages to the affected persons and financial compensation to the affected communities ***in line with the polluter pays principle, companies shall benefit from legal assurance to obtain compensation***

	from the partners concerned. The company's action shall be proportionate ***and commensurate*** to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact;

Amendment 73

Proposal for a directive
Article 8 – paragraph 3 – point b

Text proposed by the Commission	*Amendment*
(b) ***where necessary due to the fact that the adverse impact cannot be immediately brought to an end,*** develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. ***Where relevant,*** the corrective action plan shall be developed in consultation with stakeholders;	(b) develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. ***The action shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact.*** The corrective action plan shall be developed in consultation with stakeholders;

Amendment 74

Proposal for a directive
Article 8 – paragraph 3 a (new)

Text proposed by the Commission	*Amendment*
	3a. The development and implementation of a climate transition plan according to Article 15 of this Directive shall be considered an appropriate measure to minimise environmental adverse impacts related to climate change mitigation pursuant to paragraphs 1 and 2 of this article.

Amendment 75

Proposal for a directive
Article 8 a (new)

Text proposed by the Commission	*Amendment*
	Article 8a
	Prioritisation of identified actual and potential impacts
	1. Member States shall ensure that companies are allowed to prioritise potential and actual adverse human rights and environmental impacts arising from their own operations, products and services, those of their subsidiaries or those of their business partners identified pursuant to Article 6 for fulfilling the obligations laid down in Articles 7 and 8, where it is not feasible to prevent, neutralise or correct all identified adverse impacts.
	2. The prioritisation of adverse impacts shall be based on:
	a) the severity of the adverse impact, meaning its gravity, the number of individuals that are or may be affected, or the extent of the environment that is or may be damaged or otherwise affected, its irreversibility and any limits on the ability to restore affected individual circumstances or the environment to the situation prior to the adverse impact;
	b) the likelihood of the adverse impact, meaning the probability that a potential adverse impact materialises;
	c) the consultation of stakeholders.
	3. Once all prioritised adverse impacts are addressed in accordance with Articles 7 or 8, the company shall be required to address other adverse impacts;

Amendment 76

Proposal for a directive
Article 9 a (new)

Text proposed by the Commission	*Amendment*
	Article 9a
	Stakeholder engagement
	1. Member States shall ensure that companies effectively and meaningfully engage stakeholders to fulfil their obligations under Article 5 to 11 and Article 15 of this Directive, including by:
	(a) developing, publishing and implementing an engagement strategy that identifies and lists relevant stakeholders and determines the most effective and appropriate measures and tools of engagement, taking into account potential barriers to participation, in particular those of stakeholders in a marginalised and vulnerable situation, appropriate communication methods and the size and sector of the company, while always including the company's own employees;
	(b) providing identified stakeholders comprehensive, and, where relevant in case of significant changes in business operations, updated information in an easily accessible format and without undue delay;
	(c) putting into place adequate complaint mechanisms for stakeholders, which, in particular, allow for confidentiality, safety and legal integrity of the stakeholders to protect them against the risk of retaliation and against Strategic Lawsuits Against Public Participation.
	Member States shall provide companies with practical guidance on how to identify and target relevant stakeholders and develop the stakeholder engagement strategy in accordance with Article 13.
	2. Member States shall ensure that stakeholders can request to be included in the engagement outlined in paragraph 1. In the event the company declines this request, Member States shall ensure that

stakeholders can submit a substantiated concern in accordance with Article 19.

Amendment 77

Proposal for a directive
Article 13 – paragraph 1

Text proposed by the Commission	*Amendment*
In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, ***may*** issue guidelines***, including for*** specific sectors or specific adverse impacts.	In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency and***, where relevant, other agencies such as the European Food Safety Authority, European Innovation Council and SMEs executive agency (EISMEA) and*** where appropriate with international bodies having expertise in due diligence, ***shall*** issue guidelines ***in a digital and easily accessible format, free of charge, which shall include but not be limited to the following aspects:*** ***(a) information on*** specific sectors or specific adverse impacts***;*** ***(b) lists of risk factors, both sectoral and geographic, including context such as situations of conflict, occupation and discrimination related e.g. to religion, political views, ethnicity, gender, culture and other social factors;*** ***(c) an overview on applicable industry initiatives;*** ***(d) practical guidance on how proportionality and prioritisation may be applied to due diligence obligations depending on the size and sector of the undertaking;*** ***(e) information on responsible purchasing practices;*** ***(f) resource and information sharing among companies and other legal entities***

for the purposes of preventing, mitigating and remediating adverse impacts, without prejudice to applicable competition law;

(g) measures that companies should take to address the challenges faced by smallholders;

(h) responsible disengagement;

(i) practical guidance on how to identify and target relevant stakeholders and develop the stakeholder engagement strategy referred to in Article 9a.

Amendment 78

Proposal for a directive
Article 13 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. The guidelines shall be made available no later than 18 months after the date of entry into force of this Directive. The Commission shall periodically review the relevance of its guidelines and adapt them to new best practices.

Amendment 79

Proposal for a directive
Article 13 – paragraph 1 b (new)

Text proposed by the Commission	*Amendment*
	1b. Country fact-sheets shall be made available and updated regularly by the Commission in order to provide up-to-date information on the international Conventions and Treaties ratified by each of the Union's trading partners. The Commission shall collect and publish aggregated trade and customs data on origins of raw materials, and intermediate and finished products, and publish information on human rights, environmental and governance potential

or actual adverse impacts risks associated with certain countries or regions, sectors and sub-sectors, and products.

Amendment 80

Proposal for a directive
Article 15 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies referred to in Article ***2(1), point (a), and Article 2(2), point (a), shall adopt a plan*** to ensure that the business model and strategy of the company are ***compatible*** with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. This plan shall***, in particular, identify***, ***on the basis of information reasonably available to the company, the extent to which climate change is a risk for, or an impact of, the company's operations.***	1. Member States shall ensure that companies referred to in Article ***2 develop and implement a transition plan in line with the reporting requirements in Article 19a of Regulation (EU) 2021/0104 (CSRD),*** to ensure that the business model and strategy of the company are ***aligned*** with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement ***and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119 (European Climate Law) as regards its operations in the Union , including its 2050 climate neutrality target and the 2030 climate target***. This plan shall ***include a description of:*** ***(a) the resilience of the company's business model and strategy to risks related to climate matters;*** ***(b) the opportunities for the company related to climate matters;*** ***(c) an identification and explanation of decarbonisation levers within the company's operations and value chain, including the exposure of the company to coal-, oil- and gas-related activities, as referred to in Articles 19a(2), point (a)(iii), and 29a(2), point (a)(iii), of Directive 2013/34/EU;*** ***(d) how the company's business model and strategy take account of the interests of the company's stakeholders and of the impacts of the company on climate***

	change;
	(e) how the company's strategy has been implemented and will be implemented with regard to climate matters, including related financial and investment plans;
	(f) the time-bound, science-based targets related to climate change set by the company for scope 1, 2 and, where relevant, 3 emissions, including absolute emission reduction targets for greenhouse gas for 2030 and in five-year steps up to 2050, a description of the progress the company has made towards achieving those targets;
	(g) a description of the role of the administrative, management and supervisory bodies with regard to climate matters;

Amendment 81

Proposal for a directive
Article 15 – paragraph 2

Text proposed by the Commission	*Amendment*
2. ***Member States shall ensure that, in case climate change is or should have been identified as a principal risk for, or a principal impact of, the company's operations, the company includes emission reduction objectives in its plan.***	***deleted***

Amendment 82

Proposal for a directive
Article 15 – paragraph 3

Text proposed by the Commission	*Amendment*
3. ***Member States shall ensure that companies duly take into account the fulfilment of the obligations referred to in paragraphs 1 and 2 when setting variable remuneration, if variable remuneration is***	***deleted***

linked to the contribution of a director to the company's business strategy and long-term interests and sustainability.

Amendment 83

Proposal for a directive
Article 15 – paragraph 3 a (new)

Text proposed by the Commission	*Amendment*
	3a. Member States shall ensure that directors are responsible for overseeing the obligations set out in this article and that variable remuneration is set in accordance with Article 26.

Amendment 84

Proposal for a directive
Article 25 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that, when fulfilling their duty to act in the best interest of the company, directors of companies referred to in Article ***2(1) take into account the consequences of*** their decisions ***for*** sustainability matters, including***, where applicable,*** human rights, climate change and environmental consequences, including in the short, medium and long term.	1. Member States shall ensure that, when fulfilling their duty to act in the best interest of the company, directors of companies referred to in Article ***2 integrate potential and actual adverse impacts identified pursuant to this Directive into*** their decisions ***on*** sustainability matters, including human rights, climate change and environmental consequences, including in the short, medium and long term.

Amendment 85

Proposal for a directive
Article 26 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that directors of companies referred to in	1. Member States shall ensure that directors of companies referred to in

Article 2(1) are responsible for putting in place and overseeing the due diligence actions referred to in Article 4 and in particular the due diligence policy referred to in Article 5, with due consideration for relevant input from stakeholders and civil society organisations. The directors shall report to the board of directors ***in that respect***.	Article 2(1) are responsible for putting in place and overseeing the due diligence actions referred to in Article 4 and in particular the due diligence policy referred to in Article 5 ***and the implementing actions under Article 15***, with due consideration for relevant input from stakeholders and civil society organisations. The directors shall ***regularly*** report to the board of directors***, and discuss progress in mitigating adverse human rights and environmental impacts***.

Amendment 86

Proposal for a directive
Article 26 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Member States shall ensure that directors take steps to adapt the corporate strategy to take into account the actual and potential adverse impacts identified pursuant to Article 6 and any measures taken pursuant to Articles 7 to 9.	2. Member States shall ensure that directors take steps to adapt the corporate strategy to take into account the actual and potential adverse impacts identified pursuant to Article 6 and any measures taken pursuant to Articles 7 to 9 ***and Article 15***.

Amendment 87

Proposal for a directive
Article 26 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Member States shall ensure that companies with more than 1000 employees on average have a relevant and effective policy in place to ensure that part of any variable remuneration for directors is linked to the company's transition plan referred to in Article 15. Such a policy shall be approved by the Annual General Meeting.

Amendment 88

Proposal for a directive
Article 29 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
No later than … [OP please insert the date = ***7*** years after the date of entry into force of this Directive], the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives and assess the following issues:	No later than … [OP please insert the date = ***4*** years after the date of entry into force of this Directive], the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. ***This report shall be accompanied, if appropriate, by a legislative proposal.*** The report shall evaluate the effectiveness of this Directive in reaching its objectives and assess the following issues:

Amendment 89

Proposal for a directive
Article 29 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be ***lowered***;	(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be ***adjusted***;

Amendment 90

Proposal for a directive
Article 29 – paragraph 1 – point a a (new)

Text proposed by the Commission	*Amendment*
	(aa) the impact of this Directive on SMEs, accompanied by an account and assessment of the effectiveness of the different measures and tools for support provided to SMEs by the Commission and Member States;

Amendment 91

Proposal for a directive
Article 29 – paragraph 1 – point b a (new)

Text proposed by the Commission	*Amendment*
	(ba) the effectiveness of the enforcement mechanisms put in place at national level and of the sanctions and procedures for civil liability in particular;

Amendment 92

Proposal for a directive
Article 29 – paragraph 1 – point b b (new)

Text proposed by the Commission	*Amendment*
	(bb) the use and accessibility of complaints procedures and follow-up actions undertaken by companies and public authorities;

Amendment 93

Proposal for a directive
Article 29 – paragraph 1 – point b c (new)

Text proposed by the Commission	*Amendment*
	(bc) the involvement of stakeholders throughout all due diligence processes;

Amendment 94

Proposal for a directive
Article 29 – paragraph 1 – point d

Text proposed by the Commission	*Amendment*
(d) whether ***Articles 4 to 14*** should be extended to adverse climate impacts.	(d) whether ***the provisions of this Directive*** should be extended to ***additional*** adverse ***environmental,*** climate ***or animal welfare*** impacts.

Amendment 95

Proposal for a directive
Article 29 – paragraph 1 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) whether provisions of this Directive can be aligned with other relevant legislation.

PUBLIC

Amendment 96

Proposal for a directive
Article 29 – paragraph 1 – point d b (new)

Text proposed by the Commission	*Amendment*
	(db) whether a broad sustainability plan, dealing with other environmental impacts than climate, shall be developed.

Amendment 97

Proposal for a directive
Annex – Part I – point 18 – introductory part

Text proposed by the Commission	*Amendment*
18. ***Violation of*** the prohibition of causing any ***measurable*** environmental degradation, such as harmful soil change, water or air pollution, harmful emissions or excessive water consumption or other impact on natural resources, that	18. The prohibition of causing any ***quantitative and qualitative*** environmental degradation ***and contributing to climate change***, such as harmful soil change, water or air pollution, harmful emissions***, including greenhouse gas emissions,*** or excessive water consumption or other impact on natural resources, that

Amendment 98

Proposal for a directive
Annex – Part I – point 18 – point a

Text proposed by the Commission	*Amendment*
(a) impairs the natural bases for the preservation and production of food or	(a) impairs the natural bases for the preservation and production of food ***and feed*** or

Amendment 99

Proposal for a directive
Annex – Part I – point 18 – point e

Text proposed by the Commission	*Amendment*
(e) affects ecological integrity, such as deforestation,	(e) affects ecological integrity, such as deforestation, ***and health in line with the 'One Health' approach***

Amendment 100

Proposal for a directive
Annex – Part I – point 18 – paragraph 1

Text proposed by the Commission	*Amendment*
in accordance with Article 3 of the Universal Declaration of Human Rights, Article 5 of the International Covenant on Civil and Political Rights and Article 12 of the International Covenant on Economic, Social and Cultural Rights;	in accordance with Article 3 of the Universal Declaration of Human Rights, Article 5 ***and Article 27*** of the International Covenant on Civil and Political Rights and Article 12 of the International Covenant on Economic, Social and Cultural Rights ***and the right to a clean, healthy, and sustainable environment, interpreted in line with the 'One Health' approach***;

Amendment 101

Proposal for a directive
Annex – Part I – point 19

Text proposed by the Commission	*Amendment*
19. ***Violation of*** the prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise use land, forests and waters, including by deforestation, the use of which secures the livelihood of a person in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	19. The prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise use land, forests and waters, including by deforestation, the use of which secures the livelihood of a person in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;

Amendment 102

Proposal for a directive
Annex – Part II – subheading 1

Text proposed by the Commission	*Amendment*
violations of internationally recognized objectives and prohibitions included in environmental conventions	***Union and*** internationally recognized objectives and prohibitions included in environmental conventions ***and Union legislation***

Amendment 103

Proposal for a directive
Annex – Part II – point 1

Text proposed by the Commission	*Amendment*
1. ***Violation of*** the obligation to take the necessary measures related to the use of biological resources in order to avoid or minimize adverse impacts on biological diversity, in line with Article 10 (b) of the 1992 Convention on Biological Diversity and [taking into account possible amendments following the post 2020 UN Convention on Biological Diversity], including the obligations of the Cartagena Protocol on the development, handling, transport, use, transfer and release of living modified organisms and of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of	1. The obligation to take the necessary measures related to the use of biological resources in order to avoid or minimize adverse impacts on biological diversity, in line with Article 10 (b) of the 1992 Convention on Biological Diversity and [taking into account possible amendments following the post 2020 UN Convention on Biological Diversity] ***and with the EU Biodiversity Strategy for 2030 and its associated Action Plan***, including the obligations of the Cartagena Protocol on the development, handling, transport, use, transfer and release of living modified organisms and of the Nagoya Protocol on

Benefits Arising from their Utilization to the Convention on Biological Diversity of 12 October 2014;	Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity of 12 October 2014;

Amendment 104

Proposal for a directive
Annex – Part II – point 2

Text proposed by the Commission	*Amendment*
2. ***Violation of*** the prohibition to import or export any specimen included in an Appendix of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March 1973 without a permit, pursuant to Articles III, IV and V;	2. The prohibition to import or export any specimen included in an Appendix of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March 1973 without a permit, pursuant to Articles III, IV and V;

Amendment 105

Proposal for a directive
Annex – Part II – point 3

Text proposed by the Commission	*Amendment*
3. ***Violation of*** the prohibition of the manufacture of mercury-added products pursuant to Article 4 (1) and Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention);	3. The prohibition of the manufacture of mercury-added products pursuant to Article 4 (1) and Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention);

Amendment 106

Proposal for a directive
Annex – Part II – point 4

Text proposed by the Commission	*Amendment*
4. ***Violation of*** the prohibition of the use of mercury and mercury compounds in manufacturing processes within the meaning of Article 5 (2) and Annex B Part I of the Minamata Convention from the	4. The prohibition of the use of mercury and mercury compounds in manufacturing processes within the meaning of Article 5 (2) and Annex B Part I of the Minamata Convention from the

phase-out date specified in the Convention for the respective products and processes;	phase-out date specified in the Convention for the respective products and processes;

Amendment 107

Proposal for a directive
Annex – Part II – point 5

Text proposed by the Commission	*Amendment*
5. ***Violation of*** the prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;	5. The prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;

Amendment 108

Proposal for a directive
Annex – Part II – point 6

Text proposed by the Commission	*Amendment*
6. ***Violation of*** the prohibition of the production and use of chemicals pursuant to Article 3 (1) (a) (i) and Annex A of the Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants (POPs Convention), in the version of Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169 of 25 June 2019 pp. 45-77;	6. The prohibition of the production and use of chemicals pursuant to Article 3 (1) (a) (i) and Annex A of the Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants (POPs Convention), in the version of Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169 of 25 June 2019 pp. 45-77;

Amendment 109

Proposal for a directive
Annex – Part II – point 7

Text proposed by the Commission	*Amendment*
7. ***Violation of*** the prohibition of the handling, collection, storage and disposal of waste in a manner that is not environmentally sound in accordance with the regulations in force in the applicable jurisdiction under the provisions of Article	7. The prohibition of the handling, collection, storage and disposal of waste in a manner that is not environmentally sound in accordance with the regulations in force in the applicable jurisdiction under the provisions of Article 6 (1) (d) (i) and (ii) of

6 (1) (d) (i) and (ii) of the POPs Convention;	the POPs Convention;

Amendment 110

Proposal for a directive
Annex – Part II – point 8

Text proposed by the Commission	*Amendment*
8. ***Violation of*** the prohibition of importing a chemical listed in Annex III of the Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO), adopted on 10 September 1998, as indicated by the importing Party to the Convention in line with the Prior Informed Consent (PIC) Procedure;	8. The prohibition of importing a chemical listed in Annex III of the Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO), adopted on 10 September 1998, as indicated by the importing Party to the Convention in line with the Prior Informed Consent (PIC) Procedure;

Amendment 111

Proposal for a directive
Annex – Part II – point 9

Text proposed by the Commission	*Amendment*
9. ***Violation of*** the prohibition of the production and consumption of specific substances that deplete the ozone layer (i.e., CFCs, Halons, CTC, TCA, BCM, MB, HBFCs and HCFCs) after their phase-out pursuant to the Vienna Convention for the protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer;	9. The prohibition of the production and consumption of specific substances that deplete the ozone layer (i.e., CFCs, Halons, CTC, TCA, BCM, MB, HBFCs and HCFCs) after their phase-out pursuant to the Vienna Convention for the protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer;

Amendment 112

Proposal for a directive
Annex – Part II – point 10 – introductory part

Text proposed by the Commission	*Amendment*
10. ***Violation of*** the prohibition of	10. The prohibition of exports of

exports of hazardous waste within the meaning of Article 1 (1) and other wastes within the meaning of Article 1 (2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention) and within the meaning of Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190 of 12 July 2006 pp. 1-98) (Regulation (EC) No 1013/2006), as last amended by Commission Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)

hazardous waste within the meaning of Article 1 (1) and other wastes within the meaning of Article 1 (2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention) and within the meaning of Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190 of 12 July 2006 pp. 1-98) (Regulation (EC) No 1013/2006), as last amended by Commission Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)

Amendment 113

Proposal for a directive
Annex – Part II – point 11

Text proposed by the Commission	*Amendment*
11. ***Violation of*** the prohibition of the export of hazardous wastes from countries listed in Annex VII to the Basel Convention to countries not listed in Annex VII (Article 4A of the Basel Convention, Article 36 of Regulation (EC) No 1013/2006);	11. The prohibition of the export of hazardous wastes from countries listed in Annex VII to the Basel Convention to countries not listed in Annex VII (Article 4A of the Basel Convention, Article 36 of Regulation (EC) No 1013/2006);

Amendment 114

Proposal for a directive
Annex – Part II – point 12

Text proposed by the Commission	*Amendment*
12. ***Violation of*** the prohibition of the import of hazardous wastes and other wastes from a non-party to the Basel Convention (Article 4 (5) of the Basel Convention)***.***	12. The prohibition of the import of hazardous wastes and other wastes from a non-party to the Basel Convention (Article 4 (5) of the Basel Convention)***;***

Amendment 115

Proposal for a directive
Annex – Part II – point 12 a (new)

Text proposed by the Commission	*Amendment*
	12a. The obligation to achieve reductions in greenhouse gas emissions interpreted in line with Article 2(1)(a), Article 4(1), Article 4(2) and Article 5(1) of the Paris Agreement under the United Nations Framework on Climate Change, the European Climate Law, and the Global Methane Pledge;

Amendment 116

Proposal for a directive
Annex – Part II – point 12 b (new)

Text proposed by the Commission	*Amendment*
	12b. Violation of European environmental principles as defined in Article 191 TFEU;

Amendment 117

Proposal for a directive
Annex – Part II – point 12 c (new)

Text proposed by the Commission	*Amendment*
	12c. The obligation to take all measures consistent with the UN Convention on the Laws of the Sea (UNCLOS) that are necessary to prevent, reduce and control pollution of the marine environment from any source, using for this purpose the best practicable means at their disposal and in accordance with their capabilities, in line with Article 194(1) of UNCLOS, including Article 194 (3)(a), Article 194 (3)(b), Article 194 (3)(c), and Article 194 (3)(d) of UNCLOS;

Amendment 118

Proposal for a directive
Annex – Part II – point 12 d (new)

Text proposed by the Commission	*Amendment*
	12d. The rights of access to information, public participation in decision making and access to justice in environmental matters in accordance with, in particular, Articles 4, 6, and 9 of the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (the 'Aarhus Convention') as well as Articles 5, 7, and 8 of the Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean (the 'Escazú Agreement');
	The obligation to ensure that persons, groups and organizations that promote and defend human rights in environmental matters relating to a company's value chain are able to act free from threat, restriction and insecurity and are not penalized, persecuted or harassed in any way for their involvement, in accordance with Article 9 of the Escazú Agreement as well as Article 3 (8) of the Aarhus Convention;

Amendment 119

Proposal for a directive
Annex – Part II – point 12 e (new)

Text proposed by the Commission	*Amendment*
	12e. The obligation to take all appropriate measures to prevent, control and reduce any transboundary impact on transboundary waters in line with the 1992 Convention on the Protection and Use of Transboundary Watercourses and International Lakes.

Amendment 120

Proposal for a directive
Annex – Part II – point 12 f (new)

Text proposed by the Commission	*Amendment*
	12f. The obligation to avoid or minimise adverse impacts on the properties delineated as natural heritage as defined in Article 2 of the Convention Concerning the Protection of the World Cultural and Natural Heritage of 16 November 1972 (the 'World Heritage Convention'), interpreted in line with Article 5(d) of the World Heritage Convention and applicable law in the relevant jurisdiction;

Amendment 121

Proposal for a directive
Annex – Part II – point 12 g (new)

Text proposed by the Commission	*Amendment*
	12g. The obligation to avoid or minimise adverse impacts on wetlands as defined in Article 1 of the Convention on Wetlands of International Importance especially as Waterfowl Habitat of 2 February 1971 (the 'Ramsar Convention'), interpreted in line with Article 4(1) of the Ramsar Convention and applicable law in the relevant jurisdiction;

Amendment 122

Proposal for a directive
Annex – Part II – point 12 h (new)

Text proposed by the Commission	*Amendment*
	12h. The obligation to prevent the pollution from ships, interpreted in line

with the International Convention for the Prevention of Pollution from Ships of 2 November 1973, as amended by the Protocol of 1978 (MARPOL 73/78). This includes:

(a) the prohibition to discharge into the sea:

(i) oil or oily mixtures as defined in Regulation 1 of Annex I of MARPOL 73/78, interpreted in line with Regulations 9 to 11 of Annex I of MARPOL 73/78;

(ii) noxious liquid substances as defined in Regulation 1(6) of Annex II of MARPOL 73/78, interpreted in line with Regulations 5 and 6 of Annex II of MARPOL 73/78; and

(iii) sewage as defined in Regulation 1(3) of Annex IV of MARPOL 73/78, interpreted in line with Regulations 8 and 9 of Annex IV of MARPOL 73/78;

(b) the prohibition of unlawful pollution by harmful substances carried by sea in packaged form as defined in Regulation 1 of Annex III of MARPOL 73/78, interpreted in line with Regulations 1 to 7 of Annex III of MARPOL 73/78; and

(c) the prohibition of unlawful pollution by garbage from ships as defined in Regulation 1 of Annex V of MARPOL 73/78, interpreted in line with Regulations 3 to 6 of Annex V of MARPOL 73/78;

PROCEDURE – COMMITTEE ASKED FOR OPINION

PUBLIC

Title	Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
References	COM(2022)0071 – C9-0050/2022 – 2022/0051(COD)
Committee responsible Date announced in plenary	JURI 4.4.2022
Opinion by Date announced in plenary	ENVI 4.4.2022
Associated committees - date announced in plenary	15.9.2022
Rapporteur for the opinion Date appointed	Tiemo Wölken 10.5.2022
Discussed in committee	28.4.2022 10.10.2022
Date adopted	9.2.2023
Result of final vote	+: 39 –: 34 0: 2
Members present for the final vote	Mathilde Androuët, Aurélia Beigneux, Hildegard Bentele, Alexander Bernhuber, Michael Bloss, Delara Burkhardt, Pascal Canfin, Mohammed Chahim, Tudor Ciuhodaru, Nathalie Colin-Oesterlé, Bas Eickhout, Cyrus Engerer, Agnès Evren, Heléne Fritzon, Malte Gallée, Andreas Glück, Catherine Griset, Anja Hazekamp, Martin Hojsík, Pär Holmgren, Jan Huitema, Petros Kokkalis, Ewa Kopacz, Joanna Kopcińska, Peter Liese, César Luena, Marian-Jean Marinescu, Liudas Mažylis, Tilly Metz, Silvia Modig, Dolors Montserrat, Alessandra Moretti, Ljudmila Novak, Jutta Paulus, Stanislav Polčák, Erik Poulsen, Frédérique Ries, María Soraya Rodríguez Ramos, Sándor Rónai, Christine Schneider, Ivan Vilibor Sinčić, Maria Spyraki, Véronique Trillet-Lenoir, Achille Variati, Petar Vitanov, Alexandr Vondra, Pernille Weiss, Emma Wiesner, Michal Wiezik, Tiemo Wölken, Anna Zalewska
Substitutes present for the final vote	João Albuquerque, Eric Andrieu, Nicolás González Casares, Robert Hajšel, Billy Kelleher, Ska Keller, Sara Matthieu, Manuela Ripa, Robert Roos, Massimiliano Salini, Christel Schaldemose, Sarah Wiener, Jadwiga Wiśniewska
Substitutes under Rule 209(7) present for the final vote	Karolin Braunsberger-Reinhold, Clare Daly, Ilan De Basso, Jarosław Duda, Niclas Herbst, Beata Kempa, Karsten Lucke, Johan Nissinen, Sabrina Pignedoli, Andreas Schwab, Jörgen Warborn

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

39	+
NI	Sabrina Pignedoli
Renew	Pascal Canfin, Martin Hojsík, Billy Kelleher, Frédérique Ries, María Soraya Rodríguez Ramos, Véronique Trillet-Lenoir, Michal Wiezik
S&D	Eric Andrieu, Delara Burkhardt, Mohammed Chahim, Tudor Ciuhodaru, Ilan De Basso, Cyrus Engerer, Heléne Fritzon, Nicolás González Casares, Robert Hajšel, Karsten Lucke, César Luena, Alessandra Moretti, Sándor Rónai, Christel Schaldemose, Achille Variati, Petar Vitanov, Tiemo Wölken
The Left	Clare Daly, Anja Hazekamp, Petros Kokkalis, Silvia Modig
Verts/ALE	Michael Bloss, Bas Eickhout, Malte Gallée, Pär Holmgren, Ska Keller, Sara Matthieu, Tilly Metz, Jutta Paulus, Manuela Ripa, Sarah Wiener

34	-
ECR	Beata Kempa, Joanna Kopcińska, Johan Nissinen, Robert Roos, Alexandr Vondra, Jadwiga Wiśniewska, Anna Zalewska
ID	Mathilde Androuët, Aurélia Beigneux, Catherine Griset
PPE	Hildegard Bentele, Alexander Bernhuber, Karolin Braunsberger-Reinhold, Jarosław Duda, Agnès Evren, Niclas Herbst, Ewa Kopacz, Peter Liese, Marian-Jean Marinescu, Liudas Mažylis, Dolors Montserrat, Ljudmila Novak, Stanislav Polčák, Massimiliano Salini, Christine Schneider, Andreas Schwab, Maria Spyraki, Jörgen Warborn, Pernille Weiss
Renew	Andreas Glück, Jan Huitema, Erik Poulsen, Emma Wiesner
S&D	João Albuquerque

2	0
NI	Ivan Vilibor Sinčić
PPE	Nathalie Colin-Oesterlé

Key to symbols:
+ : in favour
- : against
0 : abstention

01.02.2023

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
(COM(2022)0071 – C9-0050/2022 – 2022/0051(COD))

Rapporteur for opinion: Pierfrancesco Majorino

PUBLIC

SHORT JUSTIFICATION

The way in which companies operate in developing countries is a key factor for respect for human rights, the environment and the rule of law and good governance systems of these countries and towards the achievement of their sustainable development goals in line with United Nations Agenda 2030. Therefore, it is important to ensure that companies behave responsibly, avoid harm and contribute to the economic, social and environmental development of developing countries.

This Directive represents a very important step forward in this line. The Rapporteur welcomes the proposal, however believes that significant improvements are needed to ensure a responsible behaviour of companies in developing countries.

A holistic approach needs to be ensured by means of strengthening the respect for the rule of law and good governance systems in the countries, regions or territories where the company operates. Business success depends very much on the sustainability of the societies where they operate and business could play an important role in advancing the rule of law and good governance. In this sense companies should refrain from corruption and other bad practices that could undermine the weak institutional and legal frameworks existing in many developing countries and support existing structures, complying with laws and regulations throughout the company's operations and value chain including tax laws and policies, honouring contractual obligations and commercial agreements and the dispute resolution procedures and decisions at all levels

The scope should be expanded to include as many companies as possible and some key sectors should be added such as oil and gas productions and oil refining sector or constructions, logistics and infrastructures. Definitions have to be strengthened in order to include the adverse rule of law and good governance impacts, to provide some guidance on adverse environmental impacts as well as to reinforce the stakeholder definition, including by adding a new category of vulnerable stakeholders.

Given the crucial role that stakeholders are called to play throughout the whole process of due diligence a new article is proposed in order to define their meaningful involvement in the process as well as improvements in other legal provisions.

Some amendments have been introduced in order to ensure that companies map their value chain and publicly disclose relevant information, that any decision to suspend or terminate a

business is done with the meaningful engagement of relevant stakeholders and that it addresses the adverse impacts that it might cause.

In accordance with international standards, non-judicial remedies represent useful mechanisms to provide remedies and compensation to victims or people with legitimate interest or contribute to repair the damaged cause. However, to ensure that they can fulfil their objectives, they must comply with a series of requirements as set out in the United Nations Guiding Principles on Business and Human Rights.

Notwithstanding reporting requirements under Directive 2013/34, Member States should ensure that companies report on matters covered by this Directive as well as related information key to support companies and its subsidiaries and business partners operating in developing countries to identify, prevent and effectively address actual or potential adverse impacts.

The Rapporteur has also suggested some guidelines the Commission should provide in order to support companies and Member States authorities on how companies should fulfil their due diligence obligations, such as on impacts on rule of law and good governance, on the implementation of enhanced due diligence in conflict affected areas, on safety, effective and meaningful engagement with stakeholders in all due diligence processes or regarding the mapping of companies value chain and efficient process to monitor business partners behaviour through the value chain.

The accompanying measures have also been reinforced to take into account the need to step up the support to be provided in developing countries to build an enabling environment and protecting civic space, to raise awareness and capacity building for communities and stakeholders, including trade unions, NGOs or local associations , to monitor companies behaviour and impacts or to support access to justice for victims and persons and groups with legitimate interest.

Finally, it is essential to reinforce the civil liability ensuring that Member States take the necessary measures to make access to justice a reality, including by addressing the existing barriers to it and reversing the burden of proof towards companies.

AMENDMENTS

The Committee on Development calls on the Committee on Legal Affairs, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a directive
Recital 1

Text proposed by the Commission	*Amendment*
(1) The Union is founded on the respect for human dignity, freedom,	(1) The Union is founded on the respect for human dignity, freedom,

democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights. Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action includes fostering the sustainable economic, social and environmental development of developing countries.	democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights. ***Article 191 of the Treaty on the Functioning of the European Union (TFEU) states that Union policy is to contribute to preserving, protecting and improving the quality of the environment, protecting human health, prudent and rational utilisation of natural resources and promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change.*** Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action includes fostering the sustainable economic, social and environmental development of developing countries. ***Furthermore, Article 208 TFEU states the Union is to take into account the objectives of development cooperation in the policies that it implements which are likely to affect developing countries.***

Amendment 2

Proposal for a directive
Recital 2 a (new)

Text proposed by the Commission	*Amendment*
	(2a) To achieve those objectives, a systemic change to the Union economy is needed to ensure that the green transition is achieved in a just and inclusive way, within planetary boundaries. Achievement of the Sustainable Development Goals (SDGs) by the Union and its support for third countries to do the same will be essential if the Union is to demonstrate global leadership in achieving sustainability transitions.

Amendment 3

Proposal for a directive
Recital 4

Text proposed by the Commission	*Amendment*
(4) The behaviour of companies across all sectors of the economy is key to success in the Union's sustainability objectives as Union companies, especially large ones, rely on global value chains. It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering enterprises which support value-oriented transformation already exist on Union[77] , as well as national[78] level.	(4) The behaviour of companies across all sectors of the economy is key to success in the Union's sustainability objectives as Union companies, especially large ones, rely on global value chains. It is also in the interest of companies to protect human ***rights, labour*** rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering enterprises which support value-oriented transformation already exist on Union[77] , as well as national[78] level.
[77] 'Enterprise Models and the EU agenda', CEPS Policy Insights, No PI2021-02/ January 2021.	[77] 'Enterprise Models and the EU agenda', CEPS Policy Insights, No PI2021-02/ January 2021.
[78] E.g. https://www.economie.gouv.fr/entreprises/societe-mission	[78] E.g. https://www.economie.gouv.fr/entreprises/societe-mission

Amendment 4

Proposal for a directive
Recital 6

Text proposed by the Commission	*Amendment*
(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises[80] which extended the application of due diligence to environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance[81] are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual	(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises[80] which extended the application of due diligence to environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance[81] are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual

and potential impacts in their operations, value chains and other business relationships. The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.[82]	and potential impacts in their operations, value chains and other business relationships***, Those guidelines also require companies to respect international humanitarian law and apply a higher standard of conflict-sensitive due diligence, where those companies operate in conflict-affected areas***. The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.[82]
[80] OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/.https://mneguidelines.oecd.org/mneguidelines/	[80] OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/.https://mneguidelines.oecd.org/mneguidelines/
[81] OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm.	[81] OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm.
[82] The International Labour Organisation's "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.	[82] The International Labour Organisation's "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.

Amendment 5

Proposal for a directive
Recital 7

Text proposed by the Commission	*Amendment*
(7) The United Nations' Sustainable Development Goals[83], adopted by all United Nations Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself	(7) The United Nations' Sustainable Development Goals[83], adopted by all United Nations Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself

the objective to deliver on the UN Sustainable Development Goals. The private sector ***contributes*** to those aims.	the objective to deliver on the UN Sustainable Development Goals. The private sector ***should effectively contribute*** to those aims.
[83] https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.	[83] https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.

Amendment 6

Proposal for a directive
Recital 10 a (new)

Text proposed by the Commission	*Amendment*
	(10a) Due diligence practices under this Directive should contribute to preserving and restoring marine and terrestrial biodiversity by, inter alia, halting, mitigating and reversing biodiversity loss and improving the state of ecosystems and their functions and the services they provide, and by improving the state of the environment, in particular air, water and soil, as part of the main objectives of protecting the health and well-being of people, animals and ecosystems from environment-related risks, in line with Agenda 2030.

Amendment 7

Proposal for a directive
Recital 11 a (new)

Text proposed by the Commission	*Amendment*
	(11a) The identification, prevention and mitigation of negative environmental impacts is a key aspect of this Directive. In that sense, the concept of environmental impact covers the overall possible harms to the climate or environment resulting from the violation of international commitments and Union legislation and it also includes impacts on air quality and air pollution; on water

pollution or contamination and access to and availability of water resources; on pollution, contamination, erosion and use of land; on biodiversity including damage to wildlife, seabed and the marine environment, flora, fauna, natural habitats and ecosystems; on human health according to the 'One Health' approach; on climate, including through greenhouse gas emissions and the destruction or degradation of sinks; and on the transition to the circular economy, including through damage to reusability and recyclability, such as contamination of waste streams with hazardous substances.

Amendment 8

Proposal for a directive
Recital 13 a (new)

Text proposed by the Commission	*Amendment*
	(13a) Along with respect for human rights, the environment and the rule of law, the due diligence process should also include good governance. Good governance refers to rules, processes, and behaviour by which interests are articulated, resources are managed, and power is exercised in society. It includes the process whereby public institutions conduct public affairs and manage public resources in a manner that promotes the rule of law and the realisation of human rights, including civil, political, economic, social and cultural rights). Core elements of good governance are transparency, integrity, lawfulness, sound policy, participation, accountability, responsiveness, and the absence of corruption and wrongdoing. Good governance has to be considered as key to achieving sustainable development and human well-being. This is, in particular, related to the control of corruption, which has been demonstrated to affect well-

being both directly and indirectly.

Amendment 9

Proposal for a directive
Recital 13 b (new)

Text proposed by the Commission	*Amendment*
	(13b) It is fundamental to ensure that human rights due diligence is implemented in a gender-responsive manner acknowledging that gender inequality is embedded both in state and market institutions and represents a constraint in the realisation of women's and girl's rights. Human rights violations are not gender neutral and should not be treated as such. Women are often disproportionately affected by adverse business practices, which requires a due diligence process that responds to their specific needs. Member States should ensure that companies apply gender lens throughout all the steps and activities of the due diligence process and actively support gender equality. Companies should work with suppliers to set up a social auditing system in a gender-sensitive way. Furthermore, Member States should ensure that gender-responsive remediation processes and mechanisms are to be designed to ensure equal access and equal outcomes for all genders. To achieve that, corporate grievance mechanisms should be accessible efficient, safe and fair to women, taking account of barriers women are more likely to face.

Amendment 10

Proposal for a directive
Recital 14

Text proposed by the Commission	*Amendment*
(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies through the identification, prevention and mitigation, bringing to an end and minimisation of potential or actual adverse human rights ***and*** environmental impacts connected with companies' own operations, subsidiaries and value chains.	(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies ***in which they operate, including outside the Union market*** through the identification, prevention and mitigation, bringing to an end and minimisation of potential or actual adverse human rights***, adverse labour rights,*** environmental***, rule of law and good governance*** impacts connected with companies' own operations, subsidiaries and value chains ***particularly in developing countries***.

Amendment 11

Proposal for a directive
Recital 14 a (new)

Text proposed by the Commission	*Amendment*
	(14a) This Directive should ensure that companies carry out due diligence applying a risk based approach, in line with international standards, to ensure that they comply with requirements set out in this Directive. That means that this Directive should set a base set of requirements for companies from all sectors to carry out due diligence covering their value chains broadly in order to identify where the severe impacts are most likely to occur and to prioritise how to mitigate and address those risks once identified.

Amendment 12

Proposal for a directive
Recital 15

Text proposed by the Commission	*Amendment*
(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their ***established direct and indirect*** business relationships throughout their value chains in accordance with the provisions of this Directive. ***This Directive should not require*** companies ***to guarantee, in all circumstances, that*** adverse impacts ***will never occur or that they will be stopped. For example with respect to*** business relationships ***where*** the adverse impact ***results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'***. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. Account should be taken of the specificities of the company's value chain, sector or geographical area in which its value chain partners operate, the company's power to influence its ***direct and indirect*** business relationships, and whether the company could increase its power of influence.	(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their business relationships throughout their value chains in accordance with the provisions of this Directive. ***When*** companies ***are not in a position to avoid*** adverse impacts ***from the value chains, they should be required to terminate the harmful*** business relationships ***and to modify the structure of their value chains in order to ensure that that no longer contributes to or can be a cause of*** the adverse impact. The company should take the appropriate measures**,** which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. Account should be taken of the specificities of the company's value chain, sector or geographical area in which its value chain partners operate, the company's power to influence its business relationships, and whether the company could increase its power of influence.

Amendment 13

Proposal for a directive
Recital 16 a (new)

Text proposed by the Commission	*Amendment*
	(16a) Companies should develop and adapt the due diligence measures in light of the political context in which those companies, their subsidiaries and their business relationships operate throughout their value chains. In conflict-affected and high-risk areas, companies run

additional risk of being involved in severe human rights abuses. In those areas, companies should therefore undertake heightened, conflict-sensitive due diligence, in order to address those heightened risks and to ensure that they do not facilitate, finance, exacerbate or otherwise negatively impact the conflict or contribute to violations of international human rights law or international humanitarian law in conflict-affected or high-risk areas.

Amendment 14

Proposal for a directive
Recital 17

Text proposed by the Commission	*Amendment*
(17) Adverse human rights and environmental impact ***occur*** in companies' own operations, subsidiaries, products, and in their value chains, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover human rights and environmental adverse impacts generated throughout the life-cycle of production and use and disposal of product or provision of services, at the level of own operations, subsidiaries and in value chains.	(17) Adverse human ***rights, labour*** rights and environmental***, rule of law and good governance impacts*** occur in companies' own operations, subsidiaries, products, and in their value chains, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover human rights***, labour rights*** and environmental***, rule of law and good governance*** adverse impacts generated throughout the life-cycle of production and use and disposal of product or provision of services, at the level of own operations, subsidiaries and in value chains.

Amendment 15

Proposal for a directive
Recital 18

Text proposed by the Commission	*Amendment*
(18) The value chain should cover activities related to the production of a good or provision of services by a	(18) The value chain should cover activities related to the production***, distribution and sale*** of a good or

company, including the development of the product or the service and the use and disposal of the product as well as the related activities of ***established*** business relationships of the company. It should encompass upstream ***established*** direct and indirect business relationships that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company that are necessary to carry out the company's activities, and also downstream relationships, including ***established*** direct and indirect business relationships, that use or receive products, parts of products or services from the company up to the end of life of the product, including inter alia the distribution of the product to retailers, the transport and storage of the product, dismantling of the product, its recycling, composting or landfilling.

provision of services by a company, ***and any of its directly and indirectly-owned subsidiaries and branches*** including ***inter alia*** the development of the product or the service and the use and disposal of the product as well as the related activities of business relationships of the company. It should encompass upstream direct and indirect business relationships that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company ***and any of its directly and indirectly-owned subsidiaries and branches*** that are necessary to carry out the company's activities, and also downstream relationships, including direct and indirect business relationships, that use or receive products, parts of products or services from the company ***and any of its directly and indirectly-owned subsidiaries and branches*** up to the end of life of the product, including inter alia the distribution of the product to retailers***, the sale of products or provision of services to consumers whatever the means (e.g. franchising, licensing)***, the transport and storage of the product, dismantling of the product, its recycling, composting or landfilling. ***As pointed out in the OECD Guidelines for Multinational Enterprises, the value chain should cover the various structures that the company and any of its directly and indirectly-owned subsidiaries and branches use to operate including inter alia franchising, licensing and subcontracting.***

Amendment 16

Proposal for a directive
Recital 19

Text proposed by the Commission	*Amendment*
(19) As regards regulated financial undertakings providing ***loan, credit, or*** other ***financial services***, "value chain" with respect to the provision of such	(19) As regards regulated financial undertakings providing ***financing (loans and*** other ***forms of credit)***, ***insurance or reinsurance,*** "value chain" with respect to

services should be limited to the activities of the clients receiving such services, and the subsidiaries thereof whose activities are linked to the contract in question. ***Clients that are households and natural persons not acting in a professional or business capacity, as well as small and medium sized undertakings, should not be considered to be part of the value chain. The activities of the companies or other legal entities that are included in the value chain of that client should not be covered.***	the provision of such services should be limited to the activities of the clients receiving such services, and the subsidiaries thereof whose activities are linked to the contract in question.

PUBLIC

Amendment 17

Proposal for a directive
Recital 20

Text proposed by the Commission	*Amendment*
(20) In order to allow companies to properly identify the adverse impacts in their value chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations should ***be limited in this Directive to established*** business relationships. For the purpose of this Directive, ***established*** business relationships should mean ***such*** direct and indirect business relationships ***which are, or which are expected to be lasting, in view of their intensity and duration and which do not represent a negligible or ancillary part of the value chain***. ***The nature of business relationships as "established" should be reassessed periodically, and at least every 12 months. If the direct business relationship of a company is established, then all linked indirect business relationships should also be considered as established regarding that company.***	(20) In order to allow companies to properly identify the adverse impacts in their value chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations should ***cover all*** business relationships. For the purpose of this Directive, business relationships should mean direct and indirect business relationships.

Amendment 18

Proposal for a directive
Recital 21

Text proposed by the Commission	*Amendment*
(21) Under this Directive, EU companies with more than ***500*** employees on average and a worldwide net turnover exceeding EUR ***150*** million in the financial year preceding the last financial year should be required to comply with due diligence. As regards companies which do not fulfil those criteria**,** but which had more than ***250*** employees on average and more than EUR ***40*** million worldwide net turnover in the financial year preceding the last financial year and which operate in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council[103], should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company.	(21) Under this Directive, EU companies with more than ***250*** employees on average and a worldwide net turnover exceeding EUR ***40*** million in the financial year preceding the last financial year should be required to comply with due diligence. As regards companies which do not fulfil those criteria but which had more than ***50*** employees on average and more than EUR ***8*** million worldwide net turnover in the financial year preceding the last financial year and which operate in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council[103], should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company.
[103] Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).	[103] Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).

Amendment 19

Proposal for a directive
Recital 22

Text proposed by the Commission	*Amendment*
(22) In order to reflect the priority areas of international action aimed at tackling human rights ***and*** environmental issues, ***the selection*** of high-impact sectors ***for the purposes of this Directive should be*** based on existing sectoral OECD due diligence guidance. The ***following*** sectors should be regarded as high-impact for the purposes of this Directive***: the*** manufacture of textiles, leather and related products (including footwear), ***and*** the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages***; the*** extraction of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products)***. As regards the*** financial ***sector, due to its specificities, in particular as regards the value chain and the services offered, even if it is covered by sector-specific OECD guidance, it should not form part of the high-impact sectors covered by this Directive. At the same time, in this sector, the broader coverage of actual and potential adverse impacts should be ensured by also*** including ***very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited liability***.	(22) In order to reflect the priority areas of international action aimed at tackling human ***and labour*** rights, environmental***, rule of law and good governance*** issues, ***this Directive should provide a list*** of high-impact sectors based***, among others,*** on existing sectoral OECD due diligence guidance. The sectors ***that*** should be regarded as high-impact for the purposes of this Directive ***include: the energy sector including oil, gas, nuclear, steam, electricity and other sources throughout their life cycle, from extraction, refining, production, combustion of fuels, in transportation, storage and waste management including radioactive waste; the chemicals sector;*** manufacture of textiles***, apparel, fur***, leather and related products (including footwear), the wholesale trade ***and retail*** of textiles, clothing and footwear***; plastic production, waste shipment and management*** ; agriculture, forestry, fisheries (including aquaculture), ***the management of land and resources (including in relation to nature conservation or other related activities);*** the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, ***animal products,*** wood, food, and beverages ***and sale to consumers;*** extraction***, transport, processing, refining and handling*** of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals

and other intermediate products)***;*** ***construction, logistics and infrastructure building; transportation sector, logistics and storage; the production, use and waste management of electronic products; waste management sector;*** financial ***and insurance activities; technology, digital activities and online platforms; manufacture and trade of weapons and ammunition, including dual-use items, manufacture and trade of military fighting vehicles; private security activities and security systems service activities,*** including ***the development and operation of biometrics and surveillance technologies***.

Amendment 20

Proposal for a directive
Recital 23

Text proposed by the Commission	*Amendment*
(23) In order to achieve fully the objectives of this Directive addressing ***human rights and*** adverse environmental impacts with respect to companies' operations, subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR ***150*** million in the Union in the financial year preceding the last financial year or a net turnover of more than EUR ***40*** million but less than EUR ***150*** million in the financial year preceding the last financial year in one or more of the high-impact sectors, as of 2 years after the end of the transposition period of this Directive.	(23) In order to achieve fully the objectives of this Directive addressing adverse ***human and labour rights*** environmental***, rule of law and good governance*** impacts with respect to companies' operations, subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR ***40*** million in the Union in the financial year preceding the last financial year or a net turnover of more than EUR ***8*** million but less than EUR ***40*** million in the financial year preceding the last financial year in one or more of the high-impact sectors, as of 2 years after the end of the transposition period of this Directive. ***Business enterprises could have various structures resulting in a single company having a net turnover below the threshold. As mentioned in the Interpretative Guide to the United Nations Guiding Principles on Business and***

Human Rights, companies could operate inter alia through various subsidiaries or follow a franchise model. Companies could also outsource or subcontract significant parts of their activities. Therefore, net turnover generated by the company in the Union should include net turnover generated directly in the Union by the company and the net turnover generated in the Union by its directly and indirectly-owned subsidiaries and branches, as well as the net turnover generated in the Union through third party undertakings with whom the company or its directly and indirectly-owned subsidiaries and branches have entered into a vertical agreement in return for payment of royalties or an outsourcing agreement.

Amendment 21

Proposal for a directive
Recital 24

Text proposed by the Commission	*Amendment*
(24) For defining the scope of application in relation to non-EU companies the described turnover criterion should be chosen as it creates a territorial connection between the third-country companies and the Union territory**.** Turnover is a proxy for the effects that the activities of those companies could have on the internal market. In accordance with international law, such effects justify the application of Union law to third-country companies. To ensure identification of the relevant turnover of companies concerned, the methods for calculating net turnover for non-EU companies as laid down in Directive (EU) 2013/34 as amended by Directive (EU) 2021/2101 should be used. To ensure effective enforcement of this Directive, an employee threshold should, in turn, not be applied to determine which third-country companies fall under this Directive, as the notion of "employees"	(24) For defining the scope of application in relation to non-EU companies the described turnover criterion should be chosen as it creates a territorial connection between the third-country companies and the Union territory Turnover is a proxy for the effects that the activities of those companies could have on the internal market. In accordance with international law, such effects justify the application of Union law to third-country companies. To ensure identification of the relevant turnover of companies concerned, the methods for calculating net turnover for non-EU companies as laid down in Directive (EU) 2013/34 as amended by Directive (EU) 2021/2101 should be used. To ensure effective enforcement of this Directive, an employee threshold should, in turn, not be applied to determine which third-country companies fall under this Directive, as the notion of "employees"

retained for the purposes of this Directive is based on Union law and could not be easily transposed outside of the Union. In the absence of a clear and consistent methodology, including in accounting frameworks, to determine the employees of third-country companies, such employee threshold would therefore create legal uncertainty and would be difficult to apply for supervisory authorities. The definition of turnover should be based on Directive 2013/34/EU which has already established the methods for calculating net turnover for non-Union companies, as turnover and revenue definitions are similar in international accounting frameworks too. With a view to ensuring that the supervisory authority knows which third country companies generate the required turnover in the Union to fall under the scope of this Directive, this Directive should require that a supervisory authority in the Member State where the third country company's authorised representative is domiciled or established and, where it is different, a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year are informed that the company is a company falling under the scope of this Directive.	retained for the purposes of this Directive is based on Union law and could not be easily transposed outside of the Union. In the absence of a clear and consistent methodology, including in accounting frameworks, to determine the employees of third-country companies, such employee threshold would therefore create legal uncertainty and would be difficult to apply for supervisory authorities. The definition of turnover should be based on Directive 2013/34/EU which has already established the methods for calculating net turnover for non-Union companies, as turnover and revenue definitions are similar in international accounting frameworks too. ***Third-country companies should be considered as generating net turnover in the Union even if they do not operate directly in the Union but through various structures including inter alia subsidiaries and branches and vertical agreements in return for payment of royalties - as pointed out in the Interpretative Guide of the United Nations Guiding Principles on Business and Human Rights – as well as outsourcing agreements or subcontracting agreements.*** With a view to ensuring that the supervisory authority knows which third country companies generate the required turnover in the Union to fall under the scope of this Directive, this Directive should require that a supervisory authority in the Member State where the third country company's authorised representative is domiciled or established and, where it is different, a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year are informed that the company is a company falling under the scope of this Directive.

Amendment 22

Proposal for a directive
Recital 25

Text proposed by the Commission	*Amendment*
(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on protected persons resulting from the violation of one of the rights and prohibitions as enshrined in the international conventions as listed in the Annex to this Directive. In order to ensure a comprehensive coverage of human rights, a violation of a prohibition or right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions should also form part of the adverse human rights impact covered by this Directive***, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context***. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations ***pursuant*** to the international environmental conventions listed in the Annex to this Directive.	(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive ***should avoid any negative impact on the enjoyment of human and labour rights of a person or group of persons, as enshrined in international conventions and*** should be carried out with respect to adverse human rights impact on protected persons resulting from the violation of one of the rights and prohibitions as enshrined in the international conventions as listed in the Annex to this Directive ***or from failure of having established appropriate anti-corruption due diligence measures***. In order to ensure a comprehensive coverage of human ***and labour*** rights, a violation of a prohibition or right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions should also form part of the adverse human rights ***or labour rights*** impact covered by this Directive. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations ***established under Union and international environmental law including but not limited*** to the international environmental conventions listed in the Annex to this Directive***, or from failure of having established appropriate anti-corruption due diligence measures or in particular, adverse impacts on air quality, air pollution and atmosphere, water pollution, water contamination, access to water and depletion of freshwater, soil, such as soil pollution, soil contamination, soil erosion, and land degradation, biodiversity, including damage to wildlife, seabed and marine environment, flora, fauna, natural habitats and ecosystems, human health in accordance with the 'One Health' approach, climate, including through greenhouse gas emissions and***

the destruction or degradation of sinks.

Amendment 23

Proposal for a directive
Recital 25 a (new)

Text proposed by the Commission	*Amendment*
	(25a) Companies' behaviour could have negative impact on rule of law and good governance systems, in particular in developing countries. They could take advantage of the existing weaknesses in the institutional and legal systems to do business by violating existing international or regional legal frameworks, in particular when rules are not respected, including the non-payment of their taxes, when their democratic, legislative executive, administrative or judicial processes are influenced using corrupted practices, violence or intimidation or when companies are directly or indirectly involved in criminal activities with the serious consequences that that entails for those countries and their communities. Corruption and insufficient rule of law greatly undermine respect for human rights and the environment. Corruption enables companies to avoid responsibility for their impact on human rights and the environment, endangers human rights and environmental and rule of law and good governance defenders, weakens the quality, frequency and trust for enforcement activities of public authorities (e.g. labour inspection and environmental authorities) and for judicial proceedings.

Amendment 24

Proposal for a directive
Recital 27

Text proposed by the Commission	*Amendment*
(27) In order to conduct appropriate human rights, ***and*** environmental due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights ***and*** environmental impacts, establish and maintain a ***complaints procedure***, monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and ***communicate publicly*** on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts should be clearly distinguished in this Directive.	(27) In order to conduct appropriate human rights, ***labour rights,*** environmental***, rule of law and good governance*** due diligence with respect to their operations, ***produced goods and services throughout their life-cycle, and those of*** their subsidiaries, and their value chains, companies covered by this Directive should***, after meaningful consultation with stakeholders***, integrate due diligence into corporate policies, identify, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights***,*** environmental***, rule of law and good governance*** impacts, establish and maintain a ***grievance mechanism***, monitor ***and assess*** the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and ***report*** on their due diligence ***and related information in order to support companies, their subsidiaries and business partners operating in developing countries to identify, prevent and effectively address actual or potential adverse impacts on human rights, labour rights, the environment, and the rule of law and good governance systems***. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising ***and providing for remediation of*** actual adverse impacts should be clearly distinguished in this Directive.

Amendment 25

Proposal for a directive
Recital 28

Text proposed by the Commission	*Amendment*
(28) In order to ensure that due diligence	(28) In order to ensure that due diligence

forms part of companies' corporate policies, and in line with the relevant international framework, companies should integrate due diligence into all their corporate policies and have in place a due diligence policy. The due diligence policy should contain a description of the company's approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed by the company's employees ***and*** subsidiaries; a description of the processes put in place to implement due diligence***, including the*** measures taken ***to verify compliance with*** the code of conduct and ***to extend its application to established business relationships***. The code of conduct should apply in all relevant corporate functions and operations, including procurement and purchasing decisions. Companies should also update their due diligence policy annually.	forms part of companies' corporate policies, and in line with the relevant international framework, companies should integrate due diligence into all their corporate policies and have in place a due diligence policy. The due diligence policy should contain a description of the company's approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed by the company's employees, subsidiaries ***and entities with whom the company or any of its subsidiaries have business relationships***; a description of the processes put in place to implement due diligence***; a description of the measures aimed at preventing and mitigating potential adverse impacts, and bringing actual adverse impacts to an end and minimising their extent; a description of the corrective*** measures taken ***over the preceding year following any allegation of violation of*** the code of conduct and ***any new adverse impact; a description of the grievance mechanisms provided in this Directive; a description of the results of the assessments of the processes, measures and procedures***. The code of conduct should apply in all relevant corporate functions and operations, including procurement and purchasing decisions. Companies ***must put in place adequate policies to avoid passing on the costs of the due diligence process to business partners in a weaker position. The due diligence policy should notably include a strategy of co-investment to build the capacity of weaker business partners to carry out due diligence. Companies*** should also update their due diligence policy annually.

Amendment 26

Proposal for a directive
Recital 29

Text proposed by the Commission	*Amendment*

(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts. An 'appropriate measure' should mean a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action. In this context, in line with international frameworks, the company's influence over a business relationship should include, on the one hand its ability to persuade the business relationship to take action to bring to an end or prevent adverse impacts (for example through ownership or factual control, market power, pre-qualification requirements, linking business incentives to human rights ***and*** environmental performance, etc.) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business relationship associated with adverse impact.	(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts. An 'appropriate measure' should mean a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action. In this context, in line with international frameworks, the company's influence over a business relationship should include, on the one hand its ability to persuade the business relationship to take action to bring to an end or prevent adverse impacts (for example through ownership or factual control, market power, pre-qualification requirements, linking business incentives to human rights***,*** environmental***, rule of law and good governance*** performance, etc.) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business relationship associated with adverse impact.

Amendment 27

Proposal for a directive
Recital 30

Text proposed by the Commission	*Amendment*
(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights ***and*** environmental impacts. In order	(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights***, labour rights,*** environmental***, and***

to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative ***information***. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification of adverse impacts should include assessing the human rights, and environmental context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating ***environment;*** and periodically, at least every 12 months, throughout the life of an activity or relationship. Regulated financial undertakings providing loan, credit, or other financial services ***should*** identify the adverse impacts ***only*** at the inception of the contract. When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances.

rule of law and good governance impacts. In order to allow for a comprehensive identification of adverse impacts, such identification should be based on ***information received after meaningful stakeholder engagement as well as on additional*** quantitative and qualitative ***data***. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification of adverse impacts should include assessing the human rights, ***labour rights,*** and environmental***, rule of law and good governance*** context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating ***context*** and periodically, at least every 12 months, throughout the life of an activity or relationship. ***There should be appropriate guidance to ensure that*** regulated financial undertakings providing loan, credit, or other financial services ***can appropriately*** identify the adverse impacts at the inception of the contract ***as part of the on-boarding processes for new relevant clients and subject to an annual update***. When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances. ***In order to do so effectively the company should develop and implement a prioritisation strategy in consultation with stakeholders, which shall take into account the level of severity, likelihood, the duration, the spread and reversibility of the different potential adverse impacts on human rights, labour rights, the environment and***

on the rule of law and good governance systems.

Amendment 28

Proposal for a directive
Recital 31

Text proposed by the Commission	*Amendment*
(31) In order to avoid undue burden on ***the smaller companies operating in high-impact sectors which are covered by this Directive***, those ***companies*** should ***only*** be ***obliged to identify those actual or potential severe adverse impacts that are relevant to the respective sector***.	(31) In order to avoid undue burden on ***small and medium sized enterprises (SMEs)***, those ***enterprises*** should be ***supported with adequate and targeted measures and tools***.

Amendment 29

Proposal for a directive
Recital 32

Text proposed by the Commission	*Amendment*
(32) In line with international standards, prevention ***and*** mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted***. In order to enable continuous*** engagement with ***the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating*** adverse impacts***, this Directive should ensure that disengagement is a last-resort action,*** in line with the Union`s policy of zero-tolerance on child labour***. Terminating a*** business ***relationship in which*** child labour ***was found could expose the child to even more severe adverse human rights impacts. This*** should ***therefore be taken into account when deciding on the appropriate action to take***.	(32) In line with international standards, prevention***,*** mitigation ***and remediation*** as well as bringing to an end and minimisation of adverse impacts should ***fully*** take into account the interests***, the needs and circumstances*** of those adversely impacted ***and should be designed and determined on the basis of meaningful*** engagement with ***them. Companies should engage in a timely, accessible, efficient and meaningful manner with stakeholders impacted by the decision to suspend or terminate the*** adverse impacts ***before reaching that decision, and should address the adverse impacts derived from those actions.*** In line with the Union's policy of zero-tolerance on child labour***, the companies should disengage from*** business ***relations that exploit in any form*** child labour ***as defined in the ILO Convention No. 182. The company*** should ***do so in a responsible***

manner and as a last resort, once the measures implemented to end child labour have failed.

Amendment 30

Proposal for a directive
Recital 33

Text proposed by the Commission	*Amendment*
(33) Under the due diligence obligations set out by this Directive, if a company identifies potential adverse human rights ***or*** environmental impacts, it should take appropriate measures to prevent and adequately mitigate them. To provide companies with legal clarity and certainty, this Directive should set out the actions companies should be expected to take for prevention and mitigation of potential adverse impacts where relevant depending on the circumstances.	(33) Under the due diligence obligations set out by this Directive, if a company identifies potential adverse human rights***, labour rights,*** environmental***, rule of law and good governance*** impacts, it should take appropriate measures to prevent and adequately mitigate them. To provide companies with legal clarity and certainty, this Directive should set out the actions companies should be expected to take for prevention and mitigation of potential adverse impacts where relevant depending on the circumstances.

Amendment 31

Proposal for a directive
Recital 34

Text proposed by the Commission	*Amendment*
(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions***, where relevant***. ***Where necessary due to the complexity of prevention measures,*** companies should develop and implement a prevention action plan. Companies should ***seek to*** obtain contractual assurances from a direct partner with whom they have ***an established*** business relationship that it will ensure compliance with the code of conduct or the prevention action plan, including by ***seeking*** corresponding contractual assurances from its partners to the extent	(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions. Companies should develop and implement a prevention action plan. Companies should obtain contractual assurances from a direct partner with whom they have ***a*** business relationship that it will ensure compliance with the code of conduct or the prevention action plan, including by ***obtaining*** corresponding contractual assurances from its partners to the extent that their activities are part of the companies' value chain. The contractual assurances should be

that their activities are part of the companies' value chain. The contractual assurances should be accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate support for an SME with which they have ***an established*** business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.	accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also ***adapt their business models and strategies, including trading, procurement, purchasing and pricing practices, and*** make investments which aim to prevent adverse impacts, provide targeted and proportionate support for an SME with which they have ***a*** business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.

Amendment 32

Proposal for a directive
Recital 35

Text proposed by the Commission	*Amendment*
(35) In order to reflect the full range of options for the company in cases where potential impacts could not be addressed by the described prevention or minimisation measures, this Directive should also refer to the ***possibility*** for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.	(35) In order to reflect the full range of options for the company in cases where potential impacts could not be addressed by the described prevention or minimisation measures, this Directive should also refer to the ***requirement*** for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.

Amendment 33

Proposal for a directive
Recital 36

Text proposed by the Commission	*Amendment*
(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and***, where the law governing their relations so entitles them to,*** to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and minimisation efforts, if there is reasonable expectation that these efforts are to succeed in ***the short-term***; or to terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition	(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention***,*** and minimisation ***and remediation*** efforts ***where appropriate***, if there is reasonable expectation that these efforts are to succeed in ***accordance with a joint time-bound plan***; or to terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe ***or if the adverse impact is repeated. Companies should engage meaningfully with stakeholders impacted by the decision to disengage before reaching this decision, and should address the adverse impacts related to the decision to disengage and pursue remediation of past adverse impacts where appropriate***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in

law.

particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition law.

Amendment 34

Proposal for a directive
Recital 37

Text proposed by the Commission	*Amendment*
(37) As regards direct and indirect business relationships, industry cooperation, industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to rely on such initiatives to support the implementation of their due diligence obligations laid down in this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. Companies could assess, at their own initiative, the alignment of these schemes and initiatives with the obligations under this Directive. In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.	(37) As regards direct and indirect business relationships, industry cooperation, industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to rely on such initiatives to support the implementation of their due diligence obligations laid down in this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. Companies could assess, at their own initiative, the alignment of these schemes and initiatives with the obligations under this Directive. ***The mere compliance with industry schemes and multi-stakeholder initiatives should not relieve any company from its obligations and liability for breaches of due diligence obligations laid down in this Directive.*** In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.

Amendment 35

Proposal for a directive
Recital 38

Text proposed by the Commission	*Amendment*
(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights ***or*** environmental ***adverse*** impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries. However, it should be clarified that, as regards ***established*** business relationships, where adverse impacts cannot be brought to an end, companies should minimise ***the extent of*** such impacts. Minimisation of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights ***and*** environmental ***adverse*** impacts to an end and minimisation of their extent, where relevant depending on the circumstances.	(38) Under the due diligence obligations set out by this Directive, if a company identifies actual ***adverse*** human rights***, labour rights,*** environmental***, rule of law and good governance*** impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries ***and to require partners to do so***. However, it should be clarified that, as regards business relationships, where adverse impacts cannot be brought to an end, companies should minimise such impacts***, to the greatest extent possible***. Minimisation of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual ***adverse*** human rights***, labour rights,*** environmental***, rule of law and good governance*** impacts to an end and minimisation of their extent, where relevant depending on the circumstances.

Amendment 36

Proposal for a directive
Recital 39

Text proposed by the Commission	*Amendment*
(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or minimise ***its*** extent, with an action	(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or minimise ***it to the greatest*** extent

proportionate to the significance and scale of ***the adverse impact and to the contribution of the company's conduct to*** the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also ***seek to*** obtain contractual assurances from a direct business partner with whom they have ***an established*** business relationship that they will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by ***seeking*** corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain. The contractual assurances should be accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or minimising the ***extent of*** adverse impact, provide targeted and proportionate support for an SMEs with which they have an established business relationship and collaborate with other entities, including***, where relevant,*** to increase the company's ability to bring the adverse impact to an end.

possible, with an action proportionate to the significance and scale of the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also obtain contractual assurances from a direct business partner with whom they have ***a*** business relationship that they will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by ***obtaining*** corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain. The contractual assurances should be accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or minimising the adverse impact ***to the greatest extent possible***, provide targeted and proportionate support for an SMEs with which they have an established business relationship and collaborate with other entities, including to increase the company's ability to bring the adverse impact to an end.

Amendment 37

Proposal for a directive
Recital 40

Text proposed by the Commission	*Amendment*
(40) In order to reflect the full range of options for the company in cases where actual impacts could not be addressed by the described measures, this Directive should also refer to the ***possibility*** for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the	(40) In order to reflect the full range of options for the company in cases where actual impacts could not be addressed by the described measures, this Directive should also refer to the ***possible requirement*** for the company to seek to conclude a contract with the indirect business partner, with a view to achieving

company's code of conduct or a corrective action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.

compliance with the company's code of conduct or a corrective action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.

Amendment 38

Proposal for a directive
Recital 41

Text proposed by the Commission	*Amendment*
(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success. However, this Directive should also, for cases where actual adverse impacts could not be brought to an end or adequately mitigated by the described measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and***, where the law governing their relations so entitles them to,*** to either temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, or terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws.	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success. However, this Directive should also, for cases where actual adverse impacts could not be brought to an end or adequately mitigated by the described measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and to either temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, or terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe ***or the adverse impact repeated***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws.

Amendment 39

Proposal for a directive
Recitals 42

Text proposed by the Commission	*Amendment*
(42) Companies should provide the possibility for persons and organisations to submit ***complaints*** directly to them in case of legitimate concerns regarding actual or potential human rights ***and*** environmental ***adverse*** impacts. Organisations who could submit such ***complaints*** should include trade unions and other workers' representatives representing individuals working in the value chain concerned ***and*** civil society organisations ***active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact***. Companies should establish a procedure for dealing with those ***complaints*** and inform workers, trade unions and other workers' representatives***, where relevant,*** about such processes. Recourse to the ***complaints*** and remediation mechanism should not prevent the complainant from having recourse to judicial remedies. In accordance with international standards, ***complaints*** should be entitled to request from the company appropriate follow-up on the ***complaint*** and to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the ***complaint***. ***This access*** should ***not lead to unreasonable solicitations of*** companies.	(42) Companies should provide the possibility for persons***, groups, communities, entities*** and organisations to submit ***grievances*** directly to them in case of legitimate concerns regarding actual or potential ***adverse*** human rights***, labour rights,*** environmental***, and rule of law and good governance*** impacts. Organisations who could submit such ***grievances*** should include trade unions and other workers' representatives representing individuals working in the value chain concerned***,*** civil society organisations ***and human rights, environmental and rule of law and good governance defenders or other natural persons or legal persons who have as a statutory purpose the defence of human rights, labour rights, the environment or rule of law and good governance***. Companies should establish a procedure for dealing with those ***grievances*** and inform ***all relevant stakeholders, including*** workers, trade unions and other workers' representatives about such processes. Recourse to the ***grievance*** and remediation mechanism should not prevent the complainant from having recourse to judicial remedies. In accordance with international standards, ***grievances*** should be entitled to request from the company appropriate follow-up on the ***grievance*** and to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the ***grievance***.

Amendment 40

Proposal for a directive
Recital 43

Text proposed by the Commission	*Amendment*
(43) Companies should monitor the	(43) Companies should monitor the

implementation and effectiveness of their due diligence measures. They should carry out periodic assessments of their own operations, those of their subsidiaries and, where related to the value chains of the company, those of their ***established*** business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end and mitigation of human rights ***and*** environmental ***adverse*** impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are up-to-date, they should be carried out at least every 12 months and be revised in-between if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen.	implementation and effectiveness of their due diligence measures. They should carry out***, in consultation with stakeholders,*** periodic assessments of their own operations, those of their subsidiaries and, where related to the value chains of the company, those of their business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end and mitigation of ***adverse*** human rights***, labour rights,*** environmental***, rule of law and good governance*** impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are up-to-date, they should be carried out at least every 12 months and be revised in-between if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen.

Amendment 41

Proposal for a directive
Recital 44

Text proposed by the Commission	*Amendment*
(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. The proposal to amend Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive. ***In order to avoid duplicating reporting obligations, this Directive should***	(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. The proposal to amend Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive. ***Notwithstanding*** the reporting ***requirements*** under Directive 2013/34/EU,

therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting ***standards that should be developed under it. As regards companies that are within the scope of this Directive, but do not fall*** under Directive 2013/34/EU, ***in order to comply with their obligation of communicating as part of the due diligence under*** this Directive***, they should publish*** on their website ***an annual statement in a language customary in the sphere of international business.***

Member States should ensure that companies report on the matters covered by this Directive ***by publishing*** on their website***, in an accessible and timely manner, their due diligence policies, prevention action plans, correction action plans, procedures for dealing with grievances, reports on the outcome of the assessments as well as other relevant information.***

PUBLIC

Amendment 42

Proposal for a directive
Recital 44 a (new)

Text proposed by the Commission	*Amendment*
	(44a) Companies should provide stakeholders adequate, comprehensive meaningful information about actual and potential adverse human rights, labour rights, environmental, rule of law and good governance impacts and the actions taken to respect their due diligence. Stakeholders should also be able to request additional information from a company regarding the actions taken to comply with the obligations set out in this Directive. The confidentiality of commercial and industrial information shall not serve as a bar for access to information that relates to the implementation, by a company, of the provisions of national law transposing this Directive.

Amendment 43

Proposal for a directive
Recital 45 a (new)

Text proposed by the Commission	*Amendment*
	(45a) A full, safe, transparent, meaningful and effective engagement of all relevant stakeholders throughout all the steps of due diligence process in the whole value chain is fundamental in order to ensure a proper implementation of this Directive. In line with international standards, that process should be interactive, accessible, responsive, continuous, gender-responsive, child-sensitive and adapted to vulnerable stakeholders. Their involvement should take place timely and prior to decisions, that could cause any adverse impacts. All relevant information needed by stakeholders to make informed judgments should be made available in a concise, comprehensive, and easily accessible and transparent manner, including meaningful information about operations, projects and investments and their actual and potential adverse impacts.

Amendment 44

Proposal for a directive
Recital 45 b (new)

Text proposed by the Commission	*Amendment*
	(45b) In particular, companies should pay special attention and ensure the meaningful engagement of potential impacted groups, including workers as well as human rights, environmental rights and rule of law and good governance defenders throughout the entire due diligence process. In line with the UNGPs and OECD Guidelines, companies should engage with potentially affected stakeholders, with the objective of understanding and responding to their interests and concerns. They should particularly engage with those who are likely to be the most vulnerable to adverse impacts in connection with the company's

	operations or value chain, such as smallholders, farm workers, indigenous peoples and local communities, and women. The right to the free, prior, and informed consent of indigenous peoples and local communities should also be fully embedded in relevant engagement and consultation processes, in line with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and ILO Convention on Indigenous and Tribal Peoples. The engagement process should include the explicit recognition of the role of social dialogue and engagement with workers' representatives and trade unions, as described in the OECD Guidelines and International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

Amendment 45

Proposal for a directive
Recital 45 c (new)

Text proposed by the Commission	*Amendment*
	(45c) The Commission shall establish an expert advisory group to provide information and answer questions on this Directive in order to minimise implementation costs for the entitiesfalling within the scope of application of this Directive, as well as those outside of it. That would ensure that the quality of information obtained in the summation of the due diligence report is accurate and delivered in a timely manner. That will also decrease red tape for companies.

Amendment 46

Proposal for a directive
Recital 46

Text proposed by the Commission	*Amendment*
(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, should have the possibility to issue guidelines, including for specific sectors or specific adverse impacts**.**	(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, ***the European Union Agency for Criminal Justice Cooperation (Eurojust), the European Union Agency for Law Enforcement Cooperation (Europol), the European Public Prosecutor's Office, the European Anti-Fraud Office (OLAF)*** and where appropriate with international bodies having expertise in due diligence, should have the possibility to issue guidelines, including for specific sectors or specific adverse impacts.

Amendment 47

Proposal for a directive
Recital 49

Text proposed by the Commission	*Amendment*
(49) The Commission and Member States should continue to work in partnership with third countries to support upstream economic operators build the capacity to effectively prevent and mitigate adverse human rights ***and*** environmental impacts of their operations and business relationships, paying specific attention to the challenges faced by smallholders. ***They*** should use their neighbourhood, development and international cooperation instruments to support third country governments and upstream economic operators in third countries addressing adverse human rights ***and*** environmental impacts of their operations and upstream business relationships. This could include	(49) The Commission and Member States should continue to work in partnership with third countries to support upstream economic operators build the capacity to effectively prevent and mitigate adverse human rights***, labour rights,*** environmental***, rule of law and good governance*** impacts of their operations and business relationships, paying specific attention to the challenges faced by smallholders ***who are some of the most marginalised actors in the global value chains***. ***If smallholders do not meet their needs, then they cannot afford the social (e.g. no child labour) and environmental improvements (e.g. no deforestation or sustainable diversification) that the***

working with partner country governments, the local private sector and stakeholders on addressing the root causes of adverse human rights ***and*** environmental impacts.

buyers, governments and consumers expect from them. Henceforth, the Commission and Member States should use their neighbourhood, development***,*** and international cooperation instruments ***as well as trade instruments,*** to support third country governments and upstream economic operators in third countries addressing adverse human rights***, labour rights,*** environmental***, rule of law and good governance*** impacts of their operations and upstream business relationships***, including through capacity building and expertise that will facilitate companies falling within the scope of this Directive to comply with their due diligence obligations***. This could include working with partner country governments, the local private sector and stakeholders on addressing the root causes of adverse human rights***, labour rights, environmental, rule of law and good governance impacts. In the same line, the Commission and Member States should provide targeted support to stakeholders, including civil society organisations and human rights, labour rights,*** environmental ***and rule of law and good governance defenders in developing countries, in order to ensure their meaningful and safe engagement in all due diligence processes. In particular, support should be provided to national and local civil society organisations to monitor corporate practices and hold companies accountable and dedicated measures and funds should ease access to justice. The Commission should also consider specific support programs for human rights, labour rights, environmental and rule of law and good governance defenders at risk because of their monitoring of corporate activities. In addition, the Commission and Member States should increase their dialogue with third countries in order to contribute to the enabling of environments in which the risks of retaliation is minimise.***

Amendment 48

Proposal for a directive
Recital 50

Text proposed by the Commission	*Amendment*
(50) In order to ensure that this Directive effectively contributes to combating climate change, companies should adopt a plan to ensure that the business model and strategy of the company are ***compatible*** with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement***. In case*** climate ***is or should have been identified as a principal risk for or a principal impact*** of the ***company's operations***, the company should include emissions reduction objectives in its plan.	(50) In order to ensure that this Directive effectively contributes to combating climate change, companies should***, in consultation with stakeholders,*** adopt a plan to ensure that the business model and strategy of the company are ***aligned*** with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement ***and with the objective of achieving*** climate ***neutrality by 2050 at the latest as established in Regulation (EU) 2021/1119, pursuant to the latest recommendations*** of the ***IPCC and the European Scientific Advisory Board on Climate Change. Accordingly***, the company should include emissions reduction objectives in its plan.

Amendment 49

Proposal for a directive
Recital 51

Text proposed by the Commission	*Amendment*
(51) With a view to ensure that such emission reduction plan is properly implemented and embedded in the financial incentives of directors, the plan should be duly taken into account when setting directors' variable remuneration***, if variable remuneration is linked to the contribution of a director to the company's business strategy and long-term interests and sustainability***.	(51) With a view to ensure that such emission reduction plan is properly implemented and embedded in the financial incentives of directors, the plan should be duly taken into account when setting directors' variable remuneration.

Amendment 50

Proposal for a directive
Recital 54

Text proposed by the Commission	*Amendment*
(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for dissuasive, proportionate and effective sanctions for infringements of those measures. In order for such sanction regime to be effective, administrative sanctions to be imposed by the national supervisory authorities should include pecuniary sanctions***. Where*** the legal system of a Member State ***does not*** provide for administrative sanctions as foreseen in this Directive, ***the rules on administrative sanctions should be applied in such a way that the sanction is initiated*** by the competent ***supervisory authority and imposed by the*** judicial authority. ***Therefore, it is necessary that those Member States ensure that the application of the rules and sanctions has an equivalent effect to the administrative sanctions imposed by the competent supervisory authorities.***	(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for dissuasive, proportionate and effective sanctions for infringements of those measures. In order for such sanction regime to be effective, administrative sanctions to be imposed by the national supervisory authorities should include pecuniary sanctions ***that are proportionate to the turnout of the company.*** The legal system of a Member State ***should*** provide for administrative sanctions as foreseen in this Directive, ***without prejudice of their review*** by the competent judicial authority.

Amendment 51

Proposal for a directive
Recital 56

Text proposed by the Commission	*Amendment*
(56) In order to ensure effective compensation of victims of adverse impacts, Member States should be required to lay down rules governing the civil liability of companies for damages arising ***due to its failure to comply with the due diligence process. The company*** should be liable for damages if they failed to comply with the obligations to prevent and mitigate potential adverse impacts or to bring actual impacts to an end and minimise their extent, and as a result of this failure an adverse impact that should have been	(56) In order to ensure effective compensation of victims of adverse impacts, Member States should be required to lay down rules governing the civil liability of companies for damages arising ***from adverse impacts. Companies should be strictly liable for damages arising from any adverse impacts resulting from their own operations or those of their subsidiaries. As regards adverse impacts resulting from the operations of partners with whom companies have business relationships, companies*** should be liable

identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures occurred and led to damage**.**	for damages if they failed to comply with the obligations to prevent and mitigate potential adverse impacts or to bring actual impacts to an end and minimise their extent, and as a result of this failure an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures occurred and led to damage.

Amendment 52

Proposal for a directive
Recital 57

Text proposed by the Commission	*Amendment*
(57) As regards damages occurring at the level of ***established*** indirect business relationships, ***the liability of*** the company ***should be subject to specific conditions.*** The company should ***not be liable if it carried out specific due diligence measures. However, it should not be exonerated from liability through implementing such measures in case it was unreasonable to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise*** the adverse impact. ***In addition, in the assessment of the existence and extent of liability, due account is to be taken of the company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with other entities to address adverse impacts in its value chains.***	(57) As regards damages occurring at the level of indirect business relationships, ***any person with a legitimate interest should be entitled to obtain from*** the company ***the full extent of damages resulting from any adverse impact and*** the company should ***benefit from a legal assurance to obtain compensation from the partners with whom it has a business relationship and who are responsible for*** the adverse impact.

Amendment 53

Proposal for a directive
Recital 58

Text proposed by the Commission	*Amendment*
(58) The ***liability regime does not regulate who should*** prove that the company's action was ***reasonably*** adequate under the circumstances of the case, ***therefore this question is left to national law***.	(58) The ***most significant barrier to access to justice for victims of adverse impacts is the difficulty in proving the company's failure to meet its obligations. Breaches of the obligations laid down in the Directive that have entailed damage for a person or a group of persons, can be extremely difficult to prove in court or before any other competent body by claimants, since many times this requires access to information that is only possessed by the company. Therefore, Member States shall take the necessary measures, in accordance with their national judicial systems, to ensure that, where persons who consider themselves wronged by failure to apply due diligence responsibilities establish, before a court or other competent body, facts from which it could be presumed that there has been a direct or indirect breach of the due diligence responsibilities, it shall be for the respondent to*** prove that the company's action was adequate under the circumstances of the case, ***thus contributing to access to an effective remedy***.

Amendment 54

Proposal for a directive
Recital 58 a (new)

Text proposed by the Commission	*Amendment*
	(58a) The right to an effective remedy is an internationally recognised human right, enshrined in Article 8 of the Universal Declaration of Human Rights, and Article 2(3) of the International Covenant on Civil and Political Rights, and is also a fundamental right of the Union within the meaning of Article 47 of the Charter. Member States should thus

ensure that victims have access to an effective remedy and that the costs and the length of the proceedings do not prevent claimants from access to courts or to non-judicial bodies (or structures or mechanisms). These measures could for example, take the form of public funding, including structural support for victims of actual and potential adverse impacts, limitation of applicable court or administrative fees, or access to legal aid.

Amendment 55

Proposal for a directive
Recital 59

Text proposed by the Commission	*Amendment*
(59) As regards civil liability rules, the civil liability of a company for damages arising due to its failure to carry out adequate due diligence should be without prejudice to civil liability of its subsidiaries or the respective civil liability of direct and indirect business partners in the value chain. Also, the civil liability rules under this Directive should be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive.	(59) As regards civil liability rules, the civil liability of a company for damages arising due to its failure to carry out adequate due diligence should be without prejudice to civil liability of its subsidiaries or the respective civil liability of direct and indirect business partners in the value chain. Also, the civil liability rules under this Directive should be without prejudice to Union or national rules on civil liability related to adverse human rights impacts***, adverse labour rights impacts*** or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive.

Amendment 56

Proposal for a directive
Recital 59 a (new)

Text proposed by the Commission	*Amendment*
	(59a) Trade unions, civil society organisations or other relevant actors acting in the public interest, such as national human rights institutions or

ombudsmen, should be able to bring representative actions before their courts on behalf and for the protection of the collective interests of victims of actual and potential adverse impacts, and those entities should have the rights and obligations of a claimant party in the proceedings.

Amendment 57

Proposal for a directive
Recital 61

Text proposed by the Commission	*Amendment*
(61) In order to ensure that victims of human rights ***and*** environmental harms can bring an action for damages and claim compensation for damages arising due to a company's failure to comply with the due diligence obligations stemming from this Directive, even where the law applicable to such claims is not the law of a Member State, as could be for instance be the case in accordance with international private law rules when the damage occurs in a third country, this Directive should require Member States to ensure that the liability provided for in provisions of national law transposing this Article is of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State.	(61) In order to ensure that victims of human rights***, labour rights,*** environmental***, rule of law and good governance*** harms can bring an action for damages and claim compensation for damages arising due to a company's failure to comply with the due diligence obligations stemming from this Directive, even where the law applicable to such claims is not the law of a Member State, as could be for instance be the case in accordance with international private law rules when the damage occurs in a third country, ***in particular in developing countries,*** this Directive should require Member States to ensure that the liability provided for in provisions of national law transposing this Article is of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State.

Amendment 58

Proposal for a directive
Recital 64

Text proposed by the Commission	*Amendment*
(64) Responsibility for due diligence should be assigned to the company's	(64) Responsibility for due diligence should be assigned to the company's

directors, in line with the international due diligence frameworks. Directors should therefore be responsible for putting in place and overseeing the due diligence actions as laid down in this Directive and for adopting the company's due diligence policy, taking into account the input of stakeholders and civil society organisations and integrating due diligence into corporate management systems. Directors should also adapt the corporate strategy to actual and potential impacts identified and any due diligence measures taken.

directors, in line with the international due diligence frameworks. Directors should therefore be responsible for putting in place and overseeing the due diligence actions as laid down in this Directive and for adopting the company's due diligence policy, taking into account the input of stakeholders and civil society organisations ***jointly identified as relevant*** and integrating due diligence into corporate management systems. Directors should also adapt the corporate strategy to actual and potential impacts identified and any due diligence measures taken.

Amendment 59

Proposal for a directive
Recital 65

Text proposed by the Commission	*Amendment*
(65) Persons who work for companies subject to due diligence obligations under this Directive or who are in contact with such companies in the context of their work-related activities can play a key role in exposing breaches of the rules of this Directive. They can thus contribute to preventing and deterring such breaches and strengthening the enforcement of this Directive. Directive (EU) 2019/1937 of the European Parliament and of the Council[106] should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches.	(65) Persons who work for companies subject to due diligence obligations under this Directive or who are in contact with such companies in the context of their work-related activities can play a key role in exposing breaches of the rules of this Directive. They can thus contribute to preventing and deterring such breaches and strengthening the enforcement of this Directive. Directive (EU) 2019/1937 of the European Parliament and of the Council[106] should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches. ***In particular, stakeholders submitting complaints or concerns should be effectively protected, notably by ensuring the confidentiality and anonymity of the complaint or concern raised.***
[106] Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law	[106] Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law

(OJ L 305, 26.11.2019, p. 17).

(OJ L 305, 26.11.2019, p. 17).

Amendment 60

Proposal for a directive
Recital 65 a (new)

Text proposed by the Commission	*Amendment*
	(65a) Human rights, labours rights, environmental rights and rule of law and good governance defenders are on the front line of the consequences of adverse environmental, human rights and rule of law and good governance impacts worldwide and in the Union, and could be directly threatened, intimidated, persecuted, harassed or even murdered, and as such should also benefit from balanced and effective protection. Companies should measure the actual and potential risks of their activities, as well as contextual risks to human rights, labour rights, environmental rights and rule of law and good governance defenders, engage with them and publish a policy on defenders that includes a zero-tolerance stance on threats or violence against them. Company policies must explicitly include in their due diligence protocols for safeguarding the rights of land and environmental rights defenders.

Amendment 61

Proposal for a directive
Recital 69

Text proposed by the Commission	*Amendment*
(69) This Directive is ***without prejudice to*** obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the same objectives	(69) This Directive is ***guided by the principle of "do not harm", in accordance with the*** obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of

and providing for more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and shall apply to those specific obligations.

another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and shall apply to those specific obligations.

Amendment 62

Proposal for a directive
Recital 70

Text proposed by the Commission	*Amendment*
(70) The Commission should assess and report whether new sectors should be added to the list of high-impact sectors covered by this Directive, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear evidence on labour exploitation, human rights violations or newly emerging environmental threats, whether the list of relevant international conventions referred to in this Directive should be amended, in particular in the light of international developments***, or whether the provisions on due diligence under this Directive should be extended to adverse climate impacts***.	(70) The Commission should assess and report ***on a regular basis*** whether new sectors should be added to the list of high-impact sectors covered by this Directive, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear evidence on labour exploitation, human rights violations or newly emerging environmental threats, whether the list of relevant international conventions referred to in this Directive should be amended, in particular in the light of international developments.

Amendment 63

Proposal for a directive
Recital 71

Text proposed by the Commission	*Amendment*
(71) The objective of this Directive, namely better exploiting the potential of the single market to contribute to the transition to a sustainable economy and contributing to sustainable development through the prevention ***and*** mitigation of potential or actual human rights and environmental adverse impacts in	(71) The objective of this Directive, namely better exploiting the potential of the single market to contribute to the transition to a sustainable economy and contributing to sustainable development through the prevention***,*** mitigation ***and remediation*** of potential or actual human rights***, labour rights,*** and environmental***,***

companies' value chains, cannot be sufficiently achieved by the Member States acting individually or in an uncoordinated manner, but can rather, by reason of the scale and effects of the actions, be better achieved at Union level. In particular, addressed problems and their causes are of a transnational dimension, as many companies are operating Union wide or globally and value chains expand to other Member States and to third countries. Moreover, individual Member States' measures risk being ineffective and lead to fragmentation of the internal market. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.

rule of law and good governance adverse impacts in companies' value chains, cannot be sufficiently achieved by the Member States acting individually or in an uncoordinated manner, but can rather, by reason of the scale and effects of the actions, be better achieved at Union level. In particular, addressed problems and their causes are of a transnational dimension, as many companies are operating Union wide or globally and value chains expand to other Member States and to third countries. Moreover, individual Member States' measures risk being ineffective and lead to fragmentation of the internal market. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.

Amendment 64

Proposal for a directive
Article 1

Text proposed by the Commission	*Amendment*
Article 1	Article 1
Subject matter	Subject matter
	-1. This Directive aims to ensure that companies respect human rights, labour rights, rule of law and good governance and protect the environment within their own operations, products and services, and those of their subsidiaries, and value chains.
1. This Directive lays down rules	1. This Directive lays down rules
(a) on obligations for companies regarding actual and potential human rights adverse impacts ***and*** environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the value chain operations	(a) on obligations for companies regarding ***the risk based approach to addressing their*** actual and potential human ***and labour*** rights adverse impacts***,*** environmental ***and climate adverse impacts and rule of law and good***

carried out by entities with whom the company has ***an established*** business relationship ***and***	***governance*** adverse impacts, with respect to their own operations, ***products and services,*** the operations***, products and services*** of their subsidiaries, and the value chain operations carried out by entities with whom the company has ***a*** business relationship**,**
(b) on liability for violations of the obligations mentioned above**.**	(b) on liability for violations of the obligations mentioned above***, and***
	(b a) on access to justice, including judicial and non-judicial remedies for victims of the adverse impacts and persons or groups of persons with legitimate interests.
The nature of business relationships as 'established' shall be reassessed periodically, and at least every 12 months.	
2. This Directive shall not constitute grounds for reducing the level of protection of human rights or of protection of the environment or the protection of the climate provided for by the law of Member States at the time of the adoption of this Directive.	2. This Directive shall not constitute grounds for reducing the level of protection of human ***and labour*** rights or of protection of the environment or the protection of the climate ***or the rule of law and good governance*** provided for by the law of Member States at the time of the adoption of this Directive ***and by any other applicable law***.
3. This Directive shall be without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act shall prevail to the extent of the conflict and shall apply to those specific obligations.	3. This Directive shall be without prejudice to obligations in the areas of human rights, protection of the environment and climate change***, the protection of labour rights and the respect of the rule of law and good governance,*** under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act shall prevail to the extent of the conflict and shall apply to those specific obligations.

Amendment 65

Proposal for a directive
Article 2

Text proposed by the Commission	*Amendment*
Article 2	Article 2
Scope	Scope
1. This Directive shall apply to companies which are formed in accordance with the legislation of a Member State and which fulfil one of the following conditions:	1. This Directive shall apply to companies ***and groups of undertakings*** which are formed in accordance with the legislation of a Member State and which fulfil one of the following conditions:
(a) the company had more than ***500*** employees on average and had a net worldwide turnover of more than EUR ***150*** million in the last financial year for which annual financial statements have been prepared;	(a) the company had more than ***250*** employees on average and had a net worldwide turnover of more than EUR ***40*** million in the last financial year for which annual financial statements have been prepared;
(b) the company did not reach the thresholds under point (a), but had more than ***250*** employees on average and had a net worldwide turnover of more than EUR ***40*** million in the last financial year for which annual financial statements have been prepared, provided that at least 50% of this net turnover was generated in one or more of the following sectors:	(b) the company did not reach the thresholds under point (a), but had more than ***50*** employees on average and had a net worldwide turnover of more than EUR ***8*** million in the last financial year for which annual financial statements have been prepared, provided that at least 50% of this net turnover was generated in one or more of the following sectors:
(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear;	(i) the manufacture of textiles, ***clothing***, leather and related products (including footwear), and the wholesale ***and retail*** trade of textiles, clothing and footwear;
(ii) agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages;	(ii) agriculture, forestry, fisheries (including aquaculture), ***management of land and resources (including in relation to nature conservation or other related activities),*** the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages ***and sale to consumers***;
(iii) the extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products	(iii) ***energy,*** the extraction***, transport, processing, refining and handling*** of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other

(except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products)**.**	non-metallic mineral products and fabricated metal products (except machinery and equipment), ***the manufacture of computer, electronic and optical products*** and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products)***;***
	(iii a) construction, logistics and infrastructures and other civil engineering projects; and
	(iii b) oil and gas production and oil refining sector.
2. This Directive shall also apply to companies which are formed in accordance with the legislation of a third country, and fulfil one of the following conditions:	2. This Directive shall also apply to companies which are formed in accordance with the legislation of a third country, and fulfil one of the following conditions:
(a) generated a net turnover of more than EUR ***150*** million in the Union in the financial year preceding the last financial year;	(a) generated a net turnover of more than EUR ***40*** million in the Union in the financial year preceding the last financial year;
(b) generated a net turnover of more than EUR ***40*** million but not more than EUR ***150*** million in the Union in the financial year preceding the last financial year, provided that at least 50% of its net worldwide turnover was generated in one or more of the sectors listed in paragraph 1, point (b).	(b) generated a net turnover of more than EUR ***8*** million but not more than EUR 40 million in the Union in the financial year preceding the last financial year, provided that at least 50% of its net worldwide turnover was generated in one or more of the sectors listed in paragraph 1, point (b).
3. For the purposes of ***paragraph 1***, the number of part-time employees shall be calculated on a full-time equivalent basis. Temporary agency workers shall be included in the calculation of the number of employees in the same way as if they were workers employed directly for the same period of time by the company.	3. For the purposes of ***this Directive***, the number of part-time employees shall be calculated on a full-time equivalent basis. Temporary agency workers shall be included in the calculation of the number of employees in the same way as if they were workers employed directly for the same period of time by the company. ***Furthermore:***
	(a) the average number of employees shall include:
	(i) employees in the company;
	(ii) employees in its directly and indirectly-owned subsidiaries and

	branches; and
	(iii) employees in third party undertakings with whom the company or its directly and indirectly-owned subsidiaries and branches have entered into a vertical agreement in return for payment of royalties or an outsourcing agreement or a subcontracting agreement;
	(b) the net turnover shall include the net worldwide turnover generated by:
	(i) the company; and
	(ii) its directly and indirectly-owned subsidiaries and branches, and third party undertakings with whom the company or its directly and indirectly-owned subsidiaries and branches have entered into a vertical agreement in return for payment of royalties or an outsourcing agreement or a subcontracting agreement.
	For the purposes of paragraph 2, the net turnover shall include:
	(i) the net turnover generated in the Union by the company;
	(ii) the net turnover generated in the Union by its directly and indirectly-owned subsidiaries and branches; and
	(iii) the net turnover generated in the Union through third-party undertakings with whom the company or its directly and indirectly-owned subsidiaries and branches have entered into a vertical agreement in return for payment of royalties or an outsourcing agreement or a subcontracting agreement.
4. As regards the companies referred to in paragraph 1, the Member State competent to regulate matters covered in this Directive shall be the Member State in which the company has its registered office.	4. As regards the companies referred to in paragraph 1, the Member State competent to regulate matters covered in this Directive shall be the Member State in which the company has its registered office.

Amendment 66

Proposal for a directive

Article 3 – paragraph 1 – point a – point iii a (new)

Text proposed by the Commission	*Amendment*
	(iiia) a legal person of any type which, regardless of the purpose for which it was constituted and the sector in which it operates, undertakes activities of commercial nature;

Amendment 67

Proposal for a directive
Article 3 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) 'adverse environmental impact' means ***an adverse impact*** on the environment resulting from the violation of one of the prohibitions and obligations ***pursuant to*** the international environmental conventions listed in the Annex, Part II;	(b) 'adverse environmental impact' means ***any severe harm*** on the environment resulting from the violation of one of the prohibitions and obligations ***established under international environmental law, including, but not limited to,*** the international environmental conventions listed in the Annex, Part II***, a violation within the meaning of Directive (EU) .../... of the European Parliament and of the Council[1a] of ... on the protection of the environment through criminal law, or an adverse impact on one of the following environmental categories, but not limited to them:*** ***(a) air quality, air pollution and atmosphere***; ***(b) water pollution, water contamination, access to water and depletion of fresh water;*** ***(c) soil, such as soil pollution, soil contamination, soil erosion land use and land degradation;*** ***(d) biodiversity, including damage to wildlife, seabed and marine environment, flora, fauna, natural habitats and ecosystems;*** ***(e) human health in accordance with the 'One Health' approach;***

	(f) climate, including through greenhouse gas emissions and the destruction or degradation of sinks; and
	(g) transition to circular economy, including but not limited to, impairment to reusability and recyclability such as contamination of waste streams with hazardous substance.
	_____
	[1a] Directive (EU) .../... of the European Parliament and of the Council of ... on the protection of the environment through criminal law.

Amendment 68

Proposal for a directive
Article 3 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) 'adverse human rights impact' means ***an adverse impact on protected persons resulting from the violation of one*** of the rights ***or prohibitions listed in the Annex, Part I Section 1***, as enshrined in ***the*** international conventions listed in the Annex, Part I Section 2;	(c) 'adverse human ***and labour*** rights impact' means ***any harm to or reduction*** of the ***enjoyment of human and labour*** rights ***of a person or group of persons***, as enshrined in international ***conventions, in particular the*** conventions listed in the Annex, Part I Section 2 ***and especially the protected position in the Annex, Part I Section 1 and established through the relevant case law and the work of competent committees***;

Amendment 69

Proposal for a directive
Article 3 – paragraph 1 – point c (a) new

Text proposed by the Commission	*Amendment*
	(ca) "adverse rule of law and good governance impact" includes violations listed in Annex, Part IIa, as defined by relevant international instruments and means harm caused to the effective functioning of the rule of law and good

	governance systems in a country, region or territory where the company or its subsidiary or partners in the value chain operate when the obligations and prohibitions pursuant to the legal acts on the international or regional rule of law or good governance are violated, including anti-corruption conventions; "adverse rule of law and good governance impact" also includes impacts on informal structures;

Amendment 70

Proposal for a directive
Article 3 – paragraph 1 – point e – introductory part

Text proposed by the Commission	*Amendment*
(e) 'business relationship' means a relationship ***with*** a contractor, subcontractor or any other legal entities ('partner')	(e) 'business relationship' means a relationship ***between a company or one of its subsidiaries and*** a contractor, subcontractor or any other legal entities ('partner') ***within the value chain***

Amendment 71

Proposal for a directive
Article 3 – paragraph 1 – point f

Text proposed by the Commission	*Amendment*
(f) 'established business relationship' means a business relationship, whether direct or indirect, which is, or which is expected to be lasting, in view of its intensity or duration and which does not represent a negligible or merely ancillary part of the value chain;	***deleted***

Amendment 72

Proposal for a directive
Article 3 – paragraph 1 – point g

Text proposed by the Commission	*Amendment*
(g) 'value chain' means activities related to the production of goods or the provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of upstream and downstream ***established*** business relationships of the company***. As regards companies within the meaning of point (a)(iv), '***value chain***'*** with respect to the provision of ***these specific services shall only include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of such regulated financial undertakings*** does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities***;***	(g) 'value chain' means activities related to the production***, distribution or sale*** of goods***,*** or the provision of services by a company***, or any of its directly and indirectly-owned subsidiaries and branches***, including the development of the product or the service and the use and disposal of the product as well as the related activities of upstream and downstream business relationships of the company ***and including informal working schemes as well as subcontracting and home-based work. The*** value chain ***of regulated financial undertakings*** with respect to the provision of ***financing, insurance or reinsurance*** does not cover SMEs ***and natural persons*** receiving loan, credit, financing, insurance or reinsurance of such entities***. The downstream value chain of such regulated financial undertakings only covers clients that are direct business partners;***

Amendment 73

Proposal for a directive
Article 3 – paragraph 1 – point h

Text proposed by the Commission	*Amendment*
(h) 'independent third-party verification' means verification of the compliance by a company, or parts of its value chain, with human rights and environmental requirements resulting from the provisions of this Directive by an auditor which is independent from the company, free from any conflicts of interests, has experience and competence in environmental and human rights matters and is accountable for the quality and reliability of the audit;	(h) 'independent third-party verification' means verification of the compliance by a company, or parts of its value chain, with human rights***, labour rights*** and environmental***, rule of law and good governance*** requirements resulting from the provisions of this Directive by an auditor which is independent from the company, free from any conflicts of interests, has experience and competence in environmental***, labour*** and human rights***, rule of law and good governance*** matters and is accountable for the quality and reliability of the audit;

Amendment 74

Proposal for a directive
Article 3 – paragraph 1 – point l

Text proposed by the Commission	*Amendment*
(l) 'severe adverse impact' means an adverse environmental impact ***or*** an adverse human rights impact that is especially significant by its nature, or affects a large number of persons or a large area of the environment, or which is irreversible, or is particularly difficult to remedy as a result of the measures necessary to restore the situation prevailing prior to the impact;	(l) 'severe adverse impact' means an adverse environmental impact***,*** an adverse human ***and labour*** rights impact ***or an adverse damage to the functioning of the rule of law and governance systems of the country or the region or territory where the company or its subsidiaries in value chain operate,*** that is especially significant by its nature, or affects a large number of persons or a large area of the environment, or which is irreversible, or is particularly difficult to remedy as a result of the measures necessary to restore the situation prevailing prior to the impact***, or affects key institutions or structures in charge of providing protection and services to the population or protecting the environment in a manner that makes them unable to perform their functions, interfering in the decision-making processes mediating corruption, violence or intimidation and impeding the enjoyment by populations of their human rights or seriously affecting the environment***;

Amendment 75

Proposal for a directive
Article 3 – paragraph 1 – points n

Text proposed by the Commission	*Amendment*
(n) 'stakeholders' means the company's employees, the employees of its subsidiaries, and other individuals, groups, communities or entities whose rights or interests are or could be affected by the ***products, services and operations of that*** company, its subsidiaries and its business relationships;	(n) 'stakeholders' means***:***
	(i) the company's employees, the

employees of its subsidiaries ***and value chains workers***, and other individuals, groups, communities or entities***, or civil society organisations and trade unions*** whose rights or interests are or could be affected by the ***potential or actual adverse impacts on human rights, environment, the rule of law and good governance systems caused by a*** company, its subsidiaries and its business relationships, ***including through the value chain***;

(ii) other legal or natural persons engaging, promoting, representing, protecting and defending, as part of their statutory purpose or otherwise, issues related to this Directive;

Amendment 76

Proposal for a directive
Article 3 – paragraph 1 – point n a (new)

Text proposed by the Commission	*Amendment*
	(na) 'human and labour rights, environmental and rule of law and good governance defenders' mean individuals, groups and structures of society, including non-government organisations, that promote or strive for the protection and realisation of universally recognised human rights and fundamental freedoms and for the defence of the environment and the rule of law and good governance;

Amendment 77

Proposal for a directive
Article 3 – paragraph 1 – point n b (new)

Text proposed by the Commission	*Amendment*
	(nb) 'vulnerable stakeholders' means individuals and right-holder groups that find themselves in marginalised situations and situations of vulnerability, due to specific contexts or intersecting factors,

	including, among others, their sex, gender, age, race, ethnicity, class, education, indigenous identity, migration status, disability, as well as social and economic status, which are the causes of differentiated and often disproportionate adverse impacts, and create discrimination and an additional barrier to participation and access to justice;

Amendment 78

Proposal for a directive
Article 3 – paragraph 1 – point n c (new)

Text proposed by the Commission	*Amendment*
	(nc) 'meaningful engagement' means an ongoing process of interaction and dialogue between a company and affected stakeholders that enables the company to hear, understand and respond to their interests and concerns in good faith. It includes a proactive, interactive, responsive, ongoing and gender-responsive, child-sensitive process of engagement with stakeholders and their representative organisations, adapted to vulnerable stakeholders, such as smallholders, indigenous people and local communities and taking place throughout the entire due diligence process, which ensures a proper follow-up of the implementation of agreed commitments, ensuring that adverse impacts to impacted and potentially impacted stakeholders are addressed;

Amendment 79

Proposal for a directive
Article 3 – paragraph 1 – point q

Text proposed by the Commission	*Amendment*
(q) 'appropriate ***measure***' means a ***measure*** that ***is*** capable of achieving the	(q) 'appropriate ***measures***' means a ***set of measures*** that ***are*** capable of achieving

objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence ***thereof***, and the need to ensure prioritisation of action**.**	the objectives of due diligence ***and effectively addressing the potential or actual adverse impact***, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, ***after meaningul, proven and regular engagement and consultation with relevant stakeholders*** taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence, and the need to ensure prioritisation of action***;***

Amendment 80

Proposal for a directive
Article 3 – paragraph 1 – point q a (new)

Text proposed by the Commission	*Amendment*
	(qa) 'conflict-affected and high-risk areas' means areas in a state of armed conflict or fragile post-conflict areas, areas under occupation or annexation, as well as areas witnessing weak or non-existent rule of law and governance and security, such as failed states, and widespread and severe violations of international humanitarian or human rights law;

Amendment 81

Proposal for a directive
Article 3 – paragraph 1 – point q b (new)

Text proposed by the Commission	*Amendment*
	(qb) 'high risk sectors' means sectors of activity that are associated with a higher likelihood or severity of adverse impacts on human rights, labour rights, the environment and climate or on rule of law and good governanceand which are

listed in Annex, Part II b.

Amendment 82

Proposal for a directive
Article 4 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies ***conduct*** human rights ***and environmental*** due diligence as laid down in Articles 5 to 11 ('due diligence') by carrying out the following actions:	1. Member States shall ensure that companies ***respect*** human rights***, environment and rule of law and good governance and do not, directly or indirectly, cause or contribute to adverse impacts on*** human rights***, environment and rule of law and good governance, by obliging them to conduct a proper*** due diligence ***process*** as laid down in Articles 5 to 11 ('due diligence') by carrying out the following actions ***using a risk-based approach by means of***:
(a) integrating due diligence into their policies in accordance with Article 5;	(a) integrating due diligence into their policies in accordance with Article 5;
(b) identifying actual or potential adverse impacts in accordance with Article 6;	(b) identifying actual or potential ***risks and*** adverse impacts in accordance with Article 6;
(c) preventing ***and mitigating*** potential adverse impacts, ***and bringing*** actual adverse impacts to an end ***and*** minimising their extent in accordance with Articles 7 and 8;	(c) preventing potential adverse impacts, ***mitigating*** actual adverse impacts, ***bringing them*** to an end***,*** minimising their extent ***and remediating them*** in accordance with Articles 7 and 8;
	(ca) ensuring that due diligence is an ongoing and preventive process carried out on the basis of prioritisation based on the level of severity, likelihood and urgency of potential and actual adverse impacts, the nature and the context of operations in accordance with Article 7;
	(cb) where necessary, disengaging responsibly;
(d) establishing and maintaining ***a complaints procedure*** in accordance with Article 9;	(d) establishing and maintaining ***effective grievance mechanisms*** in accordance with Article 9;
(e) monitoring the effectiveness of their due diligence policy and measures in	(e) monitoring ***and assessing*** the effectiveness of their due diligence policy

accordance with Article 10;	and measures in accordance with Article 10;
(f) publicly ***communicating*** on due diligence in accordance with Article 11**.**	(f) publicly ***reporting*** on due diligence in accordance with Article 11***;***
	(fa) ensuring a meaningful, regular, accessible, as well as a safe and timely engagement with stakeholders and their business relationships throughout the due diligence process in accordance with Article 11a.

Amendment 83

Proposal for a directive
Article 4 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. Member States shall ensure that companies do not engage in business models and strategies that cause or contribute to adverse impacts on human rights, the environment and on the rule of law and good governance and that companies identify, prevent, mitigate and account for how they address the impacts on human rights, the environment, rule of law and good governance occurring in their operations, the operations of their subsidiaries, and in their value chains.

Amendment 84

Proposal for a directive
Article 4 – paragraph 1 b (new)

Text proposed by the Commission	*Amendment*
	1b. Member States shall ensure that companies operating in conflict-affected and high-risk areas conduct heightened conflict-sensitive due diligence to address the higher risks of gross human rights violations and damages to the environment and to ensure that their operations and activities do not aggravate

	or finance the conflicts. That heightened due diligence process shall include a conflict sensitive analysis and an effective, safe and meaningful engagement with stakeholders in accordance with Article 11a. Member States shall ensure that companies operating in the conflict-affected and high-risk areas respect their international humanitarian law obligations.

Amendment 85

Proposal for a directive
Article 5

Text proposed by the Commission	*Amendment*
Article 5	Article 5
Integrating due diligence into companies' policies	Integrating due diligence into companies' policies
1. Member States shall ensure that companies integrate due diligence into all their corporate policies and ***have in place*** a due diligence policy. The due diligence policy shall contain all of the following:	1. Member States shall ensure that companies integrate due diligence into all their corporate policies and ***adopt, publish and implement*** a due diligence policy. The due diligence policy shall ***provide for meaningful, safe and regular engagement with stakeholders in accordance with Article 11a using a risk-based approach and shall*** contain ***at least*** all of the following:
(a) a description of the company's approach, including in the long term, to due diligence;	(a) a description of the company's approach, including in the ***short, medium and*** long term, to due diligence ***which includes a comprehensive description of the company, of its business relationships and value chains, including inter alia a list of the company's business relationships and production sites***;
(b) a code of conduct ***describing*** rules and principles to be followed by the company's employees ***and*** subsidiaries;	(b) a code of conduct ***defining*** rules and principles to be followed by the company's ***management,*** employees***,*** subsidiaries ***and value chain partners, and established with the full engagement and relevant consultation with relevant stakeholders in accordance with Article***

	11a;
(c) a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct ***and*** to extend its application to ***established business*** relationships.	(c) a description of the processes put in place to implement due diligence ***across the value chain***, including***:***
	(i) the measures taken to verify compliance with the code of conduct ***including tools, methodology, objectives and timeline of the measures;***
	(ii) the measures to extend its application to business relationships***, including contractual provisions; and***
	(iii) a description of the measures to ensure the safety, meaningful engagement with stakeholders in compliance with Article 11 a;
	(ca) a description of the actual and potential adverse impacts identified and assessed in accordance with Article 6, in relation to the company's direct and indirect operations including through any of its directly and indirectly-owned subsidiaries and branches, business operations and value chains;
	(cb) a description of the measures aimed at preventing and mitigating potential adverse impacts, and bringing actual adverse impacts to an end and minimising their extent in accordance with Articles 7 and 8;
	(cc) capacity of weaker business partners to carry out due diligence, taking into account the leverage of the company to ensure that the costs of the due diligence process are not passed on to business partners in a weaker position; and
	(cd) a description of the grievance mechanism referred to Article 9;
	When the description of the processes referred to in point (c) includes reference to independent third-party verification, companies shall add to their due diligence policy a comprehensive report on the

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	results of third-party audits over the preceding three years.
	1a. For undertakings operating in one of the sectors referred to in Article 3, point (qb), the description of the company's approach, the code of conduct and description of the processes and measures required under paragraph 1, points (a) to (c), of this Article shall also include a detailed focus on the risks and impacts that are specific to that sector.
2. Member States shall ensure that the companies update their due diligence policy annually.	2. Member States shall ensure that the companies ***review,*** update ***and publish*** their due diligence policy ***promptly once they identify any new actual and potential adverse impacts or when substantial changes in their value chains have occurred, and at least*** annually. ***Companies' due diligence policies shall be publicly accessible.***
	2a. Member States shall lay down rules to ensure that management or supervisory bodies, as the case may be, depending on national laws of the companies referred to in Article 2(1) put in place and oversee the due diligence actions referred to in Article 4 and, in particular the due diligence policy referred to in this Article, with due consideration of relevant input from stakeholders.
	2b. Developing and applying common standards and principles for a code of conduct within and across industries, to support efficient compliance with this Directive shall not constitute a breach of applicable competition law.

Amendment 86

Proposal for a directive
Article 6

Text proposed by the Commission	*Amendment*
Article 6	Article 6

Identifying actual and potential adverse impacts	Identifying ***and assessing*** actual and potential adverse impacts
1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse human rights impacts and adverse environmental impacts arising from their own operations or those of their subsidiaries and***, where related to*** their value chains***, from their established*** business relationships, in accordance with paragraph 2, 3 and 4.	1. Member States shall ensure that companies take appropriate measures to identify ***and assess*** actual and potential adverse human ***and labour*** rights impacts and***,*** adverse environmental***, rule of law and good governance*** impacts arising from their own ***business models and strategies,*** operations***, products and services*** or***,*** those of their subsidiaries and ***partners in*** their value chains ***with whom the companies have*** business relationships***, according to a risk-based approach and*** in accordance with paragraph 2, 3 and 4.
	1a. Member States shall ensure that companies map their value chains and publicly disclose relevant information including names, locations, types of products and services supplied, and other relevant information concerning subsidiaries and business. Based on the results of that mapping, companies may carry out an in-depth assessment of the areas where adverse impacts were identified to be most likely to be present or most significant.
	1b. Severity of an adverse impacts shall be assessed based on its gravity, its high likelihood of occurrence, the number of persons or the extent of the environment affected, its irreversibility, and the difficulty to provide remedy considering the measures necessary to restore the situation prevailing prior to the impact.
2. By way of derogation from paragraph 1, companies referred to in Article 2(1), point (b), and Article 2(2), point (b), shall only be required to identify actual and potential ***severe*** adverse impacts relevant to the respective sector mentioned in Article 2(1), point (b).	2. By way of derogation from paragraph 1, companies referred to in Article 2(1), point (b), and Article 2(2), point (b), shall only be required to identify actual and potential adverse impacts relevant to the respective sector mentioned in Article 2(1), point (b).
3. When companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, identification of actual and potential adverse human rights impacts and adverse environmental	3. When companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, identification of actual and potential adverse human rights impacts and adverse environmental ***rule of***

impacts shall be carried out only before providing that service.	***law and good governance*** impacts shall be carried out ***according to appropriate risk-based measures*** only before providing that service.
4. Member States shall ensure that, for the purposes of identifying the adverse impacts referred to in paragraph 1 based on***, where appropriate,*** quantitative and qualitative information, companies ***are entitled to*** make use of appropriate resources, including independent reports and information gathered through the ***complaints procedure*** provided for in Article 9. Companies shall***, where*** relevant***, also carry out consultations with*** potentially affected groups ***including workers and other relevant stakeholders*** to gather information on actual or potential adverse impacts.	4. Member States shall ensure that, for the purposes of identifying ***and assessing*** the adverse impacts referred to in paragraph 1 based on quantitative and qualitative information, companies make use of appropriate resources, including ***publicly accessible information and*** independent reports***, information communicated to them*** and information gathered through the ***grievance mechanisms*** provided for in Article 9. Companies shall ***also have an effective and meaningful engagement with all*** relevant ***stakeholders and their representative organisations, including workers and*** potentially affected groups to gather information on actual or potential adverse impacts. ***This approach in the financial services sector will be informed by clear financial sector guidelines.***
	4a. Member States shall ensure that stakeholders are entitled to request additional information from a company regarding the actions taken in accordance with Article 4 and that the company respond to that request in accordance with Article 11 a.

Amendment 87

Proposal for a directive
Article 7

Text proposed by the Commission	*Amendment*
Article 7	Article 7
Preventing potential adverse impacts	Preventing potential adverse impacts
1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse human rights impacts ***and*** adverse	1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse human ***and labour*** rights impacts ***as well***

environmental impacts that have been, or should have been, identified pursuant to Article 6, ***in accordance with paragraphs 2, 3, 4 and 5 of this*** Article.

as adverse environmental impacts ***or adverse rule of law and good governance impacts arising from their operations, products and services, those of their subsidiaries, and those occurring in their own activities and in their value chains and*** that have been, or should have been, identified pursuant to Article 6, ***using a risk-based approach.***

1 a. For the purposes of paragraph 1, companies shall be required to develop and implement a prevention action plan, with reasonable and clearly defined timelines for appropriate measures and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be publicly available and shall be developed with effective and meaningful engagement of stakeholders in accordance with Article 11 a.

The appropriate measures shall apply to a company's own operations, its subsidiaries as well as direct and indirect business relationships.

In the event that the company is not in a position to prevent or mitigate all the potential adverse impacts at the same time, that plan shall include a prioritisation strategy which shall take into account the level of severity and likelihood of the different potential adverse impacts on human rights, the environment and on the rule of law and good governance systems.

2. Companies shall be required to take the following actions***, where relevant***:

2. ***For the purposes of paragraphs 1 and 2,*** companies shall be required to take***, appropriate measures, including*** the following actions:

(a) where necessary due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be developed in consultation with affected

stakeholders;

(b) ***seek*** contractual assurances ***from a business partner with whom it has a direct*** business ***relationship that it will ensure compliance with the company's code of conduct and, as necessary,*** a prevention action plan***, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain (contractual cascading). When such contractual assurances are obtained, paragraph 4 shall apply***;

(b) ***obtain*** contractual assurances ***based on fair, reasonable and non-discriminatory terms, or other assurances within*** business ***relationships throughout the value chain, with respect to the implementation of*** a prevention action plan;

(c) make necessary investments, such as into management or production processes ***and*** infrastructures***, to comply with paragraph 1***;

(c) make necessary investments, such as into management or production processes***, capacity building, joint prevention and mitigation measures with value chain partners,*** infrastructures ***and product traceability***;

(c a) adapt business models and strategies in order to prevent and address potential adverse impacts;

(c b) train, communicate or collaborate with suppliers on the enforcement of relevant protective laws;

(d) ***provide*** targeted and proportionate support for an SME with which the company has ***an established*** business relationship, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME;

(d) ***consider providing*** targeted and proportionate support for an SME with which the company has ***a*** business relationship, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME;

(e) in compliance with Union law including competition law, collaborate with other entities, including, ***where relevant,*** to increase the company's ability to bring the adverse impact to an end, in particular where no other action is suitable or effective***.***

(e) in compliance with Union law including competition law, collaborate with other entities, including, to increase the company's ability to bring the adverse impact to an end, in particular where no other action is suitable or effective***;***

(ea) in case of companies detaining shares, exercise their voting rights with a view to prevent adverse impacts on human rights, the environment and on the rule of law and good governance;

(eb) carry out gender-sensitive human rights assessments, including by gathering

	and using disaggregated data.
3. As regards potential adverse impacts that could not be prevented or adequately mitigated by the measures in paragraph 2, the company may seek to conclude a contract with a partner with whom it has an indirect relationship, with a view to achieving compliance with the company's code of conduct or a prevention action plan. When such a contract is concluded, paragraph 4 shall apply.	3. As regards potential adverse impacts that could not be prevented or adequately mitigated by the measures in paragraph 2, the company may seek to conclude a contract with a partner with whom it has an indirect relationship, with a view to achieving compliance with the company's code of conduct or a prevention action plan. When such a contract is concluded, paragraph 4 shall apply.
4. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.	4. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification. ***Compliance verification through industry initiatives or independent third-party verification shall not exonerate the company from its obligations and its liability under this Directive.***
When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.
5. As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated by the measures in paragraphs 2, 3 and 4, ***the company*** shall ***be required to*** refrain from entering into new or extending existing relations with the partner in connection with or in the value chain of which the impact has arisen ***and*** shall***, where the law governing their relations so entitles them to,*** take the following actions:	5. As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated by the measures in paragraphs 2, 3 and 4, ***because mitigation is not possible or acceptable, or there is no reasonable prospect of change, companies*** shall refrain from entering into new or extending existing relations with the partner in connection with or in the value chain of which the impact has arisen***.*** ***In such cases, companies*** shall take the following actions:
(a) ***temporarily*** suspend commercial relations with the partner in question, while pursuing prevention and ***minimisation***	(a) suspend commercial relations with the partner in question, while pursuing prevention and ***mitigation*** efforts;

efforts***, if there is reasonable expectation that these efforts will succeed in the short-term***;	
(b) terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe.	(b) terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe ***or if the adverse impact is repeated***. ***Companies shall engage in a timely manner, efficiently and meaningfully with stakeholders impacted by the decision to suspend or terminate the business relationship before making that decision, and shall address the adverse impacts derived from those actions.*** ***Undertakings shall take appropriate measures to prevent, mitigate and bring to an end adverse impacts deriving from the suspension or cessation of the business relationship.*** ***The termination of a business relationship shall not bear on a company's responsibility to address the actual impacts generated in the course of the duration of the relationship.***
Member States shall provide for the availability of an option to terminate the business relationship in contracts governed by their laws.	Member States shall provide for the availability of an option ***to suspend or*** to terminate the business relationship in contracts governed by their laws.
6. By way of derogation from paragraph 5, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, they shall not be required to terminate the credit, loan or other financial service contract when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided.	6. By way of derogation from paragraph 5, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, they shall not be required to terminate the credit, loan or other financial service contract when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided.

Amendment 88

Proposal for a directive
Article 8

Text proposed by the Commission	*Amendment*
Article 8	Article 8
Bringing actual adverse impacts to an end	***Mitigating and*** bringing actual adverse impacts to an end
1. Member States shall ensure that companies take appropriate measures to bring actual adverse impacts that have been, or should have been, identified pursuant to Article 6 to an end, in accordance with paragraphs 2 to 6 of this Article.	1. Member States shall ensure that companies take appropriate measures to ***mitigate and to*** bring actual adverse impacts that have been, or should have been, ***occurring in their own activities and in their value chain and*** identified pursuant to Article 6 to an end ***using a risk-based approach***, in accordance with paragraphs 2 to 6 of this Article.
2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies minimise ***the extent of*** such ***an*** impact.	2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies minimise such impact ***to the greatest extent possible***.
3. Companies shall be required to take the following actions, where relevant:	3. Companies shall be required to take the following actions, where relevant:
(a) ***neutralise*** the adverse impact or minimise ***its*** extent, including by the payment of damages ***to the affected persons*** and of financial compensation to ***the*** affected communities. The action shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact;	(a) ***take all appropriate measures to fully remediate or contribute to the full remediation of*** the adverse impact or minimise ***it, to the greatest*** extent ***possible by appropriate remedies***, including by the payment of damages and of financial compensation to affected ***persons, groups of persons or*** communities ***and the full compensation of the environmental damage or harm to the rule of law and good governance systems. In the event of payment of damages or financial compensation by companies for adverse impacts resulting from their business partners' conduct, companies shall benefit from legal assurance to obtain compensation from those partners***. The action shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. ***Remediation includes a range of substantive forms the aim of which will be to counteract or make good any harm to human rights, the environment as well as rule of law and good governance. It concerns any harm and damage a***

	company caused or contributed to by acts or omissions; it includes apologies, restitution, rehabilitation, financial or non-financial compensation, restoration of the environment and sanctions, as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition;
	(a a) in the case of indigenous peoples, remediation actions shall follow international standards, as acknowledged by the United Nations Declaration on the Rights of Indigenous Peoples, and includes actions to seek the restitution of their lands, territories and resources;
(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. ***Where relevant,*** the corrective action plan shall be developed ***in consultation*** with stakeholders;	(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan ***and measures*** with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. The corrective action plan shall be developed with ***the meaningful engagement of*** stakeholders***, and shall be made publicly available***. ***The action shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact;***
	(b a) the appropriate measures shall apply, where applicable, to a company's own operations, its subsidiaries as well as direct and indirect business relationships;
	(b b) adapt processes, operations and projects;
	(b c) if necessary, cease processes, operations and projects;
(c) ***seek*** contractual assurances from a direct partner with whom it has an ***established*** business relationship that it will ensure compliance with the code of conduct and, as necessary, a corrective action plan***,*** including by seeking corresponding contractual assurances from its partners, to the extent that they are part of the value chain (contractual cascading).	(c) ***obtain*** contractual assurances from a direct partner with whom it has ***a*** business relationship that it will***:***

When such contractual assurances are obtained, paragraph 5 shall apply**.**	
	(i) respect human rights, worker's rights, the environment and rule of law and good governance and will implement the prevention plan;
	(ii) ensure compliance with the code of conduct and, as necessary, a corrective action plan***; and***
	(iii) inform workers and other stakeholders of the grievance mechanisms, established by the company or in which the company participates, under Article 9, including by ***obtaining*** corresponding contractual assurances from its partners, to the extent that they are part of the value chain (contractual cascading)***;*** when such contractual assurances are obtained, paragraph 5 shall apply***;***
(d) make necessary investments, such as into management or production processes and infrastructures to comply with paragraphs 1, 2 and 3;	(d) make necessary investments, such as into management or production processes***,*** and infrastructures***, product traceability as well as capacity building, joint remediation and mitigation plans with value chain partners,*** to comply with paragraphs 1, 2 and 3;
	(d a) adapt business models and strategies;
(e) provide targeted and proportionate support for an SME with which the company has ***an established*** business relationship, where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME;	(e) provide targeted and proportionate support for an SME with which the company has ***a*** business relationship, where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME;
(f) in compliance with Union law including competition law, collaborate with other entities, including, ***where relevant,*** to increase the company's ability to bring the adverse impact to an end, in particular where no other action is suitable or effective**.**	(f) in compliance with Union law including competition law, collaborate with other entities, including, to increase the company's ability to bring the adverse impact to an end, in particular where no other action is suitable or effective***;***
	(f a) undertakings that detain shares shall exercise their voting rights with a view to prevent adverse impacts on human rights, the environment and rule of law

	and good governance.
4. As regards actual adverse impacts that could not be brought to an end or adequately mitigated by the measures in paragraph 3, the company may seek to conclude a contract with a partner with whom it has an indirect relationship, with a view to achieving compliance with the company's code of conduct or a corrective action plan. When such a contract is concluded, paragraph 5 shall apply.	4. As regards actual adverse impacts that could not be brought to an end or adequately mitigated by the measures in paragraph 3, the company may seek to conclude a contract with a partner with whom it has an indirect relationship, with a view to achieving compliance with the company's code of conduct or a corrective action plan. When such a contract is concluded, paragraph 5 shall apply.
5. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.	5. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification. ***Compliance verification through industry initiatives or independent third-party verification shall not exonerate the company from its obligations and its liability under this Directive.***
When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost ***of the independent third-party verification***.	When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the ***associated*** cost.
6. As regards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be minimised by the measures provided for in paragraphs 3, 4 and 5, the company shall refrain from entering into new or extending existing relations with the partner in connection to or in the value chain of which the impact has arisen and shall***, where the law governing their relations so entitles them to,*** take one of the following actions:	6. As regards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be minimised by the measures provided for in paragraphs 3, 4 and 5, the company shall refrain from entering into new or extending existing relations with the partner in connection to or in the value chain of which the impact has arisen and shall take one of the following actions:
(a) temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact,	(a) temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact,

or	or
(b) terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe.	(b) terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe ***or if the adverse impact is repeated***.
Member States shall provide for the availability of an option to terminate the business relationship in contracts governed by their laws.	Member States shall provide for the availability of an option ***to suspend or*** to terminate the business relationship in contracts governed by their laws.
	Companies shall engage in a timely, efficient and meaningful manner with stakeholders impacted by the decision to suspend or terminate the business relationship before making that decision, and shall address the adverse impacts derived from those actions.
7. By way of derogation from paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, they shall not be required to terminate the credit, loan or other financial service contract, when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided.	7. By way of derogation from paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan***, statutory insurance cover*** or other financial services, they shall not be required to terminate the credit, loan or other financial service contract, when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided.

Amendment 89

Proposal for a directive
Article 8 a (new)

Text proposed by the Commission	*Amendment*
	Article 8a
	Responsible Disengagement
	1. Member States shall ensure that companies disengage responsibly, and only as a last resort, when responding to situations where potential and adverse impacts within the meaning of Article 7(1) and Article 8(1) cannot be prevented, brought to an end, or otherwise effectively mitigated or meaningfully minimized according to the views of affected stakeholders, in particular workers, or

other stakeholders with a legitimate interest. To this end, companies shall meaningfully engage with stakeholders in accordance with Article 9a, before taking a decision.

2. Companies shall disclose as part of their reporting obligation as referred to in Article 11, the number of instances where they have decided to disengage, the reason for that disengagement and the location of the concerned business relationships without disclosing their identity.

Amendment 90

Proposal for a directive
Article 9

Text proposed by the Commission	*Amendment*
Article 9	Article 9
Complaints procedure	***Non-judicial grievance mechanisms***
1. Member States shall ensure that companies ***provide the possibility for*** persons and organisations listed in paragraph 2 to ***submit complaints to them*** where they have legitimate concerns regarding actual or potential adverse human rights impacts and adverse environmental impacts with respect to ***their*** own operations, the operations of their subsidiaries and their value chains.	1. Member States shall ensure that companies ***establish or participate in effective grievance mechanisms at operational level, both as an early-warning risk-awareness and as a remediation system, that can be used by*** persons and organisations listed in paragraph 2 to ***raise grievances and request remedies*** where they have legitimate concerns regarding actual or potential adverse human rights impacts and adverse environmental impacts ***or adverse impacts on the rule of law and good governance systems*** with respect to ***the companies'*** own operations, the operations of their subsidiaries and their value chains. ***Member States shall ensure that companies are able to provide such mechanisms through collaborative arrangements with other companies or organisations, by participating in multi-stakeholder grievance mechanisms or joining a global framework agreement.*** ***Member States shall ensure that***

	grievance mechanisms are public, locally accessible, predictable, safe, equitable, context appropriate, transparent, rights-compatible, and adaptable as set out in the effectiveness criteria for non-judicial grievance mechanisms in Principle 31 of the United Nations Guiding Principles on Business and Human Rights and the United Nations Committee on the Rights of the Child General Comment No 16. Such mechanisms shall provide for the possibility to raise concerns either anonymously or confidentially, as appropriate, in accordance with national law. They shall take particular care in protecting against retaliation, and in particular, in ensuring that these proceedings are fully accessible for indigenous peoples.
	Member States shall ensure that actual and potentially affected rights holders and other stakeholders participate in the design and evaluation of such grievance mechanisms and in the provision of remedies.
	Member States shall ensure that companies provide information to actual and potentially affected rightholders and other stakeholders on such grievance mechanisms, including on how to access them, decisions and remedies relating to a company and how the company is implementing them. All information shall be published in a manner that does not endanger the stakeholders' safety, including by not disclosing their identity.
	Grievance mechanisms shall have the right to propose solutions to the companies on how potential or actual adverse impacts may be addressed.
2. Member States shall ensure that the ***complaints*** may be ***submitted*** by:	2. Member States shall ensure that the ***grievances*** may be ***raised*** by:
(a) ***persons*** who are affected or have reasonable grounds to believe that they might be affected by an adverse impact,	(a) ***individuals, groups, communities or entities*** who are affected or have reasonable grounds to believe that they might be affected by an adverse impact,
(b) trade unions and other workers'	(b) trade unions and other workers'

representatives ***representing individuals working in the value chain concerned***,	representatives,
(c) civil society organisations ***active in the areas related to the value chain concerned.***	(c) civil society organisations***, human rights, environmental, rule of law and good governance defenders as well as victims and witnesses of corruption,***
	(c a) other persons having a sufficient interest or maintaining the impairment of a right,
	(c b) business partners that are unable to fulfil the requirements of contractual assurances as referred to in Article 7(2), point (b), and Article 8(3), point (c), due to unfair purchasing practices of their buyers.
3. Member States shall ensure that the companies establish a procedure for dealing with ***complaints*** referred to in paragraph 1, including a procedure when the company considers the ***complaint*** to be unfounded, and inform ***the*** relevant workers and trade unions of those procedures. Member States shall ensure that where the ***complaint*** is well-founded, the adverse impact that is the subject matter of the ***complaint*** is deemed to be identified within the meaning of Article 6.	3. Member States shall ensure that the companies establish a procedure for dealing with ***grievances*** referred to in paragraph 1, including a procedure when the company considers the ***grievance*** to be unfounded, and inform ***all*** relevant ***stakeholders, including*** workers and trade unions***,*** of those procedures. Member States shall ensure that where the ***grievance*** is well-founded, the adverse impact that is the subject matter of the ***grievance*** is deemed to be identified within the meaning of Article 6. ***The company shall publicly report on how grievances are taken into account in identifying and responding to risks or violations, including inter alia statistics about the grievance received, the types of adverse impacts referred to, their treatment by companies and the publication of processed and anonymised cases.***
4. Member States shall ensure that complainants are entitled	4. Member States shall ensure that complainants ***and their representatives*** are entitled:
(a) to ***request*** appropriate follow-up on the ***complaint*** from the ***company*** with which they have filed a ***complaint*** pursuant to paragraph 1, ***and***	(a) to ***receive timely, transparent, effective,*** appropriate follow-up ***in writing*** on the ***grievance,*** from the ***grievance mechanism*** with which they have filed a ***grievance*** pursuant to paragraph 1, ***providing substantiated and accessible reasoning as to whether the claim has been considered unfounded or founded;***

	(a a) to receive guarantees of non-retaliation, confidentiality and anonymity for all actual and potentially affected stakeholders;
	(a b) to receive timely and effective information on the steps and actions taken in the context of a specific grievance filed through the independent grievance mechanism;
(b) to ***meet*** with the company's representatives at an appropriate level to discuss potential or actual ***severe*** adverse impacts that are the subject matter of the ***complaint.***	(b) to ***engage*** with ***the grievance mechanisms directly and with*** the company's representatives at an appropriate level to discuss potential or actual ***adverse*** impacts that are the subject matter of the ***grievance, including guarantees of non-retaliation, confidentiality and anonymity when requested and propose appropriate remedy;***
	(b a) to request that companies fully remediate or contribute to the full remediation of actual adverse impacts. The remedy shall be proportionate to the significance and scale of the adverse impact;
	(b b) to receive in writing a timely and substantiated reply from the company to a legitimate request for remediation.
	4a. Member States shall ensure that recourse to a grievance mechanism does not preclude the claimants from having access to the substantiated concerns procedure referred to in Article 19, to the civil liability referred to in Article 22, or to any other judicial mechanism or other non-judicial grievance mechanism. Member States shall also ensure that the right to resort to the judicial bodies and courts is not conditional on the prior use of the grievance mechanism. Member States shall ensure that any non-judicial remediation efforts are in parallel to encouraging collective bargaining and recognition of trade unions and should by no means undermine the role of legitimate trade unions in addressing labour-related disputes.

Amendment 91

Proposal for a directive
Article 10 – paragraph 1

Text proposed by the Commission	*Amendment*
Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, ***where related to*** the value chains of the company, those of their ***established*** business relationships, to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights ***and*** environmental ***adverse*** impacts. Such assessments shall be based***, where appropriate,*** on qualitative and quantitative indicators and be carried out at least every 12 months and whenever there are reasonable grounds to believe that significant new risks of the occurrence of those adverse impacts may arise. The due diligence policy shall be updated in accordance with the outcome of those assessments.	Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, ***and those of*** the value chains of the company, those of their business relationships, to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of ***adverse*** human rights***, labour rights,*** environmental ***and rule of law and good governance*** impacts. Such assessments shall be based on qualitative and quantitative indicators and be carried out ***with a meaningful engagement of stakeholders. They shall be conducted*** at least every 12 months and whenever there are reasonable grounds to believe that significant new risks of the occurrence of those adverse impacts may arise. The due diligence policy***, the prevention plan and the corrective action plan*** shall be updated ***and the operations and measures modified*** in accordance with the outcome of those assessments.

Amendment 92

Proposal for a directive
Article 11

Text proposed by the Commission	*Amendment*
Article 11	Article 11
Communicating	***Reporting requirements***
Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a and 29a of Directive 2013/34/EU report on the matters covered by this Directive by	***Notwithstanding the*** reporting requirements under Articles 19a and 29a of Directive 2013/34/EU***, Member States shall ensure that companies*** report on the matters covered by this Directive ***in***

publishing on their website ***an annual statement in a language customary in the sphere of international business. The statement shall be published by 30 April each year, covering the previous calendar year***.

accordance with Article 4 by publishing on their website ***in an accessible and timely manner, their due diligence policies, prevention action plans, correction action plans, procedures for dealing with grievances, reports on the outcome of the assessments as well as other relevant information.***

In particular, Member States shall ensure that companies report on:

(a) actual and potential adverse human rights, labour rights, and environmental, and rule of law and good governance impacts and the actions taken in accordance with Article 4 with respect to particular operations, projects and investments, and those of its value chains in a culturally sensitive and accessible manner taking into account specifics of the stakeholder group including gender. A detailed mapping of the value chains of the company including names, locations, products and services shall be provided;

(b) measures implemented to take into account stakeholders views and interests throughout the due diligence process;

(c) measures implemented as part of their strategies of co-investment to build the capacity of weaker business partners to carry out due diligence;

(d) information on the number of instances where companies have decided to disengage, the reason for this disengagement and the location of the concerned suppliers without disclosing their identity, except where companies deem it acceptable to do so in accordance with applicable laws;

(e) the outcome of the assessments including copies of third-party verification audits and shall inform stakeholders in accordance with Article 11 a.

Member States shall ensure that companies publish and update their due diligence policies promptly once they identify any new actual and potential

	adverse impacts and at least annually.
The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, specifying information on the description of due diligence, potential and actual adverse impacts and actions taken on those.	The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, specifying information on the description of due diligence, ***its design, methodology*** potential and actual adverse impacts and actions taken on those***, as well as related information in order to support companies, their subsidiaries and business partners operating in developing countries to identify, prevent and effectively address actual or potential adverse impacts on human rights, labour rights, the environment, and on the rule of law and good governance systems***. ***Commission shall also adopt delegated acts on how this reporting can be integrated into the European Single Access Point in order to reduce burden for companies and competent authorities.***

Amendment 93

Proposal for a directive
Article 11 a (new)

Text proposed by the Commission	*Amendment*
	Article 11a
	Stakeholder engagement
	1. Member States shall ensure that companies engage in a good faith, effectively, safely and meaningfully with stakeholders when fulfilling their obligations pursuant to Articles 4 to 11. Companies shall be required to ensure:
	(a) that all stakeholders are engaged regularly and throughout the entire due diligence process, as provided for in Articles 4 to 11;
	(b) effective and appropriate modes of engagement according to their size and to the nature and context of their operations and the stakeholders including: appropriate timelines for engagement

activities; identifying and addressing potential barriers to participation; adequate protection of stakeholders including from the risk of reprisals, before, during and after engagement; ensuring anonymity, confidentiality and proactively seeking and prioritising the engagement of with the most impacted and vulnerable stakeholders and ensuring a gender-responsive and child-friendly approach;

(c) regular and meaningful information to stakeholders about actual and potential adverse impacts of its actions in a timely, culturally sensitive, and accessible manner taking into account specificities of the stakeholder group; and

(d) in case of significant changes in operations, activities or operating context, they pro-actively communicate and provide complementary and intermediary reporting.

2. Consultation with indigenous peoples shall be conducted in accordance with international human rights standards, such as those developed in the United Nations Declaration on the Rights of Indigenous Peoples, including the respect for their rights to free, prior and informed consent and their rights to their lands, territories and resources.

3. Companies shall assess and timely respond to the request for engagement, and to the stakeholder's request for additional information regarding companies' actions taken in accordance with Article 4. The information shall be provided in a timely manner, in writing and shall be adequate and comprehensible.

If the company refuses a request for information, it shall provide for adequate and detailed justification in writing and within a reasonable timeframe. In the event the company does not provide sufficient justification, ignores the request, or refuses to disclose. Member

States shall ensure that relevant authorities are entitled, to order the disclosure of the information.

4. Stakeholders shall also be informed by the company on its due diligence policy and on its implementation, to which they shall be able to contribute.

5. Where the meaningful engagement with stakeholders is not feasible for the company or not safe for stakeholders, other reasonable and credible alternatives shall be considered.

Amendment 94

Proposal for a directive
Article 13 – paragraph 1

Text proposed by the Commission	*Amendment*
In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, ***may*** issue guidelines***, including for*** specific sectors ***or*** specific adverse impacts.	In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, ***the European Union Agency for Criminal Justice Cooperation (Eurojust), the European Union Agency for Law Enforcement Cooperation (Europol), the European Public Prosecutor's Office, the European Anti-Fraud Office (OLAF)*** and where appropriate with international bodies having expertise in due diligence, ***shall*** issue guidelines ***concerning:*** ***(a)*** specific sectors***, contexts and areas and in particular high-risk sectors of economic activity leading to severe adverse impacts. The Commission shall draft without delay guidelines on how financial undertakings shall comply with this Directive, including with regard to the concepts of value chain and the risk based approach;***

(b) impacts on the rule of law and good governance systems;

(c) gender-responsive and culturally responsive due diligence;

(d)- specific adverse impacts***;***

(e) implementation of heightened due diligence in conflict-affected and high-risk areas;

(f) safe, effective and meaningful engagement with stakeholders in all due diligence processes;

(g) mapping of companies value chains and efficient process to monitor business partners' behaviours throughout the value chains;

(h) measures that companies should take to address the challenges faced by smallholders, including access to a living income;

(i) facilitating access to justice for victims and persons, groups of persons and organisations with legitimate interests;

(j) prevention and mitigation of retaliation risks faced by stakeholders including human rights, environmental, rule of law and good governance defenders for their involvement in due diligence processes;

(k) responsible disengagement from harmful business relationships or from a specific area or economic sector; and

(l) cooperation with partner countries' authorities in order to carry out investigations.

Adherence to the guidelines by companies shall be considered as a prerequisite to fulfil the requirements of this Directive to which the guidelines refer.

Amendment 95

Proposal for a directive
Article 14

Text proposed by the Commission	*Amendment*
Article 14	Article 14
Accompanying measures	Accompanying measures
	-1. Member States shall provide information and effective support to potentially affected and affected stakeholders, including by means of dedicated websites, platforms or portals, legal counsel and administrative support to claim rights provided to them by this Directive.
1. Member States shall, in order to provide information and support to companies and the partners with whom they have ***established*** business relationships in their value chains in their efforts to fulfil the obligations resulting from this Directive, set up and operate individually or jointly dedicated websites, platforms or portals. Specific consideration shall be given, in that respect, to the SMEs that are present in the value chains of companies.	1. Member States shall, in order to provide information and support to companies and the partners with whom they have business relationships in their value chains in their efforts to fulfil the obligations resulting from this Directive, set up and operate individually or jointly dedicated websites, platforms or portals. Specific consideration shall be given, in that respect, to the SMEs that are present in the value chains of companies.
2. Without prejudice to applicable State aid rules, Member States may financially support SMEs.	2. Without prejudice to applicable State aid rules, Member States may financially support SMEs ***for the purpose of compliance with this Directive***. ***Member States may provide financial support to stakeholders for the purpose of raising their awareness and facilitating access to the rights provided to them by this Directive.***
3. The Commission ***may complement*** Member States***' support measures building on existing Union action to support due diligence in the Union and in*** third countries ***and may*** devise new measures***, including*** facilitation of joint stakeholder initiatives to help companies fulfil their obligations.	3. The Commission ***and*** Member States ***shall develop cooperation and partnership mechanisms with*** third countries ***to address the root causes of human rights violations, environmental and rule of law and good governance harms and*** devise new measures***. This shall include the*** facilitation ***of shared value partnerships as well as*** of joint stakeholder initiatives ***to build the capacity of upstream economic actors*** to help companies fulfil their obligations.
	3a. The Commission shall support

	safe participatory collection of independent data on adverse human rights, environmental, rule of law and good governance impacts and undertake necessary actions for the data to be considered.
	3b. The Commission, in particular in developing countries and in accordance with Regulation (EU) 2021/947 of the European Parliament and of the Council[1a], shall provide measures, including financial support, aimed at:
	(a) raising awareness and capacity building of stakeholders to ensure their active participation in due diligence processes;
	(b) monitoring the implementation of this Directive and the due diligence processes;
	(c) supporting access to justice for victims and persons and groups of persons with legitimate interests including the submission of substantiated concerns pursuant to Article 19 to the supervisory authorities;
	(d) contribution to the convergence, harmonisation and professionalization of private standard schemes, metrics, monitoring and assessment systems, as well as accounting and reporting formats to ensure credible, gender-sensitive, reliable, actionable and comparable performance data on due diligence.
4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States may facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.	4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States may facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives. ***The criteria for the assessment***

of fitness of an industry scheme shall comprise the inclusion of the perspectives of civil society in audits and the steering of the standards and grievance mechanisms according to the effectiveness criteria of the United Nations Guidance Principles on Business and Human Rights.

Reliance on industry schemes and multi-stakeholder initiatives shall not absolve the company of its individual responsibility to perform due diligence or prevent it from being held liable for non-compliance with this Directive.

[1a] Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (OJ L 209, 14.6.2021, p. 1).

Amendment 96

Proposal for a directive
Article 15 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies ***referred to in Article 2(1)***, ***point (a), and Article 2(2), point (a), shall*** adopt a plan to ensure that the business model and strategy of the company are ***compatible*** with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. This plan shall***, in particular, identify, on the basis of information reasonably available to the***	1. Member States shall ensure that companies ***develop***, adopt ***and effectively implement*** a plan***, in consultation with trade unions, workers' representatives and stakeholders,*** to ensure that the business model and strategy of the company are ***aligned*** with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement ***and the objective of achieving climate neutrality by 2050 as***

company, the extent to which climate change is a risk for, or an impact of, the company's operations.	***established in Regulation (EU) 2021/1119***. That plan shall***:***
	(a) be evidence based and regularly updated in line with the best available science;
	(b) take into account the entire value chain and address scope 1, 2 and 3 emissions;
	(c) define short term and medium term absolute reduction targets for 2025 and 2030, reviewed every five years up to 2050, explaining their alignment with a 1.5 °C climate scenario with no or limited overshoot and whether such targets are based on science, pursuant to the latest recommendations of the IPCC and the European Scientific Advisory Board on Climate Change;
	(d) define implementing actions for each scope and target, associated with an explanation of decarbonisation levers identified;
	(e) define and commit to the financial and investments plans designed to reach the targets.

Amendment 97

Proposal for a directive
Article 15 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Member States shall ensure that, in case climate change is or should have been identified as a principal risk for, or a principal impact of, the company's operations, the company includes emission reduction objectives in its plan.	***deleted***

Amendment 98

Proposal for a directive
Article 15 – paragraph 3

Text proposed by the Commission	*Amendment*
3. Member States shall ensure that companies duly take into account the fulfilment of the obligations referred to in paragraphs 1 and 2 when setting variable remuneration, if variable remuneration is linked to the contribution of a director to the company's business strategy and long-term interests and sustainability.	***deleted***

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Amendment 99

Proposal for a directive
Article 15 – paragraph 3 a (new)

Text proposed by the Commission	*Amendment*
	3a. Member States shall ensure that directors are directly and personally responsible for overseeing the obligations set out in paragraph 1.

Amendment 100

Proposal for a directive
Article 17 – paragraph 7

Text proposed by the Commission	*Amendment*
7. The Commission shall make publicly available, including on its website, a list of the supervisory authorities. The Commission shall regularly update the list on the basis of the information received from the Member States.	7. The Commission shall make publicly available, including on its website, a list of the supervisory ***authorities, and, when applicable, the respective competences of those*** authorities. The Commission shall regularly update the list on the basis of the information received from the Member States.

Amendment 101

Proposal for a directive
Article 17 – paragraph 8 a (new)

Text proposed by the Commission	*Amendment*
	8a. Member States shall ensure that the supervisory authorities have the qualifications, expertise and skills in human rights, labours rights, environment, and rule of law and good governance to effectively perform their duties and exercise their powers.

Amendment 102

Proposal for a directive
Article 17 – paragraph 8 b (new)

Text proposed by the Commission	*Amendment*
	8b. Member States shall ensure that supervisory authorities publish and make available an annual report detailing their past activities, future work plan and priorities. That includes reporting on closed investigations and their results, potential sanctions or other decisions on investigations.

Amendment 103

Proposal for a directive
Article 18

Text proposed by the Commission	*Amendment*
Article 18	Article 18
Powers of supervisory authorities	Powers of supervisory authorities
1. Member States shall ensure that the supervisory authorities have adequate powers and resources to carry out the tasks assigned to them under this Directive, including the power to ***request*** information and carry out investigations related to compliance with the obligations set out in this Directive.	1. Member States shall ensure that the supervisory authorities have adequate powers and resources to carry out the tasks assigned to them under this Directive, including the power to ***require undertakings to provide all necessary*** information and carry out investigations**,** ***which can include, where appropriate, field visits*** related to compliance with the obligations set out in this Directive.

2. A supervisory authority may initiate an investigation on its own motion or as a result of substantiated concerns communicated to it pursuant to Article 19***, where it considers that it has sufficient information indicating a possible breach by a company of the obligations provided for in the national provisions adopted pursuant to this Directive***.	2. A supervisory authority may initiate an investigation on its own motion or as a result of substantiated concerns communicated to it pursuant to Article 19.
3. Inspections shall be conducted in compliance with the national law of the Member State in which the inspection is carried out and ***with*** prior warning to the company***, except where prior notification hinders the effectiveness of the inspection***. Where, as part of its investigation, a supervisory authority wishes to carry out an inspection on the territory of a Member State other than its own, it shall seek assistance from the supervisory authority in that Member State pursuant to Article 21(2).	3. Inspections shall be conducted in compliance with the national law of the Member State in which the inspection is carried out and ***without*** prior warning to the company. Where, as part of its investigation, a supervisory authority wishes to carry out an inspection on the territory of a Member State other than its own, it shall seek assistance from the supervisory authority in that Member State pursuant to Article 21(2)
4. If, as a result of the actions taken pursuant to paragraphs 1 and 2, a supervisory authority identifies a failure to comply with national provisions adopted pursuant to this Directive, it shall grant the company concerned an appropriate period of time to take remedial action, if such action is possible.	4. If, as a result of the actions taken pursuant to paragraphs 1 and 2, a supervisory authority identifies a failure to comply with national provisions adopted pursuant to this Directive, it shall grant the company concerned an appropriate period of time to take remedial action, if such action is possible.
Taking remedial action does not preclude the imposition of administrative sanctions or the triggering of civil liability in case of damages, in accordance with Articles 20 and 22, respectively.	Taking remedial action does not preclude the imposition of administrative sanctions or the triggering of civil liability ***including*** in case of damages, ***or*** in accordance with Articles 20 and 22, respectively.
5. When carrying out their tasks, supervisory authorities shall have at least the following powers:	5. When carrying out their tasks, supervisory authorities shall have at least the following powers:
(a) to order the cessation of infringements of the national provisions adopted pursuant to this Directive, abstention from any repetition of the relevant conduct and, where ***appropriate***, remedial action proportionate to the infringement and necessary to bring it to an end;	(a) to order the cessation of infringements of the national provisions adopted pursuant to this Directive, abstention from any repetition of the relevant conduct and, where ***possible***, remedial action proportionate to the infringement and necessary to bring it to an end;
(b) to impose pecuniary sanctions in	(b) to impose ***effective, proportionate***

accordance with Article 20;	***and dissuasive*** pecuniary sanctions in accordance with Article 20;
(c) to adopt interim measures to avoid the risk of severe and irreparable harm.	(c) to adopt interim measures to avoid the risk of severe and irreparable harm.
6. Where the legal system of the Member State does not provide for administrative sanctions, this Article and Article 20 ***may*** be implemented in such a manner that the sanction is initiated by the competent supervisory authority and imposed by the competent national courts, while ensuring that those legal remedies are effective and have an equivalent effect to the administrative sanctions imposed by supervisory authorities.	6. Where the legal system of the Member State does not provide for administrative sanctions, this Article and Article 20 ***shall*** be implemented in such a manner that the sanction is initiated by the competent supervisory authority and imposed by the competent national courts, while ensuring that those legal remedies are effective and have an equivalent effect to the administrative sanctions imposed by supervisory authorities
7. Member States shall ensure that each natural or legal person has the right to an effective judicial remedy against a legally binding decision by a supervisory authority concerning them.	7. Member States shall ensure that each natural or legal person has the right to an effective judicial remedy against a legally binding decision by a supervisory authority concerning them.
	7a. Member States shall ensure that decisions of supervisory authorities regarding a company's compliance with the Directive shall be without prejudice to the company's civil liability under Article 22.

Amendment 104

Proposal for a directive
Article 19 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that natural and legal persons are entitled to submit substantiated concerns to any supervisory authority when they have reasons to believe, on the basis of objective circumstances, that a company is failing to comply with the national provisions adopted pursuant to this Directive ('substantiated concerns').	1. Member States shall ensure that natural and legal persons are entitled to submit substantiated concerns to any supervisory authority when they have reasons to believe, on the basis of objective circumstances, that a company is failing to comply with the national provisions adopted pursuant to this Directive ('substantiated concerns')***, without prejudice to any legal action that any natural and legal persons may initiate in accordance with Article 22***.

Amendment 105

Proposal for a directive
Article 19 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. Member States shall ensure that the identity of the natural or legal person submitting substantiated concerns is protected upon request of the person concerned or by the supervisory authority of its own initiative.

Amendment 106

Proposal for a directive
Article 20

Text proposed by the Commission	*Amendment*
Sanctions	Sanctions
1. Member States shall lay down the rules on sanctions applicable to infringements of national provisions adopted pursuant to this Directive, and shall take all measures necessary to ensure that they are implemented. The sanctions provided for shall be effective, proportionate and dissuasive.	1. Member States shall lay down the rules on sanctions applicable to infringements of national provisions adopted pursuant to this Directive, and shall take all measures necessary to ensure that they are implemented. The sanctions provided for shall be effective, proportionate and dissuasive.
	1 a. Member States shall provide for at least the following administrative measures and sanctions within their national law:
	(a) a public statement indicating the natural person or the legal entity responsible, including the company directors, and the nature of the infringement;
	(b) exclusion from entitlement to public benefits or aid;
	(c) temporary or permanent exclusion from access to public funding, including tender procedures, grants and

	concessions; and
	(d) temporary or permanent disqualification from the carrying out of commercial activities.
2. In deciding whether to impose sanctions and, if so, in determining their nature and appropriate level, due account shall be taken of the company's efforts to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, ***as well as*** collaboration with other entities to address adverse impacts in its value chains, as the case may be.	2. In deciding whether to impose sanctions and, if so, in determining their nature and appropriate level, due account shall be taken of***:***
	(a) the company's efforts to comply with any remedial action required of them by a supervisory authority;
	(b) any investments made and any targeted support provided pursuant to Articles 7 and 8;
	(c) collaboration with other entities to address adverse impacts in its value chains, as the case may be***;***
	(d) the severity and duration of the infringement by the company, or the severity of the impacts that have occurred;
	(e) any previous infringements by the company;
	(f) the financial benefits gained or losses avoided by the company due to the infringement, if the relevant data are available;
	(g) penalties imposed in respect of the same infringement in other Member States;
	(h) the degree to which the company has dealt with complaints or proposals raised by relevant stakeholders, including through grievance mechanisms pursuant to Article 9;
	(i) any other aggravating or mitigating factors applicable to the circumstances of the case.

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3. When pecuniary sanctions are imposed, they shall be ***based on*** the company's turnover.	3. When pecuniary sanctions are imposed, they shall be ***proportional to*** the company's turnover.
4. Member States shall ensure that any decision of the supervisory authorities containing sanctions related to the breach of the provisions of this directive is published.	4. Member States shall ensure that any decision of the supervisory authorities containing sanctions related to the breach of the provisions of this directive is published ***and publicly available no later than a month after the sanction is imposed. This should include the methodology and criteria adopted for applying sanctions.***

Amendment 107

Proposal for a directive
Article 21 – paragraph 1 – subparagraph 2 a (new)

Text proposed by the Commission	*Amendment*
	The Network shall set up a public database listing all companies subject to this Directive. Member States should cooperate with the supervisory authorities in order to identify all non-Union companies covered by this Directive.
	The list of companies shall link each company's name to the statement published pursuant to Article 11 or otherwise display that the company has not published a statement.
	The Network shall set up a public database of high-risk areas. Each entry concerning a high-risk area shall contain a description of the specific risks that area is subject to and relevant documentation on those risks.

Amendment 108

Proposal for a directive
Article 22

Text proposed by the Commission	*Amendment*
Artile 22	Article 22

Civil liability	Civil liability
	-1. Member States shall ensure that companies are strictly liable for damages arising from any adverse impact resulting from their own operations, products or service and from the operations, products or services of their subsidiaries.
1. Member States shall ensure that companies are liable for damages ***if:***	1. Member States shall ensure that companies are liable for damages ***arising from any adverse impact resulting from their partners' operations, products or services if:***
(a) they failed to comply with the obligations laid down in ***Articles 7 and 8*** and;	(a) they failed to comply with the obligations laid down in ***this Directive*** and;
(b) ***as a result of this failure*** an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures laid down in ***Articles 7 and 8*** occurred and led to damage.	(b) an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures laid down in ***this Directive*** occurred and led to damage.
	1 a. Notwithstanding paragraphs -1 and 1, where the damage results from adverse impacts caused by business relationships within a company's value chain, Member States shall ensure that the company is held liable, unless it proves that it acted with due care and implemented all appropriate measures to ensure that the damage would not occur.
2. Notwithstanding paragraph 1, Member States shall ensure that ***where a company has taken the actions referred to in Article 7(2), point (b) and Article 7(4), or Article 8(3), point (c), and Article 8(5), it shall not be liable for*** damages ***caused by an*** adverse impact ***arising as a result of the activities of an indirect partner*** with whom ***it has an established*** business relationship***, unless it was unreasonable, in the circumstances of the case, to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the extent of*** the adverse impact.	2. Notwithstanding paragraph 1, Member States shall ensure that ***any person or group of persons with a legitimate interest may be entitled to obtain from companies the full extent of*** damages ***resulting from any*** adverse impact***. Member States shall ensure that companies shall benefit from a legal assurance to obtain compensation from their subsidiaries and the partners*** with whom ***they have a*** business relationship ***and who are responsible for*** the adverse impact.

In the assessment of the existence and extent of liability under this paragraph, due account shall be taken of the company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as any collaboration with other entities to address adverse impacts in its value chains.

deleted

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2a. Member States shall ensure that liability regimes put in place pursuant to this Article address existing barriers to access to justice and in particular:

(a) allow for collective redress;

(b) allow for representative actions by organisations acting on behalf of and for the protection of the collective interests of victims;

(c) ensure that the costs of the proceedings based on provisions of national law transposing this Directive do not prevent claimants from having access to courts; and

(d) establish reasonable and appropriate limitation periods for claimants or groups of claimants to bring cases to competent courts.

2b. Member States shall apply suspension of limitation periods for the duration of procedures linked to complaints submitted through grievance mechanisms pursuant to Article 9, to actions taken by supervisory authorities in accordance with Article 18 and to substantiated concerns submitted to supervisory authorities pursuant to Article 19. The suspension shall end at the earliest one year after the decision of the supervisory authority.

2c. Where claimants have provided reasonably available evidence sufficient to support their action in accordance with paragraph 1, Member States shall ensure that courts may order the defendant and

	third parties to provide evidence in their control, if requested by the claimant and in accordance with national procedural law, subject to the applicable Union and national rules on confidentiality and proportionality.
3. The civil liability of a company for damages arising under this provision shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the value chain.	3. The civil liability of a company for damages arising under this provision shall be without prejudice to the ***joint and several*** civil liability of its subsidiaries or of any direct and indirect business partners in the value chain.
4. The civil liability rules under this Directive shall be without prejudice to Union or national rules on civil liability related to adverse human rights impacts ***or*** to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive.	4. The civil liability rules under this Directive shall be without prejudice to Union or national rules on civil liability related to adverse human rights ***and labour rights*** impacts***,*** to adverse environmental impacts ***or adverse rule of law and good governance impacts*** that provide for liability in situations not covered by or providing for stricter liability than this Directive.
	4a. Member States shall take the necessary measures, in accordance with their national judicial systems, to ensure that, where persons who consider themselves wronged by failure to apply due diligence responsibilities establish, before a court or other competent body, facts from which it can be presumed that there has been a direct or indirect breach of the due diligence responsibilities, it shall be for the respondent to prove that the company's action was adequate under the circumstances of the case.
5. Member States shall ensure that the liability provided for in provisions of national law transposing this Article is of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State.	5. Member States shall ensure that the liability provided for in provisions of national law transposing this Article is of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State.

Amendment 109

Proposal for a directive
Article 23

Text proposed by the Commission	*Amendment*
Article 23	Article 23
Reporting of breaches and protection of reporting persons	Reporting of breaches and protection of reporting persons
Directive (EU) 2019/1937 shall apply to the reporting of all breaches of this Directive and the protection of persons reporting such breaches.	Directive (EU) 2019/1937 shall apply to the reporting of all breaches of this Directive and the protection of persons reporting such breaches.
	Member States shall ensure that companies refrain from retaliation against any stakeholders and their representatives for exercising their rights under this Directive, and shall identify, prevent, mitigate and monitor the risk of retaliation and reprisal, related to their business relationships and their value chains.
	Member States shall ensure that companies are liable for retaliation actions against stakeholders and their representatives, including whistle-blowers and human rights, environmental, rule of law and good governance defenders, taken by themselves or by actors mandated to do so.
	Member States shall take the necessary measures to ensure that all stakeholder engagement procedures, and in particular those set in place to raise complaints or concerns, shall allow the confidentiality of those concerns, as well as the anonymity and safety and physical and legal integrity of all stakeholders and complainants, including human rights, labour rights and environmental and rule of law and good governance defenders. In the event that such procedures concern whistle-blowers, those procedures should be in line with Directive (EU) 2019/1937.

Amendment 110

Proposal for a directive
Article 25 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that, when fulfilling their duty to act in the best interest of the company, directors of companies referred to in Article 2(1) take into account the consequences of their decisions for sustainability matters, including, where applicable, human rights, climate change and environmental consequences, including in the short, medium and long term.	1. Member States shall ensure that, when fulfilling their duty to act in the best interest of the company, directors of companies referred to in Article 2(1) take into account the consequences of their decisions for sustainability matters, including, where applicable, human rights, climate change and environmental consequences, ***as well as impacts on the rule of law and good governance systems of the countries, regions or territories where the company, its subsidiaries or partners in the supply chain perform their operations,*** including in the short, medium and long term.

Amendment 111

Proposal for a directive
Article 26

Text proposed by the Commission	*Amendment*
Article 26	Article 26
Setting up and overseeing due diligence	Setting up and overseeing due diligence
1. Member States shall ensure that directors of companies referred to in Article 2(1) are responsible for putting in place and overseeing the due diligence actions referred to in Article 4 and in particular the due diligence policy referred to in Article 5***, with*** due consideration for relevant input from stakeholders and civil society organisations. The directors shall report to the board of directors in that respect.	1. Member States shall ensure that directors of companies referred to in Article 2(1) are responsible for putting in place and overseeing the due diligence actions referred to in Article 4 and in particular the due diligence policy referred to in Article 5 ***and the implementation of the plan referred to in Article 15 with mandatory meaningful engagement and*** due consideration for relevant input from ***all*** stakeholders and civil society organisations ***including human rights defenders***. The directors shall ***regularly*** report to the board of directors in that respect ***who shall discuss progress and challenges in addressing salient human rights, labour rights, environmental and rule of law and good governance impacts and review the company's business model***

and any proposed changes to it.

2. Member States shall ensure that directors take steps to adapt the ***corporate*** strategy to take into account the actual and potential adverse impacts identified pursuant to Article 6 and any measures taken pursuant to Articles 7 to 9.	2. Member States shall ensure that directors take steps to adapt the ***business model and*** strategy to ***address corporate sustainability due diligence risks and*** take into account the actual and potential adverse impacts identified pursuant to Article 6 and any measures taken pursuant to Articles 7 to 9.
	2a. The Commission shall establish an expert advisory group on due diligence to support and advise entities on the implementation of this Directive and best practices.

Amendment 112

Proposal for a directive
Annex I – Part I – subheading 1

Text proposed by the Commission	*Amendment*
Violations of rights and prohibitions included in international human rights agreements	Violations of ***human and labour*** rights and prohibitions included in international human ***and labour*** rights agreements

Amendment 113

Proposal for a directive
Annex I – Part I – point 7

Text proposed by the Commission	*Amendment*
7. Violation of the right to enjoy just and favourable conditions of work including a fair wage, a decent living, safe and healthy working conditions and reasonable limitation of working hours in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;	7. Violation of the right to enjoy just and favourable conditions of work including a fair wage, a decent living, safe and healthy working conditions and reasonable limitation of working hours in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights ***and Article 23(3) and Article 25(1) of the Universal Declaration of Human Rights***;

Justification

Articles 23 and 25 of the Universal Declaration of Human Rights offer further detailed clarification of the elements of a decent standard of living and just and favorable conditions

of work.

Amendment 114

Proposal for a directive
Annex I – Part I – point 18 – paragraph 1

Text proposed by the Commission	*Amendment*
in accordance with Article 3 of the Universal Declaration of Human Rights, Article 5 of the International Covenant on Civil and Political Rights and Article 12 of the International Covenant on Economic, Social and Cultural Rights;	in accordance with Article 3 of the Universal Declaration of Human Rights, Article 5 of the International Covenant on Civil and Political Rights and Article 12 of the International Covenant on Economic, Social and Cultural Rights***, and the right to a clean, healthy and sustainable environment***;

Amendment 115

Proposal for a directive
Annex I – Part I – point 20

Text proposed by the Commission	*Amendment*
20. Violation of the indigenous peoples' right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired in accordance with ***Article 25, 26 (1) and (2), 27, and 29 (2) of*** the United Nations Declaration on the Rights of Indigenous Peoples;	20. Violation of the indigenous peoples' right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired in accordance with the United Nations Declaration on the Rights of Indigenous Peoples;

Amendment 116

Proposal for a directive
Annex I – Part I – point 20 a (new)

Text proposed by the Commission	*Amendment*
	20a. Violation of the indigenous peoples' right to give, modify, withhold or withdraw their free, prior, and informed consent to interventions, decisions and activities that can affect their lands,

	territories, resources and rights, in accordance with Article 10, Article 11(2), Articles 19 and 28, Article 29(2) and Article 32(2), of the United Nations Declaration on the Rights of Indigenous Peoples and Article 6 and Article 16(2) of ILO Convention 169 on Indigenous and Tribal Peoples;

Justification

An explicit reference to the free, prior and informed consent of Indigenous peoples should be added in the Annex, in line with the United Nations Declaration on the Rights of Indigenous Peoples and ILO Convention 169 on Indigenous and Tribal Peoples.

Amendment 117

Proposal for a directive
Annex I – Part I – point 21 a (new)

Text proposed by the Commission	*Amendment*
	21 a. In conflict affected areas, violations of international humanitarian law as laid out notably in the Geneva Conventions and the additional protocols.

Amendment 118

Proposal for a directive
Annex I – Part I – subheading 2

Text proposed by the Commission	*Amendment*
2. Human rights and fundamental freedoms conventions	2. Human ***rights, labour*** rights and fundamental freedoms conventions
• The Universal Declaration of Human Rights;	• The Universal Declaration of Human Rights;
• The International Covenant on Civil and Political Rights;	• The International Covenant on Civil and Political Rights;
• The International Covenant on Economic, Social and Cultural Rights;	• The International Covenant on Economic, Social and Cultural Rights;
• The Convention on the Prevention and Punishment of the Crime of Genocide;	• The Convention on the Prevention and Punishment of the Crime of Genocide;

• The Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment;	• The Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment;
• The International Convention on the Elimination of All Forms of Racial Discrimination;	• The International Convention on the Elimination of All Forms of Racial Discrimination;
• The Convention on the Elimination of All Forms of Discrimination Against Women;	• The Convention on the Elimination of All Forms of Discrimination Against Women;
• The Convention on the Rights of the Child;	• The Convention on the Rights of the Child;
• The Convention on the Rights of Persons with Disabilities;	• The Convention on the Rights of Persons with Disabilities;
• The United Nations Declaration on the Rights of Indigenous Peoples;	• The United Nations Declaration on the Rights of Indigenous Peoples;
	• ***The International Convention for the Protection of All Persons from Enforced Disappearance;***
• The Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;	• The Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;
	• ***The United Nations Declaration of the Elimination of Violence against Women;***
	• ***The United Nations Declaration on the Rights of Peasants and Other People Working in Rural Areas;***
	• ***The United Nations Declaration on Human Rights Defenders;***
	• ***The United Nations General Assembly Resolution on the right to a clean, healthy and sustainable environment;***
• United Nations Convention against Transnational Organised Crime and the Palermo Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;	• United Nations Convention against Transnational Organised Crime and the Palermo Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;
	• ***The International Convention on the Protection of the Rights of All Migrant Workers and Members of their***

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	Families;
• The International Labour Organization's Declaration on Fundamental Principles and Rights at Work;	• The International Labour Organization's Declaration on Fundamental Principles and Rights at Work;
• The International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;	• The International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;
• The International Labour Organization's core/fundamental conventions:	• The International Labour Organization's core/fundamental conventions:
• Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	• Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
• Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	• Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
• Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol;	• Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol;
• Abolition of Forced Labour Convention, 1957 (No. 105)	• Abolition of Forced Labour Convention, 1957 (No. 105)
• Minimum Age Convention, 1973 (No. 138)	• Minimum Age Convention, 1973 (No. 138)
• Worst Forms of Child Labour Convention, 1999 (No. 182)	• Worst Forms of Child Labour Convention, 1999 (No. 182)
• Equal Remuneration Convention, 1951 (No. 100)	• Equal Remuneration Convention, 1951 (No. 100)
• Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	• Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
	• ***The International Labour Organization's Domestic Workers Convention, 2011 (No. 189)***
	• ***The International Labour Organization's Violence and Harassment Convention, 2019 (No. 190).***
	The International humanitarian law instruments – The Four Geneva Conventions of 1949:
	• ***Convention (I) for the Amelioration of the Condition of the Wounded and Sick in Armed Forces in the Field***

	• ***Convention (II) for the Amelioration of the Condition of Wounded, Sick and Shipwrecked Members of Armed Forces at Sea***
	• ***Convention (III) relative to the Treatment of Prisoners of War***
	• ***Convention (IV) relative to the Protection of Civilian Persons in Time of War***
	• ***Additional protocols to the Geneva Conventions.***
	The Rome statute of the International Criminal Court
	• ***The European Convention on Human rights***
	• ***The Charter of Fundamental Rights of the European Union***
	• ***The European Social Charter.***

Amendment 119

Proposal for a directive
Annex I – Part II – title

Text proposed by the Commission	*Amendment*
VIOLATIONS OF ***INTERNATIONALLY RECOGNIZED*** OBJECTIVES AND PROHIBITIONS INCLUDED IN ENVIRONMENTAL CONVENTIONS	VIOLATIONS OF OBJECTIVES AND PROHIBITIONS RECOGNISED AT UNION AND INTERNATIONAL LEVEL INCLUDED IN ENVIRONMENTAL CONVENTIONS ***AND UNION LEGISLATION***

Amendment 120

Proposal for a directive
Annex I – Part II a (new)

Text proposed by the Commission	*Amendment*
	VIOLATIONS OF OBLIGATIONS, PROHIBITIONS AND STANDARDS INCLUDED IN INTERNATIONAL AND REGIONAL RULE OF LAW AND

GOOD GOVERNANCE CONVENTIONS AND GUIDELINES

1. VIOLATIONS OF INTERNATIONALLY AND REGIONALLY RECOGNISED OBLIGATIONS, PROHIBITIONS AND STANDARDS

1. Violation of the obligation to comply with the Union rules on financial information disclosed by companies as laid down:

(a) in Regulation (EC) No 1606/2002 for listed companies

(b) in Directive 2013/34/EU for non-listed companies and small businesses.

2. Violation of the obligation to comply with the Directive2014/95/EU of the European Parliament and of the Council[1a], regardless of whether the company is private or state owned or state controlled.

3. Violation of the obligations to combat corruption which should include, inter alia:

(a) the intentional promise, offering or giving to a public official or any other person, directly or indirectly, of an undue advantage in order that the public official or the person abuse his or her real or supposed influence with a view to obtaining from an administration or public authority of the State Party an undue advantage for the original instigator of the act or for any other person;

(b) the intentional solicitation or acceptance by a public official or any other person, directly or indirectly, of an undue advantage for himself or herself or for another person in order that the public official or the person abuse his or her real or supposed influence with a view to obtaining from an administration or public authority of the State Party to the Convention an undue advantage;

(c) the intentional promise, offering or giving, directly or indirectly, of an undue advantage to any person who directs or works, in any capacity, for a private sector entity or a state owned or state controlled enterprise, for the person himself or herself or for another person, in order that he or she, in breach of his or her duties, act or refrain from acting;

(d) the intentional solicitation or acceptance, directly or indirectly, of an undue advantage by any person who directs or works, in any capacity, for a private sector entity or a state owned or state controlled enterprise, for the person himself or herself or for another person, in order that he or she, in breach of his or her duties, act or refrain from acting;

(e) the intentional embezzlement committed in the course of economic, financial or commercial activities by a person who directs or works, in any capacity, in the private or state owned or state controlled company, of any property, private funds or securities or any other thing of value entrusted to him or her by virtue of his or her position;

(f) having no code of conduct in place for the correct, honourable and proper performance of the activities of business, both private and state owned or state controlled, and all relevant professions and the prevention of conflicts of interest, and for the promotion of the use of good commercial practices among businesses and in the contractual relations of businesses with states in the whole supply chain;

(g) lack of transparency among business partners, including appropriate measures regarding the identity of legal and natural persons involved in the establishment and management of corporate entities including their beneficial owners;

(h) lack of appropriate prevention of the misuse of procedures regulating private or state owned or state controlled

entities, including procedures regarding subsidies and licences granted by public authorities for commercial activities;

(i) lack of prevention of conflicts of interest by imposing restrictions, as appropriate and for a reasonable period of time, on the professional activities of former public officials or on the employment of public officials after their resignation or retirement, where such activities or employment relate directly to the functions held or supervised by those public officials during their tenure;

(j) lack of measures ensuring that, taking into account the structure and size of the company, sufficient internal auditing controls to assist in preventing and detecting acts of corruption are in place and that the accounts and required financial statements of the company are subject to appropriate auditing and certification procedures.

4. Violation of the following prohibitions:

(a) the establishment of off-the-books accounts;

(b) the making of off-the-books or inadequately identified transactions;

(c) the recording of non-existent expenditure;

(d) the entry of liabilities with incorrect identification of their objects;

(e) the use of false documents; and

(f) the intentional destruction of bookkeeping documents earlier than foreseen by the law.

5. Failure to take appropriate measures to promote the active participation of individuals and groups, in particular, the civil society, non-governmental organizations and community-based organizations, depending on causes and gravity of and the threat posed by corruption and its adverse impacts to human rights,

environment, climate as well as adverse economic and social impacts to people and communities concerned and on the rule of law and governance systems.

6. Intentional laundering of proceeds of crime in accordance with the applicable legislation:

(a) by conversion or transfer or property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property or of helping any person who is involved in the commission of the predicate offence to evade the legal consequences of his or her action;

(b) by concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to property, knowing that such property is the proceeds of crime;

(c) the acquisition, possession or use of property, knowing, at the time of receipt, that such property is the proceeds of crime;

(d) participation, in association with or conspiracy to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the offences stablished in accordance with the applicable legislation.

7. Obstruction of justice:

(a) by using physical force, threats or intimidation or the promise, offering or giving of an undue advantage to induce false testimony or to interfere in the giving of testimony or the production of evidence in a proceeding in relation to the commission of offences established in accordance with the applicable law;

(b) by using physical force, threats or intimidation to interfere with the exercise of official duties by a justice or law enforcement official in relation to the commission of offences established in accordance with the applicable law.

2. NON-EXHAUSTIVE LIST OF CONVENTIONS AND GUIDELINES:

- ***United Nation Convention against corruption, 2003***
- ***United Nations Convention against Transnational Organized Crime, 2000***
- ***Protocol against the Smuggling of Migrants by Land, Sea and Air, supplementing the United Nations Convention against Transnational Organized Crime, 2000***
- ***Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, 2000***
- ***International Convention Against the Recruitment, Use, Financing and Training of Mercenaries, 1989***
- ***International Convention for the Suppression of the Financing of Terrorism, 1999***
- ***Council of Europe Civil law on Corruption 1999 - OECD Anti Bribery Convention, 1997***
- ***United Nations Declaration of Basic Principles of Justice for Victims of Crime and Abuse of Power, 1985***
- ***Basic Principles on the Independence of the Judiciary (endorsed by General Assembly resolutions 40/32 of 29 November 1985 and 40/146 of 13 December 1985)***
- ***Bangalore Principles of Judicial Conduct (endorsed by the Economic and Social Council in ECOSOC resolution 2006/23)***
- ***The Basic Principles of the Role of lawyers adopted by the 8th UN Congress on the prevention of Crime and the Treatment of***

Offenders, Havana (Cuba), 27 August to 7 September 1990

- ***Recommendation Rec (2000) 21 of 25 October 2000 of the committee of Ministers of the Council of Europe to member States on the freedom of exercise of the profession of lawyer***
- ***General Principles of the legal profession adopted by the International bar Association 2014- IBA Practical Guide on Business and Human Rights for Business Lawyers (adopted by a resolution of the IBA council 28 May 2016)***
- ***CCBE Practical Issues for Bar and Law Societies on Corporate Social Responsibility -Guidance III (May 2017)***
- ***Report of the Task Force on the role of lawyers and International Commercial Structures 2019***
- ***UN Global Compact (principle10)***
- ***OECD Guidelines for Multinational Enterprises***
- ***ISO 26000.***

[1a] Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (OJ L 330, 15.11.2014, p. 1).

Amendment 121

Proposal for a directive
Annex I – Part II b (new)

Text proposed by the Commission	*Amendment*
	NON-EXHAUSTIVE LIST OF ECONOMIC ACTIVITIES TO BE CONSIDERED AS HIGH-RISK

ACTIVITIES

The economic sector activities listed below shall be considered as high risks activities due to their potentiality to bring about adverse impacts on human rights, the environment, and the rule of law and good governance, in particular in the developing countries where those activities are carried out.

This list is based on the standard European nomenclature of productive economic activities (NACE codes).

It should be considered a non-exhaustive list that may be updated by the Commission in accordance with Article 29 (c) of this Directive:

(i) the manufacture of textiles, wearing apparel, articles of fur, leather and related products (including footwear), and the wholesale trade and retail of textiles, wearing apparel, articles of fur, leather and related products (including clothing and footwear);

(ii) agriculture, forestry and fishing including aquaculture), the management of land and resources (including in relation to nature conservation or other related activities), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals and animal products, wood, food, and beverages;

(iii) the energy sector, including gas, nuclear, steam, electricity and other sources throughout their life cycle, from extraction, refining, production, combustion of fuels, transportation, storage and waste management including radioactive waste;

(iv) all mining and quarrying activities, mining support service activities, and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate

products);

(v) the production, use and disposal of organic and inorganic chemicals, including pharmaceuticals, plant protection products and fertilisers;

(vi) the manufacture and wholesale trade of rubber and plastic products;

(vii) the manufacture and wholesale trade of weapons and ammunition, including dual-use items, manufacture of military fighting vehicles;

(viii) the manufacture and wholesale trade of computer, electronic and optical products;

(ix) electric power generation, transmission and distribution;

(x) water collection, treatment and supply;

(xi) waste collection, treatment and disposal activities;

(xii) land, water and air transport (except passenger rail transport, interurban, other passenger land transport) and transport via pipelines as well as logistics and storage;

(xiii) the construction of residential and non-residential buildings, civil engineering;

(xiv) the building, repair and maintenance of ships and boats;

(xv) private security activities and security systems service activities, including the development and operation of biometrics and surveillance technologies; and

(xvi) financial and insurance activities.

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
References	COM(2022)0071 – C9-0050/2022 – 2022/0051(COD)
Committee responsible Date announced in plenary	JURI 4.4.2022
Opinion by Date announced in plenary	DEVE 15.9.2022
Rapporteur for the opinion Date appointed	Pierfrancesco Majorino 22.3.2022
Discussed in committee	26.10.2022
Date adopted	25.1.2023
Result of final vote	+: 14 –: 10 0: 0
Members present for the final vote	Barry Andrews, Eric Andrieu, Hildegard Bentele, Stéphane Bijoux, Dominique Bilde, Udo Bullmann, Catherine Chabaud, Beata Kempa, Karsten Lucke, Janina Ochojska, Michèle Rivasi, Christian Sagartz, Tomas Tobé, Miguel Urbán Crespo, Bernhard Zimniok
Substitutes present for the final vote	Ilan De Basso, Malte Gallée, Marlene Mortler, María Soraya Rodríguez Ramos, Carlos Zorrinho
Substitutes under Rule 209(7) present for the final vote	Claude Gruffat, Miriam Lexmann, Aušra Maldeikienė, Carles Puigdemont i Casamajó

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FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

14	+
NI	Carles Puigdemont i Casamajó
Renew	Barry Andrews, Stéphane Bijoux, Catherine Chabaud, María Soraya Rodríguez Ramos
S&D	Eric Andrieu, Udo Bullmann, Ilan De Basso, Karsten Lucke, Carlos Zorrinho
The Left	Miguel Urbán Crespo
Verts/ALE	Malte Gallée, Claude Gruffat, Michèle Rivasi

10	-
ECR	Beata Kempa
ID	Dominique Bilde, Bernhard Zimniok
PPE	Hildegard Bentele, Miriam Lexmann, Aušra Maldeikienė, Marlene Mortler, Janina Ochojska, Christian Sagartz, Tomas Tobé

0	0

Key to symbols:
+ : in favour
- : against
0 : abstention

PUBLIC

25.1.2023

OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
(COM(2022)0071 – C9-0050/2022 – 2022/0051(COD))

Rapporteur for opinion: Martina Dlabajová

PUBLIC

SHORT JUSTIFICATION

In general, the rapporteur supports the long-term aim presented in the Commission's proposal that must be however aligned to current needs of businesses, especially SMEs and the "one in, one out" principle. There is a clear need to provide a harmonised legal framework and level playing field, if we want to improve trust in companies' commitments for human rights' enforcement and environmental protection while incentivising sustainable investment, however the legislative proposal should not create new unnecessary burdens, especially for SMEs in existing and future supply chains. On the other hand, there is a need to avoid distortive discrepancies emerging between Member States to improve predictability and certainty for the industry.

The rapporteur strongly supports the Commission's proposal to keep SMEs and Microenterprises out of the proposed rules. The financial and administrative burden to set up and implement a due diligence process would be too high for small and family businesses that will be already indirectly affected by obligations stemming from large companies amongst their customers. Accordingly, the proposal's requirements to assess potential adverse effects on them and to provide them with appropriate support are justified and needed. Only such an approach can achieve the goal of supporting SMEs not only from the Member States and the EU, but also from companies within supply chains outside the EU.

The rapporteur is nonetheless of the opinion that the introduction of the proposed rules along the value chain should be gradual and therefore suggest to focus on the supply chain instead of the whole value chain. The Commission´s proposal also contains numerous unclear legal concepts that are open to interpretation, and thus considers in contradiction to legal certainty and harmonisation intentions. Any obligation should only occur in the context of activity related to a company's own operations or through a direct business relationship. The proposal would only cover companies contributing to the production of goods, including their development, or the provision of services, as "direct partners". The directive should not apply to downstream companies that only use or receive products up and/or take them to their end of life. This would represent excessive burden for those companies, who usually operate with many suppliers compared to upstream companies with a reduced number of suppliers. This change should also be reflected in the definition of established business relationship in order to provide legal certainty to companies and ensure that only direct relationship is concerned.

Finally, on liability, the rapporteur is of the opinion that it should be left to the Member States to align to already existing civil liability regime. Given the impact this could have on companies, some Member States exclude specific liability regime and favour an obligation of mean rather than an obligation of result. This possibility for Member States of using their own tests to consider accountability and appropriate remedy should remain.

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AMENDMENTS

The Committee on Industry, Research and Energy calls on the Committee on Legal Affairs, as the committee responsible, to take into account the following amendments:

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Amendment 1

Proposal for a directive
Recital 14

Text proposed by the Commission	*Amendment*
(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies through the identification, prevention and mitigation, bringing to an end and minimisation of potential or actual adverse human rights and environmental impacts connected with companies' own operations, subsidiaries and ***value*** chains.	(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies through the identification, prevention and mitigation, bringing to an end and minimisation of potential or actual adverse human rights and environmental impacts connected with companies' own operations, subsidiaries and ***supply*** chains.

Amendment 2

Proposal for a directive
Recital 14 a (new)

Text proposed by the Commission	*Amendment*
	(14 a) In line with relevant Union and national law, all companies in the Union need to adhere to the protection of human rights and environmental standards. If that is not the case, Member States and their relevant authorities are required to enforce the legislation. Thus, there is no need for companies within the Union to control each other's conduct. The goal of due diligence is to tackle risks in cases where human rights and environmental standards are not or cannot be enforced. Therefore, tracing activities in the upstream supply chain shall be focused on direct business relationships outside of the European Union.

Amendment 3

Proposal for a directive
Recital 15

Text proposed by the Commission	*Amendment*
(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their ***established*** direct ***and indirect*** business relationships throughout their ***value*** chains in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. ***Account*** should be ***taken of the specificities*** of the company's ***value chain***, sector ***or geographical area in which its value*** chain ***partners operate, the company's power to influence its direct and indirect business relationships, and whether*** the company ***could increase its power of influence***.	(15) Companies should take appropriate steps ***within their means*** to set up and carry out ***risk based*** due diligence measures, with respect to their own operations, their subsidiaries, as well as their direct business relationships ***with entities from third countries*** throughout their ***supply*** chains in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'. ***While companies can be asked to prevent or mitigate adverse impacts through due diligence policies, it is still in the responsibility of states to actually combat human rights violations worldwide.*** The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. ***The measures taken*** should be ***proportionate and commensurate to the likelihood and severity*** of the company's ***potential or actual adverse impacts and its specific circumstances***, ***particularly its*** sector ***of activity, the size and length of its supply*** chain***, the size of*** the company***, its capacity, resources and leverage***.

Amendment 4

Proposal for a directive
Recital 17

Text proposed by the Commission	*Amendment*
(17) Adverse human rights and environmental impact occur in companies' own operations, subsidiaries, products, and in their ***value*** chains, in particular at the level of raw material sourcing**,** manufacturing***, or at the level of product or waste disposal***. In order for the due diligence to have a meaningful impact, it should cover human rights and environmental adverse impacts generated throughout the ***life-cycle of*** production ***and use and disposal of product or provision of services***, at the level of own operations, subsidiaries and in ***value*** chains.	(17) Adverse human rights and environmental impact occur in companies' own operations, subsidiaries, products, and in their ***supply*** chains, in particular at the level of raw material sourcing ***and*** manufacturing. In order for the due diligence to have a meaningful impact, it should cover human rights and environmental adverse impacts generated throughout the production, at the level of own operations, subsidiaries and in ***supply*** chains.

Amendment 5

Proposal for a directive
Recital 17 a (new)

Text proposed by the Commission	*Amendment*
	(17 a) Companies should be allowed to set up a prioritisation strategy based on a risk assessment and a risk-based monitoring methodology for identifying potential adverse impacts. Companies should consider the level of severity, likelihood and urgency of the different adverse impacts, the nature and context of their operations, including geography, the scope of the risks, their scale and how irremediable they might be, and if necessary, use the prioritisation policy in dealing with them.

Amendment 6

Proposal for a directive
Recital 18

Text proposed by the Commission	*Amendment*
(18) The ***value*** chain should cover	(18) The ***supply*** chain should cover

activities ***related to*** the production of a good or provision of services by a company, including the development of the product or the service ***and the use and disposal of the product*** as well as the related activities of ***established*** business relationships of the company. It should encompass upstream ***established direct and indirect*** business relationships that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company that are necessary to carry out the company's activities***, and also downstream relationships, including established direct and indirect business relationships, that use or receive products, parts of products or services from the company up to the end of life of the product, including inter alia the distribution of the product to retailers, the transport and storage of the product, dismantling of the product, its recycling, composting or landfilling***.	activities ***directly necessary for*** the production of a good or provision of services by a company, including the development of the product or the service as well as the related activities of ***direct*** business relationships of the company. It should encompass upstream business relationships that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company that are necessary to carry out the company's activities.

Amendment 7

Proposal for a directive
Recital 19

Text proposed by the Commission	*Amendment*
(19) As ***regards regulated financial undertakings providing loan, credit, or other*** financial services***, "value chain" with respect to the provision of such services should be*** limited ***to the activities of the clients receiving such services, and the subsidiaries thereof whose activities are linked*** to the ***contract in question. Clients that are households and natural persons not acting in a professional or business capacity, as well as small and medium sized undertakings,*** should not be ***considered to be part of the value chain. The activities of the companies or other legal entities that are included in the value chain of that client*** should ***not be covered***.	(19) As ***the*** financial services ***industry is already subject to several provisions and obligations under existing legislation such as the Sustainable Finance Disclosure Regulation (SFDR) or the Capital Requirements Directive (CRD), the risk of overlap, lack of clarity and undue burden is evident. Furthermore the risk of*** limited ***financing*** to the ***European economy*** should not be ***underestimated. A possible future inclusion*** should ***therefore be preceded by a proper impact assessment***.

Amendment 8

Proposal for a directive
Recital 20

Text proposed by the Commission	*Amendment*
(20) In order to allow companies to properly identify the adverse impacts in their ***value*** chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations should be limited in this Directive to ***established*** business relationships. For the purpose of this Directive, ***established*** business relationships should mean ***such direct and indirect business relationships which are, or which are expected to be lasting, in view of their intensity and duration and which do*** not represent a negligible or ancillary part of the ***value*** chain. ***The nature of business relationships as "established" should be reassessed periodically, and at least every 12 months. If the direct business relationship of a company is established, then all linked indirect business relationships should also be considered as established regarding that company.***	(20) In order to allow companies to properly identify ***and prioritise*** the adverse impacts in their ***supply*** chain ***based on a risk assessment and risk-based monitoring*** and to make it possible for them to exercise appropriate leverage, the due diligence obligations should be limited in this Directive to business relationships. For the purpose of this Directive, business relationships should mean ***a relationship with a business partner from a third country that are necessary for the supply of goods or the provision of services that are necessary for the production of the companies' product or the provision of and use of the relevant service, with whom the company has a commercial agreement, and that does*** not represent a negligible or ***merely*** ancillary part of the ***supply*** chain.

Amendment 9

Proposal for a directive
Recital 20 a (new)

Text proposed by the Commission	*Amendment*
	(20 a) In order to offset of the regulatory burden for citizens, administrations and businesses introduced by this Directive, the Commission should review the Union regulatory framework in relevant policy area by applying the "one in, one out" principle as set out in the Commission communication of 29 April 2021 entitled "Better Regulation: Joining forces to make better laws", and, where

	appropriate, present legislative proposals for the amendment or deletion of provisions in other Union legislative acts in the same policy area.

Amendment 10

Proposal for a directive
Recital 21

Text proposed by the Commission	*Amendment*
(21) Under this Directive, EU companies with more than ***500*** employees on average and a ***worldwide*** net turnover exceeding EUR 150 million in the financial year preceding the last financial year should be required to comply with due diligence. As regards companies which do not fulfil those criteria, but which had more than ***250*** employees on average and more than EUR 40 million worldwide net turnover in the financial year preceding the last financial year and which operate in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council[103] , should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company.	(21) Under this Directive, EU companies with more than ***5000*** employees on average and a net turnover ***in the EU*** exceeding EUR 150 million in the financial year preceding the last financial year should be required to comply with due diligence. As regards companies which do not fulfil those criteria, but which had more than ***1000*** employees on average and more than EUR 40 million worldwide net turnover in the financial year preceding the last financial year and which operate in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council[103] , should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company.
[103] Directive (EU) 2018/957 of the	[103] Directive (EU) 2018/957 of the

European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).	European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).

Amendment 11

Proposal for a directive
Recital 37

Text proposed by the Commission	*Amendment*
(37) As regards direct ***and indirect*** business relationships, industry cooperation, industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to rely on such initiatives to support the implementation of their due diligence obligations laid down in this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. ***Companies could*** assess***, at their own initiative,*** the alignment of these schemes and initiatives with the obligations under this Directive. In order to ensure full information on such initiatives, the ***Directive should also refer to the possibility for the*** Commission and the Member States ***to*** facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, ***may*** issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.	(37) As regards direct business relationships, industry cooperation, industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to rely on such initiatives to support the implementation of their due diligence obligations laid down in this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. ***Member States should*** assess the alignment of these schemes and initiatives with the obligations under this Directive. In order to ensure full information on such initiatives, the Commission and the Member States ***should*** facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, ***should*** issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.

Amendment 12

Proposal for a directive
Recital 45

Text proposed by the Commission	*Amendment*
(45) In order to facilitate companies' compliance with their due diligence requirements through their ***value*** chain and limiting shifting compliance burden on SME business partners, the Commission should provide guidance on model contractual clauses.	(45) In order to facilitate companies' compliance with their due diligence requirements through their ***supply*** chain and limiting shifting compliance burden on SME business partners, the Commission should provide guidance on model contractual clauses ***including with a focus on SMEs, and microenterprises that could be impacted by this Directive***.

Amendment 13

Proposal for a directive
Recital 46

Text proposed by the Commission	*Amendment*
(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States ***and stakeholders***, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, should ***have the possibility to*** issue guidelines, including for specific sectors or specific adverse impacts.	(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States, the European Union Agency for Fundamental Rights, the European Environment Agency***, the European Agency for Small and Medium enterprises***, and where appropriate with international bodies having expertise in due diligence, should issue guidelines ***in digital, free of charge and easily accessible format***, including for specific sectors or specific adverse impacts***, an overview of applicable industry initiatives, and practical guidance on proportionality and prioritisation, in terms of impacts, sectors and geographical areas***. ***Furthermore, the guidelines should include a list of areas, whether sectoral or geographic, such as regions and countries where adverse human rights impacts and/or environmental adverse impacts are unlikely or likely to occur. Companies should not be required to perform due diligence on parts of the supply chain***

linked to areas where adverse impacts are unlikely to occur. Countries or regions, where adverse impacts are unlikely to occur, could be the European Economic Area, the United States of America, the United Kingdom, Canada, Australia, New Zealand, and Japan. One criteria for this list could be a free-trade agreement between the European Union and the third country or region. The guidelines should be made available no later than 18 months after the date of entry into force of this Directive. The Commission should regularly review the relevance of its guidelines and adapt them to new best practices. Country factsheets should be updated regularly by the Commission and made publicly available in order to provide up-to-date information on the international Conventions and Treaties ratified by each of the Union's trading partners. The Commission should collect and publish trade and customs data on origins of raw materials, and intermediate and finished products, and publish information on human rights, environmental and governance potential or actual adverse impacts risks associated with certain countries or regions, sectors and sub-sectors, and products.

Amendment 14

Proposal for a directive
Recital 47

Text proposed by the Commission	*Amendment*
(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis. In order to support SMEs, Member States should set up and operate, either individually or	(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis. In order to support SMEs, Member States should set up and operate ***supporting materials***, either

jointly, dedicated websites, portals or platforms, and Member States ***could*** also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures, in case such requirements would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.	individually or jointly, ***such as*** dedicated websites***, toolkits***, portals or platforms, and Member States ***should*** also financially support SMEs and help them build capacity ***to comply with this Directive***. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures, in case such requirements would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.

Amendment 15

Proposal for a directive
Article 1 – paragraph 1 – subparagraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) on obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the ***value*** chain operations carried out by entities with whom the company has ***an established*** business relationship and	(a) on obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts, with respect to their own ***core business*** operations, the operations of their subsidiaries, and the ***supply*** chain operations carried out by entities ***in third countries*** with whom the company has ***a*** business relationship and

Amendment 16

Proposal for a directive
Article 1 – paragraph 1 – subparagraph 2

Text proposed by the Commission	*Amendment*
The nature of business relationships as 'established' shall be reassessed periodically, and at least every 12 months.	***deleted***

Amendment 17

Proposal for a directive
Article 2 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) the company had more than ***500*** employees on average and had a net ***worldwide*** turnover of more than EUR 150 million in the last financial year for which annual financial statements have been prepared;	(a) the company had more than ***5000*** employees on average ***including its subsidiaries*** and had a net turnover of more than EUR 150 million ***in the EU*** in the last financial year for which annual financial statements have been prepared;

Amendment 18

Proposal for a directive
Article 2 – paragraph 1 – point b – introductory part

Text proposed by the Commission	*Amendment*
(b) the company did not reach the thresholds under point (a), but had more than ***250*** employees on average and had a net ***worldwide*** turnover of more than EUR 40 million in the last financial year for which annual financial statements have been prepared, provided that at least 50% of this net turnover was generated in one or more of the following sectors:	(b) the company did not reach the thresholds under point (a), but had more than ***1000*** employees on average and had a net turnover of more than EUR 40 million ***in the EU*** in the last financial year for which annual financial statements have been prepared, provided that at least 50% of this net turnover was generated in one or more of the following sectors:

Amendment 19

Proposal for a directive
Article 2 – paragraph 2 – point b

Text proposed by the Commission	*Amendment*
(b) generated a net turnover of more than EUR 40 ***million but not more than EUR 150*** million in the Union in the financial year preceding the last financial year, provided that at least 50% of its net worldwide turnover was generated in one or more of the sectors listed in paragraph 1, point (b).	(b) generated a net turnover of more than EUR 40 million in the Union in the financial year preceding the last financial year, provided that at least 50% of its net worldwide turnover was generated in one or more of the sectors listed in paragraph 1, point (b).

Amendment 20

Proposal for a directive
Article 2 – paragraph 2 – point b a (new)

Text proposed by the Commission	*Amendment*
	(b a) their subsidiaries or branch offices established in the European Union and controlled by the third country company generated collectively a combined net turnover of more than EUR 40 million in the Union in the financial year preceding the last financial year and have a branch office or subsidiary in the Union.

Amendment 21

Proposal for a directive
Article 3 – paragraph 1 – point e – introductory part

Text proposed by the Commission	*Amendment*
(e) 'business ***relationship***' means a ***relationship with a contractor, subcontractor or any other*** legal ***entities ('partner')***	(e) 'business ***partner***' means a legal ***entity***

Amendment 22

Proposal for a directive
Article 3 – paragraph 1 – point e – point i

Text proposed by the Commission	*Amendment*
(i) with whom the company has a commercial agreement ***or to whom the company provides financing, insurance or reinsurance, or***	(i) with whom the company has a commercial agreement ***and***

Amendment 23

Proposal for a directive
Article 3 – paragraph 1 – point e – point ii

Text proposed by the Commission	*Amendment*
(ii) that performs business operations related to the products or services of the company for or on behalf of the company;	(ii) that performs business operations ***directly*** related to the products or services of the company for or on behalf of the company;

Amendment 24

Proposal for a directive
Article 3 – paragraph 1 – point f

Text proposed by the Commission	*Amendment*
(f) '***established*** business relationship' means a ***business*** relationship***, whether direct or indirect, which is, or which is expected to be lasting, in view of its intensity or duration and which*** does not represent a negligible or merely ancillary part of the ***value*** chain;	(f) 'business relationship' means a relationship ***with a business partner that*** does not represent a negligible or merely ancillary part of the ***supply*** chain;

Amendment 25

Proposal for a directive
Article 3 – paragraph 1 – point g

Text proposed by the Commission	*Amendment*
(g) '***value*** chain' means activities ***related to*** the production of goods or the provision of services by a company, including the development of the product or the service ***and the use and disposal of the product*** as well as the related activities of upstream ***and downstream established*** business relationships of the company***. As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision of these specific services shall only include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of such***	(g) '***supply*** chain' means activities ***directly necessary for*** the production of goods or the provision of services by a company, including the development of the product or the service as well as the related activities of ***direct*** upstream business relationships of the company;

regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;

Amendment 26

Proposal for a directive
Article 3 – paragraph 1 – point n

Text proposed by the Commission	*Amendment*
(n) 'stakeholders' means the company's employees, the employees of its subsidiaries, and other individuals, groups, communities or entities whose rights or interests are or could be affected by the products, services and operations of that company, its subsidiaries and its business relationships;	(n) 'stakeholders' means the company's employees, the employees of its subsidiaries***, employees within its supply chain***, and other individuals, groups, communities or entities whose rights or interests are or could be ***directly*** affected by the ***actual or potential adverse human rights and environmental impacts connected to*** products, services and operations of that company, its subsidiaries and its business relationships;

Amendment 27

Proposal for a directive
Article 6 – title

Text proposed by the Commission	*Amendment*
Identifying actual and potential adverse impacts	Identifying ***and prioritising*** actual and potential adverse impacts

Amendment 28

Proposal for a directive
Article 6 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse human rights impacts and adverse environmental impacts arising from their own operations	1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse human rights impacts and adverse environmental impacts arising from their own operations

or those of their subsidiaries and, where related to their ***value*** chains, from their ***established*** business relationships, in accordance with paragraph 2, 3 and 4.	or those of their subsidiaries and, where related to their ***supply*** chains, from their business relationships, in accordance with paragraph 2, 3 and 4.

Amendment 29

Proposal for a directive
Article 6 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2 a. For the purpose of fulfilling these requirements, companies may map all areas of their own operations, those of their subsidiaries and, where related to their supply chains, those of their business partners. Based on the results of that mapping, companies may carry out an in-depth assessment of the areas where adverse impacts were identified to be most likely to be present or most significance.
	Companies may identify actual and potential adverse impacts on the basis of a risk assessment and risk-based monitoring methodology, taking into account the likelihood, severity and urgency of adverse impacts, the nature and context of their operations, including sector and geographic location, the scope of the risks, their scale and how irremediable they might be.
	This prioritisation shall support companies in determining which identified potential adverse impacts companies prevent or mitigate as a priority under Article 7 and which actual adverse impacts companies bring to an end or minimise as a priority under Article 8.

Amendment 30

Proposal for a directive
Article 6 – paragraph 2 b (new)

Text proposed by the Commission	*Amendment*
	2 b. Member States shall not require companies to identify actual and potential adverse human rights impacts and adverse environmental impacts arising from their own operations or those of their subsidiaries, and, where related, to their supply chains, from their business relationships, when these are linked to countries or regions where potential and actual adverse impacts are unlikely to occur according to the Commission guidelines under Article 13.

Amendment 31

Proposal for a directive
Article 7 – paragraph 2 – point d

Text proposed by the Commission	*Amendment*
(d) provide targeted and proportionate support for an SME with which the company has ***an established*** business relationship, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME;	(d) provide targeted and proportionate support for an SME with which the company has ***a*** business relationship, ***including access to capacity-building, guidance, financial support or participation in collaborative initiatives*** where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME;

Amendment 32

Proposal for a directive
Article 8 – paragraph 3 – point e

Text proposed by the Commission	*Amendment*
(e) provide targeted and proportionate support for an SME with which the company has ***an established*** business relationship, where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME;	(e) provide targeted and proportionate support for an SME with which the company has ***a*** business relationship, ***including access to capacity-building guidance, financial support or participation in collaborative initiatives*** where compliance with the code of conduct

or the corrective action plan would jeopardise the viability of the SME;

Amendment 33

Proposal for a directive
Article 13 – paragraph 1

Text proposed by the Commission	*Amendment*
In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, ***may*** issue guidelines, including ***for specific sectors or specific adverse impacts.***	1. In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and ***relevant*** stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, ***the European Innovation Council and Small and Medium-sized Enterprises Executive Agency*** and where appropriate with international bodies having expertise in due diligence, ***shall*** issue ***clear and easily understandable*** guidelines ***in digital, free of charge and easily accessible format, taking due consideration of the limited capacities and resources of SMEs***, including ***the following:***

Amendment 34

Proposal for a directive
Article 13 – paragraph 1 – point a (new)

Text proposed by the Commission	*Amendment*
	(a) guidelines for specific sectors or specific adverse impacts;

Amendment 35

Proposal for a directive
Article 13 – paragraph 1 – point b (new)

Text proposed by the Commission	*Amendment*
	(b) an overview on applicable industry initiatives, multi-stakeholder initiatives and industry schemes;

Amendment 36

Proposal for a directive
Article 13 – paragraph 1 – point c (new)

Text proposed by the Commission	*Amendment*
	(c) practical guidance on how proportionality and prioritisation, in terms of impacts, sectors and geographical areas, may be applied to due diligence obligations depending on the size and sector of the company;

Amendment 37

Proposal for a directive
Article 13 – paragraph 1 – point d (new)

Text proposed by the Commission	*Amendment*
	(d) lists of areas, whether sectoral or geographic, such as a list of regions and countries where adverse human rights impacts or environmental adverse impacts are unlikely or likely to occur.

Amendment 38

Proposal for a directive
Article 13 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	2. ***The list of areas identified in point (d) shall be updated continuously by the Commission and made***

publicly available.

Amendment 39

Proposal for a directive
Article 13 – paragraph 1 b (new)

Text proposed by the Commission	*Amendment*
	3. ***The guidelines shall be made available no later than 18 months after the date of entry into force of this Directive. The Commission shall regularly review the relevance of its guidelines and adapt them to new best practices.***

Amendment 40

Proposal for a directive
Article 14 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall, in order to provide information and support to companies and the partners with whom they have ***established*** business relationships in their ***value*** chains in their efforts to fulfil the obligations resulting from this Directive, set up and operate individually or jointly dedicated websites, platforms or portals. Specific consideration shall be given, in that respect, to the SMEs that are present in the ***value*** chains of companies.	1. Member States shall, in order to provide information and support to companies and the partners with whom they have business relationships in their ***supply*** chains in their efforts to fulfil the obligations resulting from this Directive, set up and operate individually or jointly ***supporting materials such as*** dedicated ***helpdesks,*** websites, platforms or portals. Specific consideration shall be given, in that respect, to the SMEs ***and notably microenterprises*** that are present in the ***supply*** chains of companies.

Amendment 41

Proposal for a directive
Article 14 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Without prejudice to applicable	2. Without prejudice to applicable

State aid rules, Member States may ***financially*** support ***SMEs***.	State aid rules, Member States may ***provide financial and technical*** support ***to SMEs in order to help them to voluntarily comply with due diligence requirements set out in this Directive***.

Amendment 42

Proposal for a directive
Article 14 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The Commission ***may*** complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.	3. The Commission ***shall establish due diligence advisors under the scope of the Enterprise Europe Network and shall*** complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.

Amendment 43

Proposal for a directive
Article 14 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States ***may*** facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, ***may*** issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.	4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States ***shall*** facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, ***shall*** issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.

PUBLIC

PROCEDURE – COMMITTEE ASKED FOR OPINION

PUBLIC

Title	Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
References	COM(2022)0071 – C9-0050/2022 – 2022/0051(COD)
Committee responsible Date announced in plenary	JURI 4.4.2022
Opinion by Date announced in plenary	ITRE 4.4.2022
Rapporteur for the opinion Date appointed	Martina Dlabajová 19.4.2022
Discussed in committee	13.10.2022
Date adopted	24.1.2023
Result of final vote	+: 43 –: 24 0: 3
Members present for the final vote	Hildegard Bentele, Tom Berendsen, Vasile Blaga, Marc Botenga, Markus Buchheit, Cristian-Silviu Buşoi, Jerzy Buzek, Ignazio Corrao, Beatrice Covassi, Ciarán Cuffe, Josianne Cutajar, Nicola Danti, Marie Dauchy, Pilar del Castillo Vera, Martina Dlabajová, Christian Ehler, Valter Flego, Niels Fuglsang, Lina Gálvez Muñoz, Jens Geier, Nicolás González Casares, Bart Groothuis, Christophe Grudler, András Gyürk, Henrike Hahn, Robert Hajšel, Ivo Hristov, Seán Kelly, Izabela-Helena Kloc, Zdzisław Krasnodębski, Andrius Kubilius, Miapetra Kumpula-Natri, Marisa Matias, Eva Maydell, Marina Mesure, Dan Nica, Angelika Niebler, Niklas Nienaß, Johan Nissinen, Mauri Pekkarinen, Morten Petersen, Markus Pieper, Clara Ponsatí Obiols, Robert Roos, Sara Skyttedal, Maria Spyraki, Riho Terras, Grzegorz Tobiszowski, Patrizia Toia, Henna Virkkunen, Pernille Weiss, Carlos Zorrinho
Substitutes present for the final vote	Franc Bogovič, Damien Carême, Jakop G. Dalunde, Matthias Ecke, Klemen Grošelj, Alicia Homs Ginel, Ladislav Ilčić, Elena Lizzi, Marian-Jean Marinescu, Alin Mituța, Jutta Paulus, Massimiliano Salini, Jordi Solé, Susana Solís Pérez, Viola von Cramon-Taubadel, Emma Wiesner
Substitutes under Rule 209(7) present for the final vote	Rosanna Conte, László Trócsányi

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

43	+
ECR	Ladislav Ilčić, Izabela-Helena Kloc, Zdzisław Krasnodębski, Johan Nissinen, Grzegorz Tobiszowski
ID	Markus Buchheit, Rosanna Conte, Marie Dauchy, Elena Lizzi
NI	András Gyürk, László Trócsányi
PPE	Hildegard Bentele, Tom Berendsen, Vasile Blaga, Franc Bogovič, Cristian-Silviu Buşoi, Jerzy Buzek, Pilar del Castillo Vera, Christian Ehler, Seán Kelly, Andrius Kubilius, Marian-Jean Marinescu, Eva Maydell, Angelika Niebler, Markus Pieper, Massimiliano Salini, Sara Skyttedal, Maria Spyraki, Riho Terras, Henna Virkkunen, Pernille Weiss
Renew	Nicola Danti, Martina Dlabajová, Valter Flego, Bart Groothuis, Klemen Grošelj, Christophe Grudler, Alin Mituța, Mauri Pekkarinen, Morten Petersen, Susana Solís Pérez, Emma Wiesner
S&D	Ivo Hristov

24	-
ECR	Robert Roos
S&D	Beatrice Covassi, Matthias Ecke, Niels Fuglsang, Lina Gálvez Muñoz, Jens Geier, Nicolás González Casares, Robert Hajšel, Alicia Homs Ginel, Dan Nica, Patrizia Toia, Carlos Zorrinho
The Left	Marc Botenga, Marisa Matias, Marina Mesure
Verts/ALE	Damien Carême, Ignazio Corrao, Ciarán Cuffe, Jakop G. Dalunde, Henrike Hahn, Niklas Nienaß, Jutta Paulus, Jordi Solé, Viola von Cramon-Taubadel

3	0
NI	Clara Ponsatí Obiols
S&D	Josianne Cutajar, Miapetra Kumpula-Natri

Key to symbols:
+ : in favour
- : against
0 : abstention

3.3.2023

OPINION OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
(COM(2022)0071 – C9-0050/2022 – 2022/0051(COD))

Rapporteur for opinion: Deirdre Clune

PUBLIC

PA_Legam

SHORT JUSTIFICATION

The proposal for a Directive on corporate sustainability due diligence aims to foster sustainable and responsible corporate behaviour throughout global value chains, which the Rapporteur fully supports. The proposal will require companies to identify and, where necessary, prevent, end or mitigate adverse impacts of their activities on human rights and on the environment. For businesses these new rules will bring legal certainty and a level playing field when compared to the existing situation where there a varying approaches taken in different Member States.

The draft opinion aims to increase the level of harmonisation of the Directive and avoid fragmentation, preserve a risk-based approach and streamline procedures and provide increased support to SME's in order to help them comply with the requirements.

The Rapporteur broadly agrees with the objectives as proposed by the Commission however is concerned that while the proposed Directive takes a minimum harmonisation approach, it leaves room for Member States to impose diverging obligations from those in this Directive. The Rapporteur is concerned that this could lead to a divergence of rules at national level, with differing requirements in differing Member States that may actually undermine legal certainty and the creation of a level playing field for companies. To that end, the Rapporteur has proposed a series of amendments to increase the level of harmonisation and cross-border cooperation in the proposal. For example, companies must be able to demonstrate that they meet the requirements in a consolidated manner by being able to report at group level in a single Member State.

In order to better support SME's in complying with the requirements stemming from this Directive, the Rapporteur has strengthened the provisions concerning support provided to SME's in Articles 7 and 8. In addition, the Rapporteur has proposed that the Commission should issue guide guidelines to help companies, particularly SME's to help fulfil their due diligence obligations which may be used as a basis for providing administrative or financial support to SME's. Furthermore, the Rapporteur also proposes that each Member State establish a national single point of contact, that can guide and support companies while also serving in a liaison function to better ensure cross-border cooperation and avoid fragmentation.

Finally, the Rapporteur added some amendment aimed at further clarifying that a risk-based approach needs to be taken for effective due diligence and that this should be done via an established risk-based monitoring methodology to ensure that companies are effectively identifying risk in their value chain taking into account the nature and context of the operations of the company. This could include, for example, geographic considerations, the scope of the risks and their scale.

AMENDMENTS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Legal Affairs, as the committee responsible, to take into account the following amendments:

Amendment 1
Proposal for a directive
Recital 15

Text proposed by the Commission	*Amendment*
(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as ***their established direct and indirect*** business relationships throughout their value chains in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. Account should be taken of the specificities of the company's value chain, sector or geographical area in which its value chain partners operate, the company's power to influence its direct	(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their business relationships throughout their value chains in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. ***The action should be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact.*** Account should be taken of the specificities of the company's

and indirect business relationships, and whether the company could increase its power of influence.	value chain, sector or geographical area in which its value chain partners operate, the company's power to influence its direct and indirect business relationships, and whether the company could increase its power of influence ***Due diligence obligations provided for under this Directive should be underpinned by a risk-based approach which takes into account the severity, likelihood and urgency of potential and actual adverse impacts***.

Amendment 2
Proposal for a directive
Recital 18

Text proposed by the Commission	*Amendment*
(18) The value chain should cover activities related to the production of a good or provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of established business relationships of the company. It should encompass upstream established direct and indirect business relationships that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company that are necessary to carry out the company's activities, and also downstream relationships, including established direct and indirect business relationships, that use or receive products, parts of products or services from the company up to the end of life of the product, including inter alia the distribution of the product to retailers, the transport and storage of the product, dismantling of the product, its recycling, composting or landfilling.	***deleted***

Amendment 3
Proposal for a directive

Recital 20

Text proposed by the Commission	*Amendment*
(20) In order to allow companies to properly identify the adverse impacts in their value chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations should be limited in this Directive to established business relationships. For the purpose of this Directive, established business relationships should mean such direct and indirect business relationships which are, or which are expected to be lasting, in view of their intensity and duration and which do not represent a negligible or ancillary part of the value chain. The nature of business relationships as "established" should be reassessed periodically, and at least every 12 months. If the direct business relationship of a company is established, then all linked indirect business relationships should also be considered as established regarding that company.	***deleted***

Amendment 4
Proposal for a directive
Recital 27

Text proposed by the Commission	*Amendment*
(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish and maintain a complaints procedure, monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence. In order to	(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish and maintain a complaints procedure, monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence ***and related***

ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts should be clearly distinguished in this Directive.

information in order to support companies, their subsidiaries and business partners operating in developing countries to identify, prevent and effectively address actual or potential adverse impacts on human rights and environment. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts should be clearly distinguished in this Directive.

Amendment 5
Proposal for a directive
Recital 27 a (new)

Text proposed by the Commission	*Amendment*
	(27a) This Directive is aimed at creating a level playing field and is intended to put an end to fragmentation in the internal market. It is crucial to the effectiveness of this Directive that uniform rules apply to businesses in the internal market. Therefore, Member States should not maintain or introduce, in their national law, provisions diverging from those laid down in this Directive.

Amendment 6
Proposal for a directive
Recital 29

Text proposed by the Commission	*Amendment*
(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts. An 'appropriate measure' should mean a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact***, and reasonably available***	(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts. An 'appropriate measure' should mean a ***proportionate*** measure that is capable of achieving the objectives of ***risk-based*** due diligence ***and is reasonably available to the company***, commensurate with the degree of severity

to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action. In this context, in line with international frameworks, the company's influence over a business relationship should include, on the one hand its ability to persuade the business relationship to take action to bring to an end or prevent adverse impacts (for example through ownership or factual control, market power, pre-qualification requirements, linking business incentives to human rights and environmental performance, etc.) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business relationship associated with adverse impact.

and the likelihood of the adverse impact ***and the level of the company's involvement in the potential adverse impacts***, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action. In this context, in line with international frameworks, the company's influence over a business relationship should include, on the one hand its ability to persuade the business relationship to take action to bring to an end or prevent adverse impacts (for example through ownership or factual control, market power, pre-qualification requirements, linking business incentives to human rights and environmental performance, etc.) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business relationship associated with adverse impact.

Amendment 7
Proposal for a directive
Recital 30

Text proposed by the Commission	*Amendment*
(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights and environmental impacts. In order to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification of adverse impacts should include assessing	(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights and environmental impacts***, in accordance with a risk-based approach***. In order to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities

the human rights, and environmental context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment; and ***periodically***, at least every 12 months, throughout the life of an activity or relationship. Regulated financial undertakings providing loan, credit, or other financial services should identify the adverse impacts only at the inception of the contract. When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances.	in value chains. Identification of adverse impacts should include assessing the human rights, and environmental context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment; and, at least every 12 months, throughout the life of an activity or relationship. Regulated financial undertakings providing loan, credit, or other financial services should identify the adverse impacts only at the inception of the contract. When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances.

Amendment 8
Proposal for a directive
Recital 30 a (new)

Text proposed by the Commission	*Amendment*
	(30a) The risk-based approach for due diligence should allow for a risk-based identification methodology that enables companies to take a proportionate approach to the identification of actual and potential adverse human rights and environmental impacts that takes into account the likelihood, severity and urgency of potential or actual adverse human rights impacts and environmental impacts as well as the nature and context of the operations of the company, including geographic considerations, the extent and type of the risks relating to such potential or adverse impacts and

their scale.

Amendment 9
Proposal for a directive
Recital 32

Text proposed by the Commission	*Amendment*
(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action, in line with the Union`s policy of zero-tolerance on child labour. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. This should therefore be taken into account when deciding on the appropriate action to take.	(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action, in line with the Union`s policy of zero-tolerance on child labour. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. This should therefore be taken into account when deciding on the appropriate action to take. ***Companies should engage in a timely manner, efficiently and meaningfully with stakeholders impacted by the decision to suspend or terminate the adverse impacts before reaching that decision, and shall assess any potential adverse impacts that may arise from those actions.***

Amendment 10
Proposal for a directive
Recital 34

Text proposed by the Commission	*Amendment*
(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions, where relevant. Where necessary due to the complexity of prevention measures, companies should	(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions, where relevant. Where necessary due to the complexity of prevention measures, companies should

develop and implement a prevention action plan. Companies should seek to obtain contractual assurances from a direct partner with whom they have ***an established*** business relationship that it will ensure compliance with the code of conduct or the prevention action plan***, including by seeking corresponding contractual assurances from its partners to the extent that their activities are part of the companies' value chain***. The contractual assurances should be accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate support for an SME with which they have ***an established*** business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.

develop and implement a prevention action plan. Companies should seek to obtain contractual ***or other*** assurances from a direct partner with whom they have ***a*** business relationship that it will ensure compliance with the code of conduct or the prevention action plan. The contractual assurances should be ***reasonable, non-discriminatory and*** accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate support for an SME with which they have ***a*** business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.

Amendment 11
Proposal for a directive
Recital 35

Text proposed by the Commission	*Amendment*
(35) In order to reflect the full range of options for the company in cases where potential impacts could not be addressed by the described prevention or minimisation measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business	***deleted***

relationship with the contract.

Amendment 12
Proposal for a directive
Recital 37

Text proposed by the Commission	*Amendment*
(37) As regards ***direct and indirect*** business relationships, industry cooperation, industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to rely on such initiatives to support the implementation of their due diligence obligations laid down in this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. Companies could assess, at their own initiative, the alignment of these schemes and initiatives with the obligations under this Directive. In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States***, may*** issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.	(37) As regards business relationships, industry cooperation, industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to rely on such initiatives to support the implementation of their due diligence obligations laid down in this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. Companies could assess, at their own initiative, the alignment of these schemes and initiatives with the obligations under this Directive. In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States ***and relevant stakeholders, should*** issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives. ***In addition, the Commission should develop a system for formally recognising industry schemes and multi-stakeholder initiatives. Compliance with recognised industry schemes and multi-stakeholder initiatives shall contribute to ensuring compliance with the due diligence requirements imposed by this Directive. Reliance on industry schemes and multi-stakeholder initiatives shall not absolve the company of its individual responsibility and obligations to perform due diligence in accordance with this Directive.***

PUBLIC

Amendment 13
Proposal for a directive
Recital 39

Text proposed by the Commission	*Amendment*
(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or minimise ***its*** extent, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain contractual assurances from a direct business partner with whom they have an established business relationship that they will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan***, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain***. The contractual assurances should be accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or minimising the ***extent of*** adverse impact, provide targeted and proportionate support for an SMEs with which they have an established business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.	(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or minimise ***it to the greatest*** extent ***possible***, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain contractual assurances from a direct business partner with whom they have an established business relationship that they will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan. The contractual assurances should be accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or minimising the adverse impact ***to the greatest extent possible***, provide targeted and proportionate support for an SMEs with which they have an established business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.

PUBLIC

Amendment 14
Proposal for a directive
Recital 40

Text proposed by the Commission	*Amendment*
(40) In order to reflect the full range of options for the company in cases where actual impacts could not be addressed by the described measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a corrective action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.	***deleted***

Amendment 15
Proposal for a directive
Recital 42

Text proposed by the Commission	*Amendment*
(42) Companies should provide the possibility for persons and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential human rights and environmental adverse impacts. Organisations who could submit such complaints should include trade unions and other workers' representatives representing individuals working in the value chain concerned and civil society organisations active in the areas related to the value chain concerned ***where they have knowledge about a potential or actual adverse impact***. Companies should establish a procedure for dealing with those complaints and inform workers, trade unions and other workers' representatives, where relevant, about such processes. Recourse to the complaints and remediation mechanism should not prevent the complainant from having recourse to judicial remedies. In accordance with international standards,	(42) Companies should provide the possibility for persons***, who are directly affected or have reasonable grounds to believe that they will be directly affected by an adverse impact,*** and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential human rights and environmental adverse impacts. Organisations who could submit such complaints should include trade unions and other workers' representatives representing individuals working in the value chain concerned and civil society organisations active in the areas related to the value chain concerned. Companies should establish a procedure for dealing with those complaints and inform ***relevant stakeholders, including*** workers, trade unions and other workers' representatives, where relevant, about such processes. Recourse to the complaints and remediation mechanism should not prevent the complainant from having recourse to

complaints should be entitled to request from the company appropriate follow-up on the complaint and to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.

judicial remedies. In accordance with international standards, complaints should be entitled to request from the company appropriate follow-up on the complaint and to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.

Amendment 16
Proposal for a directive
Recital 43

Text proposed by the Commission	*Amendment*
(43) Companies should monitor the implementation and effectiveness of their due diligence measures. They should carry out periodic assessments of their own operations, those of their subsidiaries and, where related to the value chains of the company, those of their ***established*** business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end and mitigation of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are up-to-date, they should be carried out at least every 12 months and be revised in-between if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen.	(43) Companies should monitor the implementation and effectiveness of their due diligence measures. They should carry out periodic assessments***, in consultation with relevant stakeholders,*** of their own operations, those of their subsidiaries and, where related to the value chains of the company, those of their business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end and mitigation of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are up-to-date, they should be carried out at least every 12 months and be revised in-between if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen.

Amendment 17
Proposal for a directive
Recital 44

Text proposed by the Commission	*Amendment*
(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. The proposal to amend Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it. As regards companies that are within the scope of this Directive, but do not fall under Directive 2013/34/EU, in order to comply with their obligation of communicating as part of the due diligence under this Directive, they should publish on their website an annual statement in a language customary in the sphere of international business.	(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. The proposal to amend Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it. As regards companies that are within the scope of this Directive, but do not fall under Directive 2013/34/EU, in order to comply with their obligation of communicating as part of the due diligence under this Directive, they should publish on their website an annual statement in a language customary in the sphere of international business. ***This reporting should be accessible and sufficiently detailed to demonstrate the compliance of a company's due diligence process with this Directive. The Commission should also provide for simplified reporting and identify which companies can avail of such a simplified reporting process.***

Amendment 18
Proposal for a directive
Recital 44 a (new)

Text proposed by the Commission	*Amendment*

	(44a) Member States should ensure that companies effectively, safely and meaningfully engage with relevant stakeholders when fulfilling their due diligence obligations under this Directive. Such engagement should be proportionate to a company's capability to carry out such engagement. Such engagement should be interactive, gender-sensitive, responsive and adapted to vulnerable stakeholders, where relevant, and should be taken prior to decisions being taken and on a regular basis. Such engagement should be carried out in a timely, accessible and transparent manner.

Amendment 19
Proposal for a directive
Recital 46

Text proposed by the Commission	*Amendment*
(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, should ***have the possibility to*** issue guidelines, including for specific sectors or specific adverse impacts.	(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, should issue guidelines, including for specific sectors or specific adverse impacts***, in particular taking into account the needs of SMEs, and should enable financial and administrative assistance. Where relevant, the guidelines shall cover issues related to responsible purchasing; implementation of due diligence in conflict-affected areas, occupation situations, and non-self-governing territories; and responsible disengagement.***

Amendment 20

Proposal for a directive
Recital 47

Text proposed by the Commission	*Amendment*
(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs***, *many of which are already struggling in the context of the global economic and sanitary crisis***. In order to support SMEs, Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms, and Member States could also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME***,*** are also encouraged to support them to comply with due diligence measures, ***in case such requirements would jeopardize the viability of the SME*** and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.	(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs. In order to support SMEs, Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms, and Member States could also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME are also encouraged to support them to comply with due diligence measures, and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs. ***Each Member State should ensure that one specific portal which acts as a single point of contact, particularly for the benefit of small and medium-sized undertakings, is established in order to provide companies with guidance and relevant information about how to comply with due diligence obligations arising from this Directive.***

Amendment 21
Proposal for a directive
Recital 65

Text proposed by the Commission	*Amendment*
(65) Persons who work for companies subject to due diligence obligations under this Directive or who are in contact with such companies in the context of their work-related activities can play a key role in exposing breaches of the rules of this Directive. They can thus contribute to preventing and deterring such breaches and	(65) Persons who work for companies subject to due diligence obligations under this Directive or who are in contact with such companies in the context of their work-related activities can play a key role in exposing breaches of the rules of this Directive. They can thus contribute to preventing and deterring such breaches and

strengthening the enforcement of this Directive. Directive (EU) 2019/1937 of the European Parliament and of the Council[106] should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches.

strengthening the enforcement of this Directive. Directive (EU) 2019/1937 of the European Parliament and of the Council should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches. ***Member States should ensure that complaints can be submitted in an anonymous and confidential way and that any information published in relation to complaints should be done so in a manner that does not endanger stakeholders' safety, including by not disclosing their identity.***

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[106] Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).

Amendment 22
Proposal for a directive
Recital 71 a (new)

Text proposed by the Commission	*Amendment*
	(71a) The Commission should assess and report whether this Directive should be added to the list of provisions of Union law covered by Annex I of Directive (EU) 2020/1828 of the European Parliament and of the Council, in order to allow consumers to bring representative actions against infringements of the national provisions adopted pursuant to this Directive.

Amendment 23
Proposal for a directive
Article 1 – paragraph 1 – subparagraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) on obligations for companies regarding actual and potential human rights	(a) on obligations for companies regarding actual and potential human rights

adverse impacts ***and*** environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the value chain operations carried out by entities with whom the company has ***an established*** business relationship and	adverse impacts ***as well as actual and potential*** environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the value chain operations carried out by entities with whom the company has ***a*** business relationship and

Amendment 24
Proposal for a directive
Article 1 – paragraph 1 – subparagraph 2

Text proposed by the Commission	*Amendment*
The nature of business relationships as 'established' shall be reassessed periodically, and at least every 12 months.	***deleted***

Amendment 25
Proposal for a directive
Article 1 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Member States shall not lay down, in their national laws, provisions diverging from those laid down in this Directive, except for Articles 22 and 25.

Amendment 26
Proposal for a directive
Article 3 – paragraph 1 – point f

Text proposed by the Commission	*Amendment*
(f) 'established business relationship' means a business relationship, whether direct or indirect, which is, or which is expected to be lasting, in view of its intensity or duration and which does not represent a negligible or merely ancillary part of the value chain;	***deleted***

Amendment 27
Proposal for a directive

Article 3 – paragraph 1 – point g a (new)

Text proposed by the Commission	*Amendment*
	(ga) 'risk-based approach' means a process which permits companies to manage their due diligence activities based on an analysis of relevant activities, taking account the likelihood, severity and urgency of potential or actual adverse human rights impacts and environmental impacts as well as the nature and context of the operations of the company, including geographic considerations, the characteristics of the economic sector and the extent and type of the risks relating to such potential or adverse impacts and their scale;

Amendment 28
Proposal for a directive
Article 3 – paragraph 1 – point h

Text proposed by the Commission	*Amendment*
(h) 'independent third-party verification' means verification of the compliance by a company, or parts of its value chain, with human rights and environmental requirements resulting from the provisions of this Directive by an auditor which is independent from the company, free from any conflicts of interests, has experience and competence in environmental and human rights matters and is accountable for the quality and reliability of the audit;	(h) 'independent third-party verification' means verification of the compliance by a company, or parts of its value chain, with human rights and environmental requirements***,*** resulting from the provisions of this Directive by an auditor which is independent from the company, free from any conflicts of interests, has ***the requisite*** experience and competence***, including*** in environmental and human rights matters and is accountable for the quality and reliability of the audit;

Amendment 29
Proposal for a directive
Article 3 – paragraph 1 – point n

Text proposed by the Commission	*Amendment*
(n) 'stakeholders' means the company's employees, the employees of its	(n) 'stakeholders' means the company's employees, the employees of its

subsidiaries, and other individuals, groups, communities ***or*** entities whose rights or interests are or could be affected by the products, services and operations of that company, its subsidiaries and its business relationships;	subsidiaries, and other individuals, groups, communities, entities***, civil society organisations, trade unions, workers representatives or organisations promoting, protecting and defending, human rights and the environment,*** whose rights or interests are or could be affected by ***adverse human rights impacts and adverse environmental impacts arising from*** the products, services and operations of that company, its subsidiaries and its business relationships;

Amendment 30
Proposal for a directive
Article 3 – paragraph 1 – point q

Text proposed by the Commission	*Amendment*
(q) 'appropriate measure' means a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact***, and reasonably available to the company***, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action.	(q) 'appropriate measure' means a ***proportionate*** measure that is capable of achieving the objectives of ***risk-based*** due diligence ***and is reasonably available to the company and effectively aims to address the adverse impact***, commensurate with the degree of severity***, the nature, urgency*** and the likelihood of the adverse impact ***and the level of the company's involvement in the potential adverse impacts***, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action.

Amendment 31
Proposal for a directive
Article 3 – paragraph 1 – point q a (new)

Text proposed by the Commission	*Amendment*
	(qa) 'force majeure' means an abnormal and unforeseeable event that lies outside the control of and cannot be avoided in spite of the exercise of all due

care.

Amendment 32
Proposal for a directive
Article 4 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) preventing ***and mitigating*** potential adverse impacts, and bringing actual adverse impacts to an end and minimising their extent in accordance with Articles 7 and 8;	(c) preventing potential adverse impacts ***with reasonable best efforts***, ***mitigating*** and bringing actual adverse impacts to an end and minimising their extent in accordance with Articles 7 and 8;

Amendment 33
Proposal for a directive
Article 4 – paragraph 1 – point e

Text proposed by the Commission	*Amendment*
(e) monitoring the effectiveness of their due diligence policy and measures in accordance with Article 10;	(e) monitoring ***and assessing*** the effectiveness of their due diligence policy and measures in accordance with Article 10;

Amendment 34
Proposal for a directive
Article 4 – paragraph 1 – point f

Text proposed by the Commission	*Amendment*
(f) publicly communicating on due diligence in accordance with Article 11.	(f) ***disclosing relevant information and*** publicly communicating on due diligence in accordance with Article 11.

Amendment 35
Proposal for a directive
Article 4 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Member States shall ensure that companies conduct due diligence as laid down in Articles 5 to 11 on the basis of a risk-based approach.

Amendment 36
Proposal for a directive
Article 5 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies integrate due diligence into all their corporate policies and have in place a due diligence policy. The due diligence policy shall contain all of the following:	1. Member States shall ensure that companies integrate due diligence into all their corporate policies and have in place a due diligence policy. The due diligence policy shall ***be proportionate and risk-based and shall*** contain all of the following:

Amendment 37
Proposal for a directive
Article 5 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) a description of the company's approach, including in the long term, to due diligence;	(a) a description of the company's approach, including in the ***short, medium and*** long term, to due diligence;

Amendment 38
Proposal for a directive
Article 5 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) a code of conduct describing rules and principles to be followed by the company's employees and subsidiaries;	(b) a code of conduct describing rules and principles to be followed by the company's employees and subsidiaries ***across its own operations***;

Amendment 39
Proposal for a directive
Article 5 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) a description of the processes put in place to implement due diligence, including the measures taken to verify	(c) a description of the processes put in place to implement due diligence, including the measures taken to verify

compliance with the code of conduct and to extend its application to ***established*** business relationships.	compliance with the code of conduct***, which may include tools, methodology, objectives and timeline of such measures,*** and to extend its application to business relationships***, in accordance with a risk-based approach***.

Amendment 40
Proposal for a directive
Article 5 – paragraph 1 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) a description of the company's approach to providing meaningful engagement with stakeholders in accordance with Article 11a.

Amendment 41
Proposal for a directive
Article 5 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Member States shall ensure that the companies update their due diligence policy annually.	2. Member States shall ensure that the companies ***review and*** update their due diligence policy annually ***or when there are reasonable grounds to believe that significant new occurrences of adverse impacts have arisen***.

Amendment 42
Proposal for a directive
Article 6 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse human rights impacts and adverse environmental impacts arising from their own operations or those of their subsidiaries and, where related to their value chains, from their ***established*** business relationships, in accordance with paragraph 2, 3 and 4.	1. Member States shall ensure that companies take appropriate measures to identify***, in accordance with a risk-based approach,*** actual and potential adverse human rights impacts and ***actual and potential*** adverse environmental impacts arising from their own operations or those of their subsidiaries and, where related to their value chains, from their business

relationships, in accordance with paragraph 2, 3 and 4.

Amendment 43
Proposal for a directive
Article 6 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1a. For the purpose of fulfilling the obligation in paragraph 1, companies may map all areas of their own operations, those of their subsidiaries and those of their business partners and may disclose relevant information on the basis of this mapping. Based on the results of that mapping, companies may carry out an in-depth assessment of the areas where adverse impacts were identified to be most likely to be present or most significant.

Amendment 44
Proposal for a directive
Article 6 – paragraph 1 b (new)

Text proposed by the Commission	*Amendment*
	1b. Member States shall ensure that in particular for companies operating in one of the sectors referred to in Article 2(1)(b), appropriate measures shall also target the risks that are specific to that sector.

Amendment 45
Proposal for a directive
Article 6 – paragraph 2

Text proposed by the Commission	*Amendment*
2. By way of derogation from paragraph 1, companies referred to in Article 2(1), point (b), and Article 2(2), point (b), shall only be required to identify actual and potential severe adverse impacts relevant to the respective sector mentioned	2. By way of derogation from paragraph 1 ***of this Article***, companies referred to in Article 2(1), point (b), and Article 2(2), point (b), shall only be required to ***take appropriate measures to*** identify actual and potential severe adverse

in Article 2(1), point (b).

impacts relevant to the respective sector mentioned in Article 2(1), point (b).

Amendment 46
Proposal for a directive
Article 6 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Member States shall ensure that, for the purposes of identifying the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the complaints procedure provided for in Article 9. Companies shall, where relevant, also carry out consultations with potentially affected groups including workers and other relevant stakeholders to gather information on actual or potential adverse impacts.	4. Member States shall ensure that, for the purposes of identifying the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the complaints procedure provided for in Article 9. Companies shall, where relevant, also carry out ***effective and meaningful*** consultations with potentially affected groups including workers ***and trade unions*** and other relevant stakeholders to gather information on actual or potential adverse impacts.

Amendment 47
Proposal for a directive
Article 6 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4a. Companies shall establish a prioritisation strategy in the event that they are not in a position to prevent or mitigate all identified adverse impacts or potential adverse impacts simultaneously. Once the most significant impacts have been identified and dealt with, the company shall address less significant impacts. Companies may in that priorisation strategy consider the level of severity, likelihood and urgency of the different adverse impacts on human rights and the environment, the nature and context of the operations of the company, including geographic considerations, the

extent and type of the risks including any new or emerging risks, their scale and how irremediable they might be, and if necessary, use the prioritisation policy to address them. When prioritising their response to risks to human rights, companies shall treat the severity of an adverse impact, such as where a delayed response would make the impact irremediable, as the predominant factor.

Amendment 48
Proposal for a directive
Article 7 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse human rights impacts and adverse environmental impacts that have been, or should have been, identified pursuant to Article 6, ***in accordance with paragraphs 2, 3, 4 and 5 of this Article***.	1. Member States shall ensure that companies take appropriate***, proportionate and risk-based*** measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse human rights impacts and adverse environmental impacts***, arising from own operations, subsidiaries and business relationships,*** that have been, or should have been, identified pursuant to Article 6, ***taking into account the level of companies' involvement in the potential adverse impacts***.

Amendment 49
Proposal for a directive
Article 7 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) where necessary due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be developed in consultation with affected stakeholders;	(a) where necessary due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with reasonable and clearly defined timelines for action ***or appropriate measures*** and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be developed in consultation with affected stakeholders ***and may take***

	account of independent reports and information gathered through the complaints mechanisms provided for in Article 9;

Amendment 50
Proposal for a directive
Article 7 – paragraph 2 – point b

Text proposed by the Commission	*Amendment*
(b) seek contractual assurances from a business partner with whom it has a direct business relationship that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan***, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain (contractual cascading)***. When such contractual assurances are obtained, paragraph 4 shall apply;	(b) seek contractual ***or other*** assurances from a business partner with whom it has a direct business relationship that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan. When such contractual assurances are obtained, paragraph 4 shall apply;

Amendment 51
Proposal for a directive
Article 7 – paragraph 2 – point c

Text proposed by the Commission	*Amendment*
(c) make necessary investments, such as into management or production processes and infrastructures, to comply with paragraph 1;	(c) make necessary investments, such as into management or production processes***, capacity building, joint prevention and mitigation measures*** and infrastructures, to comply with paragraph 1;

Amendment 52
Proposal for a directive
Article 7 – paragraph 2 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) update business strategies, where necessary, including adequate trading, procurement, purchasing and pricing

	practices, in order to prevent potential adverse impacts;

Amendment 53
Proposal for a directive
Article 7 – paragraph 2 – point d

Text proposed by the Commission	*Amendment*
(d) provide targeted and proportionate support for an SME with which the company has ***an established*** business relationship, ***where*** compliance with the code of conduct or the prevention action plan ***would jeopardise the viability of the SME***;	(d) provide targeted and proportionate support for an SME***, such as loans or financing,*** with which the company has ***a*** business relationship, ***to ensure*** compliance with the code of conduct or the prevention action plan;

Amendment 54
Proposal for a directive
Article 7 – paragraph 3

Text proposed by the Commission	*Amendment*
3. As regards potential adverse impacts that could not be prevented or adequately mitigated by the measures in paragraph 2, the company may seek to conclude a contract with a partner with whom it has an indirect relationship, with a view to achieving compliance with the company's code of conduct or a prevention action plan. When such a contract is concluded, paragraph 4 shall apply.	***deleted***

Amendment 55
Proposal for a directive
Article 7 – paragraph 5 – subparagraph 1 – introductory part

Text proposed by the Commission	*Amendment*
As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated by the measures in paragraphs 2, 3 and 4, the company shall be required to	As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated by the measures in paragraphs 2, 3 and 4***, because mitigation is not possible***

refrain from entering into new or extending existing relations with the partner in connection with or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take the following actions:

or acceptable, or there is no reasonable prospect of change, the company shall be required to refrain from entering into new or extending existing relations with the partner in connection with or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take the following actions:

Amendment 56
Proposal for a directive
Article 7 – paragraph 5 – subparagraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) temporarily suspend commercial relations with the partner in question, while pursuing prevention and ***minimisation*** efforts, if there is reasonable expectation that these efforts will succeed in the short-term;	(a) temporarily suspend commercial relations with the partner in question, while pursuing prevention and ***mitigation*** efforts, if there is reasonable expectation that these efforts will succeed in the short-term;

Amendment 57
Proposal for a directive
Article 7 – paragraph 5 – subparagraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe.	(b) terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe ***and if the conditions for temporary suspension under point (a), such as mitigation, are not met***.

Amendment 58
Proposal for a directive
Article 7 – paragraph 5 – subparagraph 1 a (new)

Text proposed by the Commission	*Amendment*
	The company shall engage in a timely manner with stakeholders impacted by the decision to suspend or terminate the business relationship before taking such

	decision, and shall assess the consequences related to the suspension or termination of the relationship and any potential adverse impacts that may arise.

Amendment 59
Proposal for a directive
Article 7 – paragraph 5 – subparagraph 2

Text proposed by the Commission	*Amendment*
Member States shall provide for the availability of an option to terminate the business relationship in contracts governed by their laws.	Member States shall provide for the availability of an option to ***suspend or*** terminate the business relationship in contracts governed by their laws.

Amendment 60
Proposal for a directive
Article 7 – paragraph 5 – subparagraph 2 a (new)

Text proposed by the Commission	*Amendment*
	Companies shall disengage as a last resort only, particular account being taken of the fact that disengagement may exacerbate adverse impacts.

Amendment 61
Proposal for a directive
Article 7 – paragraph 5 – subparagraph 2 b (new)

Text proposed by the Commission	*Amendment*
	By way of derogation from the first sub paragraph, when a force majeure occurs that severely impacts a company's value chain operations, the company shall not be required to suspend or terminate a business relationship or be prevented from entering new or extending existing business relationships for no longer than 6 months in order to fulfil its contractual obligations towards other trading partners.

Amendment 62
Proposal for a directive
Article 7 – paragraph 5 – subparagraph 2 c (new)

Text proposed by the Commission	*Amendment*
	Companies shall, without delay, take all reasonable measures to ensure the re-organisation of their value chains and find alternative means for the provision of the affected goods or services, in order to be able to comply with the first sub paragraph as quickly as possible.

Amendment 63
Proposal for a directive
Article 7 a (new)

Text proposed by the Commission	*Amendment*
	Article 7a
	Group level due diligence
	1. Member States shall ensure that parent companies falling under the scope of this Directive may fulfil the obligations provided for in Articles 5 to 11 and Article 15(1) and (2) on behalf of companies which are their subsidiaries and which fall under the scope of this Directive.
	2. A parent company shall only be able to fulfil obligations on behalf of subsidiaries in accordance with the first paragraph if all the following conditions are satisfied:
	(a) the subsidiary provides all the necessary information to and cooperates with its parent company to fulfil the obligations resulting from this Directive;
	(b) the subsidiary abides by its parent company's due diligence policy accordingly adapted to ensure that the obligations laid down in Article 5(1) are fulfilled in respect of the subsidiary;
	(c) the subsidiary integrates due diligence into all its corporate policies in accordance with Article 5.

	Group level due diligence as set out in this Article shall not absolve the subsidiary of its individual responsibility and obligations to perform due diligence in accordance with this Directive.

Amendment 64
Proposal for a directive
Article 8 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies take appropriate measures to bring actual adverse impacts that have been, or should have been, identified pursuant to Article 6 to an end, in accordance with paragraphs 2 to 6 of this Article.	1. Member States shall ensure that companies take appropriate measures to bring actual adverse impacts that have been, or should have been, identified pursuant to Article 6 to an end, in accordance with paragraphs 2 to 6 of this Article***, taking into account the level of companies' involvement in the actual adverse impacts***.

Amendment 65
Proposal for a directive
Article 8 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies minimise the extent of such an impact.	2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies minimise the extent of such an impact***, while continuing to pursue efforts to bring the adverse impact to an end***.

Amendment 66
Proposal for a directive
Article 8 – paragraph 3 – point b

Text proposed by the Commission	*Amendment*
(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan with reasonable and clearly defined timelines for action and	(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan***, which includes measures,*** with reasonable and clearly

qualitative and quantitative indicators for measuring improvement. Where relevant, the corrective action plan shall be developed in consultation ***with*** stakeholders;

defined timelines for action and qualitative and quantitative indicators for measuring improvement. ***The action plan shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact.*** Where relevant, the corrective action plan shall be developed in ***through meaningful*** consultation ***and engagement with relevant*** stakeholders;

Amendment 67
Proposal for a directive
Article 8 – paragraph 3 – point c

Text proposed by the Commission	*Amendment*
(c) seek contractual assurances from a direct partner with whom it has an established business relationship that it will ensure compliance with the code of conduct and, as necessary, a corrective action plan***, including by seeking corresponding contractual assurances from its partners, to the extent that they are part of the value chain (contractual cascading)***. When such contractual assurances are obtained, paragraph 5 shall apply.	(c) seek contractual ***or other*** assurances from a direct partner with whom it has an established business relationship that it will ensure compliance with the code of conduct and, as necessary, a corrective action plan. When such contractual assurances are obtained, paragraph 5 shall apply.

Amendment 68
Proposal for a directive
Article 8 – paragraph 3 – point d

Text proposed by the Commission	*Amendment*
(d) make necessary investments, such as into management or production processes and infrastructures to comply with paragraphs 1, 2 and 3;	(d) make necessary investments, such as into management or production processes***, capacity building, joint prevention and mitigation measures*** and infrastructures to comply with paragraphs 1, 2 and 3;

Amendment 69
Proposal for a directive
Article 8 – paragraph 3 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) update business strategies, where necessary, including adequate trading, procurement, purchasing and pricing practices, in order to prevent potential adverse impacts;

Amendment 70
Proposal for a directive
Article 8 – paragraph 3 – point e

Text proposed by the Commission	*Amendment*
(e) provide targeted and proportionate support for an SME with which the company has an ***established*** business relationship***, where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME***;	(e) provide targeted and proportionate support for an SME with which the company has an business relationship;

Amendment 71
Proposal for a directive
Article 8 – paragraph 4

Text proposed by the Commission	*Amendment*
4. As regards actual adverse impacts that could not be brought to an end or adequately mitigated by the measures in paragraph 3, the company may seek to conclude a contract with a partner with whom it has an indirect relationship, with a view to achieving compliance with the company's code of conduct or a corrective action plan. When such a contract is concluded, paragraph 5 shall apply.	***deleted***

Amendment 72
Proposal for a directive
Article 8 – paragraph 6 – subparagraph 1 – point a

Text proposed by the Commission	*Amendment*

(a) temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or ***minimise*** the extent of the adverse impact, or	(a) temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or ***mitigate*** the extent of the adverse impact, or

Amendment 73
Proposal for a directive
Article 8 – paragraph 6 – subparagraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe.	(b) terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe ***or if the conditions for temporary suspension under point (a), such as mitigation, are not met***.

Amendment 74
Proposal for a directive
Article 8 – paragraph 6 – subparagraph 1 a (new)

Text proposed by the Commission	*Amendment*
	The company shall engage in a timely manner with stakeholders impacted by the decision to suspend or terminate the business relationship before taking such decision, and shall assess the consequences related to the suspension or termination of the relationship and any potential adverse impacts that may arise.

Amendment 75
Proposal for a directive
Article 8 – paragraph 6 – subparagraph 2

Text proposed by the Commission	*Amendment*
Member States shall provide for the availability of an option to terminate the business relationship in contracts governed by their laws.	Member States shall provide for the availability of an option to ***suspend or*** terminate the business relationship in contracts governed by their laws.

Amendment 76
Proposal for a directive
Article 8 – paragraph 6 – subparagraph 2 a (new)

Text proposed by the Commission	*Amendment*
	Companies shall disengage as a last resort only, particular account being taken of the fact that disengagement may exacerbate adverse impacts.

Amendment 77
Proposal for a directive
Article 8 – paragraph 6 – subparagraph 2 b (new)

Text proposed by the Commission	*Amendment*
	By way of derogation from the first sub paragraph, when a force majeure occurs that severely impacts a company's value chain operations, the company shall not be required to suspend or terminate a business relationship or be prevented from entering new or extending existing business relationships for no longer than 6 months in order to fulfil its contractual obligations towards other trading partners. Companies shall, without delay, take all reasonable measures to ensure the re-organisation of their value chains and find alternative means for the provision of the affected goods or services, in order to be able to comply with the first sub paragraph as quickly as possible.

Amendment 78
Proposal for a directive
Article 9 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall ensure that companies provide the possibility for persons and organisations listed in paragraph 2 to submit complaints to them where they have legitimate concerns regarding actual or potential adverse	1. Member States shall ensure that companies provide the possibility for persons and organisations listed in paragraph 2 to ***easily*** submit complaints ***and early warnings*** to them where they have legitimate concerns regarding actual

human rights impacts and adverse environmental impacts with respect to their own operations, the operations of their subsidiaries and their value chains.	or potential adverse human rights impacts and ***actual and potential*** adverse environmental impacts with respect to their own operations, the operations of their subsidiaries and ***entities with which the company has a business relationship in*** their value chains. ***The complaintshall be based on objective facts and reasonably documented.***

Amendment 79
Proposal for a directive
Article 9 – paragraph 2 – introductory part

Text proposed by the Commission	*Amendment*
2. Member States shall ensure that the complaints may be submitted by:	2. Member States shall ensure that the complaints ***mechanism referred to in paragraph 1 is safe, equitable, accessible and transparent and that complaints*** may be submitted by:

Amendment 80
Proposal for a directive
Article 9 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) persons who are affected or have reasonable grounds to believe that they ***might be*** affected by an adverse impact,	(a) persons who are ***directly*** affected or have reasonable grounds to believe that they ***will be directly*** affected by an adverse impact,

Amendment 81
Proposal for a directive
Article 9 – paragraph 2 – point b

Text proposed by the Commission	*Amendment*
(b) trade unions and other workers' representatives representing individuals working ***in*** the value chain concerned,	(b) trade unions and other workers' representatives representing individuals working ***throughout*** the value chain concerned ***that are affected by an adverse impact or have reasonable grounds to believe that they will be affected by an adverse impact***,

Amendment 82
Proposal for a directive
Article 9 – paragraph 2 – point c

Text proposed by the Commission	*Amendment*
(c) civil society organisations active in the areas related to the value chain concerned.	(c) civil society organisations active in the areas related to the value chain concerned***, concerning persons who are affected or have reasonable grounds to believe that they will be affected by an adverse impact***.

Amendment 83
Proposal for a directive
Article 9 – paragraph 3

Text proposed by the Commission	*Amendment*
3. Member States shall ensure that the companies establish a procedure for dealing with complaints referred to in paragraph 1, including a procedure when the company considers the complaint to be unfounded, and inform the relevant workers and trade unions of those procedures. Member States shall ensure that where the complaint is well-founded, the adverse impact that is the subject matter of the complaint is deemed to be identified within the meaning of Article 6.	3. Member States shall ensure that the companies establish a ***safe*** procedure for dealing with complaints referred to in paragraph 1, including a procedure when the company considers the complaint to be unfounded, and inform the relevant ***stakeholders, including*** workers and trade unions of those procedures. Member States shall ensure that where the complaint is well-founded, the adverse impact that is the subject matter of the complaint is deemed to be identified within the meaning of Article 6. ***Member States shall ensure that complaints can be submitted in an anonymous and confidential way.*** ***Member States shall ensure that any information published in relation to complaints shall be done so in a manner that does not endanger the stakeholders' safety, including by not disclosing their identity.***

Amendment 84
Proposal for a directive
Article 9 – paragraph 4 – point b

Text proposed by the Commission	*Amendment*
(b) to ***meet*** with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint.	(b) to ***engage*** with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint.

Amendment 85
Proposal for a directive
Article 9 – paragraph 4 – point b a (new)

Text proposed by the Commission	*Amendment*
	(ba) to receive timely and effective information on the steps and actions taken in the context of a specific complaint that has been submitted.

Amendment 86
Proposal for a directive
Article 10 – paragraph 1

Text proposed by the Commission	*Amendment*
Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the value chains of the company, those of their established business relationships, to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights and environmental adverse impacts. Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out at least every 12 months and whenever there are reasonable grounds to believe that significant new risks of the occurrence of those adverse impacts may arise. The due diligence policy shall be updated in accordance with the outcome of those assessments.	Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the value chains of the company, those of their established business relationships, to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights and environmental adverse impacts. Such assessments shall be based, where appropriate, on qualitative and quantitative indicators***, on meaningful engagement with relevant stakeholders*** and be carried out at least every 12 months and whenever there are reasonable grounds to believe that significant new risks of the occurrence of those adverse impacts may arise. ***For companies operating in one of the sectors referred to in Article 2(1)(b), the assessments shall also provide detail with regards to the risks that are specific***

to that sector. The due diligence policy shall be updated in accordance with the outcome of those assessments. ***Member States shall ensure that companies disclose relevant information on the outcome of these assessments in accordance with Article 11.***

Amendment 87
Proposal for a directive
Article 11 – paragraph 1

Text proposed by the Commission	*Amendment*
Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a and 29a of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement in a language customary in the sphere of international business. The statement shall be published by 30 April each year, covering the previous calendar year.	Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a and 29a of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement ***that meets the requirements of this Directive*** in a language customary in the sphere of international business***, in an accessible and timely manner. This reporting should be accessible, and sufficiently detailed to demonstrate the compliance of a company's due diligence process with this Directive***. The statement shall be published by 30 April each year, covering the previous calendar year.

Amendment 88
Proposal for a directive
Article 11 – paragraph 2

Text proposed by the Commission	*Amendment*
The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, specifying information on the description of due diligence, potential and actual adverse impacts and actions taken on those.	The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, specifying information on the description of due diligence, potential and actual adverse impacts and actions taken on those***, as well as related information in order to support companies, their subsidiaries and business partners operating in developing***

countries to identify, prevent and effectively address actual or potential adverse impacts on human rights and the environment.

Amendment 89
Proposal for a directive
Article 11 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	The Commission shall ensure that simplified reporting is possible and shall develop procedures for such simplified reporting and identify which companies can avail of a simplified reporting process in line with the risk-based approach, as part of these delegated acts. Companies wishing to avail of the simplified reporting process shall seek approval from the relevant national competent authority.

Amendment 90
Proposal for a directive
Article 11 – paragraph 2 b (new)

Text proposed by the Commission	*Amendment*
	The Commission may also provide for the conditions under which companies referred to in paragraph 1 may rely on the consolidated reporting of the group to which they belong in order to fulfil their reporting requirements under this Article.

Amendment 91
Proposal for a directive
Article 11 a (new)

Text proposed by the Commission	*Amendment*
	Article 11a
	Stakeholder Engagement
	Member States shall ensure that

companies effectively, safely and meaningfully engage stakeholders when fulfilling their obligations pursuant to Articles 4 to 11. The Commission shall adopt guidelines on stakeholder engagement.

Amendment 92
Proposal for a directive
Article 13 – paragraph 1

Text proposed by the Commission	*Amendment*
In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States ***and*** stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, ***may*** issue guidelines***, including for specific*** sectors ***or specific adverse impacts***.	In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States***, industry and relevant*** stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, ***shall*** issue ***general as well as sector-specific and impact-specific*** guidelines***. In particular, those guidelines shall facilitate compliance of all companies and their business partners that come within the scope of this Directive with the requirements of this Directive. The guidelines shall particularly take into account SMEs' needs and shall enable administrative and financial assistance.***

Amendment 93
Proposal for a directive
Article 13 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	The guidelines shall help companies to fulfil their due diligence obligations in accordance with Articles 6 to 11, by providing guidance on how the requirements under different Union acts could be fulfilled most efficiently, to ensure a level playing field within the

Union and ensure consistent implementation of this Directive. Those guidelines shall be published before the entry into force of this Directive and be regularly reviewed and updated, taking into account the latest developments in the sectors ***concerned***.

Amendment 94
Proposal for a directive
Article 14 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall, in order to provide information and support to companies and the partners with whom they have ***established*** business relationships in their value chains in their efforts to ***fulfil the obligations resulting from*** this Directive, set up and operate individually or jointly dedicated websites, platforms or portals. ***Specific consideration*** shall be given, in that respect, to the SMEs that are present in the value chains of companies.	1. Member States shall, in order to provide information and support to companies and the partners with whom they have business relationships in their value chains in their efforts to ***comply with*** this Directive, set up and operate individually or jointly dedicated websites, platforms or portals. ***Such information, advice and support*** shall be given, in that respect, to the SMEs***, in particular,*** that are present in the value chains of companies ***and tailored to their specific needs***.

Amendment 95
Proposal for a directive
Article 14 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Without prejudice to applicable State aid rules***, Member States may financially support SMEs***.	2. ***Member States may financially support SMEs in order to help them to comply with due diligence requirements. Furthermore, Member States may support stakeholders to exercise their rights under this Directive. This may include the establishment of dedicated websites, platforms or portals. This paragraph is*** without prejudice to applicable State Aid rules.

Amendment 96
Proposal for a directive

Article 14 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The Commission ***may*** complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.	3. The Commission ***shall, including in view of ensuring consistency,*** complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.

Amendment 97
Proposal for a directive
Article 14 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States ***may*** facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States***, may*** issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.	4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States ***shall*** facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States ***and relevant stakeholders, shall*** issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives. ***The Commission shall develop a system for formally recognising industry schemes and multi-stakeholder initiatives. The criteria for assessing the fitness of an industry scheme shall include the inclusion of the perspectives of civil society in audits and the steering of the standards and complaints procedure. Compliance with recognised industry schemes and multi-stakeholder initiatives shall contribute to ensuring compliance with the due diligence requirements under Articles 5 to 11. The Commission shall publish a schedule of recognised industry***

schemes and multi-stakeholder initiatives no later than one year after the entry into force of this Directive, and shall keep that schedule up to date. Reliance on industry schemes and multi-stakeholder initiatives shall not absolve the company of its individual responsibility and obligations to perform due diligence in accordance with this Directive.

Amendment 98
Proposal for a directive
Article 14 a (new)

Text proposed by the Commission	*Amendment*
	Article 14a
	Single Point of Contact
	1. Each Member State shall designate a national single point of contact on corporate sustainability due diligence. Member States may assign this role to an existing authority. Where a Member State designates only one competent authority, that competent authority may also be the single point of contact.
	2. Companies may seek guidance and obtain further support and information about how best to fulfil their due diligence obligations through this single point of contact. Such information, advice and support shall be practical and tailored to the specific needs of SMEs in particular.
	3. The single point of contact may also exercise a liaison function to ensure cross-border cooperation of Member State authorities and with the relevant authorities in other Member States via cooperation with the European Supervisory Network established in Article 21.
	4. The Commission shall coordinate the Member State initiatives referred to in paragraph 1 and shall provide a single portal that is easily accessible in all

	official languages of the EU. On that portal, the Commission shall also provide appropriate information on the global human rights and environmental situation, focusing on the sectors referred to in Article 2(1)(b) and (2)(b).

Amendment 99
Proposal for a directive
Article 16 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Member States shall ensure that each company empowers its authorised representative to receive communications from supervisory authorities on all matters necessary for compliance with and enforcement of national provisions transposing this Directive. Companies shall be required to provide their authorised representative with the necessary powers and resources to cooperate with supervisory authorities.	4. Member States shall ensure that each company empowers its authorised representative to receive communications ***directly and swiftly*** from supervisory authorities on all matters necessary for compliance with and enforcement of national provisions transposing this Directive. Companies shall be required to provide their authorised representative with the necessary powers and resources to cooperate ***effectively*** with supervisory authorities.

Amendment 100
Proposal for a directive
Article 17 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission	*Amendment*
	One supervisory authority shall serve also as a single point of contact for companies and economic operators in line with Article 14a.

Amendment 101
Proposal for a directive
Article 17 – paragraph 6

Text proposed by the Commission	*Amendment*
6. By the date indicated in Article 30(1), point (a), Member States shall inform the Commission of the names and	6. By the date indicated in Article 30(1), point (a), Member States shall inform the Commission of the names and

contact details of the supervisory authorities designated pursuant to this Article, as well as of their respective competence where there are several designated supervisory authorities. They shall inform the Commission of any changes thereto.	contact details of the supervisory ***authorities and, when applicable, the respective competences of those*** authorities designated pursuant to this Article, as well as of their respective competence where there are several designated supervisory authorities. They shall inform the Commission of any changes thereto.

Amendment 102
Proposal for a directive
Article 17 – paragraph 7 a (new)

Text proposed by the Commission	*Amendment*
	7a. Member States shall ensure that supervisory authorities have the appropriate knowledge, experience and skills in relation to human rights, business management environment and climate to perform their duties in the context of this Directive and exercise their powers.

Amendment 103
Proposal for a directive
Article 17 – paragraph 7 b (new)

Text proposed by the Commission	*Amendment*
	7b. Member States shall ensure that supervisory authorities publish and make available an annual report detailing relevant activities, future work plan and priorities and, where appropriate, information on sanctions and decisions.

Amendment 104
Proposal for a directive
Article 18 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Supervisory authorities shall carry out their activities in line with the

	principle of proportionality and shall take due account of the risk-based approach to due diligence for companies.

Amendment 105
Proposal for a directive
Article 18 – paragraph 5 – point c

Text proposed by the Commission	*Amendment*
(c) to adopt interim measures to avoid the risk of severe ***and*** irreparable harm.	(c) to adopt interim measures to avoid the risk of severe ***or*** irreparable harm.

Amendment 106
Proposal for a directive
Article 19 – paragraph 3 – subparagraph 1 a (new)

Text proposed by the Commission	*Amendment*
	Member States shall ensure that those procedures guarantee the safety of those persons, including by ensuring that concerns and information the disclosure of which could be harmful to the person concerned remain anonymous and confidential.

Amendment 107
Proposal for a directive
Article 19 – paragraph 4

Text proposed by the Commission	*Amendment*
4. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and shall provide the reasoning for it.	4. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform the person referred to in paragraph 1 of the result of the assessment of their substantiated concern***, of its decisions,*** and shall provide the reasoning for it.

Amendment 108
Proposal for a directive
Article 19 – paragraph 5 – subparagraph 1 a (new)

Text proposed by the Commission	*Amendment*
	Member States shall ensure that Supervisory Authorities establish easily accessible channels for receiving substantiated concerns. Such systems should be made available in relevant languages and at no cost. Any such procedure shall be fair, equitable, timely and not prohibitively expensive as well as, where appropriate, provide adequate and effective remedies.

Amendment 109
Proposal for a directive
Article 20 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall lay down the rules on sanctions applicable to infringements of national provisions adopted pursuant to this Directive, and shall take all measures necessary to ensure that they are implemented. The sanctions provided for shall be effective, proportionate and dissuasive.	1. Member States shall lay down the rules on sanctions applicable to infringements of national provisions adopted pursuant to this Directive, and shall take all measures necessary to ensure that they are implemented. The sanctions provided for shall be effective, proportionate and dissuasive. ***Member States shall take in due account the exchange of information held within the European Network of Supervisory Authority to ensure that sanctions are harmonised within the Union.***

Amendment 110
Proposal for a directive
Article 20 – paragraph 2

Text proposed by the Commission	*Amendment*
2. In deciding whether to impose sanctions and, if so, in determining their nature and appropriate level, due account shall be taken of the company's efforts to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support	2. In deciding whether to impose sanctions and, if so, in determining their nature and appropriate level, due account shall be taken of the company's efforts to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support

provided pursuant to Articles 7 and 8, as well as collaboration with other entities to address adverse impacts in its value chains, as the case may be.	provided pursuant to Articles 7 and 8, ***possible cumulative effects from other sanctions already imposed on the company*** as well as collaboration with other entities to address adverse impacts in its value chains, as the case may be.

Amendment 111
Proposal for a directive
Article 21 – paragraph 1 – subparagraph 1

Text proposed by the Commission	*Amendment*
The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall ***facilitate the*** cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of the supervisory authorities and, as appropriate, sharing of information among them.	The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall ***serve as a platform for*** cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of the supervisory authorities and, as appropriate, sharing of information among them***, as well as disclosing relevant annual activities of the Network. In particular, the Network shall facilitate the development of a harmonised approach on sanctions applicable for infringements of this regulation, including by determining, without prejudice to national criminal law, common range and common criteria for penalties.***

Amendment 112
Proposal for a directive
Article 21 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. Supervisory authorities that are not the single point of contact in a Member State and conduct activities in accordance with this Directive shall share relevant information with the single point of contact as a means of ensuring that the single point of contact has the necessary information to perform its tasks.

Amendment 113
Proposal for a directive
Article 29 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
No later than … [OP please insert the date = 7 years after the date of entry into force of this Directive], the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives and assess the following issues:	***By*** … [OP please insert the date = 7 years after the date of entry into force of this Directive]***, and every three years thereafter***, the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives and assess the following issues:

Amendment 114
Proposal for a directive
Article 29 – paragraph 1 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) whether legislative changes need to be adopted;

Amendment 115
Proposal for a directive
Article 29 – paragraph 1 – point d b (new)

Text proposed by the Commission	*Amendment*
	(db) the involvement of stakeholders throughout the relevant due diligence processes;

Amendment 116
Proposal for a directive
Article 29 – paragraph 1 – point d c (new)

Text proposed by the Commission	*Amendment*
	(dc) the convergence and divergence between Member States in national

legislation following the implementation of this Directive;

Amendment 117
Proposal for a directive
Article 29 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	By ... [3 years after the date of entry into force of this Directive], the Commission shall review the impact of this Directive, including the associated indirect costs and the economic, social and environmental effects thereof, on SMEs and accompanied by an account and assessment of the effectiveness of the different measures and tools for support provided to SMEs by the Commission and Member States.

PUBLIC

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
References	COM(2022)0071 – C9-0050/2022 – 2022/0051(COD)
Committee responsible Date announced in plenary	JURI 4.4.2022
Opinion by Date announced in plenary	IMCO 4.4.2022
Rapporteur for the opinion Date appointed	Deirdre Clune 21.4.2022
Discussed in committee	26.10.2022 29.11.2022 8.12.2022
Date adopted	2.3.2023
Result of final vote	+: 23 –: 15 0: 0
Members present for the final vote	Alex Agius Saliba, Andrus Ansip, Adam Bielan, Anna Cavazzini, Deirdre Clune, David Cormand, Maria Grapini, Svenja Hahn, Krzysztof Hetman, Eugen Jurzyca, Arba Kokalari, Andrey Kovatchev, Maria-Manuel Leitão-Marques, Adriana Maldonado López, Beata Mazurek, Leszek Miller, Anne-Sophie Pelletier, René Repasi, Andreas Schwab, Tomislav Sokol, Róża Thun und Hohenstein, Marion Walsmann, Marco Zullo
Substitutes present for the final vote	Clara Aguilera, Marc Angel, Vlad-Marius Botoş, Jordi Cañas, Christian Doleschal, Malte Gallée, Ivars Ijabs, Katrin Langensiepen, Tsvetelina Penkova, Romana Tomc, Kosma Złotowski
Substitutes under Rule 209(7) present for the final vote	Patrick Breyer, José Manuel Fernandes, Ljudmila Novak, Javier Zarzalejos

PUBLIC

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

23	+
ECR	Adam Bielan, Eugen Jurzyca, Beata Mazurek, Kosma Złotowski
PPE	Deirdre Clune, Christian Doleschal, José Manuel Fernandes, Krzysztof Hetman, Arba Kokalari, Andrey Kovatchev, Ljudmila Novak, Andreas Schwab, Tomislav Sokol, Romana Tomc, Marion Walsmann, Javier Zarzalejos
Renew	Andrus Ansip, Vlad-Marius Botoş, Jordi Cañas, Svenja Hahn, Ivars Ijabs, Róża Thun und Hohenstein, Marco Zullo

15	-
S&D	Alex Agius Saliba, Clara Aguilera, Marc Angel, Maria Grapini, Maria-Manuel Leitão-Marques, Adriana Maldonado López, Leszek Miller, Tsvetelina Penkova, René Repasi
The Left	Anne-Sophie Pelletier
Verts/ALE	Patrick Breyer, Anna Cavazzini, David Cormand, Malte Gallée, Katrin Langensiepen

0	0

Key to symbols:
+ : in favour
- : against
0 : abstention

PROCEDURE – COMMITTEE RESPONSIBLE

PUBLIC

Title	Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937			
References	COM(2022)0071 – C9-0050/2022 – 2022/0051(COD)			
Date submitted to Parliament	24.2.2022			
Committee responsible Date announced in plenary	JURI 4.4.2022			
Committees asked for opinions Date announced in plenary	AFET 4.4.2022	DEVE 15.9.2022	INTA 4.4.2022	CONT 4.4.2022
	ECON 4.4.2022	EMPL 4.4.2022	ENVI 4.4.2022	ITRE 4.4.2022
	IMCO 4.4.2022	CULT 4.4.2022	LIBE 4.4.2022	AFCO 4.4.2022
	FEMM 4.4.2022			
Not delivering opinions Date of decision	CONT 15.3.2022	CULT 15.3.2022	LIBE 28.4.2022	AFCO 28.3.2022
	FEMM 10.5.2022			
Associated committees Date announced in plenary	AFET 15.9.2022	ENVI 15.9.2022	EMPL 15.9.2022	ECON 15.9.2022
	INTA 15.9.2022			
Rapporteurs Date appointed	Lara Wolters 28.2.2022			
Discussed in committee	5.9.2022	17.11.2022	24.1.2023	
Date adopted	25.4.2023			
Result of final vote	+: –: 0:	19 3 3		
Members present for the final vote	Pascal Arimont, Manon Aubry, Gunnar Beck, Ilana Cicurel, Angel Dzhambazki, Ibán García Del Blanco, Virginie Joron, Pierre Karleskind, Sergey Lagodinsky, Gilles Lebreton, Maria-Manuel Leitão-Marques, Karen Melchior, Sabrina Pignedoli, Jiří Pospíšil, Raffaele Stancanelli, Axel Voss, Marion Walsmann, Lara Wolters, Javier Zarzalejos			
Substitutes present for the final vote	Daniel Buda, Pascal Durand, Heidi Hautala, Antonius Manders			
Substitutes under Rule 209(7) present for the final vote	Agnes Jongerius, Maite Pagazaurtundúa			
Date tabled	8.5.2023			

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

19	+
NI	Sabrina Pignedoli
PPE	Pascal Arimont, Daniel Buda, Antonius Manders, Jiří Pospíšil, Axel Voss, Javier Zarzalejos
Renew	Ilana Cicurel, Pierre Karleskind, Karen Melchior, Maite Pagazaurtundúa
S&D	Pascal Durand, Ibán García Del Blanco, Agnes Jongerius, Maria-Manuel Leitão-Marques, Lara Wolters
The Left	Manon Aubry
Verts/ALE	Heidi Hautala, Sergey Lagodinsky

3	-
ECR	Angel Dzhambazki, Raffaele Stancanelli
ID	Gunnar Beck

3	0
ID	Virginie Joron, Gilles Lebreton
PPE	Marion Walsmann

Key to symbols:
+ : in favour
- : against
0 : abstention

PUBLIC