DRAFT OPINION

of the Committee on the Internal Market and Consumer Protection

for the Committee on Legal Affairs


Rapporteur for opinion: Deirdre Clune
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

(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.

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.

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.

Or. en
Amendment 2

Proposal for a directive
Recital 30

Text proposed by the Commission

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.

Amendment

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 monitoring methodology. 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.

Or. en
Amendment 3
Proposal for a directive
Recital 32

Text proposed by the Commission

(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.

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 and used only in cases of severe or repeated infringements of obligations under this Directive, after repeated attempts at measures of risk mitigation have failed, 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.

Or. en

Amendment 4
Proposal for a directive
Recital 34

Text proposed by the Commission

(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

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.

**Amendment 5**

**Proposal for a directive**

**Recital 46**

*Text proposed by the Commission*

(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, with whom they have an established business relationship that it will ensure compliance with the code of conduct or the prevention action plan. 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.

*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 issue **guidelines including tailored**
including for specific sectors or specific adverse impacts. The guidelines should particularly take into account SMEs’ needs and should enable administrative and financial assistance. The guidelines should help companies, in particular SMEs, to fulfil their due diligence obligations under this Directive, by providing guidance on how the requirements under different Union acts could be merged most efficiently. The Commission should regularly review and update the guidelines taking into account the latest developments in the sectors concerned.

Amendment 6
Proposal for a directive
Recital 47

Text proposed by the Commission

(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.

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 7

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 law, provisions diverging from those laid down in this Directive, unless otherwise provided for in this Directive.

Amendment 8

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

Text proposed by the Commission

(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;

Or. en
Amendment 9
Proposal for a directive
Article 3 – paragraph 1 – point n

Text proposed by the Commission

(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;

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 potential or actual 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 10
Proposal for a directive
Article 3 – paragraph 1 – point q

Text proposed by the Commission

(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.

Amendment

(q) ‘appropriate measure’ means a measure that is capable of achieving the objectives of risk-based due diligence, commensurate with the degree of severity, urgency 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 11

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

Text proposed by the Commission

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:

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 be proportionate and risk-based and shall contain all of the following:

Or. en

Amendment 12

Proposal for a directive
Article 6 – paragraph 1

Text proposed by the Commission

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.

Amendment

1. Member States shall ensure that companies take appropriate measures to identify, by means of a risk-based monitoring methodology, 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. en

Amendment 13

Proposal for a directive
Article 6 – paragraph 2

Text proposed by the Commission

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

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). by means of a risk-based monitoring methodology, actual and potential severe adverse impacts relevant to the respective sector mentioned in Article 2(1), point (b).

Amendment 14

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

Text proposed by the Commission

Amendment

2a. The risk-based monitoring methodology referred to in paragraphs 1 and 2 shall take 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 15

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 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, taking into account the level of companies’ involvement in the potential adverse impacts.
Amendment 16
Proposal for a directive
Article 7 – paragraph 2 – point b

Text proposed by the Commission
(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;

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. When such contractual assurances are obtained, paragraph 4 shall apply;

Amendment 17
Proposal for a directive
Article 7 – paragraph 2 – point d

Text proposed by the Commission
(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;

Amendment
(d) provide targeted and proportionate support for an SME with which the company has an established business relationship, to ensure compliance with the code of conduct or the prevention action plan;

Amendment 18
Proposal for a directive
Article 7 – paragraph 5 – subparagraph 1 – introductory part
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:

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, in the case of severe or repeated breaches of obligations under this Directive and after repeated attempts at measures of risk mitigation have failed:

Or. en

Amendment 19

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;

(d) where relevant, the subsidiary seeks the contractual assurances in accordance with Article 7(2), point (b), or Article 8(3), point (c);

(e) where relevant, the subsidiary seeks to conclude a contract with an indirect business partner in accordance with Article 7(3) or Article 8(4);

(f) where relevant, the subsidiary temporarily suspends or terminates the business relationship in accordance with Article 7(5) or Article 8(6).

Or. en

Amendment 20

Proposal for a directive
Article 8 – paragraph 1

Text proposed by the Commission

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.

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, taking into account the level of companies’ involvement in the actual adverse impacts.

Or. en

Amendment 21

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

Amendment 22
Proposal for a directive
Article 8 – paragraph 3 – point e

Text proposed by the Commission

(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;

Amendment

(e) provide targeted and proportionate support for an SME with which the company has an established business relationship.

Amendment 23
Proposal for a directive
Article 8 – paragraph 7 a (new)

Text proposed by the Commission

7a. 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 prioritisation 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 24

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

Text proposed by the Commission
(b) trade unions and other workers’ representatives representing individuals working in the value chain concerned,

Amendment
(b) trade unions and other workers’ representatives representing individuals working in the value chain concerned that are affected by an adverse impact.

Amendment 25

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

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

Amendment
(c) civil society organisations active in the areas related to the value chain concerned, concerning persons who have been affected or who are affected by an adverse impact.
Amendment 26

Proposal for a directive
Article 11 – paragraph 1 a (new)

*Text proposed by the Commission*

The 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*

The 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.

Or. en

Amendment 27

Proposal for a directive
Article 11 – paragraph 2

*Text proposed by the Commission*

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.

*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 ensure that that reporting is possible via a simplified reporting form.**

Or. en

Amendment 28

Proposal for a directive
Article 13 – paragraph 1

*Text proposed by the Commission*

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

*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 **relevant** stakeholders, **including from**
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.

**third countries**, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, **shall** issue **clear and easy to understand guidelines**, including for specific sectors or specific adverse impacts **in the form of targeted guidance where applicable**, to facilitate compliance of companies and their business partners with the requirements of this Directive. 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 fulfill their due diligence obligations in accordance with Articles 6 to 11, by providing guidance on how the requirements under different Union acts could be merged most efficiently. The Commission shall regularly review and update the guidelines taking into account the latest developments in the sectors concerned.

**Amendment 29**

Proposal for a directive
Article 14 – paragraph 4

**Text proposed by the Commission**

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

**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, **shall** issue guidance for assessing the fitness of industry schemes and multi-stakeholder
Amendment 30
Proposal for a directive
Article 14 a (new)

Text proposed by the Commission

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 portal.

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.

Amendment 31
Proposal for a directive
Article 19 – paragraph 1

Text proposed by the Commission

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’). supervisory authority when they have reasons to believe, on the basis of objective circumstances, that a company is failing to comply pursuant to Articles 6 to 11 and Article 15(1) and (2) of this Directive (‘substantiated concerns’).

Amendment 32

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

Text proposed by the Commission

2a. Supervisory authorities 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

Or. en

Amendment 33

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

Text proposed by the Commission

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:

Amendment

1. By ... [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:

Amendment 34

Proposal for a directive
Article 29 – paragraph 1 a (new)
Text proposed by the Commission

Amendment

2. 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 benefits thereof, on SMEs.

Or. en