AMENDMENTS
14 - 284

Draft opinion
Martina Dlabajová
(PE736.458v01-00)


Proposal for a directive
(COM(2022)0071 – C9-0050/2022 – 2022/0051(COD))
Amendment 14
Johan Nissinen

Proposal for a directive –

Proposal for a rejection

The European Parliament rejects the Commission proposal.

Or. en

Justification

There is high risk that the proposed Directive negatively affects the EU's competitiveness. As such, the regulation is an irresponsible experiment in times of deep crisis, volatility and uncertainty, which not only threatens economic growth, but also the much needed geographical diversifications in order to reduce over dependencies from single authoritarian states such Russia and China. Instead, it risks leading to a withdrawal from difficult markets due to un-implementable requirements linked to liability risks, without any indications to be able to improve the global situation of human rights or the environment.

Amendment 15
Markus Pieper

Proposal for a directive –

Proposal for a rejection

The European Parliament rejects the Commission proposal.

Or. en

Justification

The Regulatory Scrutiny Board has already twice rejected the impact assessment of the responsible Commission departments as insufficient. In the current global situation with interrupted and dramatically changing supply chains and material bottlenecks caused by the pandemic and the Russian war of aggression in Ukraine our companies and especially SMEs are confronted with immense challenges and a considerable financial and bureaucratic burden through further reporting obligations. The European Commission shall provide a new impact assessment and the results should be included in the EP report, even if it delays the legislative work.
Amendment 16
Eva Kaili
Proposal for a directive
Recital 2 a (new)

Text proposed by the Commission

(2a) Children have specific rights enshrined in Article 24 of the Charter and in the United Nations Convention on the Rights of the Child. As such, the best interests of the child should be a primary consideration in all matters, including remedies, affecting them;

Or. en

Amendment 17
Marina Mesure
on behalf of The Left Group
Proposal for a directive
Recital 3

Text proposed by the Commission

(3) In its Communication on a Strong Social Europe for Just Transition\textsuperscript{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\textsuperscript{76}.

Amendment

(3) In its Communication on a Strong Social Europe for Just Transition\textsuperscript{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, \textit{in particular social rights related to social dialogue, fair wages and safe work environment}, 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\textsuperscript{76}. \textit{This Directive also contributes to the effective}
implementation of the International Covenant on Economic, Social and Cultural Rights adopted by the UN General Assembly resolution 2200A (XXI), in particular its article 7 related to the right to just and favourable conditions of work

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.

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.

Or. en

Amendment 18
András Gyürk, Enikő Győri, Ernő Schaller-Baross

Proposal for a directive
Recital 4

Text proposed by the Commission

(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 Union77, as well as national78 level.

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 supply 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 Union77, as well as national78 level.
Amendment 19

Eva Kaili

Proposal for a directive

Recital 5

*Text proposed by the Commission*

(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 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.

*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 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. The Children’s Rights and Business Principles provide a comprehensive set of principles to guide companies on the full range of actions they can take in the workplace, marketplace and community to uphold and promote children’s rights. General comment No. 16 (2013) to the UN Convention on the Rights of the Child sets...
out State obligations regarding the impact of the business sector on children’s rights, which are further specified in General comment No. 25 (2021) as regards the digital environment.


**Amendment 20**

Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

**Proposal for a directive**

**Recital 5**

*Text proposed by the Commission*

(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 recognize 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

**Amendment**

(5) *Well-established* existing international standards on responsible business conduct like the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance for 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 recognize 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
business relationships.

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 business relationships. **These guidelines should be the basis for this Directive.**

---


---

**Amendment 21**

András Gyűrk, Enikő Győri, Ernő Schaller-Baross

**Proposal for a directive**

**Recital 5**

**Text proposed by the Commission**

(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

**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 *supply* 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.


business relationships.


Or. en

Amendment 22
Johan Nissinen

Proposal for a directive
Recital 5

Text proposed by the Commission

(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 Rights79 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.


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 Rights79 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 business relationships.

Amendment 23
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 6

Text proposed by the Commission

(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. 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.

Amendment

(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, supply chains and direct business relationships.


Or. en

Amendment 24
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 8

Text proposed by the Commission

(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.


Amendment 25
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 9

Text proposed by the Commission

(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.

framework for achieving climate
neutrality and amending Regulations
(‘European Climate Law’)
PE/27/2021/REV/1 (OJ L 243, 9.7.2021,
p. 1).

87 SWD/2020/176 final.

Amendment 26
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian
Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu
Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 10

Text proposed by the Commission

(10) According to the Commission
Communication on forging a climate-
resilient Europe89 presenting the Union
Strategy on Adaptation to climate change,
new investment and policy decisions
should be climate-informed and future-
proof, including for larger businesses
managing value chains. This Directive
should be consistent with that Strategy.
Similarly, there should be consistency
with the Commission Directive […]
amending Directive 2013/36/EU as
regards supervisory powers, sanctions,
third-country branches, and
environmental, social and governance
risks (Capital Requirements Directive)90,
which sets out clear requirements for
banks’ governance rules including
knowledge about environmental, social
and governance risks at board of directors
level.

89 Communication from the Commission
to the European Parliament, the Council,

90 OJ C […], […], p. […].

Amendment 27
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 11

Text proposed by the Commission Amendment


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).


Amendment 28
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 13

Text proposed by the Commission

(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. 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. 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, 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.

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

Amendment 29
Johan Nissinen
Proposal for a directive
Recital 14

Text proposed by the Commission

(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.

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 supply chains.

Amendment 30
András Gyürk, Enikő Győri, Ernő Schaller-Baross
Proposal for a directive
Recital 14

Text proposed by the Commission

(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.

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 supply chains.
end and minimisation of potential or actual adverse human rights and environmental impacts connected with companies’ own operations, subsidiaries and value chains.

(This amendment applies throughout the text and is related to the amendment of the definition in Article 3(1), point (g). Adopting it will necessitate corresponding changes throughout.)

Or. en

Amendment 31
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 14

Text proposed by the Commission

(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.

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 supply chains.

(This amendment applies throughout the text and is related to the amendment of the definition in Article 3(1), point (g). Adopting it will necessitate corresponding changes throughout.)

Or. en

Amendment 32
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss
Proposal for a directive
Recital 14 a (new)

Text proposed by the Commission

(14a) 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

Or. en

Amendment 33
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

Amendment

(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
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.

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 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.

Or. en

Amendment 34
András Gyürk, Enikő Győri, Ernő Schaller-Baross

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

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 business relationships 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
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 35
Johan Nissinen

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

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 business relationships 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’. The company

Or. en
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.

Or. en

Amendment 36
Damien Carême
on behalf of the Verts/ALE Group

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

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 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.

Justification

The notion of "established business relationship" is too vague, creates unnecessary additional complexity, and could open the door to circumvention of the due diligence obligations (justification applicable to all related amendments).

Amendment 37
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 17

Text proposed by the Commission

(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.

Amendment

deleted
Amendment 38
Johan Nissinen

Proposal for a directive
Recital 17

Text proposed by the Commission

(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.

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 supply chains.

Or. en

Amendment 39
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 17 a (new)

Text proposed by the Commission

(17a) 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

Amendment

(17a) 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 40
András Gyürk, Enikő Győri, Ernő Schaller-Baross

Proposal for a directive
Recital 18

Text proposed by the Commission

(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.

Amendment

(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 as well as the related activities of established business relationships of the company. It should encompass upstream established direct business relationships that 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.
Proposal for a directive
Recital 18

Text proposed by the Commission

(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.

Amendment

(18) The supply chain should cover 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 direct upstream business relationships with direct business partners from a third country that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company that are directly necessary to carry out the company’s activities.

Amendment 42
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 18

Text proposed by the Commission

(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

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

PE737.267v01-00  26/181  AM\1264843EN.docx
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.

or the service and the use and disposal of the product as well as the related activities of business relationships of the company or *its subsidiaries*. 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 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.

Or. en

*Justification*

*The current definition of value chain seems unnecessarily too restrictive.*

**Amendment 43**

Johan Nissinen

**Proposal for a directive**

**Recital 18**

*Text proposed by the Commission*

(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

*Amendment*

(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 business relationships that design, extract, manufacture, transport, store and supply raw material, products, parts of products,
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.

Amendment 44
Eva Kaili
Proposal for a directive
Recital 18 a (new)

Text proposed by the Commission

(18a) Companies whose primary activity revolves around children or provide services likely to be accessed by children or likely to have an impact on children shall put in place specific measures to embed safety-by-design features so as to mitigate any potential harm or adverse consequences prior to the development of the product or the service;

Or. en

Amendment 45
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyytedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 19
(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.
chain of that client should not be covered. chain of that client should not be covered.

Amendment 47
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 20

Text proposed by the Commission

(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.

Or. en

Amendment 48
András Gyürk, Enikő Győri, Ernő Schaller-Baross

Proposal for a directive
Recital 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.

Or. en
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.

intensity and duration and which do not represent a negligible or ancillary part of the supply chain. The nature of business relationships as “established” should be reassessed periodically, and at least every 12 months.

Amendment 50
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyytedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 20

Text proposed by the Commission

(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.

Amendment

(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 direct business relationships. For the purpose of this Directive, business relationships should mean such direct contractual relationship with a contractor, subcontractor or any other legal entities 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 51
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 20 a (new)

Text proposed by the Commission

(20a) In order to offset of the regulatory burdens for citizens, administrations and businesses introduced by this Directive, the Commission should, in the framework of its annual burden survey conducted pursuant to paragraph 48 of the Interinstitutional Agreement of 13 April 2016 on Better Law-Making, review the regulatory framework for the affected sectors and companies in line with 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 that generate compliance costs in those sectors and for those companies.

Amendment 52
Angelika Winzig

Proposal for a directive
Recital 21

Text proposed by the Commission

(21) Under this Directive, EU companies with more than 500 employees on average and a worldwide net turnover

Amendment

(21) Under this Directive, EU companies with more than 5000 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, 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.


Amendment 53
Damien Carême
on behalf of the Verts/ALE Group
Proposal for a directive
Recital 21

Text proposed by the Commission

(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\textsuperscript{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.

Amendment

(21) Under this Directive, all EU companies, except micro-enterprises, should be required to comply with due diligence. In order to ensure a proportionate burden, companies operating in 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\textsuperscript{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.

Justification

By limiting the scope of companies required to comply with due diligence obligations to EU companies of more than 500 employees, or to companies of more than 250 employees active in high-risk sectors, we exclude most of the companies (99% of SMEs in the EU) which put in question the effectiveness of the proposal, and we create a lack of certainty for SMEs, which could be affected by the obligations of clients and/or suppliers, while not being covered by the obligations per se. Consequently, including all EU companies (except microenterprises) in the scope, while providing various supporting measures to help SMEs integrate due diligence into their practices and to facilitate microenterprises possibly affected to comply with the provisions of this Directive, is a preferable approach.

Amendment 54
Johan Nissinen

Proposal for a directive
Recital 21

Text proposed by the Commission

(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\textsuperscript{103}, should be included in the calculation of the

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, a simplified due diligence reporting obligation 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\textsuperscript{103}, should
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.


Amendment 55
Angelika Niebler, Marion Walsmann, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Răzvan Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera

Proposal for a directive
Recital 21

Text proposed by the Commission

(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-

Amendment

(21) Under this Directive, EU companies with more than 5000 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. Companies which do not fulfil those criteria, but which had more than 3000 employees on average and more than EUR 50 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, 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.


Amendment 56
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera

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

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.

Amendment 57
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 22

Text proposed by the Commission
(22) In order to reflect the priority areas

Amendment
(22) In order to reflect the priority areas

AM\1264843EN.docx 39/181 PE737.267v01-00
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.
Justification

The list of high-risk sectors, based on the existence or not of OECD guidance (excluding the financial sector which is covered by OECD guidance) does not seem appropriate, as it omits economic sectors that present high risks in terms of impacts on the environment or on human rights.

Amendment 58
Angelika Niebler, Marion Walsmann, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 23

Text proposed by the Commission

(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.

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 supply 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 worldwide turnover of at least EUR 150 million in the financial year preceding the last financial year of which at least EUR 50 million was generated in the Union or a net turnover of more than EUR 40 million but less than EUR 150 million of which at least EUR 50 million was generated in the Union 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. This Directive should also apply to those companies which do not meet the criteria mentioned above if that company is part of a group of companies whose parent company is registered in a third country and which has more than 5000 employees on average or 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 group of companies refers to a parent company and all its subsidiaries.

Amendment 59
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 23

Text proposed by the Commission

(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.

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 8 million in the Union in the financial year.

Amendment 60
Angelika Winzig

Proposal for a directive
Recital 23
(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.

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. en

Amendment 61
Johan Nissinen

Proposal for a directive
Recital 23

Text proposed by the Commission

(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

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 supply 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.

Proposal for a directive

Recital 24

Text proposed by the Commission

(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

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 also be applied as a benchmark to determine which third-country companies fall under this Directive to create a level-playing field, while taking into account that 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
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.

Or. en

Amendment 63
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

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 supply chain. However, it may be that due diligence processes and actions are conducted at the level of the group. In this regard, subsidiaries and companies which
are part of the same group may refer to the responsibilities pursuant to the obligations of this directive taken on by their parent company or other group members.

Amendment 64
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Raş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 25

*Text proposed by the Commission*
(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

*Amendment*
(25) In order to achieve a meaningful contribution to the sustainability transition and, at the same time, to limit the regulatory and financial burden for companies under the scope of the Directive, due diligence under this Directive should be carried out with respect to adverse human rights impact and adverse environmental impacts resulting from the violation of one of the principles set out in the *OECD Due Diligence Guidance for Responsible Business Conduct*, the *OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights* as regards the environment or human rights.
environmental conventions listed in the Annex to this Directive.

Amendment 65
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 25

Text proposed by the Commission

(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.

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 and climate impacts on the main ecosystem elements (climate, air, water, soil, biodiversity, light, noise, vibration, human health) or on the interrelations between them, on the transition to a circular economy, including but not limited to impairment to reusability and recyclability, as well as impacts resulting
justification

Adverse environmental impacts cannot be reduced to the non-respect of international conventions, otherwise compliance with due diligence obligations could end up as a mere box-ticking exercise without concrete positive side-effects along the globalised value chains. Besides, adverse impacts should also include impacts on climate, so that we should read "adverse environmental and climate impacts" all along the text, but the modification is made only in this amendment.

Amendment 66
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Recital 25

Text proposed by the Commission

(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

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, such as safety and health principles that were added to the Fundamental Principles and Rights at Work of ILO in 2022, 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.

Amendment 67
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Recital 25 a (new)

Text proposed by the Commission

(25a) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should also be carried out with respect to Global Framework Agreements (GFA) the undertaking has signed.

Justification

GFA, previously called International Framework Agreement or IFA, is a non-binding agreement between global union federations and multinational companies, which at minimum ensures workers within a company’s worldwide operations can exercise fundamental labour rights in accordance with ILO core labour standards on freedom of association and collective bargaining. As of September 2018, more than 300 agreements between trade unions and multinational companies have been signed.

Amendment 68
Damien Carême
(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 Framework¹⁰⁴ and the United Nations Guiding Principles Interpretative Guide¹⁰⁵. 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.

Text proposed by the Commission

(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\(^\text{104}\) and the United Nations Guiding Principles Interpretative Guide\(^\text{105}\). 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.

Amendment

(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\(^\text{104}\) and the United Nations Guiding Principles Interpretative Guide\(^\text{105}\) and should be made easily accessible to companies.

Using relevant international guidelines and standards as a reference, the Commission should issue additional guidance that will serve as a practical tool for companies.


---

Amendment 70
Eva Kaili
Proposal for a directive
Recital 27

Text proposed by the Commission

(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

Amendment

(27) In order to conduct appropriate human rights, children's 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
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.

Or. en

Amendment 71
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 27

Text proposed by the Commission

(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,

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 notification 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, 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.

Amendment 73
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 28
(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.

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 their corporate policies where necessary and have in place a risk-based due diligence policy. The risk-based 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. The code of conduct should apply in all relevant corporate functions and operations, including procurement and purchasing decisions. Companies should regularly update and publish their due diligence policy, taking a risk-based approach in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, but at least every five years.

Or. en

Amendment 74
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Recital 28

Text proposed by the Commission

(28) In order to ensure that due diligence forms part of companies’ corporate policies, and in line with the relevant

Amendment

(28) In order to ensure that due diligence forms part of undertakings’ 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.

international framework and *global framework agreements the undertaking has signed, undertakings* 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 undertaking’s approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed by the undertaking’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. *Undertakings* should also update their due diligence policy annually.

Amendment 75
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 28

*Text proposed by the Commission*

(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

*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.

Amendment 76
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polsfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 29

(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.

Severity means the scale, scope and irremediably character of the adverse impact, taking into account the gravity of the impact on the rights holder, the number of individuals that could be affected and the possibility of occurrence.

Amendment 77
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 30

Text proposed by the Commission

(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.

Amendment 78
Johan Nissinen
Proposal for a directive
Recital 30

Text proposed by the Commission

(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

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 supply 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 79
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 31

Text proposed by the Commission

(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.

Amendment

(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.

Or. en
Amendment 80
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skrytédal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

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 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

(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 and mitigation measures, companies should develop and implement a prevention or mitigation action plan. Companies are encouraged to develop their action plans in cooperation with sectoral initiatives and industry schemes. Companies should seek to obtain contractual assurances from a direct partner with whom they have a direct business relationship outside of the European Union that it will ensure compliance with the code of conduct or the prevention or mitigation action plan, including by seeking corresponding contractual assurances from its partners to the extent that their activities are part of the companies’ supply 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 a direct 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 81**

Damien Carême

on behalf of the Verts/ALE Group

**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 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 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

*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 a *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 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 *capacity-building via activities such as* training, management systems upgrading, and
companies. collaborate with other companies to develop guidance and sectoral supporting materials, with a particular focus on limiting the potential burden on microenterprises.

Amendment 82
András Gyűrk, Enikő Győri, Ernő Schaller-Baross

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 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.

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’ supply 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. Companies may 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
or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.

Amendment 83
Johan Nissinen

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 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

(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’ supply 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.
of training, management systems upgrading, and collaborate with other companies.

Amendment 84
András Gyürk, Enikő Győri, Ernő Schaller-Baross

Proposal for a directive
Recital 35

Text proposed by the Commission

(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.

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 its direct business partner, with a view to achieving compliance with the company’s code of conductor a prevention action plan, and conduct appropriate measures to verify compliance of the direct business relationship with the contract.

Amendment 85
András Gyürk, Enikő Győri, Ernő Schaller-Baross

Proposal for a directive
Recital 36

Text proposed by the Commission

(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

Amendment

(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business relationships, instead of terminating them, as a last resort action after attempting at preventing and
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.
(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.

where no available alternative to that business relationship, that provides a product or service essential to the company’s production of goods or provision of services, exists. 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 87
Johan Nissinen
Proposal for a directive
Recital 36

Text proposed by the Commission

(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

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 supply 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.

Amendment 88
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 37

Text proposed by the Commission

(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, 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.

Member States should assess the
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.

Amendment 89
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 37

Text proposed by the Commission

(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.

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 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
The Commission, in collaboration with Member States, may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.

Justification

Supporting measures to facilitate compliance of companies with the due diligence obligations is an essential aspect of the proposal, which should be reinforced.

Amendment 90
András Gyürk, Enikő Győri, Ernő Schaller-Baross

Proposal for a directive
Recital 37

Text proposed by the Commission
(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.

Amendment
(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. 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.
Amendment 91
Johan Nissinen

Proposal for a directive
Recital 37

*Text proposed by the Commission*

(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.

*Amendment*

(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. 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.

Amendment 92
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 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.

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.

Proposal for a directive
Recital 39

Amendment 94
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss
(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.

Or. en
Amendment 95
András Gyürk, Enikő Győri, Ernő Schaller-Baross

Proposal for a directive
Recital 39

**Text proposed by the Commission**

(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.**

**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 may also provide targeted and proportionate support for an SMEs with which they have an established business relationship.**
Amendment 96
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 39

Text proposed by the Commission

(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 SMEs with which they have an established business relationship, and collaborate with other

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 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 SMEs and notably microenterprises with which they have business relationships and collaborate with other
**relationship** and collaborate with other entities, including, where relevant, to increase the company’s ability to bring the adverse impact to an end.

---

**Amendment 97**  
András Gyürk, Enikő Győri, Ernő Schaller-Baross

**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.

---

**Amendment 98**  
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera

**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.

relationships in the supply 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, taking into consideration the best interest of those affected by the adverse impact and taking into account potential supply chain disruptions. 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 possibility 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 these measures would be in the best interest of the potential victims. Companies should not be required to refrain from entering into new or extending existing relations with the direct business partner or temporarily suspend the commercial relationship or terminate the business relationship where there is a reasonable expectation that the termination would result in an adverse impact that is more severe than the potential adverse impact that could not be prevented or adequately mitigated or where no available alternative to that business relationship, that provides a product or service essential to the company’s production of goods or provision of services, exists. 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, 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.
Recital 42

Text proposed by the Commission

(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.

Amendment

(42) Companies should provide the possibility for persons and organisations to notify them directly in case they have legitimate information, which must be reasonable documented and factually justified, regarding actual or potential human rights and environmental adverse impacts. Organisations who could notify the company should include trade unions and other workers’ representatives representing individuals working in the company, its subsidiaries or direct business partners, where they have knowledge about a potential or actual adverse impact. Companies should establish a procedure for dealing with the notifications and inform workers, trade unions and other workers’ representatives, where relevant, about such processes. In accordance with international standards, informants should be entitled to request from the company appropriate follow-up on the notification. This access should not lead to unreasonable solicitations of companies. Companies shall be allowed to deal with notifications as a group, for example within a sectoral initiative, an industry programme or multi-stakeholder initiatives.

Or. en

Amendment 101
Johan Nissinen
Proposal for a directive
Recital 42

Text proposed by the Commission

(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.

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 supply chain concerned and civil society organisations active in the areas related to the supply 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.

Or. en

Amendment 102
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Busoî, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 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, 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.

Amendment

András Gyürk, Enikő Győri, Ernő Schaller-Baross

Proposal for a directive
Recital 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 supply chains of the company, their direct business relationships with third country entities, 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 regularly, for example if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen, but at least every five years.
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 104
Johan Nissinen

Proposal for a directive
Recital 43

Text proposed by the Commission

(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.

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 supply 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.
could have arisen. could have arisen.

Or. en

Amendment 105
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 43

Text proposed by the Commission

(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.

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 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.

Or. en

Amendment 106
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 45
(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 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.

Or. en

Amendment 107
Johan Nissinen

Proposal for a directive
Recital 45

(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.

Or. en

Amendment 108
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera

Proposal for a directive
Recital 46

(46) In order to provide support and practical tools to companies or to Member

(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.
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.

Or. en

Justification

These tools can support companies in prioritising those countries and regions in which adverse impacts are more likely to occur and, thus, decrease the administrative burden and increase the efficiency of implementing the obligations laid out in this Directive.

Amendment 109
Damien Carême
on behalf of the Verts/ALE Group

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, including for specific sectors or specific adverse impacts.

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 and other support materials, including for specific sectors or specific adverse impacts, as well as for the compliance of SMEs.

Or. en
Amendment 110  
Damien Carême  
on behalf of the Verts/ALE Group

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.

Amendment

(47) Although microenterprises 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 and in particular of microenterprises, many of which are already struggling in the context of the global economic and sanitary crisis. In order to support SMEs and notably microenterprises, Member States should set up and operate supporting materials, either 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 and in particular a microenterprise, 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 111  
Johan Nissinen
(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) SMEs are not included in the scope of this Directive and are explicitly exempted from conducting such due diligence as well as in this context from contractual fines with their larger business partners. 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.

Or. en

Amendment 112
Josianne Cutajar

Proposal for a directive
Recital 47 a (new)

Text proposed by the Commission

(47a) Exemptions should be considered in relation to SMEs that are subject to the obligations set out in this Directive and that operate in the sector of quarrying of
materials used for the construction of traditional houses, which facilitates the preservation of traditional local architecture.

Amendment 113
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 48

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>(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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(48) In order to complement Member State support to SMEs and notably microenterprises that might be indirectly impacted by this Directive, the Commission should build on existing EU tools, projects and other actions helping with the due diligence implementation in the EU and in third countries, and set up new support measures that provide help to companies, including measures focussing specifically on compliance of SMEs with due diligence requirements, including an observatory for value chain transparency and the facilitation of joint stakeholder initiatives.</td>
</tr>
</tbody>
</table>

Amendment 114
Johan Nissinen

Proposal for a directive
Recital 48

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>(48) In order to complement Member State support to SMEs, the Commission may build on existing EU tools, projects</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(48) In order to complement Member State support to SMEs, the Commission may build on existing EU tools, projects</td>
</tr>
</tbody>
</table>
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.

Amendment 115
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 50

Text proposed by the Commission

(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.

Amendment

deleted

Or. en

Amendment 116
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 50
Text proposed by the Commission

(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.

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 and with the EU climate objectives enshrined in the 'European Climate Law'.

Or. en

Amendment 117
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 51

Text proposed by the Commission

(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.

Amendment

deleted

Or. en

Amendment 118
Damien Carême

PE737.267v01-00 92/181 AM\1264843EN.docx
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 51

Text proposed by the Commission

(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.*

Amendment

(51) *The climate targets and transition plan should be* properly implemented and embedded in the financial incentives of directors, *and be duly taken into account when setting directors’ variable remuneration.*

Amendment 119
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 53

Text proposed by the Commission

(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.*

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 undertakings also as supervisory authorities for the purposes of this Directive.

Amendment 120
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera

Proposal for a directive
Recital 54

Text proposed by the Commission

(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.

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. Member States should fully align and harmonize sanctions to allow for a level-playing field. 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.
Proposal for a directive
Recital 56

Text proposed by the Commission

(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.

Amendment 122
András Gyürk, Enikő Győri, Ernő Schaller-Baross

Proposal for a directive
Recital 56

Text proposed by the Commission

(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

Amendment

(56) In order to ensure effective compensation of victims of adverse impacts, Member States may decide to lay down rules governing how companies should comply with the due diligence
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.

Amendment 123
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 57

Text proposed by the Commission

(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

deleted
as well as any collaboration with other entities to address adverse impacts in its value chains.

Amendment 124
András Gyürk, Enikő Győri, Ernő Schaller-Baross

Proposal for a directive
Recital 57

Text proposed by the Commission

(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.

Amendment

(57) As regards damages occurring at the level of established direct 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 supply chains.

Amendment 125
Johan Nissinen
Proposal for a directive
Recital 57

Text proposed by the Commission

(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.

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 supply chains.

Or. en

Amendment 126
Damien Carême
on behalf of the Verts/ALE Group

Proposal for a directive
Recital 57

Text proposed by the Commission

(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.

Amendment

(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.
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.

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.

Amendment 127
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 58

Text proposed by the Commission

(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.

Amendment 128
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss
Proposal for a directive
Recital 59

Text proposed by the Commission

(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.

Amendment

deleted

Or. en

Amendment 129
Johan Nissinen

Proposal for a directive
Recital 59

Text proposed by the Commission

(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

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 supply 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.

Or. en

Amendment 130
András Gyürk, Enikő Győri, Ernő Schaller-Baross

Proposal for a directive
Recital 59

Text proposed by the Commission

(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.

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 business partners in the supply 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.

Or. en

Amendment 131
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 60

Text proposed by the Commission

(60) As regards civil liability arising from adverse environmental impacts, persons who suffer damage can claim compensation under this Directive even where they overlap with human rights

Amendment

deleted
Amendment 132
Josianne Cutajar

Proposal for a directive
Recital 60 a (new)

Text proposed by the Commission  Amendment

(60a) Full compensation under this Directive shall not lead to overcompensation, whether by means of punitive, multiple or other types of damages.

Or. en

Amendment 133
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyytedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

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.

Amendment 134
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Răceş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 62

Text proposed by the Commission

(62) The civil liability regime under this Directive should be without prejudice to the Environmental Liability Directive 2004/35/EC. This Directive should not prevent Member States from imposing further, more stringent obligations on companies or from otherwise taking further measures having the same objectives as that Directive.

Amendment 135
András Gyürk, Enikő Győri, Ernő Schaller-Baross

Proposal for a directive
Recital 63

Text proposed by the Commission

(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.

Or. en

Amendment 136
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian
Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu
Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Recital 63

Text proposed by the Commission

(63) In all Member States’ national
delated
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.

Amendment 137
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

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.

Amendment 138
András Gyürk, Enikő Győri, Ernő Schaller-Baross

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.

Amendment 139
Josianne Cutajar
Proposal for a directive
Recital 64 a (new)

Text proposed by the Commission

(64a) However, the framework assigning responsibility of due diligence to the company’s directors should, under no circumstances, be capable of leading to double punishment for the same act, in accordance with the legal principle ne bis in idem. It shall also take into account the nature and the severity of the infringement, whilst seeking to ensure uniform implementation across the Union.

Amendment 140
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss
Proposal for a directive
Recital 70
(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.

Amendment 141
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission
(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

Amendment
(a) on obligations for undertakings regarding actual and potential adverse human rights impacts on human rights, including trade union, workers’, social and economic rights 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 undertaking has a business relationship and

Or. en
Justification

The replacement of “company” by “undertaking” should apply throughout the text. Adopting it will necessitate corresponding changes throughout. The definition should be aligned with EU legislation, notably Article 3 of the Accounting Directive (2013/34/EU). The Corporate Sustainability Reporting Directive (2021/0104) which is connected to this directive also applies this wording of “undertaking”.

Amendment 142
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss
Proposal for a directive
Article 1 – paragraph 1 – subparagraph 1 – point a

Text proposed by the Commission
(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

Amendment
(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 third country entities with whom the company has a direct business relationship.

Or. en

Justification

In order to avoid an overload of control of all ancillary areas, the subject matter of the Directive must be limited to the core business-related areas of the company. In addition, due diligence obligations should be limited to the tier-1 supply chain, as this is where companies have the influence and control needed to make an impact. Since companies in the EU need to adhere to the protection of human rights and environmental standards, there is no need for companies within the European Union to check each other's conduct. Thus, the due diligence obligations arising from this Directive should be limited to direct business partners from third countries.

Amendment 143
Johan Nissinen
Proposal for a directive
Article 1 – paragraph 1 – subparagraph 1 – point a

Text proposed by the Commission

(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

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 supply chain operations carried out by entities with whom the company has an established business relationship and

Or. en

Amendment 144
Damien Carême
on behalf of the Verts/ALE Group

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

Text proposed by the Commission

(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

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 a business relationship and

Or. en

Amendment 145
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skryttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Article 1 – paragraph 1 – subparagraph 1 – point b
Text proposed by the Commission  

(b) on liability for violations of the obligations mentioned above.  

Amendment  

(deleted)

Or. en

Amendment 146  
Marina Mesure  
on behalf of The Left Group  

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

Text proposed by the Commission  

(b) on liability for violations of the obligations mentioned above.  

(b) on liability and sanctions for violations of the obligations mentioned above.

Or. en

Amendment 147  
Marina Mesure  
on behalf of The Left Group  

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

Text proposed by the Commission  

(ba) on access to justice and legal remedies to victims for damages suffered in relations to these violations.

Or. en

Amendment 148  
Damien Carême  
on behalf of the Verts/ALE Group
The nature of business relationships as ‘established’ shall be reassessed periodically, and at least every 12 months.

Or. en

Amendment 149
Marina Mesure
on behalf of The Left Group

The nature of business relationships as ‘established’ shall be reassessed periodically, and at least every 12 months.

Or. en

Amendment 150
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

The nature of business relationships as ‘established’ shall be reassessed periodically, and at least every 12 months.

Or. en
Amendment 151
Johan Nissinen
Proposal for a directive
Article 1 – paragraph 1 – subparagraph 2

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

Amendment
The nature of business relationships as ‘established’ shall be reassessed every three years.

Amendment 152
Marina Mesure
on behalf of The Left Group
Proposal for a directive
Article 1 – paragraph 2

Text proposed by the Commission
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.

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 and by collective agreements applicable at the time of the adoption of this Directive.

Amendment 153
Pernille Weiss
Proposal for a directive
Article 1 – paragraph 2

Text proposed by the Commission
2. This Directive shall not constitute grounds for reducing the level of protection of human rights or of

Amendment
2. Member States shall not maintain or introduce, in their national law, provisions on corporate sustainability due
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.

diligence diverging from those laid down in this Directive, including more or less stringent provisions, unless otherwise provided for in this Directive.

Or. en

Justification

The purpose of the directive is to create a level playing field within the EU in relation to corporate sustainability due diligence.

Amendment 154
Angelika Winzig

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.

Or. en

Justification

In order to avoid a patchwork of different regimes and unequal playing field within the EU, a solution that is as harmonised as possible (full harmonisation) should be sought.

Amendment 155
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 1 – paragraph 3

Text proposed by the Commission
Amendment

3. This Directive shall be without prejudice to obligations in the areas of human rights, protection of the

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.

Amendment 156
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Article 1 – paragraph 3

Text proposed by the Commission

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.

Amendment

3. This Directive shall be without prejudice to obligations in the areas of human rights, and protection of the environment 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 157
Damien Carême
on behalf of the Verts/ALE Group
Proposal for a directive  
Article 2 – paragraph 1 – introductory part

Text proposed by the Commission

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:

Amendment

1. This Directive shall apply to companies which are formed in accordance with the legislation of a Member State, with the exception of micro-enterprises as defined by article 2(3) of the Annex of the Commission Recommendation 2003/361.

Amendment 158
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission

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:

Amendment

1. This Directive shall apply to all undertakings operating in the Union.

Justification

The definition should be aligned with EU legislation, notably Article 3 of the Accounting Directive (2013/34/EU). The Corporate Sustainability Reporting Directive (2021/0104) which is connected to this directive also applies this wording of “undertaking”. This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.

Amendment 159
Damien Carême
on behalf of the Verts/ALE Group

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

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

Text proposed by the Commission

(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;

Amendment

(a) the undertaking is a large undertaking governed by the law of a Member State or established in the territory of the Union;

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

Text proposed by the Commission

(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;

Amendment

(a) the company had more than 5000 employees on average and had a net turnover of more than EUR 150 million in the European Union in the last financial year for which annual financial statements have been prepared;
Justification

This regulation should apply only to companies with the capacity to manage the onerous requirements set out in the text. The threshold of 5000 employees corresponds to an alignment with the French "loi n°2017-399 relative au devoir de vigilance des sociétés mères et entreprises donneuses d’ordre". As a principle, legislation should apply to qualifying activity inside the Union, therefore only turnover in the European Union should be used for qualifying conditions. The reference to EU-turnover leads to a level playing field throughout the EU and puts EU companies on equal footing with companies from third countries.

Amendment 162
Angelika Niebler, Marion Walsmann, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera

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

Text proposed by the Commission
(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;

Amendment
(a) the company had more than 5000 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;

Justification

This Directive should apply only to companies with the capacity to manage the onerous requirements set out in the text. The threshold of 5000 employees corresponds to an alignment with the French "loi n°2017-399 relative au devoir de vigilance des sociétés mères et entreprises donneuses d’ordre"

Amendment 163
Niels Fuglsang

Proposal for a directive
Article 2 – paragraph 1 – point a
(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 500 employees on average and had a net worldwide turnover of more than EUR 100 million in the last financial year for which annual financial statements have been prepared;

Or. en

Amendment 164
Damien Carême
on behalf of the Verts/ALE Group

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

(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:

(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale 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;

(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).

Amendment 165
Angelika Winzig

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

Text proposed by the Commission

(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:

(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale 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;

(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).

Justification

Unequal treatment of sectors is rejected. This distinction leads to problems with delimitation (calculation of turnover, mixed operations, etc.). High-risk sectors should be covered by more specific regulations. There are a large number of sector-specific regulations whose delineation from this legal act is completely unclear (e.g. Deforestation-free products, sustainable Finance, Corporate sustainability Reporting, prohibiting products made with forced labour, Conflict Minerals, …) This type of double burden is unacceptable, especially for SMEs.

Amendment 166
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission

(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:

Amendment

(b) the undertaking operates in one of the following high risk sectors:

Justification

Sectors built on the basis of CODE NACE:
https://ec.europa.eu/competition/mergers/cases/index/nace_all.html
Amendment 167  
Johan Nissinen

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

Text proposed by the Commission

(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:

Amendment

(b) a simplified due diligence reporting obligation applies to the company that 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:

Or. en

Amendment 168
Angelika Niebler, Marion Walsmann, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera

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

Text proposed by the Commission

(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:

Amendment

(b) the company had more than 3000 employees on average and had a net worldwide turnover of more than EUR 50 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:

Or. en

Justification

This Directive should apply only to companies with the capacity to manage the onerous...
requirements set out in the text.

Amendment 169
Niels Fuglsang
Proposal for a directive
Article 2 – paragraph 1 – point b – introductory part

Text proposed by the Commission

(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:

Amendment

(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 10 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:

Or. en

Amendment 170
Marina Mesure
on behalf of The Left Group
Proposal for a directive
Article 2 – paragraph 1 – point b – point i

Text proposed by the Commission

(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear;

Amendment

(i) the manufacture of textiles, wearing apparel, articles of fur, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear;

Or. en

Amendment 171
Marina Mesure
on behalf of The Left Group
Proposal for a directive
Article 2 – paragraph 1 – point b – point iii

Text proposed by the Commission

(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).

Amendment

(iii) all mining and quarrying activities and mining support service activities, 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).

Amendment 172
Eva Kaili, Patrizia Toia

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

Text proposed by the Commission

(iiiia) the manufacture, distribution, and licencing of spyware and cyber-surveillance items, including software and technology, in line with the definition provided in Regulation (EU) 2021/821.

Amendment

(iiiia) the manufacture, distribution, and licencing of spyware and cyber-surveillance items, including software and technology, in line with the definition provided in Regulation (EU) 2021/821.

Justification

The Pegasus Project and the ongoing investigation of the PEGA Committee of Inquiry have shed a harsh light on the severe impact that the unregulated cyber surveillance industry has on human rights and freedoms. The unlawful use of highly intrusive spyware such as Pegasus, Candiru, or Predator has led to severe violations to the right to privacy, freedom of expression, and freedom of information of citizens in Europe and abroad. Including cyber-surveillance items in the scope of the Corporate Sustainable Due Diligence proposal is an
important step in standardising accountability mechanisms in the cyber surveillance industry and increasing its responsibility for identifying, preventing, minimising, and offsetting the negative impacts caused by the deployment of cyber-surveillance technology.

Amendment 173
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission
Amendment

(iiia) the manufacture of coke and refined petroleum products;

Or. en

Amendment 174
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission
Amendment

(iiib) the manufacture of chemicals and chemical products;

Or. en

Amendment 175
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii c (new)

Text proposed by the Commission
Amendment

(iiiic) the manufacture of rubber and plastic products;
Amendment 176
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii d (new)

Text proposed by the Commission

Amendment

(iiid) the manufacture of weapons and ammunition, including dual-use items, manufacture of military fighting vehicles;

Or. en

Amendment 177
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii e (new)

Text proposed by the Commission

Amendment

(iiie) the manufacture of computer, electronic and optical products;

Or. en

Amendment 178
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii f (new)

Text proposed by the Commission

Amendment

(iiif) electric power generation, transmission and distribution;
Amendment 179  
Marina Mesure  
on behalf of The Left Group  

Proposal for a directive  
Article 2 – paragraph 1 – point b – point iii g (new)  

Text proposed by the Commission  
(Amendment) 
(iiig) the manufacture of gas and distribution of gas through mains;  

Or. en

Amendment 180  
Marina Mesure  
on behalf of The Left Group  

Proposal for a directive  
Article 2 – paragraph 1 – point b – point iii h (new)  

Text proposed by the Commission  
(Amendment) 
(iiih) water collection, treatment and supply;  

Or. en

Amendment 181  
Marina Mesure  
on behalf of The Left Group  

Proposal for a directive  
Article 2 – paragraph 1 – point b – point iii i (new)  

Text proposed by the Commission  
(Amendment) 
(iii) waste collection, treatment and disposal activities;  

Or. en
Amendment 182
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii j (new)

Text proposed by the Commission

Amendment

(iiij) land, water and air transport (except passenger rail transport, interurban, other passenger land transport) and transport via pipelines

Or. en

Amendment 183
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii k (new)

Text proposed by the Commission

Amendment

(iiik) cargo handling, warehousing and storage;

Or. en

Amendment 184
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii l (new)

Text proposed by the Commission

Amendment

(iii) hotels, holiday, short-stay and other similar accommodations;

Or. en
Amendment 185
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii m (new)

Text proposed by the Commission
Amendment

(iiim) the construction of residential and non-residential buildings, civil engineering;

Or. en

Amendment 186
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii n (new)

Text proposed by the Commission
Amendment

(iiin) the building, repair and maintenance of ships and boats;

Or. en

Amendment 187
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii o (new)

Text proposed by the Commission
Amendment

(iii) private security activities and security systems service activities, including the development and operation of biometrics and surveillance technologies;
Amendment 188
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 2 – paragraph 1 – point b – point iii p (new)

Text proposed by the Commission

Amendment

(iiip) financial and insurance activities;

Or. en

Amendment 189
Paolo Borchia

Proposal for a directive
Article 2 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) With reference to the companies mentioned in point b of this Article, the Commission shall develop simplified reporting obligations and, within one year of the entry into force of this proposal, provide interpretative guidelines to help SMEs meet their obligations.

Or. it

Amendment 190
Patrizia Toia

Proposal for a directive
Article 2 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) the company did not reach the thresholds under point (a), but is publicly
listed on the stock exchange and had more than 50 employees on average and had a net worldwide turnover of more than EUR 10 million in the last financial year for which annual financial statements have been prepared.

Amendment 191
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 2 – paragraph 1 – point b a (new)

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ba) has a value chain that extends to a high risk area as defined in article 3;</td>
<td></td>
</tr>
</tbody>
</table>

Amendment 192
Angelika Niebler, Marion Walsmann, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Article 2 – paragraph 1 a (new)

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a. This Directive shall also apply to a company that does not meet the criteria set out in paragraph 1, points (a) and (b) if that company is part of a group of companies whose parent company is registered in a third country and which has more than 5000 employees on average or had a net worldwide turnover of more than EUR 150 million in the last financial year for which annual financial statements have been prepared.</td>
<td></td>
</tr>
</tbody>
</table>
It is necessary to create a level-playing field between EU companies and subsidiaries of third-country companies.

Amendment 193
Damien Carême
on behalf of the Verts/ALE Group

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

_text proposed by the Commission_

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:_

_text proposed by the Commission_

2. This Directive shall also apply to companies which are formed in accordance with the legislation of a third country, and have generated a net turnover of more than EUR 8 million in the Union in the financial year preceding the last financial year.

Amendment 194
Damien Carême
on behalf of the Verts/ALE Group

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

_text proposed by the Commission_

(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year;

_text proposed by the Commission_

(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year;

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

Text proposed by the Commission

(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year;

Amendment

(a) generated a net worldwide turnover of more than EUR 150 million in the financial year preceding the last financial year of which at least 40 million was generated in the Union;

Justification

It is necessary to create a level playing field between EU companies and third country companies. Therefore, the same worldwide turnover applying in art. 2(1)(a) should also be applied in art. 2(2)a), however for third country companies there also needs to be a turnover inside the EU.

Amendment 196
Patrizia Toia

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

Text proposed by the Commission

(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year;

Amendment

(a) generated a net turnover of more than EUR 100 million in the Union in the financial year preceding the last financial year;

Justification

Amendment 197
Marina Mesure
on behalf of The Left Group
Proposal for a directive
Article 2 – paragraph 2 – point a

Text proposed by the Commission
(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year;

Amendment
(a) generated a net turnover of more than EUR 40 million in the Union in the financial year preceding the last financial year;

Or. en

Amendment 198
Damien Carême
on behalf of the Verts/ALE Group

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

Text proposed by the Commission
(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).

Amendment
deleted

Or. en

Amendment 199
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission
(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;

Amendment
(b) operates in a high risk sector;

Or. en
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 200
Angelika Niebler, Marion Walsmann, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

Text proposed by the Commission

(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).

Amendment

(b) generated a net worldwide turnover of more than EUR 50 million but not more than EUR 150 million of which at least 40 million was generated 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).

Justification

See justification for AM to Article 2(2a).

Amendment 201
Patrizia Toia

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

Text proposed by the Commission

(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.

Amendment

(b) generated a net turnover of more than EUR 10 million but not more than EUR 100 million in the Union in the financial year preceding the last financial year.
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 202
Paolo Borchia

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

Text proposed by the Commission

Amendment

(ba) With reference to the companies mentioned in point b of this Article, the Commission shall develop simplified reporting obligations and, within one year of the entry into force of this proposal, provide interpretative guidelines to help SMEs meet their obligations.

Or. it

Amendment 203
Angelika Niebler, Marion Walsmann, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Article 2 – paragraph 2 – subparagraph 1 (new)

Text proposed by the Commission

Amendment

If the company is a parent company, the criteria of paragraph 1, points (a) and (b), shall be calculated based on the consolidated net turnover of all its controlled subsidiaries.

Or. en
Amendment 204
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission

(ba) has a value chain that extends to a high risk area;

Or. en

Amendment 205
Angelika Winzig

Proposal for a directive
Article 2 – paragraph 3

Text proposed by the Commission

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.

Amendment

3. For the purposes of paragraph 1, the number of part-time employees shall be calculated on a full-time equivalent basis.

Or. en

Justification

Including temporary agency workers might make the numbers very volatile. By including them, some companies might fall under the scope of the directive in one year but not in the next year. Therefore, only directly employed workers should be used for the calculation.

Amendment 206
Angelika Winzig

Proposal for a directive
Article 2 – paragraph 3 a (new)
3a. For the purposes of paragraph 1, the number of employees and net turnover of all the subsidiaries of the company shall be included in the calculation of the number of employees and net turnover of the company. For the purposes of paragraph 2, the net turnover of all the subsidiaries of the company shall be included in the calculation of turnover of the company and only the net turnover generated by subsidiaries in the Union shall be included in the calculation of the net turnover generated in the Union.

Justification

The thresholds are counted on the group level but only parent company falls into the scope of the proposed Directive. Subsidiaries shall only be covered by the scope when the subsidiaries with their subsidiaries also meet the thresholds, etc.

Amendment 207
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Poltfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

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

4a. Companies within the scope of this directive that are part of a group, including subsidiaries and parent companies, may also commit to take on the responsibilities of other group members pursuant to the obligations set out in this directive, under the obligation to deliver at least an equal commitment to due diligence. These other group members will then be relieved from their responsibilities in this regard.
A clear and flexible group rule is needed, clarifying and expanding the possibilities for meeting due diligence obligations within a group in cases where several of the groups’ companies fall within the scope of the Directive. It would be inefficient to require all members of the group to have their own due diligence set-up in situations where a group solution provides higher quality due diligence with less total costs.

Amendment 208
Josianne Cutajar, Patrizia Toia

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

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>4a. Micro-undertakings as defined in Article 3(1) of Directive 2013/34/EU shall not be subject to the obligations laid down in this Directive.</td>
<td></td>
</tr>
</tbody>
</table>

Amendment 209
Marina Mesure
on behalf of The Left Group

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

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) ‘company’ means any of the following:</td>
<td>(a) ‘undertaking’ is defined in Article 3 of the Accounting Directive (2013/34/EU).</td>
</tr>
</tbody>
</table>

Justification

The definition should be aligned with EU legislation, notably Article 3 of the Accounting Directive (2013/34/EU). The Corporate Sustainability Reporting Directive (2021/0104) which is the connected to this directive also applies this wording of “undertaking”. This AM should
replace reference of “company” by “undertaking” throughout the text. This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.

Amendment 210
Marina Mesure
on behalf of The Left Group

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;


Amendment 211
Marina Mesure
on behalf of The Left Group

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;

Or. en
Amendment 212
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission

(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);

Amendment

deleted

Or. en

Amendment 213
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission

(iv) [...] deleted

Or. en

Amendment 214
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polsfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Răzvan Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

Text proposed by the Commission

(iv) [...] deleted

Or. en
Amendment 215
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission

—— a credit institution as defined in deleted
Article 4(1), point (1), of Regulation (EU)
No 575/2013 the European Parliament and of the Council\(^{111}\);


Or. en

Amendment 216
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 2

Text proposed by the Commission

—— an investment firm as defined in deleted

Amendment 217
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission


---


Amendment 218
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 4

Text proposed by the Commission

— an undertaking for collective investment in transferable securities (UCITS) management company as defined Article 2(1), point (b), of Directive 2009/65/EC of the European Parliament and of the Council\textsuperscript{116};


Amendment 219
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 5

Text proposed by the Commission

— an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council\textsuperscript{117};


Amendment 220
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 6

Text proposed by the Commission

— a reinsurance undertaking as defined in Article 13, point (4), of Directive 2009/138/EC;

Amendment

— deleted

Or. en

Amendment 221
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 7

Text proposed by the Commission

— an institution for occupational retirement provision as defined in Article 1, point (6) of Directive 2016/2341 of the European Parliament and of the Council\(^{118}\);

Amendment

— deleted

---


Or. en
Amendment 222  
Marina Mesure  
on behalf of The Left Group  

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

Text proposed by the Commission  

— 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;  


Or. en  

Amendment 223  
Marina Mesure  
on behalf of The Left Group  

Proposal for a directive  
Article 3 – paragraph 1 – point a – point iv – indent 9
Text proposed by the Commission

— 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

Or. en

Amendment 224
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission

— UCITS in the meaning of Article 1(2) of Directive 2009/65/EC; deleted

Or. en

Amendment 225
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 11

Text proposed by the Commission

— a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council\textsuperscript{121} ; deleted

Amendment 226
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 12

Text proposed by the Commission

— a central securities depository as defined in Article 2(1), point (1), of Regulation (EU) No 909/2014 of the European Parliament and of the Council;


Amendment 227
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 13

Text proposed by the Commission

— an insurance or reinsurance special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC;
Amendment 228  
Marina Mesure  
on behalf of The Left Group

Proposal for a directive  
Article 3 – paragraph 1 – point a – point iv – indent 14

Text proposed by the Commission

— ‘securitisation special purpose entity’ as defined in Article 2, point (2), of Regulation (EU) No 2017/2402 of the European Parliament and of the Council;  


Amendment 229  
Marina Mesure  
on behalf of The Left Group

Proposal for a directive  
Article 3 – paragraph 1 – point a – point iv – indent 15

Text proposed by the Commission

— an insurance holding company as defined in Article 212(1), point (f), of Directive 2009/138/EC or a mixed financial holding company as defined in Article 212(1), point (h), of Directive 2009/138/EC, which is part of an
insurance group that is subject to supervision at the level of the group pursuant to Article 213 of that Directive and which is not exempted from group supervision pursuant to Article 214(2) of Directive 2009/138/EC;

Amendment 230
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 16

Text proposed by the Commission

Amendment

— a payment institution as defined in point (d) of Article 1(1) of Directive (EU) 2015/2366 of the European Parliament and of the Council[124];


Amendment 231
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 17

Text proposed by the Commission

Amendment

— an electronic money institution as deleted
defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council;\(^\text{125}\)


Amendment 232
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point a – point iv – indent 18

Text proposed by the Commission
Amendment

— a crowdfunding service provider as defined in point (e) Article 2(1) of Regulation (EU) 2020/1503 of the European Parliament and of the Council;\(^\text{126}\)


Amendment 233
Marina Mesure
on behalf of The Left Group
Proposal for a directive  
Article 3 – paragraph 1 – point a – point iv – indent 19

Text proposed by the Commission

— a crypto-asset service provider as defined in Article 3(1), point (8), of [the proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937] where performing one or more crypto-asset services as defined in Article 3(1), point (9), of [the proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937];

__________________________

127 COM/2020/593 final.

Or. en

Amendment 234
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission

(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;

Amendment

(b) ‘adverse environmental impact’ means:

(i) any adverse impact on one of the following environmental categories:

(a) air, including but not limited to, air pollution
(b) water, including but not limited to, water pollution, water contamination and
depletion of freshwater;
(c) soil, including but not limited to, soil pollution, soil contamination, soil erosion, land use and land degradation;
(d) biodiversity, including but not limited to, damage to wildlife, seabed and marine environment, flora, natural habitats and ecosystems;
(e) climate, including greenhouse gas emissions;
(f) transition to circular economy, including but not limited to, impairment to reusability and recyclability such as contamination of waste streams with hazardous substance;
(ii) 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 and Corporate Sustainability Reporting Directive;

Justification

Environmental conventions do not cover all kinds of environmental degradation, and are designed for States action. Furthermore, undertakings shall identify, prevent and address adverse environmental impacts even if they do not reach thresholds of international convention (e.g. reduce greenhouse gas emission).

Amendment 235
Damien Carême
on behalf of the Verts/ALE Group

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

Text proposed by the Commission
(b) ‘adverse environmental impact’
Amendment
(b) ‘adverse environmental and climate 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;

Amendment 236
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skotte, Tomas Tobé, Axel Voss, Ioan-Rares Bogdan, Cristian-Silviu Busoi, Pilar del Castillo Vera, Pernille Weiss

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

Text proposed by the Commission

(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;

Amendment

(b) ‘adverse environmental impact’ means an adverse impact on the environment resulting from the violation of one of the principles set out in the OECD Due Diligence Guidance for Responsible Business Conduct and the OECD Guidelines for Multinational Enterprises.

Justification
The OECD Guidelines have proven to work in practice for the last years and cover all relevant obligations companies should cover in their responsible business conduct. This does not require a further annex, especially one that lists conventions designed for states instead of companies.

Amendment 237
Damien Carême
on behalf of the Verts/ALE Group

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

Text proposed by the Commission

(i) contributing to exceed planetary boundaries;

Amendment

(i) contributing to exceed planetary boundaries;
Amendment 238
Damien Carême
on behalf of the Verts/ALE Group

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

Text proposed by the Commission

(ii) on the elements or functions of ecosystems and the interrelations between them:

(a) climate, including but not limited to greenhouse gas emissions and the destruction or degradation of sinks;

(b) air and the atmosphere, including but not limited to air pollution;

(c) water and access to water, including but not limited to water pollution and depletion of freshwater;

(d) soil, including but not limited to soil pollution, soil erosion, land use and land degradation, soil contamination from waste disposal and treatment;

(e) biodiversity, including but not limited to damage to wildlife, flora, seabed and marine environment, natural habitats and ecosystems;

(f) the transition to a circular economy, including but not limited to impairment to reusability and recyclability;

(g) hazardous substances;

(h) energy use;

(i) light, noise and vibration, including but not limited to noise and light pollution;

(j) human health in accordance with the ‘One Health approach’;
Amendment 239
Damien Carême
on behalf of the Verts/ALE Group

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

_text proposed by the Commission_

(iii) on the environment resulting from any violation of one of the international environmental standards enshrined, including but not limited to, in the international environmental conventions listed in the Annex, Part II;

Amendment

Or. en

Amendment 240
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

_text proposed by the Commission_

(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;

Amendment

(c) ‘adverse human rights impact’ means an adverse impact on protected persons resulting from the violation of one of the principles set out in the OECD Due Diligence Guidance for Responsible Business Conduct, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as regards human rights;

Justification

The OECD Guidelines and in addition the UNGPs for human rights have proven to work in
practice for the last years and cover all relevant obligations companies should cover in their responsible business conduct. Therefore, this does not require a further annex, especially one that lists conventions designed for states instead of companies.

**Amendment 241**
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>(da)</em> 'group of companies' means a parent company and all its subsidiaries;</td>
<td>Or. en</td>
</tr>
</tbody>
</table>

**Amendment 242**
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>(e)</em> ‘business relationship’ means a relationship with a contractor, subcontractor or any other legal entities (‘partner’)</td>
<td><em>(e)</em> ‘direct business relationship’ means a direct contractual relationship with any other legal entity from a third country (‘direct business partner’) for the supply of goods or the provision of services that are necessary for the production of the company’s product or the provision and use of the relevant service</td>
</tr>
</tbody>
</table>

**Justification**

This amendment applies throughout the text. Adopting it will require changes throughout the text.
Amendment 243
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission
(e) ‘business relationship’ means a relationship with a contractor, subcontractor or any other legal entities (‘partner’)

Amendment
(e) ‘business relationship’ means a relationship, whether direct or indirect, with a subsidiary, contractor, subcontractor or any other legal entities (‘partner’)

Amendment 244
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

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

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

Amendment
(i) with whom the company has a commercial agreement, and

Amendment 245
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

Proposal for a directive
Article 3 – paragraph 1 – point e – point ii
(ii) that performs business operations related to the products or services of the company for or on behalf of the company;

Amendment 246
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

(iiia) that does not represent a negligible or merely ancillary part of the supply chain

Amendment 247
Damien Carême
on behalf of the Verts/ALE Group

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

(ea) 'high-impact sector' means any of the following sectors:

(i) the production, use and disposal of organic and inorganic chemicals, including pharmaceuticals, plant protection products and fertilisers;

(ii) the manufacture of textiles, leather, fur, and related products (including footwear), and the wholesale trade of textiles, clothing and
footwear;

(iii) plastic production, waste shipment and management;

(iv) agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, animal products, wood, food, beverages;

(v) construction sector and infrastructure building;

(vi) the transportation sector, logistics and storage;

(vii) the extraction and refining 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);

(viii) 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;

(ix) the services provided by regulated financial undertakings defined in Art. 3(a)(iv) such as loan, credit, financing, investment, pensions, securitisation, insurance and reinsurance, market funding, risk management, payment services and other financial services.

Or. en
Amendment 248  
Josianne Cutajar, Patrizia Toia

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

Text proposed by the Commission  
(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;

Amendment 249  
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttsdal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

Text proposed by the Commission  
(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;

Justification

This amendment applies throughout the text. Adopting it will require changes throughout the text.
Amendment 250
Damien Carême
on behalf of the Verts/ALE Group

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

Text proposed by the Commission

(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;

Amendment

deleted

Or. en

Amendment 251
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission

(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;

Amendment

deleted

Or. en

Amendment 252
András Gyürk, Enikő Győri, Ernő Schaller-Baross

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

Or. en

Amendment 253
Paolo Borchia

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

Text proposed by the Commission

(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;

Amendment

(f) ‘established business relationship’ means a direct business relationship which is lasting, in view of its intensity or duration and which does not represent a negligible or merely ancillary part of the supply chain;

Or. it

Amendment 254
Johan Nissinen

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

Text proposed by the Commission

(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;

Amendment

(f) ‘established business relationship’ means a direct business relationship, 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 supply chain;
part of the *value* chain;

Amendment 255
Marina Mesure
on behalf of The Left Group

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

*Text proposed by the Commission*

(fa) *'High risk areas' means geographical areas associated with a higher likelihood or severity of adverse impacts on human rights, the environment or good governance. These areas include:*

(i) *areas affected by occupation or armed conflict;*

(ii) *areas affected by systemic adverse impacts on human rights, the environment or good governance, including due to lower protection of human rights, the environment or good governance by public authorities;*

(iii) *environmentally sensitive areas, including high seas and areas protected under national, regional or international standards and legislation, including Natura 2000 and the IUCN Green List of Protected and Conserved Areas;*

Amendment 256
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polsfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

(This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.)

Justification

A restriction to supply chain is necessary because this is where companies can most effectively influence the fulfilment of their due diligence obligations. Any extension would lead to a disproportionate administrative burden.

Amendment 257
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point g
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;
regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;

Or. en

Amendment 259
Martina Dlabajová

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

Text proposed by the Commission

(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;

Justification

This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.

(g) ‘supply 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 as well as the related activities of upstream established business relationships of the company. As regards companies within the meaning of point (a)(iv), ‘supply chain’ with respect to the provision of the 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 SMEs are not part of the supply chain thus exempted from obligations of this Directive;

Or. en
Amendment 260
Damien Carême
on behalf of the Verts/ALE Group

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

Text proposed by the Commission

(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;

Amendment

(g) ‘value chain’ means activities related to the production of goods or the provision of services by the company, by its subsidiaries or by companies in which it holds minority shareholding, 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 or its subsidiaries. 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;

Justification

The current definition does not include business relationships of subsidiaries, which can be very relevant for some sectors.

Amendment 261
András Gyürk, Enikő Győri, Ernő Schaller-Baross

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

Text proposed by the Commission

(g) ‘value chain’ means activities

Amendment

(g) ‘supply 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;

related to 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 upstream established business relationships of the company. As regards companies within the meaning of point (a)(iv), ‘supply 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 supply chain of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;

Justification

This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.

Amendment 262
Miapetra Kumpula-Natri

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 related to 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 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
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;

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;

Amendment 263
Johan Nissinen

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

Text proposed by the Commission

(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;

Amendment

(g) ‘supply 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 established business relationships of the company. As regards companies within the meaning of point (a)(iv), ‘supply 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 supply chain of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;
Amendment 264
Marina Mesure
on behalf of The Left Group

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;

Amendment

(h) deleted

Justification

‘independent third party verification’ have proved faulty and often counterproductive in cases of human rights abuse by corporations, including the dam failure of Brumadinho (Brazil) and the fire of a KiK clothing factory in Pakistan. At most, they could be mentioned in recitals as a tool amongst others for companies to assess their due diligence exercise.

Amendment 265
Johan Nissinen

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

Amendment

(h) ‘independent third-party verification’ means verification of the compliance by a company, or parts of its supply 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;

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 266
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareş Bogdan, Cristian-Silviu Buşoi, Pilar del Castillo Vera, Pernille Weiss

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

Text proposed by the Commission

(ha) ‘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

Or. en

Amendment 267
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission

(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;

Amendment

deleted

Or. en
Justification

Same as 'independent third-party verification', it shouldn't be put forward as a means to exercise due diligence because of past failures. At most, it can be mentioned in a recital. Moreover, this definition does not cover Global Framework Agreements, which are signed with trade unions.

Amendment 268
Eva Kaili

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

Text proposed by the Commission
(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;

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, particularly vulnerable persons such as children, 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. en

Amendment 269
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission
(m) ‘net turnover’ means
(i) the ‘net turnover’ as defined in Article 2, point (5), of Directive 2013/34/EU; or,
(ii) where the company applies international accounting standards

Amendment
deleted
adopted on the basis of Regulation (EC) No 1606/2002 of the European Parliament and of the Council or is a company within the meaning of point (a)(ii), the revenue as defined by or within the meaning of the financial reporting framework on the basis of which the financial statements of the company are prepared;


Justification

Unnecessary if the personal scope covers all undertakings.

Amendment 270
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission

Amendment

(i) the ‘net turnover’ as defined in Article 2, point (5), of Directive 2013/34/EU; or,

Amendment 271
Marina Mesure
on behalf of The Left Group

Proposal for a directive
Article 3 – paragraph 1 – point m – point ii
(ii) where the company applies international accounting standards adopted on the basis of Regulation (EC) No 1606/2002 of the European Parliament and of the Council or is a company within the meaning of point (a)(ii), the revenue as defined by or within the meaning of the financial reporting framework on the basis of which the financial statements of the company are prepared;


Or. en

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, employees within its supply chain and other individuals, groups, communities or entities whose rights or interests are directly affected by the potential and actual adverse human rights and environmental impacts connected to the products, services and operations of that company, its subsidiaries and its direct business relationships;

Or. en
**Justification**

*Employees of the business relationships, especially of direct ones, are the most important stakeholders to consult in the due diligence process in order to gather information on the supply chain, identify risks as well as how to mitigate them. In addition, it needs to be clarified that stakeholders need to be somehow connected to the company in question and that are affected by adverse impacts, not by the company in general.*

**Amendment 273**  
Marina Mesure  
on behalf of The Left Group

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

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(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;</td>
<td>(n) ‘stakeholders’ means the company’s employees, the employees of its subsidiaries and its value chain, 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;</td>
</tr>
</tbody>
</table>

Or. en

**Amendment 274**  
Nicola Beer, Andreas Glück, Svenja Hahn, Emma Wiesner

**Proposal for a directive**  
**Article 3 – paragraph 1 – point o**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(o) ‘director’ means:</td>
<td>deleted</td>
</tr>
<tr>
<td>(i) any member of the administrative, management or supervisory bodies of a company;</td>
<td></td>
</tr>
<tr>
<td>(ii) where they are not members of the administrative, management or supervisory bodies of a company, the chief executive officer and, if such function</td>
<td></td>
</tr>
</tbody>
</table>
exists in a company, the deputy chief executive officer;

(iii) other persons who perform functions similar to those performed under point (i) or (ii);

Or. en

Amendment 275
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

Text proposed by the Commission

Amendment

(o) ‘director’ means: deleted

(i) any member of the administrative, management or supervisory bodies of a company;

(ii) where they are not members of the administrative, management or supervisory bodies of a company, the chief executive officer and, if such function exists in a company, the deputy chief executive officer;

(iii) other persons who perform functions similar to those performed under point (i) or (ii);

Or. en

Amendment 276
András Gyürk, Enikő Győri, Ernő Schaller-Baross

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

Text proposed by the Commission

Amendment

(o) ‘director’ means: deleted
(i) any member of the administrative, management or supervisory bodies of a company;

(ii) where they are not members of the administrative, management or supervisory bodies of a company, the chief executive officer and, if such function exists in a company, the deputy chief executive officer;

(iii) other persons who perform functions similar to those performed under point (i) or (ii);

Amendment 277
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

Text proposed by the Commission

Amendment

(p) ‘board of directors’ means the administrative or supervisory body responsible for supervising the executive management of the company, or, if no such body exists, the person or persons performing equivalent functions;

Amendment 278
Nicola Beer, Andreas Glück, Svenja Hahn, Emma Wiesner

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

Text proposed by the Commission

Amendment

(p) ‘board of directors’ means the administrative or supervisory body

deleted
responsible for supervising the executive management of the company, or, if no such body exists, the person or persons performing equivalent functions;

Amendment 279
András Gyürk, Enikő Győri, Ernő Schaller-Baross

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

Text proposed by the Commission

(deleted)

(p) ‘board of directors’ means the administrative or supervisory body responsible for supervising the executive management of the company, or, if no such body exists, the person or persons performing equivalent functions;

Or. en

Amendment 280
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyytedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

(q) ‘appropriate measure’ means a measure that is capable of achieving the objectives of risk-based 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 as well as the size of the company, its capacity, resources and leverage. Severity means the scale, scope and irremediably character of the adverse impact, taking into account the gravity of the impact on the rights holder, the number of individuals that could be affected and the possibility of occurrence;

Amendment 281
Marina Mesure
on behalf of The Left Group

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

Text proposed by the Commission

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:

Amendment

1. Member States shall ensure that undertakings identify, prevent, mitigate and account for how they address the impacts on human and social rights, the environment and good governance occurring in their value chains.

Member States shall ensure that undertakings conduct human rights and environmental due diligence as laid down in Articles 5 to 11 (‘due diligence’) by carrying out the following actions:

Amendment 282
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

A risk-based approach is well established, enables companies to address adverse impacts while at the same time limiting the administrative and financial burden.

Amendment 283
Angelika Niebler, Marion Walsmann, Angelika Winzig, Jessica Polfjärd, Henna Virkkunen, Christian Ehler, Sara Skyttedal, Tomas Tobé, Axel Voss, Ioan-Rareș Bogdan, Cristian-Silviu Bușoi, Pilar del Castillo Vera, Pernille Weiss

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

(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 284
Marina Mesure
on behalf of The Left Group

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

(c) preventing and mitigating potential adverse impacts, and bringing actual adverse impacts to an end and minimising

(c) preventing potential adverse impacts in accordance with Article 7;
their extent in accordance with Articles 7 and 8;