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**TEXTS ADOPTED**

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**P9\_TA(2023)0209**

**Corporate Sustainability Due Diligence**

**Amendments\* adopted by the European Parliament on 1 June 2023 on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (COM(2022)0071 – C9-0050/2022 – 2022/0051(COD))<sup>1</sup>**

**(Ordinary legislative procedure: first reading)**

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\* References to ‘cp’ in the headings of adopted amendments shall be understood as the corresponding part of those amendments.

<sup>1</sup> The matter was referred back for interinstitutional negotiations to the committee responsible, pursuant to Rule 59(4), fourth subparagraph (A9-0184/2023).

## Amendment 1

### Proposal for a directive

#### Recital 1

*Text proposed by the Commission*

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

*Amendment*

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

## Amendment 2

### Proposal for a directive

#### Recital 2

*Text proposed by the Commission*

(2) A high level of protection and improvement of the quality of the environment and promoting European core values are among the priorities of the Union, as set out in the Commission's Communication on A European Green Deal<sup>74</sup>. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies.

*Amendment*

(2) A high level of protection and improvement of the quality of the environment and promoting European core values are among the priorities of the Union, as set out in the Commission's Communication on A European Green Deal<sup>74</sup>. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies. **Article 191 of the Treaty on the Functioning of the European Union (TFEU) states that Union policy on the environment shall contribute to preserving, protecting and improving the quality of the environment, protecting human health, prudent and rational utilisation of natural resources**

***and promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change.***

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<sup>74</sup> Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region “The European Green Deal” (COM/2019/640 final).

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<sup>74</sup> Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region “The European Green Deal” (COM/2019/640 final).

### **Amendment 3**

#### **Proposal for a directive**

#### **Recital 3**

##### *Text proposed by the Commission*

(3) In its Communication on a Strong Social Europe for Just Transition<sup>75</sup>, 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<sup>76</sup>.

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<sup>75</sup> 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).

<sup>76</sup> Communication from the Commission to the European Parliament, the Council and

##### *Amendment*

(3) In its Communication on a Strong Social Europe for Just Transition<sup>75</sup>, the Commission committed to upgrading Europe’s social market economy to achieve a just transition to sustainability, ***ensuring that no-one is left behind***. This Directive will also contribute to the European Pillar of Social Rights, which promotes rights ensuring fair working conditions. It ***will also create greater visibility for, and ownership of, the Pillar among companies, whose involvement is essential for its effective implementation***. It forms part of the EU policies and strategies relating to the promotion of ***fair and*** decent work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide<sup>76</sup>.

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<sup>75</sup> 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).

<sup>76</sup> 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.

the European Economic and Social Committee on decent work worldwide for a global just transition and a sustainable recovery, COM(2022) 66 final.

## Amendment 4

### Proposal for a directive Recital 4

#### *Text proposed by the Commission*

(4) The behaviour of companies across all sectors of the economy is key to success in the Union's sustainability objectives as Union companies, **especially large ones**, rely on global value chains. It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering enterprises which support value-oriented transformation already exist on Union<sup>77</sup>, as well as national<sup>78</sup> level.

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

<sup>78</sup> E.g.  
<https://www.economie.gouv.fr/entreprises/societe-mission>

#### *Amendment*

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

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

<sup>78</sup> E.g.  
<https://www.economie.gouv.fr/entreprises/societe-mission>

## Amendment 5

**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<sup>79</sup> 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.

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<sup>79</sup> United Nations’ “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework”, 2011, available at [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf).

*Amendment*

(5) ***Well-established*** existing international standards on responsible business conduct ***such as the United Nations Guiding Principles on Business and Human Rights<sup>79</sup> and the OECD Guidelines for Multinational Enterprises<sup>79a</sup> clarified in the OECD Due Diligence Guidance for Responsible Business Conduct<sup>79b</sup>*** specify that companies should protect human rights and set out how they should ***respect and*** address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through their direct and indirect business relationships.

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<sup>79</sup> United Nations’ “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework”, 2011, available at [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf).

<sup>79a</sup> ***OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at <http://mneguidelines.oecd.org/guidelines/>. <https://mneguidelines.oecd.org/mneguidelines/>***

<sup>79b</sup> ***OECD Guidance on Responsible Business Conduct, 2018, and sector-***

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

## Amendment 6

### Proposal for a directive

#### Recital 6

##### *Text proposed by the Commission*

(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises<sup>80</sup> which extended the application of due diligence to environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance<sup>81</sup> 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.<sup>82</sup>

##### *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, value chains and other business relationships. ***National Contact Points (NCPs) created by adherents to the OECD Guidelines for Multinational Enterprises play an important role in promoting due diligence by companies through their roles in promoting the Guidelines and acting as non-judicial grievance mechanisms.*** The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.<sup>82</sup>

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<sup>80</sup> ***OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at <http://mneguidelines.oecd.org/guidelines/> <https://mneguidelines.oecd.org/mneguidelines/>***

<sup>81</sup> ***OECD Guidance on Responsible Business Conduct, 2018, and sector-***

*specific guidance, available at <https://www.oecd.org/investment/duediligence-guidance-for-responsible-business-conduct.htm>.*

<sup>82</sup> The International Labour Organisation’s “Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: [https://www.ilo.org/empent/Publications/WCMS\\_094386/lang--en/index.htm](https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm).

<sup>82</sup> The International Labour Organisation’s “Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: [https://www.ilo.org/empent/Publications/WCMS\\_094386/lang--en/index.htm](https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm).

## **Amendment 7**

### **Proposal for a directive Recital 6 a (new)**

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 8**

### **Proposal for a directive Recital 7**

*Text proposed by the Commission*

*Amendment*

(7) The United Nations’ Sustainable Development Goals<sup>83</sup>, adopted by all United Nations Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself the objective to deliver on the UN

(7) The United Nations’ Sustainable Development Goals<sup>83</sup>, adopted by all United Nations Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself the objective to deliver on the UN

Sustainable Development Goals. The private sector contributes to those aims.

Sustainable Development Goals. The private sector contributes to those aims. ***In the current geopolitical situation arising from Russian aggression in Ukraine, the energy crisis, the continuing fallout from COVID-19 and attempts to maintain and strengthen the security of the agri-food chain, the private sector could help promote sustained, inclusive and sustainable economic growth, while avoiding the creation of imbalances on the internal market.***

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[https://www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/70/1&Lang=E](https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E).

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[https://www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/70/1&Lang=E](https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E).

## Amendment 9

### Proposal for a directive Recital 8

#### *Text proposed by the Commission*

(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<sup>84</sup> and the recent Glasgow Climate Pact<sup>85</sup>, 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*

(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<sup>84</sup> and the recent Glasgow Climate Pact<sup>85</sup>, set out precise avenues to address climate change and keep global warming within 1.5 C degrees. Besides specific actions being expected from all signatory Parties, the role of the private sector, in particular its investment strategies ***is also*** considered central to achieve these objectives. ***While just 100 companies have been the source of more than 70% of the world's greenhouse gas emissions since 1988, there is a fundamental mismatch between corporate climate commitments and their actual investments to fight against climate change. This Directive is therefore an important legislative tool to avoid any misleading climate neutrality claims and to stop greenwashing and fossil fuels expansion worldwide in order to achieve***



*international and European climate objectives, also recommended by the latest scientific reports<sup>85a</sup>.*

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[https://unfccc.int/files/essential\\_background/convention/application/pdf/english\\_paris\\_agreement.pdf](https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf).

<sup>85</sup> Glasgow Climate Pact, adopted on 13 November 2021 at COP26 in Glasgow, [https://unfccc.int/sites/default/files/resource/cma2021\\_L16\\_adv.pdf](https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf). [https://unfccc.int/sites/default/files/resource/cma2021\\_L16\\_adv.pdf](https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf).

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[https://unfccc.int/files/essential\\_background/convention/application/pdf/english\\_paris\\_agreement.pdf](https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf).

<sup>85</sup> Glasgow Climate Pact, adopted on 13 November 2021 at COP26 in Glasgow, [https://unfccc.int/sites/default/files/resource/cma2021\\_L16\\_adv.pdf](https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf). [https://unfccc.int/sites/default/files/resource/cma2021\\_L16\\_adv.pdf](https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf).

<sup>85a</sup> *CDP Carbon Majors Report, 2017 Influence Map Report, Big Oil's Real Agenda on Climate Change 2022, September 2022, <https://influencemap.org/report/Big-Oil-s-Agenda-on-Climate-Change-2022-19585> IEA, Net Zero by 2050, A Roadmap for the Global Energy Sector, p. 51.*

## **Amendment 10**

### **Proposal for a directive Recital 9**

#### *Text proposed by the Commission*

(9) In the European Climate Law<sup>86</sup>, 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<sup>87</sup> 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

#### *Amendment*

(9) In the European Climate Law<sup>86</sup>, 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<sup>87</sup> 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<sup>88</sup> 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.

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

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

<sup>87</sup> SWD/2020/176 final.

<sup>88</sup> COM/2019/640 final.

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

<sup>87</sup> SWD/2020/176 final.

<sup>87a</sup> ***General Union Environment Action Programme to 2030.***

<sup>88</sup> COM/2019/640 final.

## Amendment 11

### Proposal for a directive

#### Recital 11

*Text proposed by the Commission*

(11) The Action Plan on a Circular Economy<sup>91</sup>, the Biodiversity strategy<sup>92</sup>, the Farm to Fork strategy<sup>93</sup> and the Chemicals strategy<sup>94</sup> and Updating the

*Amendment*

(11) The Action Plan on a Circular Economy<sup>91</sup>, the Biodiversity strategy<sup>92</sup>, the Farm to Fork strategy<sup>93</sup> and the Chemicals strategy<sup>94</sup>, ***the Pharmaceutical***

2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery<sup>95</sup>, Industry 5.0<sup>96</sup> and the European Pillar of Social Rights Action Plan<sup>97</sup> and the 2021 Trade Policy Review<sup>98</sup> list an initiative on sustainable corporate governance among their elements.

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

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<sup>91</sup> 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).

<sup>92</sup> 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).

<sup>93</sup> 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).

<sup>94</sup> Communication from the Commission to

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<sup>91</sup> 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).

<sup>92</sup> 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).

<sup>93</sup> 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).

<sup>94</sup> 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).

<sup>95</sup> 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).

<sup>96</sup> Industry 5.0;  
[https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50\\_en](https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en)

<sup>97</sup>

<https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/>

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

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).

<sup>95</sup> 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).

<sup>96</sup> Industry 5.0;  
[https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50\\_en](https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en)

<sup>97</sup>

<https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/>

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

## Amendment 12

### Proposal for a directive Recital 12

#### *Text proposed by the Commission*

(12) This Directive is in coherence with the EU Action Plan on Human Rights and Democracy 2020-~~2024~~<sup>99</sup>. This Action Plan defines as a priority to strengthen the Union's engagement to actively promote the global implementation of the United Nations Guiding Principles on Business and Human Rights and *other relevant international guidelines such as* the OECD Guidelines for Multinational Enterprises, including by advancing

#### *Amendment*

(12) This Directive is in coherence with the EU Action Plan on Human Rights and Democracy 2020-~~2024~~<sup>99</sup>. This Action Plan defines as a priority to strengthen the Union's engagement to actively promote the global implementation of the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises *as clarified in the OECD Due Diligence Guidance for Responsible Business*

relevant due diligence standards.

***Conduct as the relevant guidelines***, including by advancing relevant due diligence standards.

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<sup>99</sup> Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 (JOIN/2020/5 final).

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<sup>99</sup> Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 (JOIN/2020/5 final).

## **Amendment 13**

### **Proposal for a directive Recital 13**

#### *Text proposed by the Commission*

(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**<sup>100</sup>. 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.<sup>101</sup> 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<sup>102</sup>, 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 comprehensive corporate due diligence **obligations, with consequences including civil liability for those companies that cause or contribute to harm by failing to carry out due diligence**<sup>100</sup>. 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.<sup>101</sup> 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<sup>102</sup>, 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.

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<sup>100</sup> European Parliament resolution of 10

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<sup>100</sup> European Parliament resolution of 10

March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129(INL)), P9\_TA(2021)0073, available at [https://oeil.secure.europarl.europa.eu/oeil/popup/ficheprocedure.do?lang=en&reference=2020/2129\(INL\)](https://oeil.secure.europarl.europa.eu/oeil/popup/ficheprocedure.do?lang=en&reference=2020/2129(INL)).

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

<sup>102</sup> Joint declaration of the European Parliament, the Council of the European Union and the European Commission on EU Legislative Priorities for 2022, available at [https://ec.europa.eu/info/sites/default/files/joint\\_declaration\\_2022.pdf](https://ec.europa.eu/info/sites/default/files/joint_declaration_2022.pdf).

March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129(INL)), P9\_TA(2021)0073, available at [https://oeil.secure.europarl.europa.eu/oeil/popup/ficheprocedure.do?lang=en&reference=2020/2129\(INL\)](https://oeil.secure.europarl.europa.eu/oeil/popup/ficheprocedure.do?lang=en&reference=2020/2129(INL)).

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

<sup>102</sup> Joint declaration of the European Parliament, the Council of the European Union and the European Commission on EU Legislative Priorities for 2022, available at [https://ec.europa.eu/info/sites/default/files/joint\\_declaration\\_2022.pdf](https://ec.europa.eu/info/sites/default/files/joint_declaration_2022.pdf).

## Amendment 14

### Proposal for a directive Recital 14

#### *Text proposed by the Commission*

(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 ***by respecting human rights and the environment***, through the identification, prevention and mitigation, bringing to an end ***remediation*** and minimisation, ***and where necessary, prioritisation***, of potential or actual adverse human rights and environmental impacts connected with companies' own operations, subsidiaries and value chains, ***and ensuring that those affected by a failure to respect this duty have access to justice and legal remedies. This Directive should be without prejudice to the responsibility of Member States to respect and the duty to protect human rights and the environment under international law.***

## Amendment 15

### Proposal for a directive

#### Recital 15

*Text proposed by the Commission*

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

## Amendment 16

### Proposal for a directive

#### Recital 16

*Text proposed by the Commission*

(16) The due diligence process set out in

*Amendment*

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

*Amendment*

(16) The due diligence process set out in

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

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

## Amendment 17

### Proposal for a directive Recital 17

#### *Text proposed by the Commission*

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

## Amendment 18

### Proposal for a directive Recital 17 a (new)



*Text proposed by the Commission*

*Amendment*

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

## **Amendment 19**

### **Proposal for a directive**

#### **Recital 18**

*Text proposed by the Commission*

*Amendment*

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

(18) The value chain should cover activities related to the production, ***distribution and sale*** of a good or provision of services by a company, including the development of the product or the service and ***waste management*** of the product as well as the related activities of business relationships of the company. It should encompass ***the activities of a company's*** business relationships ***related to the*** design, ***extraction***, manufacture, transport, ***storage*** and supply ***of*** raw material, products, parts of products, ***as well as the sale or*** distribution of ***goods or the provision or development of services, including waste management,*** transport and storage, ***excluding the waste management*** of the product ***by individual***

*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.*

*consumers.*

## **Amendment 20**

### **Proposal for a directive Recital 18 a (new)**

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 21**

### **Proposal for a directive Recital 18 b (new)**

*Text proposed by the Commission*

*Amendment*

***(18b) When a company sources products containing recycled material, it may be difficult to verify the origins of the secondary raw materials. In such situations the company should take appropriate measures to trace secondary raw materials to the relevant supplier and evaluate whether there is adequate information to demonstrate that the***

*material is recycled.*

## Amendment 22

### Proposal for a directive

#### Recital 19

*Text proposed by the Commission*

(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.***

*Amendment*

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

## Amendment 23

### Proposal for a directive

#### Recital 19 a (new)

*Text proposed by the Commission*

*Amendment*

***(19a) Regulated financial undertakings as well as other companies should use information beyond the information derived from credit rating agencies, sustainability rating agencies or benchmark administrators.***

## Amendment 24

**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*

**deleted**

**Amendment 25**

**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**

*Amendment*

**(21) Under this Directive, EU companies with more than 250 employees on average and a worldwide net turnover exceeding EUR 40 million in the financial year preceding the last financial year or companies which are the ultimate parent company of a group that had 500 employees and a net worldwide turnover of more than 150 million in the last financial year for which annual financial statements have been prepared should be required to comply with due diligence. The calculation of the thresholds should**

*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<sup>103</sup>, 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.

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

*include the number of employees and turnover of a company's branches, which are places of business other than the head office that are legally dependent on it, and therefore considered as part of the company, in accordance with EU and national legislation.* Temporary agency workers *and other workers in non-standard forms of employment*, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive **(EU) 2018/957** of the European Parliament and of the Council<sup>103</sup>, 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.

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

## Amendment 26

### Proposal for a directive Recital 22

#### *Text proposed by the Commission*

(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;

#### *Amendment*

(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the ***Commission should develop sector-specific guidelines, including*** for the ***following sectors***, based on existing sectoral OECD due diligence guidance: the manufacture of textiles, ***wearing apparel***, leather and related products (including footwear), and the wholesale trade ***and retail*** of textiles, clothing and footwear; agriculture, forestry, fisheries (including

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.*

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

## Amendment 27

### Proposal for a directive Recital 23

*Text proposed by the Commission*

(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,

*Amendment*

(23) In order to achieve fully the objectives of this Directive addressing human rights and environmental *adverse* impacts with respect to companies' operations, *and those of its* subsidiaries

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.**

and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR **40** million in the Union in the financial year preceding the last financial year or **companies which are the ultimate parent company of a group that had 500 employees and a net worldwide turnover of more than 150 million and at least 40 million was generated** in the **Union in the last financial year for which annual financial statements have been prepared. The calculation of net turnover should include turnover generated by third party companies with whom the company and/or its subsidiaries has entered into a vertical agreement in the Union in return for royalties.**

## Amendment 28

### Proposal for a directive Recital 25

#### *Text proposed by the Commission*

(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

#### *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 **any action which removes or reduces the ability of an individual or group to enjoy** the rights **or to be protected by** prohibitions enshrined in the international conventions **and instruments** listed in the Annex to this Directive, **and subsequent case law and the work of treaty bodies related to these conventions, which include trade union, workers' and social rights.** In order to ensure a comprehensive coverage of human rights, a **negative impact on the enjoyment of a** right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions **and instruments** should also form part of the

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.

adverse human rights impact covered by this Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations listed in the Annex to this Directive.

## Amendment 29

### Proposal for a directive Recital 25 a (new)

*Text proposed by the Commission*

*Amendment*

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

## Amendment 30

### Proposal for a directive Recital 25 b (new)

*Text proposed by the Commission*

*Amendment*

***(25b) Companies should also be responsible for using their influence to contribute to an adequate standard of living in value chains. This is understood as a living wage for employees and a living income for self-employed workers and smallholders, which they earn from their work and production and must meet their needs and those of their family.***



## Amendment 31

### Proposal for a directive Recital 25 c (new)

*Text proposed by the Commission*

*Amendment*

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

## Amendment 32

### Proposal for a directive Recital 25 d (new)

*Text proposed by the Commission*

*Amendment*

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

*out human rights and environmental due diligence.*

### Amendment 33

#### Proposal for a directive Recital 26

*Text proposed by the Commission*

(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<sup>104</sup> and the United Nations Guiding Principles Interpretative Guide<sup>105</sup>. 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.

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<sup>104</sup> [https://www.ungpreorting.org/wp-content/uploads/UNGPRreportingFramework\\_k\\_withguidance2017.pdf](https://www.ungpreorting.org/wp-content/uploads/UNGPRreportingFramework_k_withguidance2017.pdf).

<sup>105</sup>

<https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf>.<https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf>.

### Amendment 34

#### Proposal for a directive Recital 27

*Text proposed by the Commission*

(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their operations, their subsidiaries, and their value chains,

*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<sup>104</sup> and the United Nations Guiding Principles Interpretative Guide<sup>105</sup> ***and should be made easily accessible to companies.*** ***Therefore,*** using relevant international guidelines and standards as a reference, the Commission should be able to issue additional guidance that will serve as a practical tool for companies.

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<sup>104</sup> [https://www.ungpreorting.org/wp-content/uploads/UNGPRreportingFramework\\_k\\_withguidance2017.pdf](https://www.ungpreorting.org/wp-content/uploads/UNGPRreportingFramework_k_withguidance2017.pdf).

<sup>105</sup>

<https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf>.<https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf>.

*Amendment*

(27) In order to conduct appropriate human rights and environmental due diligence with respect to their operations, their subsidiaries, and their value chains,

companies covered by this Directive should integrate due diligence into corporate policies, identify, prevent **and** mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish **and maintain a complaints procedure**, monitor the effectiveness of **the** taken **measures** in accordance with the requirements that are set up in this Directive **and** communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts should be clearly distinguished in this Directive.

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

## Amendment 35

### Proposal for a directive Recital 28

#### *Text proposed by the Commission*

(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

#### *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 **relevant** corporate policies **and at all levels of operation** and have in place a due diligence policy **with short-, medium- and long-term measures and targets**. The due diligence policy should contain a description of the company's approach to due diligence, a code of conduct **defining** the rules, principles **and measures** to be followed **and implemented where relevant throughout the company and its subsidiaries across all corporate operations**; a description of the processes put in place **and appropriate measures taken** to implement due diligence **in line**

corporate functions and operations, including *procurement* and purchasing decisions. Companies should also update their due diligence policy *annually*.

*with Articles 7 and 8 in the value chain*, including the *relevant* measures taken to *incorporate due diligence into its own business model, employment and purchasing practices with entities with which the company has a business relationship and measures taken to monitor and verify due diligence activities, and adequate policies to avoid passing on the costs of the due diligence process to business partners in a weaker position*. The code of conduct should apply in all relevant corporate functions and operations, including *pricing practices* and purchasing decisions, *for instance on trading and procurement*. Companies should also update their due diligence policy *when significant changes occur*.

## Amendment 36

### Proposal for a directive Recital 28 a (new)

*Text proposed by the Commission*

*Amendment*

*(28a) Parent companies should be able to perform actions which can contribute to the due diligence of their subsidiaries, where the subsidiary provides all the relevant and necessary information to and cooperates with its parent company, abides by its parent company's due diligence policy, the parent accordingly adapts its due diligence policy to ensure that the obligations laid down in Article 5(1) are fulfilled with respect to the subsidiary, the subsidiary integrates due diligence into all its policies and risk management systems in accordance with Article 5, where necessary, the subsidiary continues to take appropriate measures in accordance with Articles 7 and 8, as well as continues to perform its obligations under Articles 8a, 8b and 8d, where the parent company performs specific actions on behalf of the subsidiary, both the parent company and subsidiary clearly and transparently communicate so*

*towards relevant stakeholders and the public domain, and the subsidiary integrates climate in its policies and risk management systems in accordance with Article 15. In order to hold subsidiaries accountable, the liability provided for in Article 22 of this Directive should remain at entity level without prejudice to Members States' legislation on joint and several liability.*

## **Amendment 37**

### **Proposal for a directive Recital 28 b (new)**

*Text proposed by the Commission*

*Amendment*

*(28b) In conflict-affected and high-risk areas, companies run an increased risk to be involved in severe human rights' abuses. In these areas, companies should therefore undertake heightened, conflict-sensitive due diligence, in order to address these heightened risks and to ensure that they do not facilitate, finance, exacerbate or otherwise negatively impact the conflict or contribute to violations of international human rights law or international humanitarian law in conflict-affected or high-risk areas. Heightened due diligence includes complementing the standard due diligence with a thorough conflict analysis, based on meaningful and conflict-sensitive stakeholder engagement and aimed at ensuring an understanding of the root causes, triggers and parties driving the conflict and the impact of the company's business activities on the conflict. In situations of armed conflict and/or military occupation, companies should respect the obligations and standards identified in International Humanitarian Law (IHL) and International Criminal Law (ICL) standards. Companies should follow guidance provided by relevant international bodies, including the International Committee of the Red Cross*

*and the UNDP.*

## Amendment 38

### Proposal for a directive Recital 28 c (new)

*Text proposed by the Commission*

*Amendment*

*(28c) The way a company can be involved in an adverse impact varies. A company can cause an adverse impact where its activities on their own are sufficient to result in an adverse impact. A company can contribute to an adverse impact where its own activities, in combination with the activities of other entities, cause an impact, or that the activities of the company cause, facilitate or incentivise another entity to cause an adverse impact. The contribution must be substantial, meaning that it does not include minor or trivial contributions. Assessing the substantial nature of the contribution and understanding when the actions of the company may have caused, facilitated or incentivised another entity to cause an adverse impact can involve the consideration of multiple factors. Several factors can be taken into account, including the extent to which a company may encourage or motivate an adverse impact by another entity, i.e. the degree to which the activity increased the risk of the impact occurring, the extent to which a company could or should have known about the adverse impact or potential for adverse impact, i.e. the degree of foreseeability, and the degree to which any of the company's activities actually mitigated the adverse impact or decreased the risk of the impact occurring. The mere existence of a business relationship or activities which create the general conditions in which it is possible for adverse impacts to occur should not in itself constitute a relationship of contribution. The activity in question should substantially increase the risk of*

*adverse impact. Lastly, a company can be directly linked to an impact, where there is a relationship between the adverse impact and the company's products, services or operations through another business relationship and where the company has neither caused nor contributed to the impact. Directly linked is not defined by a direct business relationship. Also, a direct linkage should not imply that the responsibility shifts from the business relationship causing an adverse impact to the company with which it has a linkage.*

## Amendment 39

### Proposal for a directive Recital 29

*Text proposed by the Commission*

(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*

*Amendment*

(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts *that they caused, contributed or are directly linked to.* 'Appropriate measures' should mean *measures that are* capable of achieving the objectives of due diligence *and effectively addressing the adverse impact identified pursuant to Article 6 in a manner proportionate and* commensurate *to* the degree of severity and the likelihood of the adverse impact *and proportionate and commensurate to the size, resources and capacities of* the company, taking into account the circumstances of the specific case, including *the nature of the adverse impact*, characteristics of the economic sector, *the nature of the company's specific activities, products, services*, the specific business relationship. *For the purposes of Articles 7 and 8, in cases where a company has caused or may have caused an impact, appropriate measures should be understood as measures which aim to prevent or mitigate an impact, and*

*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.*

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

## **Amendment 40**

### **Proposal for a directive Recital 30**

#### *Text proposed by the Commission*

(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 *and assess* actual or potential adverse human rights and environmental impacts. In order to allow for a comprehensive identification *and assessment* of adverse impacts, such identification *and assessment* should be based on *meaningful stakeholder engagement and* quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification *and*



***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 41**

##### **Proposal for a directive Recital 30 a (new)**

*Text proposed by the Commission*

***assessment*** of adverse impacts should include assessing the human rights and environmental context in a dynamic way and ***continuously, including*** prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment. Regulated financial undertakings providing financial services should identify the adverse impacts at the inception of the contract ***and before subsequent financial operations, and if notified of possible risks via the procedures in Art.9, during the provision of the service.*** When identifying ***and assessing*** adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including ***purchasing*** practices.

*Amendment*

***(30a) Where the company cannot prevent, bring to an end or mitigate all the identified and assessed adverse impacts simultaneously, it should be allowed to prioritise the order in which it takes appropriate measures based on the severity and likelihood of the adverse impact and taking into account risk factors, by developing, implementing and regularly reviewing a prioritisation strategy. In line with the relevant international framework, the severity of an adverse impact should be assessed based on the scale, scope and irremediable character of the adverse impact, taking into account the gravity of an adverse impact, including the number of individuals that are or will be affected,***

*the extent to which the environment is or may be damaged or otherwise affected, its irreversibility and the limits on the ability to restore affected individuals or the environment to a situation equivalent to their situation prior to the impact. Once the most severe and adverse impacts are addressed, the company should address less severe and less likely adverse impacts.*

#### **Amendment 42**

##### **Proposal for a directive Recital 30 b (new)**

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 43**

##### **Proposal for a directive Recital 31**

*Text proposed by the Commission*

*Amendment*

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

*deleted*

#### **Amendment 44**

**Proposal for a directive**  
**Recital 32**

*Text proposed by the Commission*

(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action, in line with the Union's policy of zero-tolerance on child labour. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. This should therefore be taken into account when deciding on the appropriate action to take.

*Amendment*

(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action, in line with the Union's policy of zero-tolerance on child labour, ***the Union's strategy on rights of the Child and the target date of 2025 proclaimed by the United Nations for the full elimination of child labour worldwide***. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. ***In the same line, women in precarious labour conditions could face more severe adverse human rights impacts thus increasing their vulnerability***. This should therefore be taken into account when deciding on the appropriate action to take, ***and disengagement should be avoided where the impact of disengagement would be greater than the adverse impact the company is seeking to prevent or mitigate***. ***In situations of state-imposed forced labour, where the adverse impact is organised by political authorities, unhindered engagement with those adversely impacted and mitigation are not possible. This Directive should ensure that companies terminate a business relationship where state-imposed forced labour is occurring. Moreover, responsible disengagement should also take into account the possible negative impacts on companies depending on the product or affected by disruptions of supply chains.***

## Amendment 45

### Proposal for a directive Recital 34

*Text proposed by the Commission*

(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 46

### Proposal for a directive Recital 34 a (new)

*Amendment*

(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following **appropriate measures**, where relevant. Where necessary due to the complexity of prevention measures, companies should develop and implement a prevention action plan. Companies should **consider establishing through contractual provisions with a partner with whom they have a business relationship that it will ensure compliance with the code of conduct and, as necessary, a prevention action plan. Partners with whom the company has a business relationship could be asked to seek corresponding contractual provisions from its partners to the extent that their activities are part of the companies' value chain.**

***(34a) The contractual provisions should not be such as to result in the transfer of responsibility for carrying out due diligence in accordance with this Directive and the liability for failing to do so. Moreover, the contractual provisions should be fair, reasonable and non-discriminatory under the circumstances, and should reflect the joint tasks of parties to conduct due diligence in ongoing cooperation. Companies should also assess whether the business partner can reasonably be expected to comply with those provisions. Often contractual terms are unilaterally imposed on a supplier by a buyer, and any breach thereof is likely to result in unilateral action by the buyer, such as termination or disengagement. Such unilateral action is not appropriate in the context of due diligence and would probably itself result in adverse impacts. In cases where the breach of such contractual provisions gives rise to a potential adverse impact, the company should first take appropriate measures to prevent or adequately mitigate such impacts, rather than considering ending or suspending the contract, in accordance with applicable law. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate financial and administrative support for an SME with which they have a business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.***

## Amendment 47

### Proposal for a directive Recital 35

*Text proposed by the Commission*

***(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*

***deleted***

## Amendment 48

### 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

*Amendment*

(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should ***prioritise*** engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts ***that a company caused or contributed to and that*** could not be addressed by the described prevention or mitigation measures, ***and there is no reasonable prospect of change***, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, ***as a last resort, in line***

*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.

***with responsible disengagement***, to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and ***mitigation*** efforts; or to terminate the business relationship with respect to the activities concerned ***on account of the severity of*** the potential adverse impact, ***or if the conditions for temporary suspension are not met***. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate ***or suspend*** the business relationship in contracts governed by their laws. ***In deciding to terminate or suspend a business relationship, the company should assess whether the adverse impacts of that decision would be greater than the adverse impact which is intended to be prevented or mitigated. Where companies do temporarily suspend commercial relations or terminate the business relationship, they should take steps to prevent, mitigate, or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep that decision under review.*** It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition law.

## Amendment 49

### Proposal for a directive Recital 37

(37) ***As regards direct and indirect business relationships, industry cooperation***, industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to ***rely on*** such initiatives to support ***the implementation*** of their due diligence ***obligations laid down in this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations.*** ***Companies could assess, at their own initiative, the alignment of these schemes and initiatives with the obligations under this Directive.*** In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, ***may*** issue guidance for assessing the ***fitness*** of industry schemes and multi-stakeholder initiatives.

(37) Industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to ***participate in*** such initiatives to support ***aspects*** of their due diligence, ***including to coordinate joint leverage, achieve efficiencies, scale up best practices, and seek expertise relevant to specific sectors, geographies, commodities or risk issues.*** ***The meaning of initiatives is broad and includes initiatives that support, monitor, evaluate, certify and/or verify aspects of a company's due diligence, or the due diligence conducted by its subsidiaries and/or business relationships. Such initiatives may be developed and overseen by governments, industry associations, groupings of interested organisations, social partners or civil society organisations, and include monitoring organisations, global framework agreements, sector dialogues and initiatives that certify aspects of due diligence.*** In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, ***the OECD and relevant stakeholders, should*** issue guidance for assessing the ***precise scope, alignment with this Directive, and credibility*** of industry schemes and multi-stakeholder initiatives. ***Companies participating in industry or multi-stakeholder initiatives or using third party verification for aspects of their due diligence should still be able to be sanctioned or found liable for violations of this Directive and damage suffered by victims as a result. The minimum standards for third-party verifiers to be adopted via delegated acts***



*under this Directive should be developed in close consultation with all relevant stakeholders and reviewed in light of their appropriateness in accordance with the objectives of this Directive. Third-party verifiers should be subject to oversight by the relevant authorities and, where necessary, be subject to sanctions, in accordance with national and EU legislation.*

## Amendment 50

### Proposal for a directive

#### Recital 38

##### *Text proposed by the Commission*

(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.

##### *Amendment*

(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights ***and*** environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries. However, it should be clarified that where adverse impacts cannot be brought to an end, companies should ***mitigate*** the extent of such impacts, ***whilst pursuing efforts to bring the adverse impact to an end, and implementing a corrective action plan, developed in consultation with affected stakeholders.*** Minimisation of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights and environmental adverse impacts to an end and minimisation of their extent, where relevant depending on the circumstances.

## Amendment 51

**Proposal for a directive**  
**Recital 39**

*Text proposed by the Commission*

(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 **mitigating** the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or **adequately mitigate** its extent **by restoring the affected persons, groups and communities and/or the environment back to a situation equivalent or as close as possible to their situation prior** to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for **the implementation of appropriate measures and** action and qualitative and quantitative indicators for measuring improvement. Companies **could also establish through** contractual **provisions with a** partner with whom they have **a** business relationship that they will ensure compliance with the code of conduct and, as necessary, a **corrective** action plan. **Partners with whom the company has a business relationship could be asked to establish** corresponding **reasonable, non-discriminatory and fair** contractual **provisions with their** partners, to the extent that their activities are part of the company's value chain. The contractual **provisions** should be accompanied by **measures to support carrying out due diligence as outlined in this Directive. Moreover, contractual provisions should be fair, reasonable and non-discriminatory, and reflect the joint tasks of parties to conduct due diligence in ongoing cooperation, with an emphasis on taking** appropriate measures to **bring adverse impacts to an end. Companies should also assess whether the business partner can reasonably be expected to comply with those provisions. Often**

*contractual terms are unilaterally imposed on a supplier by a buyer, and any breach thereof is likely to result in unilateral action by the buyer such as termination or disengagement. Such unilateral action is not appropriate in the context of due diligence and would probably itself result in adverse impacts. In cases where the breach of such contractual provisions gives rise to a potential adverse impact, the company should first take appropriate measures to prevent or adequately mitigate such impacts, rather than consider ending or suspending the contract, in accordance with applicable law.* Finally, companies should also make investments aiming at ceasing or *mitigating* the extent of *an* adverse impact, provide targeted and proportionate support for an SMEs with which they have *a* business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.

## Amendment 52

### Proposal for a directive Recital 40

*Text proposed by the Commission*

*(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*

*deleted*

## Amendment 53

**Proposal for a directive**  
**Recital 41**

*Text proposed by the Commission*

(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.

*Amendment*

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

*steps to prevent, mitigate, or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep the decision under review.*

#### **Amendment 54**

##### **Proposal for a directive Recital 41 a (new)**

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 55**

##### **Proposal for a directive Recital 42**

*Text proposed by the Commission*

(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 **a publicly available and effective notification and non-judicial grievance mechanisms at operational level, that can be used by** persons and organisations to **notify them of or raise grievances and request remediation** in case of legitimate concerns regarding actual or potential human rights, environmental adverse impacts **in the value chain. Persons and organisations** who could submit such **grievances** should include **persons who are affected or have reasonable grounds to believe that they might be affected and their legitimate representatives**, trade unions and other workers' representatives representing individuals working in the value chain concerned and **credible and experienced organisations the purpose of which includes the protection of the environment. Notifications may be submitted by the aforementioned persons and organisations as well as** civil society organisations active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact, **and legal and natural persons defending human rights and the environment.** Companies should establish a procedure for dealing with those **notifications and grievances** and inform workers, trade unions and other workers' representatives, where relevant, about such processes. **Companies should provide the possibility of submitting notifications and grievances through collaborative arrangements, including industry initiatives, with other companies or organisations, by participating in multi-stakeholder grievance mechanisms or joining a global framework agreement. The submission of a notification or grievance should not be a prerequisite nor preclude the person submitting them** from having **access to the substantiated concerns procedure nor** to judicial or **other non-judicial mechanisms, such as**

*the OECD national contact points where they exist. In accordance with international standards, persons submitting grievances or notifications, where they do not submit them anonymously, should be entitled to receive from the company timely and appropriate follow-up and persons submitting grievances should be additionally entitled to engage with the company's representatives at an appropriate level to discuss potential or actual adverse impacts that are the subject matter of the complaint, to be provided with the reasoning as to whether a grievance has been considered founded or unfounded and provided with information on the steps and actions taken, and to request remediation or contribution to remediation. This access should not lead to unreasonable solicitations of companies. Companies should also be responsible for ensuring that any persons submitting grievances or notifications are protected from potential retaliation and retribution, including by ensuring anonymity or confidentiality in the notification and grievance process, in accordance with national law. The notification and non-judicial grievance procedure should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, gender- and culturally responsive, based on engagement and dialogue, and adaptable as set out in the effectiveness criteria for non-judicial grievance mechanisms in Principle 31 of the United Nations Guiding Principles on Business and Human Rights and the United Nations Committee on the Rights of the Child General Comment No 16. Companies should raise awareness among affected stakeholders of the existence, objectives and processes of notifications and grievance mechanisms, in the official language(s) of the state where they are operating, including on how to access them, decisions and remedies relating to a company and how the company is implementing them. Workers and their representatives should*

*also be properly protected, and any non-judicial remediation efforts should be without prejudice to encouraging collective bargaining and recognition of trade unions and should by no means undermine the role of legitimate trade unions or workers' representatives in addressing labour-related disputes.*

## Amendment 56

### Proposal for a directive Recital 43

*Text proposed by the Commission*

(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 **continuously verify** the implementation **and monitor the adequacy** and effectiveness of their **actions taken in accordance with this Directive**. They should carry out assessments of their own operations, **products and services**, those of their subsidiaries and those of their business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end, mitigation **and remediation** of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are up-to-date, they should be carried out **continuously and after a significant change occurs**, and be revised **continuously** if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen. **Companies should retain documentation demonstrating their compliance with this requirement for 10 years.**

## Amendment 57

### Proposal for a directive Recital 44



*Text proposed by the Commission*

(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. ***The proposal to amend*** Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it. As regards companies that are within the scope of this Directive, but do not fall under Directive 2013/34/EU, in order to comply with their obligation of communicating as part of the due diligence under this Directive, they should publish on their website an annual statement ***in a language customary in the sphere of international business.***

*Amendment*

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

**Amendment 58**

**Proposal for a directive  
Recital 44 a (new)**

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 59**

### **Proposal for a directive Recital 44 b (new)**

*Text proposed by the Commission*

*Amendment*

***(44b) It is not the objective of this Directive to require companies to publicly disclose intellectual capital, intellectual property, know-how or the results of innovation that would qualify as trade secrets as defined in Directive (EU) 2016/943 of the European Parliament and***

*of the Council. Reporting requirements provided for in this Directive should therefore be without prejudice to Directive (EU) 2016/943. This Directive should also apply without prejudice to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.*

## **Amendment 60**

### **Proposal for a directive Recital 44 c (new)**

*Text proposed by the Commission*

*Amendment*

*(44c) Companies should take appropriate measures to carry out meaningful engagement with affected stakeholders allowing for genuine interaction and dialogue in their due diligence process. Engagement should cover information and consultation of affected stakeholders and should be comprehensive, structural, effective, timely and culturally and gender responsive. There are situations in which it will not be possible to carry out meaningful engagement with affected stakeholders, or where engagement with additional expert perspectives is useful to allow the company to comply fully with the requirements of this Directive, in particular in the context of scoping and prioritisation decisions. . In these cases companies should engage in meaningful engagement with other relevant stakeholders, such as civil society organisations or legal or natural persons defending human rights or the environment in order to gain credible insights into potential or actual adverse impacts. Consultation should be ongoing and companies should provide*

*comprehensive, targeted and relevant information to affected stakeholders. Affected stakeholders should have the right to request additional written information, which should be provided by the company within a reasonable amount of time and in an appropriate and comprehensive format. Where such a request is refused, affected stakeholders should have the right to a written justification for such refusal. The information and consultation of affected stakeholders should take due account of barriers to engagement, ensure that stakeholders are free from retaliation and retribution, including by maintaining confidentiality and anonymity, and particular attention should be paid to the needs of vulnerable stakeholders, and to overlapping vulnerabilities and intersecting factors, including by ensuring a gender-responsive approach, and fully respecting the United Nations Declaration on the Rights of Indigenous Peoples. Workers representatives should be informed by their company about its due diligence strategy and its implementation, in accordance with existing EU law and without prejudice to their applicable rights to information, consultation and participation, and in particular those covered by relevant EU legislation in the field of employment and social rights, including Directive 2002/14/EC of the European Parliament and of the Council<sup>106a</sup>, Directive 2009/38/EC of the European Parliament and of the Council<sup>107a</sup>, and Council Directive 2001/86/EC of the European Parliament and of the Council<sup>108a</sup>. Consultation with stakeholders should be considered relevant in situations where the potential and actual impacts or the actions provided under Article 4 to 10 can be reasonably foreseen to affect the rights or interest of stakeholders or when affected stakeholders have requested for information, consultation or dialogue.*

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

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

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

## **Amendment 61**

### **Proposal for a directive Recital 44 d (new)**

*Text proposed by the Commission*

*Amendment*

*(44d) Strategic lawsuits against public participation are a particular form of harassment brought against natural or legal persons to prevent or penalise speaking up on issues of public interest. Member States should provide necessary safeguards to address those manifestly unfounded claims or abusive court proceedings against public participation in accordance with national and EU legislation.*

## **Amendment 62**

### **Proposal for a directive Recital 45**

*Text proposed by the Commission*

(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.

*Amendment*

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

**Amendment 63**

**Proposal for a directive  
Recital 46**

*Text proposed by the Commission*

(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,

*Amendment*

(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference,

and in consultation with Member States **and** stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate **with** international bodies having expertise in due diligence, should **have the possibility to** issue guidelines, including **for specific sectors or** specific **adverse impacts**.

and in consultation with Member States, **the European cross-industry and sectoral social partners and other relevant stakeholders, including civil society organisations**, the European Union Agency for Fundamental Rights, the European Environment Agency, **the European Labour Authority, the European External Action Service, the European Innovation Council and the Small and Medium-Sized Enterprises Executive Agency (EISMEA), the European Food Safety Authority**, and where appropriate **the OECD and other** international bodies having expertise in due diligence, should issue **clear and easily understandable** guidelines, including **general and sector specific guidance, in order to facilitate compliance in a practical manner**.

#### **Amendment 64**

##### **Proposal for a directive Recital 46 a (new)**

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 65**

##### **Proposal for a directive Recital 47**

*Text proposed by the Commission*

*Amendment*

(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden

(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.

on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis. In order to support SMEs, Member States, *with the support of the Commission*, should set up and operate, either individually or jointly, dedicated *user-friendly* websites, portals or platforms, and Member States *should* also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs. *SMEs should also have the possibility to apply this Directive on a voluntary basis and should for that purpose be supported through adequate measures and tools, and be incentivised.*

## Amendment 66

### Proposal for a directive Recital 48

#### *Text proposed by the Commission*

(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.

#### *Amendment*

(48) In order to complement Member State support to *companies in their implementation, including* SMEs, the Commission *should* build on existing EU tools, projects and other actions helping with the due diligence implementation in the EU and in third countries. It *should* set up new support measures that provide help to companies, including SMEs on due diligence requirements, including an observatory for value chain transparency and the facilitation of joint stakeholder initiatives.

## Amendment 67



**Proposal for a directive**  
**Recital 49**

*Text proposed by the Commission*

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

**Amendment 68**

**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*

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

*Amendment*

(50) In order to ensure that this Directive effectively contributes to combating climate change, companies should *in consultation with stakeholders* adopt *and implement a transition plan in line with the reporting requirements in Article 19a of Directive (EU) 2022/2464 (CSRD)* to ensure that the business model and strategy of the company are *aligned with the objectives of* the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement, *as well as the objective of achieving climate neutrality*

*by 2050 as established in Regulation (EU) 2021/1119 (European Climate Law), and the 2030 climate target. The plan should take into account the value chain and include time-bound targets related to their climate objectives for scope 1, 2 and, where relevant, 3 emissions, including, where appropriate, absolute emission reduction targets for greenhouse gas including, where relevant, methane emissions, for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence, except where a company can demonstrate that its operations and value chain do not cause greenhouse gas emissions and that such emission reduction targets would therefore not be appropriate. The plans should develop implementing actions to achieve the company's climate targets and be based on conclusive scientific evidence, meaning evidence with independent scientific validation that is consistent with the limiting of global warming to 1.5°C as defined by the Intergovernmental Panel on Climate Change (IPCC) and taking into account the recommendations of the European Scientific Advisory Board on Climate Change.*

## Amendment 69

### Proposal for a directive Recital 51

*Text proposed by the Commission*

(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) *Transition plans should include clear obligations for directors and board members to ensure that environmental and climate risks and impacts are addressed in the company's strategy. With a view to increasing the financial incentives of directors, companies with more than 1000 employees on average should have a relevant and effective policy in place to ensure that a part of the directors' variable remuneration is linked to the achievement of the targets of the company's transition*

*plan for combating climate change.*

## Amendment 70

### Proposal for a directive

#### Recital 53

*Text proposed by the Commission*

(53) In order to ensure the monitoring of the correct implementation of companies' due diligence obligations and ensure the proper enforcement of this Directive, Member States should designate one or more national supervisory authorities. These supervisory authorities should be of a public nature, independent from the companies falling within the scope of this Directive or other market interests, and free of conflicts of interest. In accordance with national law, Member States should ensure appropriate financing of the competent authority. They should be entitled to carry out investigations, on their own initiative or based on **complaints** or substantiated concerns raised under this Directive. Where competent authorities under sectoral legislation exist, Member States could identify those as responsible for the application of this Directive in their areas of competence. They could designate authorities for the supervision of regulated financial undertaking also as supervisory authorities for the purposes of this 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, **including, where appropriate, on-site inspections and hearing of relevant stakeholders**, on their own initiative or based on **grievances** or substantiated concerns raised under this Directive. Where competent authorities under sectoral legislation exist, Member States could identify those as responsible for the application of this Directive in their areas of competence. They could designate authorities for the supervision of regulated financial undertaking also as supervisory authorities for the purposes of this Directive. **Member States, when designating supervisory authorities and defining the procedures by which they operate, should ensure coordination and complementarity with other processes available under other international instruments, such as the non-judicial grievance mechanism operated by National Contact Points.**

## Amendment 71

**Proposal for a directive**  
**Recital 54**

*Text proposed by the Commission*

(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 72**

**Proposal for a directive**  
**Recital 54 a (new)**

*Text proposed by the Commission*

*Amendment*

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

***(54a) In order to prevent an artificial reduction of potential administrative fines resulting from an ultimate parent company shifting its net worldwide turnover to third entities, Member States***

*should ensure that, with regards to companies referred to in Articles 2(1)(b) and 2(2)(b), administrative pecuniary sanctions are calculated taking into account the consolidated turnover reported by that company.*

## **Amendment 73**

### **Proposal for a directive Recital 54 b (new)**

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 74**

### **Proposal for a directive Recital 56**

*Text proposed by the Commission*

*Amendment*

(56) In order to ensure effective compensation of victims of adverse impacts, Member States should be required to lay down rules governing the civil liability of companies for damages arising due to its failure to comply with the due diligence process. The company should be liable for damages if they failed to comply with the obligations to prevent and mitigate

(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.

potential adverse impacts or to bring actual impacts to an end and ***mitigate them , or provide remediation***, and as a result of this failure ***the company caused or contributed to*** an adverse impact that should have been identified, ***prioritised***, prevented, mitigated,, brought to an end, ***remediated*** or its extent minimised through the appropriate measures, and led to damage. ***Member States should also make sure that , in case there is no legal successor, the mother companies can be held liable for their subsidiary where the subsidiary is under the scope of this Directive or was at the time of the impact and has been dissolved by the parent company or has dissolved itself intentionally in order to avoid liability, irrespective of any cooperation with the parent company in conducting due diligence.***

## Amendment 75

### Proposal for a directive Recital 57

*Text proposed by the Commission*

(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***

*Amendment*

(57) In the assessment of the existence and extent of liability, due account ***should*** be taken of the company's efforts, insofar as they relate directly to the damage in question, to ***take*** remedial action, ***including that*** required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with ***affected stakeholders and*** other entities to address adverse impacts in its value chains.

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

## **Amendment 76**

### **Proposal for a directive Recital 57 a (new)**

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 77**

### **Proposal for a directive Recital 58**

*Text proposed by the Commission*

*Amendment*

(58) The liability regime does not regulate who should prove that the company's action was reasonably adequate under the circumstances of the case, ***therefore this question is left to*** national law.

(58) The liability regime does not regulate who should prove that the company's action was reasonably adequate under the circumstances of the case, ***however Member States may foresee in their national law that where a claimant provides prima facie elements substantiating the likelihood of the defendant's liability, the defendant is held liable, unless it can prove that it has complied with its obligations under this Directive.***

## **Amendment 78**

### **Proposal for a directive Recital 59**

*Text proposed by the Commission*

(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 79**

##### **Proposal for a directive Recital 59 a (new)**

*Text proposed by the Commission*

*Amendment*

(59) As regards civil liability rules, the civil liability of a company for damages ***that it has caused or contributed to*** arising due to its failure to carry out adequate due diligence should be without prejudice to civil liability of its subsidiaries or the respective civil liability of direct and indirect business partners in the value chain. Also, the civil liability rules under this Directive should ***not limit companies' liability under*** Union or national ***legal systems, including*** rules on ***joint and several*** liability.

*Amendment*

***(59a) The right to an effective remedy is an internationally recognised human right, enshrined in Article 8 of the Universal Declaration of Human Rights, Article 9(3) of the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters and Article 2(3) of the International Covenant on Civil and Political Rights, and is also a fundamental right of the Union within the meaning of Article 47 of the Charter. Delays and difficulties in accessing evidence, as well as gender disparity, geographical location, vulnerabilities and marginalisation can constitute major practical and procedural obstacles for the persons concerned, hindering their access to an effective remedy without fear of reprisals. Member States should thus ensure that victims have access to an effective remedy and that the costs and the***



*length of the proceedings do not prevent them from access to courts. These measures may, for example, take the form of public funding, including structural support for victims of actual and potential adverse impacts, limitation of applicable court or administrative fees, or access to legal aid.*

## **Amendment 80**

### **Proposal for a directive Recital 59 b (new)**

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 81**

### **Proposal for a directive Recital 59 c (new)**

*Text proposed by the Commission*

*Amendment*

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

## Amendment 82

### Proposal for a directive Recital 65 a (new)

*Text proposed by the Commission*

*Amendment*

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

## Amendment 83

### Proposal for a directive Recital 69

*Text proposed by the Commission*

*Amendment*

(69) This Directive is without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and shall apply to those specific obligations.

(69) This Directive is without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and shall apply to those specific obligations, ***in those cases where the obligations set out in another legislative act apply to a more specific sector or subject matter. Such acts include, but are not limited to existing as well as future EU legislation regarding timber and deforestation, posting of workers and forced labour.***

## Amendment 84

### Proposal for a directive Recital 70

*Text proposed by the Commission*

(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*

(70) The Commission should assess and report whether **the scope of the Directive** should be **lowered, in particular for certain** sectors, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear **data or** evidence on labour exploitation, human rights violations or newly emerging environmental threats, **including data from the EBRD, ILO or FRA.**

**Amendment 85**

**Proposal for a directive**

**Article 1 – paragraph 1 – subparagraph 1 – point a**

*Text proposed by the Commission*

(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 **that they caused, contributed to or are directly linked to**, with respect to their own operations, **and those** of their subsidiaries, and the operations carried out by entities **in their value chain** with whom the company has **a** business relationship and

**Amendment 86**

**Proposal for a directive**

**Article 1 – paragraph 1 – subparagraph 1 – point b**

*Text proposed by the Commission*

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

*Amendment*

(b) on liability for violations of the obligations mentioned above **which led to damage;**

## Amendment 87

### Proposal for a directive

#### Article 1 – paragraph 1 – subparagraph 2

*Text proposed by the Commission*

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

*Amendment*

*deleted*

## Amendment 88

### 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, *including employment and social rights as stipulated in existing Union and national legislation*, the environment or the climate provided for by the Member States *or by applicable collective agreements*, at the time of the adoption of this Directive.

## Amendment 89

### Proposal for a directive

#### Article 2 – paragraph 1 – point a

*Text proposed by the Commission*

(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 **250** employees on average and had a net worldwide turnover of more than EUR **40** million in the last financial year for which annual financial statements have been prepared;

## Amendment 90

**Proposal for a directive**

**Article 2 – paragraph 1 – point b – introductory part**

*Text proposed by the Commission*

*Amendment*

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

(b) the company did not reach the thresholds under *(a)* but ***is the ultimate parent company of a group that had 500*** employees ***and*** a net worldwide turnover of more than ***150*** million in the last financial year for which annual financial statements have been prepared.

**Amendment 91**

**Proposal for a directive**

**Article 2 – paragraph 1 – point b – point i**

*Text proposed by the Commission*

*Amendment*

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

***deleted***

**Amendment 92**

**Proposal for a directive**

**Article 2 – paragraph 1 – point b – point ii**

*Text proposed by the Commission*

*Amendment*

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

***deleted***

**Amendment 93**

**Proposal for a directive**

**Article 2 – paragraph 1 – point b – point iii**

*Text proposed by the Commission*

*Amendment*

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

**deleted**

#### **Amendment 94**

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

*Text proposed by the Commission*

*Amendment*

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

(a) **the company** generated a net **worldwide** turnover of more than EUR 150 million, **provided that at least EUR 40 million was generated** in the Union in the financial year preceding the last financial year, **including turnover generated by third party companies with whom the company and/or its subsidiaries has entered into a vertical agreement in the Union in return for royalties;**

#### **Amendment 95**

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

*Text proposed by the Commission*

*Amendment*

(b) **generated a net turnover of more than EUR 40 million but not more than EUR 150 million in the Union in the financial year preceding the last financial**

(b) **the company did not reach the thresholds under (a) but is the ultimate parent company of a group that had 500 employees and a net worldwide turnover**

*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).*

*of more than 150 million and at least 40 million was generated in the Union in the last financial year for which annual financial statements have been prepared, including turnover generated by third party companies with whom the company and/or its subsidiaries has entered into a vertical agreement in the Union in return for royalties.*

## **Amendment 96**

### **Proposal for a directive Article 2 – paragraph 3**

*Text proposed by the Commission*

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. Temporary agency workers **and other workers in non-standard forms of employment** shall be included in the calculation of the number of employees in the same way as if they were workers employed directly for the same period of time by the company.

## **Amendment 97**

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

*Text proposed by the Commission*

For the purpose of this Directive, the following definitions shall apply:

*Amendment*

**1.** For the purpose of this Directive, the following definitions shall apply:

## **Amendment 98**

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

*Text proposed by the Commission*

(i) a legal person constituted as one of

*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<sup>110</sup> ;

the legal forms listed in Annex I *and Annex II* to Directive 2013/34/EU of the European Parliament and of the Council<sup>110</sup>;

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<sup>110</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (OJ L 182, 29.6.2013, p. 19).

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<sup>110</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (OJ L 182, 29.6.2013, p. 19).

## **Amendment 99**

### **Proposal for a directive**

#### **Article 3 – paragraph 1 – point a – point iii**

*Text proposed by the Commission*

*Amendment*

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

**deleted**

## **Amendment 100**

### **Proposal for a directive**

#### **Article 3 – paragraph 1 – point a – point iv – indent 8**

*Text proposed by the Commission*

*Amendment*

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

**deleted**

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<sup>119</sup> Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of



*social security systems (OJ L 166, 30.4.2004, p. 1).*

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

#### **Amendment 101**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 102**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 103**

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 104

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 105

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 106

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

*Text proposed by the Commission*

*Amendment*

(b) 'adverse environmental impact' means an adverse impact on the environment resulting from the ***violation of one of the prohibitions and obligations pursuant*** to the international ***environmental conventions*** listed in the Annex, Part II;

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

## Amendment 107

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

*Text proposed by the Commission*

(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 108**

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

*Text proposed by the Commission*

**Amendment 109**

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

*Text proposed by the Commission*

(d) ‘subsidiary’ means a legal person through which the activity of a ‘controlled undertaking’ as defined in Article 2(1), point (f), of Directive 2004/109/EC of the European Parliament and of the Council<sup>128</sup> is exercised;

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<sup>128</sup> Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities

*Amendment*

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

*Amendment*

***(ca) ‘adverse impact’ means any potential or actual adverse human rights or adverse environmental impact;***

*Amendment*

(d) ‘subsidiary’ means ***a legal person as defined in Article 2, point (10), of Directive 2013/34/EU and*** a legal person through which the activity of a ‘controlled undertaking’ as defined in Article 2(1), point (f), of Directive 2004/109/EC of the European Parliament and of the Council<sup>128</sup> is exercised;

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<sup>128</sup> Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities

are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).

are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).

## Amendment 110

### Proposal for a directive

#### Article 3 – paragraph 1 – point e – introductory part

##### *Text proposed by the Commission*

(e) ‘business relationship’ means a relationship with a contractor, subcontractor or *any* other *legal* entities (*‘partner’*)

##### *Amendment*

(e) ‘business relationship’ means a *direct or indirect* relationship *of a company* with a contractor, subcontractor, or other entities *in its value chain*:

## Amendment 111

### Proposal for a directive

#### Article 3 – paragraph 1 – point e – point i

##### *Text proposed by the Commission*

(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 or to whom the company provides *financial services*;

## Amendment 112

### Proposal for a directive

#### Article 3 – paragraph 1 – point e – point ii

##### *Text proposed by the Commission*

(ii) that performs *business operations* related to the products or services of the company *for or on behalf of the company*;

##### *Amendment*

(ii) that performs *activities* related to the products or services of the company;

## Amendment 113

### Proposal for a directive

#### Article 3 – paragraph 1 – point f

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 114**

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

*Text proposed by the Commission*

*Amendment*

**(g)** *‘value chain’ means activities related to the production of goods or the provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of upstream and downstream established business relationships of the company. As regards companies within the meaning of point (a)(iv), ‘value chain’ with respect to the provision of these specific services shall only include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;*

**(g)** *‘value chain’ means:*

#### **Amendments 115 and 422cp2**

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

*Text proposed by the Commission*

*Amendment*

**(i)** *activities related to, and entities*

*involved in, the production, design, sourcing, extraction, manufacture, transport, storage and supply of raw materials, products or parts of a company's product and the development of a company's product or the development or provision of a service, and*

## **Amendment 116**

### **Proposal for a directive**

#### **Article 3 – paragraph 1 – point g – point ii (new)**

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 117**

### **Proposal for a directive**

#### **Article 3 – paragraph 1 – point g – subparagraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 118**

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

*Text proposed by the Commission*

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

**Amendment 119**

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

*Text proposed by the Commission*

(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

*Amendment*

(j) ‘industry ***or multi-stakeholder*** initiative’ means ***an initiative that companies participate in, which provides standards, procedures, tools and/or mechanisms, in order to support, monitor, evaluate, certify, and/or verify aspects of their due diligence, or the due diligence***

organisations;

*conducted by their subsidiaries and/or business relationships. Such initiatives may be developed and overseen by governments, industry associations, groupings of interested organisations, or civil society organisations;*

## Amendment 120

### Proposal for a directive

#### Article 3 – paragraph 1 – point l

*Text proposed by the Commission*

*Amendment*

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

*deleted*

## Amendment 121

### Proposal for a directive

#### Article 3 – paragraph 1 – point n

*Text proposed by the Commission*

*Amendment*

*(n) ‘stakeholders’ means the company’s employees, the employees of its subsidiaries, and other individuals, groups, communities or entities whose rights or interests are or could be affected by the products, services and operations of that company, its subsidiaries and its business relationships;*

*(n) ‘affected stakeholders’ means those individuals, groups or communities that have rights or legitimate interests that are affected or could be affected by the adverse impacts stemming from a company’s activities or actions or the activities or actions of entities in its value chain, and the legitimate representatives of such individuals or groups, including the workers and their representatives and the trade unions of the company, of its subsidiaries and throughout its value chain, or in cases where there are no individuals, groups or communities affected by an adverse impact on the environment, credible and experienced*



*organisations whose purpose includes the protection of the environment;*

## Amendment 122

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 123

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

*Text proposed by the Commission*

*Amendment*

(q) ‘appropriate *measure*’ means *a measure that is* capable of achieving the objectives of due diligence, commensurate *with* the degree of severity and the likelihood of the adverse impact, and *reasonably available* to the *company, taking* into account the circumstances of the specific case, including characteristics of the economic sector *and of* the specific business relationship *and the company’s influence thereof, and the need to ensure prioritisation of action.*

(q) ‘appropriate *measures*’ means *measures that are* capable of achieving the objectives of due diligence *and effectively addressing the adverse impact identified pursuant to Article 6 in a manner proportionate and* commensurate *to* the degree of severity and the likelihood of the adverse impact, and *proportionate and commensurate* to the *size, resources and capacities of the company. This shall take* into account the circumstances of the specific case, including *the nature of the adverse impact*, characteristics of the economic sector, *the nature of the*

*company's specific activities, products and services, the specific business relationship;*

#### **Amendment 124**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 125**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 126**

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

*Text proposed by the Commission*

*Amendment*

***(qc) 'to contribute to an adverse impact' means that a company's own activities, in combination with the activities of other entities, cause an impact, or that the activities of the company cause, facilitate or incentivise another entity to cause an adverse impact. The contribution must be substantial, meaning that it does not include minor or trivial contributions. Assessing the substantial nature of the contribution and understanding when the actions of the***

*company may have caused, facilitated or incentivised another entity to cause an adverse impact can involve the consideration of multiple factors. The following factors can be taken into account:*

*– the extent to which a company may encourage or motivate an adverse impact by another entity, i.e. the degree to which the activity increased the risk of the impact occurring,*

*– the extent to which a company could or should have known about the adverse impact or potential for adverse impact, i.e. the degree of foreseeability,*

*– the degree to which any of the company's activities actually mitigated the adverse impact or decreased the risk of the impact occurring.*

*The mere existence of a business relationship or activities which create the general conditions in which it is possible for adverse impacts to occur does not in itself constitute a relationship of contribution. The activity in question should substantially increase the risk of adverse impact;*

## **Amendment 127**

### **Proposal for a directive**

#### **Article 3 – paragraph 1 – point q d (new)**

*Text proposed by the Commission*

*Amendment*

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

*the company with which it has a linkage;*

## **Amendment 128**

### **Proposal for a directive**

#### **Article 3 – paragraph 1 – point q e (new)**

*Text proposed by the Commission*

*Amendment*

*(qe) ‘risk-based’ means proportionate to the likelihood and severity of potential adverse impacts;*

## **Amendment 129**

### **Proposal for a directive**

#### **Article 3 – paragraph 1 – point q f (new)**

*Text proposed by the Commission*

*Amendment*

*(qf) ‘risk factors’ means company-level risk factors, business model risk factors, geographic risk factors, product and service risk factors and sectoral risk factors;*

## **Amendment 130**

### **Proposal for a directive**

#### **Article 3 – paragraph 1 – point q g (new)**

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 131**

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

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 132**

### **Proposal for a directive Article 3 a (new)**

*Text proposed by the Commission*

*Amendment*

#### **Article 3a**

##### **Single market clause**

**1. The Commission and the Member States shall coordinate during the transposition of this Directive and thereafter in view of a full level of harmonisation between Member States, in order to ensure a level playing field for companies and to prevent the fragmentation of the Single Market.**

**2. The Commission shall consider, six years after the entry into force of this Directive, whether changes to the level of harmonisation of this Directive are required to ensure a level-playing field for companies in the Single Market, including whether the provisions of this Directive could be converted into a Regulation.**

## **Amendment 133**

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

*Text proposed by the Commission*

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 companies conduct **risk-based** human rights and environmental due diligence as laid down in Articles 5 to 11 ('due diligence') by carrying out the following actions:

**Amendment 134**

**Proposal for a directive**

**Article 4 – paragraph 1 – point c a (new)**

*Text proposed by the Commission*

*Amendment*

**(ca) where necessary, prioritising potential and actual adverse impacts in accordance with Article 8b;**

**Amendment 135**

**Proposal for a directive**

**Article 4 – paragraph 1 – point c b (new)**

*Text proposed by the Commission*

*Amendment*

**(cb) remedying actual adverse impacts in accordance with Article 8c;**

**Amendment 136**

**Proposal for a directive**

**Article 4 – paragraph 1 – point d**

*Text proposed by the Commission*

*Amendment*

(d) establishing **and maintaining a complaints procedure** in accordance with Article 9;

(d) establishing **or participating in a notification and non-judicial grievance mechanism** in accordance with Article 9;

**Amendment 137**

**Proposal for a directive**

**Article 4 – paragraph 1 – point e**

*Text proposed by the Commission*

(e) monitoring the effectiveness of their due diligence policy and measures in accordance with Article 10;

*Amendment*

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

### **Amendment 138**

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

*Text proposed by the Commission*

*Amendment*

**(fa) consulting and engaging with affected stakeholders in a meaningful way in accordance with Article 8d.**

### **Amendment 139**

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

*Text proposed by the Commission*

*Amendment*

**2a. Companies shall retain documentation demonstrating their compliance with this Directive for at least 10 years.**

### **Amendment 140**

**Proposal for a directive  
Article 4 a (new)**

*Text proposed by the Commission*

*Amendment*

#### **Article 4a**

##### **Due diligence support at group level**

**1. Member States shall ensure that parent companies may perform actions which can contribute to their subsidiaries falling under the scope of this Directive meet their obligations set out in Articles 5 to 11 and Article 15. This is without**

*prejudice to the civil liability of subsidiaries in accordance with Article 22.*

*2. The parent company may perform actions which contribute to fulfilling the due diligence obligations by the subsidiary company in accordance with paragraph 1, subject to all the following conditions:*

*(a) the subsidiary provides all the relevant and necessary information to its parent company and cooperates with it;*

*(b) the subsidiary abides by its parent company's due diligence policy;*

*(c) the parent company accordingly adapts its due diligence policy to ensure that the obligations laid down in Article 5(1) are fulfilled with respect to the subsidiary;*

*(d) the subsidiary integrates due diligence into all its policies and risk management systems in accordance with Article 5;*

*(e) where necessary, the subsidiary continues to take appropriate measures in accordance with Articles 7 and 8, as well as continues to perform its obligations under Articles 8a, 8b and 8d;*

*(f) where the parent company performs specific actions on behalf of the subsidiary, both the parent company and subsidiary clearly and transparently communicate so towards relevant stakeholders and the public domain;*

*(g) the subsidiary integrates climate in its policies and risk management systems in accordance with Article 15.*

## **Amendment 141**

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

*Text proposed by the Commission*

1. Member States shall ensure that companies integrate due diligence into **all**

*Amendment*

1. Member States shall ensure that companies integrate due diligence into



their corporate policies and have in place a due diligence policy. The due diligence policy shall contain all of the following:

their **relevant** corporate policies and have in place a due diligence policy. The due diligence policy shall contain all of the following:

#### Amendment 142

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

*Text proposed by the Commission*

*Amendment*

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

#### Amendment 143

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

*Text proposed by the Commission*

*Amendment*

(a) a description of the company's approach, including in the long term, ***to due diligence***;

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

#### Amendment 144

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

*Text proposed by the Commission*

*Amendment*

(b) a code of conduct ***describing*** rules and principles to be followed ***by the company's employees and*** subsidiaries;

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

## Amendment 145

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

*Text proposed by the Commission*

(c) a description of the processes put in place to implement due diligence, including the measures taken to **verify compliance with the code of conduct and to extend its application to established business relationships**.

*Amendment*

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

## Amendment 146

### Proposal for a directive Article 5 – paragraph 2

*Text proposed by the Commission*

2. Member States shall ensure that the companies **update** their due diligence policy **annually**.

*Amendment*

2. Member States shall ensure that the companies **continuously review** their due diligence policy **and update it when significant changes occur**.

## Amendment 147

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

*Text proposed by the Commission*

*Amendment*

**2a. Companies shall carry out a due diligence policy which is proportionate and commensurate to the likelihood and severity of their potential adverse impacts and the severity of their actual adverse impacts, as well as their specific circumstances and risk factors, particularly their sector and location of activity, the size and length of their value**

*chain, the size of the company, its capacity, resources and leverage.*

## Amendment 148

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

*Text proposed by the Commission*

*Amendment*

**2b.** *When companies operate in areas in a state of armed conflict or fragile post-conflict, areas under occupation and/or annexation, as well as areas witnessing weak or non-existent governance and security, such as failed states, Member States shall ensure that they respect obligations under international humanitarian law and conduct heightened, conflict-sensitive due diligence on their operations and business relations through integrating into their due diligence, a conflict analysis based on meaningful and conflict-sensitive stakeholders' engagement, of the root causes, triggers and parties driving the conflict, and of the impact of the company's activities on the conflict.*

## Amendment 149

### Proposal for a directive Article 6 – title

*Text proposed by the Commission*

*Amendment*

Identifying actual and potential adverse impacts

Identifying **and assessing** actual and potential adverse impacts

## Amendment 150

### Proposal for a directive Article 6 – paragraph 1

*Text proposed by the Commission*

*Amendment*

1. Member States shall ensure that

1. Member States shall ensure that

companies take appropriate measures to identify actual and potential adverse human rights ***impacts and adverse*** environmental impacts arising from their own operations or those of their subsidiaries and, ***where*** related to their value chains, ***from their established business relationships, in accordance with paragraph 2, 3 and 4.***

companies take appropriate measures to ***broadly scope the impacts of their operations, subsidiaries and business relationships in order to*** identify ***and assess*** actual and potential adverse human rights ***and*** environmental impacts arising from their own operations, ***products and services*** or those of their subsidiaries and ***those*** related to their value chains, ***and whether they cause or contribute to or are directly linked to those impacts.***

## Amendment 151

### Proposal for a directive Article 6 – paragraph 2

*Text proposed by the Commission*

2. ***By way of derogation from paragraph 1, companies referred to in Article 2(1), point (b), and Article 2(2), point (b), shall only be required to*** identify actual and potential ***severe*** adverse impacts relevant ***to the respective sector mentioned in Article 2(1), point (b).***

*Amendment*

2. ***Member States shall ensure that, as part of their due diligence process, companies shall:***

***(a) identify where adverse impacts are most likely to occur and to be severe, including by identifying individual higher risk operations, subsidiaries and business relationships which should be prioritised taking into account relevant risk factors; and***

***(b) carry out in-depth assessments of prioritised operations, subsidiaries and business relationships in order to determine the nature and extent of specific actual and potential adverse impacts.***

## Amendment 152

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

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 153**

### **Proposal for a directive Article 6 – paragraph 3**

*Text proposed by the Commission*

*Amendment*

3. When companies referred to in Article 3, point (a)(iv), provide ***credit, loan or other*** financial services, identification of actual and potential adverse human rights impacts and adverse environmental impacts shall be carried out ***only*** before providing that service.

3. When companies referred to in Article 3, point (a)(iv), provide financial services, identification of actual and potential adverse human rights impacts and adverse environmental impacts shall be carried out before providing that service ***and before subsequent financial operations, and, if notified of possible risks by means of the procedures referred to in Article 9, during the provision of the service.***

## **Amendment 154**

### **Proposal for a directive Article 6 – paragraph 4**

*Text proposed by the Commission*

*Amendment*

4. Member States shall ensure that, for the purposes of identifying ***the*** adverse impacts ***referred to in paragraph 1*** based on, where appropriate, quantitative and qualitative information, companies ***are entitled to*** make use of appropriate resources, including independent reports and information gathered through the ***complaints procedure*** provided for in Article 9. Companies shall, ***where relevant***, also carry out ***consultations*** with potentially affected ***groups*** including workers and other relevant stakeholders to

4. Member States shall ensure that, for the purposes of identifying ***and assessing*** adverse impacts based on, where appropriate, quantitative and qualitative information, ***including the relevant disaggregated data that can be reasonably obtained by a company***, companies ***shall*** make use of appropriate ***methods and*** resources, including ***public reports***, independent reports and information gathered through the ***notification and non-judicial grievance mechanism*** provided for in Article 9. Companies shall also carry

gather information on actual or potential adverse impacts.

out ***meaningful engagement in accordance with Article 8d*** with potentially affected ***stakeholders*** including workers and other relevant stakeholders to gather information on ***as well as to identify and assess*** actual or potential adverse impacts.

## Amendment 155

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

*Text proposed by the Commission*

*Amendment*

***4a. In the event that not all the necessary information regarding its value chain is available, the company shall explain the efforts made to obtain the necessary information about its value chain, the reasons why not all of the necessary information could be obtained, and its plans to obtain the necessary information in the future.***

## Amendment 156

### Proposal for a directive Article 7 – paragraph 1

*Text proposed by the Commission*

*Amendment*

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

1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible ***or has failed,*** adequately mitigate potential adverse human rights impacts and adverse environmental impacts, that have been, or should have been, identified pursuant to Article 6, in accordance with this Article.

## Amendment 157

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

*Text proposed by the Commission*

*Amendment*

***1a. For the purposes of this Article, in cases where a company may cause a potential adverse impact, appropriate measures shall be understood as measures which aim to prevent or mitigate a potential adverse impact. In cases where a company may contribute to an adverse impact, appropriate measures shall be understood as measures which aim to prevent or mitigate the contribution to the impact, using or increasing the company's leverage with other responsible parties to prevent or mitigate the potential adverse impact. In cases where a company's operations, products or services may be directly linked to an adverse impact through its business relationships with other entities, appropriate measures shall be understood as measures which aim to use or increase the company's leverage with responsible parties to seek to prevent or mitigate the potential adverse impact and to influence the entity causing the impact.***

#### **Amendment 158**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 159**

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

*Text proposed by the Commission*

2. Companies shall be required to take the following actions, where relevant:

*Amendment*

2. Companies shall be required to take ***appropriate measures, including*** the following actions, where relevant:

## **Amendment 160**

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

*Text proposed by the Commission*

(a) where necessary due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with reasonable and clearly defined ***timelines*** for action and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be ***developed in consultation with affected stakeholders***;

*Amendment*

(a) where necessary due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with ***a*** reasonable and clearly defined ***timeline*** for ***the implementation of appropriate measures and*** action, and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be ***applicable and accurately tailored to the context of companies' operations and value chain. The development and implementation of a climate transition plan according to Article 15 shall be considered an appropriate measure to prevent environmental adverse impacts related to climate change mitigation pursuant to paragraph 1 of this Article***;

## **Amendment 161**

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

*Text proposed by the Commission*

(b) ***seek*** contractual ***assurances from a business*** partner with whom it has a ***direct*** business relationship that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, ***including by seeking*** corresponding contractual ***assurances from its*** partners, to the extent that their

*Amendment*

(b) ***consider establishing through*** contractual ***provisions with a*** partner with whom it has a business relationship that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan. ***Partners with whom the company has a business relationship could be asked to establish***



activities are part of the company's value chain (*contractual cascading*). When such contractual assurances are obtained, paragraph 4 shall apply;

corresponding *reasonable, non-discriminatory and fair* contractual *provisions with their* partners, to the extent that their activities are part of the company's value chain. When such contractual assurances are obtained, paragraph 4 shall apply;

## Amendment 162

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

*Text proposed by the Commission*

(c) make necessary investments, such as into management *or* production processes *and infrastructures, to comply with paragraph 1*;

*Amendment*

(c) make necessary *modifications, improvements to, withdrawals of or* investments *in, the company's own operations*, such as into management, production *or other operational* processes, *facilities, products and product traceability, projects, services and skills*;

## Amendment 163

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 164

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

*Text proposed by the Commission*

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

*Amendment*

(d) provide targeted and proportionate ***financial and administrative*** support for an SME with which the company has ***a*** business relationship;

## **Amendment 165**

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

*Text proposed by the Commission*

*Amendment*

***(da) engage with a business relationship about the company's expectations with regard to preventing and mitigating the potential adverse impacts, including by providing or enabling access to capacity-building, guidance, administrative and financial support such as loans or financing, taking into consideration the resources, knowledge and constraints of the business partner;***

## **Amendment 166**

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

*Text proposed by the Commission*

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

*Amendment*

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

## **Amendment 167**

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

*Text proposed by the Commission*

*Amendment*

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

**Amendment 168**

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

*Text proposed by the Commission*

*Amendment*

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

**Amendment 169**

**Proposal for a directive**  
**Article 7 – paragraph 3**

*Text proposed by the Commission*

*Amendment*

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

***deleted***

*contract is concluded, paragraph 4 shall apply.*

## **Amendment 170**

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

*Text proposed by the Commission*

The contractual *assurances or the contract* shall be accompanied by *the appropriate* measures to *verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.*

*Amendment*

The contractual *provisions* shall be accompanied by measures to *support carrying out due diligence.*

## **Amendment 171**

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

*Text proposed by the Commission*

When contractual *assurances are obtained from*, or a contract is entered into, with *an SME*, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.

*Amendment*

When *provisions, including* contractual, *are established*, or a contract is entered into, with *a business relationship*, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification. *At the request of the SME, they shall cover the costs in full or shall share them with the company. SMEs may share the results of verifications carried out in relation to themselves with multiple companies.*

*The contractual provisions sought in accordance with paragraph 2 shall not be such as to result in the transfer of responsibility for carrying out due diligence in accordance with this Directive and of the liability for failing to do so.*

*In seeking such contractual provisions,*

*companies shall assess whether the business partner can reasonably be expected to comply with those provisions.*

## Amendment 172

### Proposal for a directive

#### Article 7 – paragraph 5 – subparagraph 1 – introductory part

##### *Text proposed by the Commission*

As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated **by the measures in paragraphs 2, 3 and 4**, the company shall be required to refrain from entering into new or extending existing relations with the partner in connection with or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take the following actions:

##### *Amendment*

As regards potential adverse impacts within the meaning of paragraph 1 that **a company caused or contributed to and that** could not be prevented or adequately mitigated, **and where there is no reasonable prospect of change**, the company shall be required to refrain from entering into new or extending existing relations with the partner in connection with or in the value chain of which the impact has arisen, and shall, where the law governing their relations so entitles them to, take the following actions **as a last resort, in line with responsible disengagement**:

## Amendment 173

### Proposal for a directive

#### Article 7 – paragraph 5 – subparagraph 1 – point a

##### *Text proposed by the Commission*

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

##### *Amendment*

(a) temporarily suspend commercial relations with the partner in question, while pursuing prevention and **mitigation** efforts;

## Amendment 174

### Proposal for a directive

#### Article 7 – paragraph 5 – subparagraph 1 – point b

*Text proposed by the Commission*

(b) terminate the business relationship with respect to the activities concerned **if** the potential adverse impact **is severe**.

*Amendment*

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

## **Amendment 175**

### **Proposal for a directive**

#### **Article 7 – paragraph 5 – subparagraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 176**

### **Proposal for a directive**

#### **Article 7 – paragraph 5 – subparagraph 2**

*Text proposed by the Commission*

Member States shall provide for the availability of an option to terminate **the** business relationship in contracts governed by their laws.

*Amendment*

Member States shall provide for the availability of an option to **suspend or** terminate **a** business relationship in contracts governed by their laws, **except**

*for contracts where the parties are obliged by law to enter into them. Companies may refer to supervisory authorities to receive guidance on the course of action to take.*

## Amendment 177

### Proposal for a directive Article 7 – paragraph 6

#### *Text proposed by the Commission*

6. By way of derogation from paragraph 5, point (b), when companies referred to in Article 3, point (a)(iv), provide **credit, loan or other** financial services, they shall not be required to terminate the **credit, loan or other** financial service contract **when this can be reasonably expected to cause substantial prejudice** to the entity to whom that service is being provided.

#### *Amendment*

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

## Amendment 178

### Proposal for a directive Article 8 – paragraph 1

#### *Text proposed by the Commission*

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

#### *Amendment*

1. Member States shall ensure that companies take appropriate measures to bring actual adverse impacts that have been, or should have been, identified pursuant to Article 6 to an end, in accordance with this Article.

Article.

## Amendment 179

### Proposal for a directive Article 8 – paragraph 2

*Text proposed by the Commission*

2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies **minimise** the extent of such an impact.

*Amendment*

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

## Amendment 180

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

*Text proposed by the Commission*

*Amendment*

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



*its leverage with responsible parties to enable the remediation of any damage caused by an impact.*

## Amendment 181

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 182

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

*Text proposed by the Commission*

*Amendment*

3. Companies shall be required to take the following actions, where relevant:

3. Companies shall be required to take ***appropriate measures, including*** the following actions, where relevant:

## Amendment 183

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

*Text proposed by the Commission*

*Amendment*

(a) neutralise the adverse impact or ***minimise*** its extent, ***including by the payment of damages to*** the affected persons ***and of financial compensation*** to the ***affected communities***. The action shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact;

(a) ***in accordance with Article 8c,*** neutralise the adverse impact or ***adequately mitigate*** its extent ***by restoring*** the affected persons ***and/or the environment to a situation equivalent or as close as possible to their situation prior*** to the ***impact***. The action shall be proportionate ***and commensurate*** to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact ***and to its resources***

*and leverage;*

## Amendment 184

### Proposal for a directive

#### Article 8 – paragraph 3 – point b

*Text proposed by the Commission*

(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. ***Where relevant, the corrective*** action plan shall be ***developed in consultation with stakeholders;***

*Amendment*

(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan with reasonable and clearly defined timelines for ***the implementation of appropriate measures and*** action, and qualitative and quantitative indicators for measuring improvement. ***The preventative*** action plan shall be ***applicable and accurately tailored to the context of companies' operations and value chain. Companies may develop their action plans in cooperation with industry initiatives. The development and implementation of a climate transition plan according to Article 15 shall be considered an appropriate measure to minimise environmental adverse impacts related to climate change mitigation pursuant to paragraphs 1 and 2 of this Article;***

## Amendment 185

### Proposal for a directive

#### Article 8 – paragraph 3 – point c

*Text proposed by the Commission*

(c) ***seek*** contractual ***assurances from a direct*** partner with whom it has ***an established*** business relationship that it will ensure compliance with ***the*** code of conduct and, as necessary, a corrective action plan, ***including by seeking*** corresponding contractual ***assurances from its*** partners, to the extent that they are part of the value chain (***contractual cascading***). When such contractual assurances are

*Amendment*

(c) ***choose to establish through*** contractual ***provisions with a*** partner with whom it has ***a*** business relationship that it will ensure compliance with ***a company's*** code of conduct, and as necessary, a corrective action plan. ***Partners with whom the company has a business relationship could be asked to establish*** corresponding ***reasonable, non-discriminatory and fair*** contractual ***provisions with their*** partners, to the extent

obtained, paragraph 5 shall apply.

that they are part of the value chain. When such contractual assurances are obtained, paragraph 5 shall apply;

## Amendment 186

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

*Text proposed by the Commission*

(d) make necessary investments, such as into management *or* production processes *and infrastructures to comply with paragraphs 1, 2 and 3*;

*Amendment*

(d) make necessary ***modifications, improvements to, withdrawals of or*** investments ***in, the company's own operations***, such as into management, production ***or other operational*** processes, ***facilities, products and product traceability, projects, services and skills***;

## Amendment 187

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 188

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

*Text proposed by the Commission*

(e) provide targeted and proportionate support for an SME with which the company has ***an established*** business relationship, ***where compliance with the***

*Amendment*

(e) provide targeted and proportionate ***financial and administrative*** support for an SME with which the company has ***a***

*code of conduct or the corrective action plan would jeopardise the viability of the SME;*

business relationship;

#### **Amendment 189**

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

*Text proposed by the Commission*

*Amendment*

*(ea) engage with a business relationship about the company's expectations with regard to bringing to an end and mitigating actual adverse impacts, including by providing or enabling access to capacity-building, guidance, administrative and financial support such as loans or financing, taking into consideration the resources, knowledge and constraints of the business partner;*

#### **Amendment 190**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 191**

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

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 192**

### **Proposal for a directive Article 8 – paragraph 4**

*Text proposed by the Commission*

*Amendment*

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

*deleted*

## **Amendment 193**

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

*Text proposed by the Commission*

*Amendment*

The contractual *assurances or the contract* shall be accompanied by *the appropriate* measures to *verify compliance*. *For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.*

The contractual *provisions* shall be accompanied by measures to *support carrying out due diligence*.

## Amendment 194

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

*Text proposed by the Commission*

When contractual ***assurances are obtained from***, or a contract is entered into, with ***an SME***, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.

*Amendment*

When ***provisions, including*** contractual, ***are established***, or a contract is entered into, with ***a business relationship***, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification. ***SMEs may share the results of the verifications carried out in relation to themselves with multiple companies.***

## Amendment 195

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 196

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 197

**Proposal for a directive**

**Article 8 – paragraph 6 – subparagraph 1 – introductory part**

*Text proposed by the Commission*

As regards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be **minimised by the measures provided for in paragraphs 3, 4 and 5**, the company shall refrain from entering into new or extending existing relations with the partner in connection to or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take one of the following actions:

*Amendment*

As regards actual adverse impacts within the meaning of paragraph 1 that **a company caused or contributed to, and that** could not be brought to an end or the extent of which could not be **mitigated, and where there is no reasonable prospect of change**, the company shall **be required to** refrain from entering into new or extending existing relations with the partner in connection to or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take one of the following actions **as a last resort, in line with responsible disengagement**.

**Amendment 198**

**Proposal for a directive**

**Article 8 – paragraph 6 – subparagraph 1 – point a**

*Text proposed by the Commission*

(a) temporarily suspend commercial relationships with the partner in question, while pursuing efforts **to bring to an end or minimise the extent of the adverse impact, or**

*Amendment*

(a) temporarily suspend commercial relationships with the partner in question, while pursuing **prevention and mitigation** efforts

**Amendment 199**

**Proposal for a directive**

**Article 8 – paragraph 6 – subparagraph 1 – point b**

*Text proposed by the Commission*

(b) terminate the business relationship with respect to the activities concerned, **if the adverse impact is considered severe**.

*Amendment*

(b) terminate the business relationship with respect to the activities concerned, **on account of the severity of the actual adverse impact, or if the conditions for temporary suspension under point (a) are**

*not met.*

## **Amendment 200**

### **Proposal for a directive**

#### **Article 8 – paragraph 6 – subparagraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 201**

### **Proposal for a directive**

#### **Article 8 – paragraph 6 – subparagraph 2**

*Text proposed by the Commission*

*Amendment*

Member States shall provide for the availability of an option to terminate *the* business relationship in contracts governed by their laws.

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

## **Amendment 202**



**Proposal for a directive**  
**Article 8 – paragraph 7**

*Text proposed by the Commission*

7. By way of derogation from paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide **credit, loan or other** financial services, they shall not be required to terminate the **credit, loan or other** financial service contract, **when this can be reasonably expected to cause substantial prejudice** to the entity to whom that service is being provided.

*Amendment*

7. By way of derogation from paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide financial services **to entities that cause or contribute to actual adverse impacts in the meaning of paragraph 1**, they shall not be required to terminate the financial service contract, **if this is strictly necessary to prevent bankruptcy** to the entity to whom that service is being provided. **In addition to paragraph 6, second subparagraph, a decision to terminate the financial service contract in derogation from paragraph 6, point (b) may only be taken, as a last resort, if the leverage efforts of companies referred to in Article 3(1), point (a)(iv) have ultimately failed to influence the entity to whom that service is being provided to bring actual adverse impacts to an end or to minimise their extent.**

**Amendment 203**

**Proposal for a directive**  
**Article 8 a (new)**

*Text proposed by the Commission*

*Amendment*

**Article 8a**

**Appropriate measures by institutional investors and asset managers to induce their investee companies to bring actual adverse impacts caused by them to an end**

1. **Member States shall ensure that institutional investors and asset managers take appropriate measures as described in paragraph 3 of this Article to induce their investee companies to bring actual adverse impacts to an end that have been, or should have been identified pursuant to Article 6.**

**2. Where the adverse impact cannot be brought to an end, Member States shall ensure that institutional investors and asset managers induce their investee companies to minimise the extent of such an impact.**

**3. Where relevant, institutional investors and asset managers shall be required to engage with the investee company and exercise voting rights in line with Article 3g (1), point (a), of Directive 2007/36/EC [SRD2], in order to induce the management body of an investee company to bring the actual impact to an end or minimise its extent. The action sought from the investee company shall be proportionate to the significance and scale of the adverse impact and to the contribution of the investee company's conduct to the adverse impact. Likewise, the actions required from institutional investors and asset managers shall be proportionate and commensurate, and shall take due account of the degree of control they have over the investee company.**

## **Amendment 204**

### **Proposal for a directive Article 8 b (new)**

*Text proposed by the Commission*

*Amendment*

#### **Article 8b**

##### ***Prioritising actual and potential adverse impacts***

**1. In cases where it is not possible to prevent, bring to an end or mitigate all identified adverse impacts simultaneously through appropriate measures as outlined in Articles 7 and 8, companies may prioritise the order in which they take appropriate measures on the basis of the likelihood and severity of adverse impacts.**

**2. Companies shall be required to take appropriate measures as per**

*paragraph 1 according to the severity and likelihood of impacts and taking into account risk factors.*

*3. Once the most severe and likely adverse impacts are addressed in accordance with Articles 7 or 8 in a reasonable time, the company shall address less severe and less likely adverse impacts.*

## **Amendment 205**

### **Proposal for a directive Article 8 c (new)**

*Text proposed by the Commission*

*Amendment*

#### *Article 8c*

##### *Remediation of actual adverse impacts*

*1. Member States shall ensure that where a company has caused or contributed to an actual adverse impact, that company shall take appropriate measures to remediate that adverse impact and the possible harm it has caused to people or the environment, or contribute to its remediation. The remediation may be proposed as a result of a non-judicial grievance procedure as laid down in Article 9.*

*2. Such remedial measures shall aim to restore the affected persons and groups or communities and/or the environment to a situation equivalent or as close as possible to their situation prior to the impact. They may include compensation, restitution, rehabilitation, public apologies, reinstatement or a contribution to investigations. Companies shall prevent additional harm being caused.*

*3. Member states shall ensure that the single helpdesk as designated pursuant to Article 14a acts as a contact point for due diligence mediation in order to assist companies and stakeholders in finding remedial solutions. In performing those duties, the single helpdesk shall be*

*impartial, predictable and equitable.*

*4. Where a company is directly linked to an adverse impact, Member States shall encourage its voluntary participation in any remedial measures, where appropriate, and encourage companies to consider using their leverage with responsible parties to enable the remediation of any damage caused by an impact.*

## **Amendment 206**

### **Proposal for a directive Article 8 d (new)**

*Text proposed by the Commission*

*Amendment*

#### *Article 8d*

*Carrying out meaningful engagement  
with affected stakeholders*

*1. Member States shall ensure that companies take appropriate measures to carry out meaningful engagement with affected stakeholders that allows for genuine interaction and dialogue in their due diligence process. To this end, the engagement shall cover information and consultation of affected stakeholders and shall be comprehensive, structural, effective, timely and culturally and gender sensitive.*

*2. Where it is not possible to carry out meaningful engagement with affected stakeholders, or where engagement with additional expert perspectives is useful to allow the company to comply fully with the requirements of this Directive, in particular in the context of scoping and prioritisation decisions under Article 6, companies shall engage in a meaningful way with other relevant stakeholders, such as civil society organisations, or legal or natural persons defending human rights or the environment in order to gain credible insights into potential or actual adverse impacts, in order to be able to*

*comply with the requirements of this Directive.*

*3. Companies shall, as appropriate, provide comprehensive, targeted and relevant information to affected stakeholders about their value chain and their actual or potential adverse impacts on the environment, human rights and good governance.*

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

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

*6. Workers and their representatives shall be informed by their company on its due diligence policy and the implementation thereof, and engagement*

*with them shall be without prejudice to existing Union and national legislation in the field of employment and social rights as well as collective agreements applicable.*

*7. In informing and consulting affected stakeholders, companies shall identify and address barriers to engagement and shall ensure that participants are not the subject of retaliation or retribution, including by maintaining confidentiality or anonymity. Companies shall pay particular attention to the needs of vulnerable stakeholders, and overlapping vulnerabilities and intersecting factors, ensure a gender-responsive approach, and fully respect the United Nations Declaration on the Rights of Indigenous Peoples.*

## **Amendment 207**

### **Proposal for a directive Article 9 – title**

*Text proposed by the Commission*

***Complaints procedure***

*Amendment*

***Notification and non-judicial grievance mechanism***

## **Amendment 208**

### **Proposal for a directive Article 9 – paragraph 1**

*Text proposed by the Commission*

1. Member States shall ensure that companies provide ***the possibility for*** persons and organisations listed in paragraph 2 to ***submit complaints to them*** where they have legitimate concerns regarding actual or potential adverse human rights ***impacts and adverse*** environmental impacts with respect to ***their*** own operations, the operations of their subsidiaries and their value chains.

*Amendment*

1. Member States shall ensure that companies provide ***publicly available and effective notification and non-judicial grievance mechanisms at operational level, that can be used by*** persons and organisations listed in paragraph 2 to ***notify them of or raise grievances and request remediation,*** where they have legitimate ***information or*** concerns regarding actual or potential adverse human rights ***or***

environmental impacts with respect to ***the companies'*** own operations, the operations of their subsidiaries and their value chains. ***Member States shall ensure that companies are able to provide such a possibility to submit notifications and grievances through collaborative arrangements, including industry initiatives, with other companies or organisations, by participating in multi-stakeholder grievance mechanisms or joining a global framework agreement.***

## **Amendment 209**

### **Proposal for a directive**

#### **Article 9 – paragraph 2 – introductory part**

*Text proposed by the Commission*

(2) Member States shall ensure that the ***complaints*** may be submitted by:

*Amendment*

(2) Member States shall ensure that the ***grievances*** may be submitted by:

## **Amendment 210**

### **Proposal for a directive**

#### **Article 9 – paragraph 2 – point a**

*Text proposed by the Commission*

(a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact,

*Amendment*

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

## **Amendment 211**

### **Proposal for a directive**

#### **Article 9 – paragraph 2 – point c**

*Text proposed by the Commission*

*Amendment*

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

***deleted***

## **Amendment 212**

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

*Text proposed by the Commission*

*Amendment*

***2a. Member States shall ensure that notifications may be submitted by the persons and organisations listed in points (a) and (b) of paragraph 2, and in addition, in as far as they are not covered under those points, by the following:***

***(a) legal or natural persons defending human rights or the environment;***

***(b) civil society organisations active in the areas related to the value chain concerned.***

## **Amendment 213**

### **Proposal for a directive Article 9 – paragraph 3**

*Text proposed by the Commission*

*Amendment*

3. Member States shall ensure that the companies establish a procedure for dealing with ***complaints*** referred to in paragraph 1, including a procedure when the company considers the ***complaint*** to be unfounded, and inform the relevant ***workers and trade unions*** of those procedures. Member States shall ensure that where the ***complaint*** is well-founded, the adverse impact that is the subject matter of the ***complaint*** is deemed to be identified within the meaning of Article 6.

3. Member States shall ensure that the companies establish a procedure for dealing with ***notifications and grievances*** referred to in paragraph 1, including a procedure when the company considers the ***notifications or grievances*** to be unfounded, and inform the relevant ***affected stakeholders, and their representatives where applicable, and other relevant persons or organisations covered by paragraphs 2 and 2a***, of those procedures. Member States shall ensure that where the ***notification or grievance*** is well-founded, the adverse impact that is the



subject matter of the **notification or grievance** is deemed to be identified within the meaning of Article 6.

## **Amendment 214**

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

*Text proposed by the Commission*

*Amendment*

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

## **Amendment 215**

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

*Text proposed by the Commission*

*Amendment*

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

*safety, including by not disclosing their identity.*

## **Amendment 216**

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

*Text proposed by the Commission*

*Amendment*

**3c. Member States shall ensure that persons submitting grievances under paragraph 2, where they do not do so anonymously, are entitled to receive timely and appropriate follow-up from the company with which they have filed a grievance pursuant to paragraph 1 and shall also be entitled:**

**(a) to be provided with the reasoning as to whether a grievance has been considered founded or unfounded and provided with information on the steps and actions taken;**

**(b) to engage with the company's representatives at an appropriate level to discuss potential or actual adverse impacts that are the subject matter of the grievance;**

**(c) to request that companies remediate or contribute to the remediation of actual adverse impacts, in line with Article 8c.**

## **Amendment 217**

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

*Text proposed by the Commission*

*Amendment*

4. Member States shall ensure that **complainants** are entitled

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

*notification pursuant to paragraph 1.*

#### **Amendment 218**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 219**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 220**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 221**

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

*Text proposed by the Commission*

*Amendment*

**4b. The submission of a notification or grievance under this Article shall not be a prerequisite for or preclude the persons submitting them from having access to the substantiated concerns procedure under Article 19 or to judicial or other non-judicial mechanisms, such as the OECD National contact points where they exist.**

**Amendment 222**

**Proposal for a directive**  
**Article 10 – title**

*Text proposed by the Commission*

*Amendment*

Monitoring

Monitoring **and verifying**

**Amendment 223**

**Proposal for a directive**  
**Article 10 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

Member States shall ensure that companies **carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the value chains of the company, those of their established business relationships, to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights and environmental adverse impacts. Such assessments** shall be based, where appropriate, on qualitative and quantitative indicators and be carried out **at least every 12 months** and whenever there are reasonable grounds to believe that **significant** new risks of the occurrence of

Member States shall ensure that companies **continuously verify the implementation and** monitor the **adequacy and effectiveness of their actions taken in accordance with this Directive. Monitoring and verification** shall be based, where appropriate, on qualitative and quantitative indicators and be carried out **continuously, taking into account the nature, severity and likelihood of the adverse impacts in question** and whenever there are reasonable grounds to believe that new risks of the occurrence of those adverse impacts may arise. **Where appropriate, the due diligence policy, the prevention action plan and the corrective action plan** shall be **reviewed and** updated

those adverse impacts may arise. The due diligence policy shall be updated in accordance with the outcome of those assessments.

in accordance with the outcome of those assessments.

## Amendment 224

### Proposal for a directive Article 11 – paragraph 1

#### *Text proposed by the Commission*

Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a **and 29a** of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement in ***a language customary in the sphere of international business***. The statement shall be published ***by 30 April each year, covering the previous calendar year***.

#### *Amendment*

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

## Amendment 225

### Proposal for a directive Article 11 – paragraph 2

#### *Text proposed by the Commission*

The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, specifying information on the description of due diligence, potential and actual adverse impacts and actions taken on those.

#### *Amendment*

**2.** The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, ***ensuring that it is consistent with the disclosure requirements for due diligence outlined in Article 40b of Directive 2013/34/EU, and*** specifying information on the description of due diligence, potential and actual adverse impacts and actions taken on those. ***This reporting should be sufficiently detailed to demonstrate it complied with***

*the obligations under this Directive.*

*When adopting delegated acts, the Commission shall ensure that there is no duplication in reporting requirements for companies referred to in Article 3, point (a)(iv), that are subject to reporting requirements and consider principal adverse impacts under Article 4 of Regulation (EU) 2019/2088 of the European Parliament and of the Council, while maintaining in full the minimum obligations stipulated in this Directive.*

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

## **Amendment 226**

### **Proposal for a directive Article 11 a (new)**

*Text proposed by the Commission*

*Amendment*

#### *Article 11a*

##### *Accessibility of information on the European Single Access Point (ESAP)*

*1. Member States shall ensure that, when making public the annual statements drawn-up pursuant to Article 11(1) of this Directive, companies submit that information at the same time to the collection body referred to in paragraph 3 of this Article for accessibility on ESAP, as established under Regulation (EU) XX/XXXX [ESAP Regulation] of the European Parliament and of the Council<sup>1a</sup>.*

*That information shall comply with all of the following requirements:*

*(a) the information shall be prepared in a data extractable format as defined in Article 2, point (3), of Regulation (EU) XX/XXXX [ESAP Regulation]<sup>1b</sup> or, where required under Union law, in a machine-readable format, as defined in Article 2,*

*point (13), of Directive (EU) 2019/1024 of the European Parliament and of the Council<sup>1c</sup>;*

*(b) the information shall be accompanied by all the following metadata:*

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

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

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

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

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

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

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

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

*implementing measures to specify:*

*(a) any other metadata to accompany the information;*

*(b) the structuring of data in the information;*

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

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

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

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

## **Amendment 227**

### **Proposal for a directive Article 12 – paragraph 1**

#### *Text proposed by the Commission*

In order to provide support to companies to facilitate their compliance with Article 7(2), point (b), and Article 8(3), point (c), the Commission shall adopt guidance about voluntary model contract clauses.

#### *Amendment*

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



*clauses shall stipulate, as a minimum:*

## Amendment 228

### Proposal for a directive

#### Article 12 – paragraph 1 – point a (new)

*Text proposed by the Commission*

*Amendment*

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

## Amendment 229

### Proposal for a directive

#### Article 12 – paragraph 1 – point b (new)

*Text proposed by the Commission*

*Amendment*

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

## Amendment 230

### Proposal for a directive

#### Article 13 – paragraph 1

*Text proposed by the Commission*

*Amendment*

In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States *and* stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate *with* international bodies having expertise in due diligence, *may*

*1.* In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, *including in relation to rights and protections enshrined in the Annex*, the Commission, in consultation with Member States, *the European cross-industry and sectoral social partners and other relevant* stakeholders, the European Union Agency for Fundamental Rights, the

issue guidelines, including *for specific sectors or specific adverse impacts*.

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

## Amendment 231

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

*Text proposed by the Commission*

*Amendment*

**1a.** *In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the guidelines shall include:*

**(a)** *information on the implementation of the human rights and environmental standards applicable to businesses based on the OECD Guidelines for Multinational Enterprises as clarified in the OECD Due Diligence Guidance for Responsible Business Conduct as well as the UN Guiding Principles on Business and Human Rights;*

**(b)** *lists of risk factors and accompanying guidance, including enterprise-level risk factors, geographic risk factors and sectoral risk factors;*

**(c)** *sector specific guidance, in particular for the following sector, in line with current or future OECD guidelines:*

**(i)** *the manufacture and the wholesale trade and retail of textiles, wearing apparel, fur, leather and related products (including footwear),*

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

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

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

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

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

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

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

***(h) information on responsible disengagement and an assessment and***

*dynamic listing of contexts where adverse impacts are systemic state-sponsored;*

*(i) practical guidance on how to identify and engage with affected stakeholders;*

*(j) information on facilitation by Member States of access to justice for victims and prevention of retaliation of affected stakeholders;*

*(k) practical guidance on the development and implementation of prioritisation strategies, including practical guidance on how proportionality and prioritisation, in terms of impacts, sectors and geographical areas, may be applied to due diligence obligations depending on the size and sector of the company;*

*(l) information on responsible purchasing practices;*

*(m) information on gender-responsive and culturally responsive due diligence, and measures that companies should take to address the challenges faced by smallholders, including access to a living income;*

*(n) information on how to support safe participatory collection of independent data on human rights violations and environmental damages and on how to undertake necessary actions for the data to be considered;*

*(o) information for Union export credit agencies to help Union and Member States' funds and export credits operate in line with the principles of this Directive.*

## **Amendment 232**

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

*Text proposed by the Commission*

*Amendment*

**1b. The guidelines shall be made**

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

## Amendment 233

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 234

### Proposal for a directive Article 14 – paragraph 1

*Text proposed by the Commission*

*Amendment*

1. Member States shall, in order to provide information and support to companies and the partners with whom they have *established* business relationships in their value chains in their efforts to fulfil the obligations resulting from this Directive, set up and operate individually or jointly dedicated websites,

1. *Before the entry into force of this Directive*, Member States *with the support of the Commission* shall *develop and implement measures and toolboxes*, in order to provide information, *advice* and support to companies and the partners with whom they have business relationships in their value chains in their efforts to fulfil

platforms or portals. *Specific consideration* shall be *given, in that respect*, to the *SMEs that are present in the value chains of* companies.

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

#### Amendment 235

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

*Text proposed by the Commission*

*Amendment*

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

#### Amendment 236

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

*Text proposed by the Commission*

*Amendment*

*1b. Member States shall provide information and support for stakeholders and their representatives to exercise their*

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

#### **Amendment 237**

##### **Proposal for a directive Article 14 – paragraph 2**

*Text proposed by the Commission*

2. Without prejudice to applicable State aid rules, Member States *may financially* support *SMEs*.

*Amendment*

2. Without prejudice to applicable State aid rules, Member States *shall provide financial and other* support to *SMEs, where relevant*.

#### **Amendment 238**

##### **Proposal for a directive Article 14 – paragraph 3**

*Text proposed by the Commission*

3. The Commission *may* complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.

*Amendment*

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

## Amendment 239

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 240

### Proposal for a directive Article 14 – paragraph 4

*Text proposed by the Commission*

*Amendment*

4. Companies may **rely on** industry **schemes** and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such **schemes and** initiatives are appropriate to support the fulfilment of **those** obligations. **The Commission and the Member States may facilitate the dissemination of information on such schemes or initiatives and their outcome.** The Commission, in collaboration with Member States, **may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.**

4. **Without prejudice to Articles 18, 19 and 22,** companies may **participate in** industry and multi-stakeholder initiatives to support the implementation of **aspects of** their **due diligence** obligations referred to in Articles 5 to 11 of this Directive to the extent that such initiatives are appropriate to support the fulfilment of **the relevant** obligations. **They may be particularly appropriate to support sector-wide risk identification, providing tools for mitigation of specific risks, coordinating the use of companies' leverage to enable remediation, and providing access to a grievance mechanism.** The Commission, in collaboration with Member States, **the OECD, the OHCHR and relevant stakeholders, shall:**

## Amendment 241



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

*Text proposed by the Commission*

*Amendment*

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

**Amendment 242**

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

*Text proposed by the Commission*

*Amendment*

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

**Amendment 243**

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

*Text proposed by the Commission*

*Amendment*

**(c) facilitate the dissemination of other relevant information on the scope, alignment and credibility of industry and multi-stakeholder initiatives and their outcomes. Member States shall foster the**

*development of appropriate industry or multi-stakeholder initiatives to support companies in particular sectors or on particular issues that involve severe sustainability risks but lack such initiatives.*

#### **Amendment 244**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 245**

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

*Text proposed by the Commission*

*Amendment*

*4b. Relevant stakeholders may submit notifications and grievances pursuant to Article 9 through industry and multi-stakeholder initiatives that the company participates in.*

#### **Amendment 246**

##### **Proposal for a directive Article 14 a (new)**

*Text proposed by the Commission*

*Amendment*

**Article 14a**

**Single helpdesk**

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

**Amendment 247**

**Proposal for a directive  
Article 15 – paragraph 1**

*Text proposed by the Commission*

1. Member States shall ensure that companies referred to in Article **2(1), point (a), and Article 2(2), point (a), shall adopt a plan** to ensure that the business model and strategy of the company are **compatible with** the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with

*Amendment*

1. Member States shall ensure that companies referred to in Article **2 develop and implement a transition plan in line with the reporting requirements in Article 19a of Regulation (EU) 2021/0104 (CSRD)**, to ensure that the business model and strategy of the company are **aligned with the objectives of** the transition to a

the Paris Agreement. ***This plan shall, in particular, identify, on the basis of information reasonably available to the company, the extent to which climate change is a risk for, or an impact of, the company's operations.***

sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris Agreement ***and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119 (European Climate Law) as regards its operations in the Union, including its 2050 climate neutrality target and the 2030 climate target. This plan shall include a description of:***

#### **Amendment 248**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 249**

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

*Text proposed by the Commission*

*Amendment*

***(b) the opportunities for the company related to climate matters;***

#### **Amendment 250**

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

*Text proposed by the Commission*

*Amendment*

***(c) where appropriate an identification and explanation of decarbonisation levers within the company's operations and value chain, including the exposure of the company to coal-, oil- and gas-related activities, as referred to in Articles 19a(2), point (a)(iii), and 29a(2), point (a)(iii), of***

**Amendment 251**

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

*Text proposed by the Commission*

*Amendment*

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

**Amendment 252**

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

*Text proposed by the Commission*

*Amendment*

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

**Amendment 253**

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 254

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 255

### Proposal for a directive Article 15 – paragraph 2

*Text proposed by the Commission*

*Amendment*

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

**deleted**

## Amendment 256

### Proposal for a directive Article 15 – paragraph 3

*Text proposed by the Commission*

*Amendment*

**3. Member States shall ensure that companies duly take into account the fulfilment of the obligations referred to in paragraphs 1 and 2 when setting variable remuneration, if variable remuneration is linked to the contribution of a director to the company's business strategy and long-term interests and sustainability.**

**3. Member States shall ensure that directors are responsible for overseeing the obligations set out in this Article and that companies with more than 1000 employees on average have a relevant and effective policy in place to ensure that part of any variable remuneration for directors is linked to the company's transition plan referred to in this Article. Such a policy shall be approved by the Annual General Meeting.**

## Amendment 257

**Proposal for a directive**  
**Article 17 – paragraph 1**

*Text proposed by the Commission*

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

*Amendment*

1. Each Member State shall designate one or more supervisory authorities to supervise compliance with the obligations laid down in national provisions adopted pursuant to **this Directive** ('supervisory authority').

**Amendment 258**

**Proposal for a directive**  
**Article 17 – paragraph 6**

*Text proposed by the Commission*

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

*Amendment*

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

**Amendment 259**

**Proposal for a directive**  
**Article 17 – paragraph 7**

*Text proposed by the Commission*

7. The Commission shall make publicly available, including on its website, a list of the supervisory authorities. The Commission shall regularly update the list on the basis of the information received from the Member States.

*Amendment*

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

## Amendment 260

### Proposal for a directive Article 17 – paragraph 8

*Text proposed by the Commission*

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

*Amendment*

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

## Amendment 261

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

*Text proposed by the Commission*

*Amendment*

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

## Amendment 262

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



*Text proposed by the Commission*

*Amendment*

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

### **Amendment 263**

#### **Proposal for a directive Article 18 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

1. Member States shall ensure that the supervisory authorities have adequate powers **and** resources to carry out the tasks assigned to them under this Directive, including the power to **request** information and carry out investigations related to compliance with the obligations set out in this Directive.

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

### **Amendment 264**

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

*Text proposed by the Commission*

*Amendment*

Taking remedial action does not preclude the imposition of administrative sanctions or the triggering of civil liability in case of damages, in accordance with Articles 20 and 22, respectively.

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

## Amendment 265

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

*Text proposed by the Commission*

(b) to impose **pecuniary** sanctions in accordance with Article 20;

*Amendment*

(b) to impose sanctions in accordance with Article 20;

## Amendment 266

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

*Text proposed by the Commission*

(c) to adopt interim measures to avoid the risk of severe **and** irreparable harm.

*Amendment*

(c) to adopt interim measures to avoid the risk of severe **or** irreparable harm;

## Amendment 267

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

*Text proposed by the Commission*

*Amendment*

**(ca) to assess the validity of prioritisation strategies as foreseen under Article 8b and order a review if the requirements for such strategies have not been met.**

## Amendment 268

### Proposal for a directive Article 18 – paragraph 7

*Text proposed by the Commission*

7. Member States shall ensure that each natural or legal person has the right to an effective judicial remedy against a legally binding decision by a supervisory authority concerning them.

*Amendment*

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

*to court appeal and other relevant safeguards.*

#### **Amendment 269**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 270**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 271**

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

*Text proposed by the Commission*

*Amendment*

**7c. Decisions of supervisory authorities regarding a company's compliance with this Directive shall be without prejudice to the company's civil**

*liability under Article 22. In the context of ongoing civil liability proceedings and upon request of a court, supervisory authorities shall share any information they may have at their disposal about a given company with the court before which the proceedings brought under Article 22 are to be heard.*

#### **Amendment 272**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 273**

##### **Proposal for a directive Article 19 – paragraph 2**

*Text proposed by the Commission*

*Amendment*

2. Where the substantiated concern falls under the competence of another supervisory authority, the authority receiving the concern shall transmit it to that authority.

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

#### **Amendment 274**

##### **Proposal for a directive Article 19 – paragraph 3**

*Text proposed by the Commission*

3. Member States shall ensure that supervisory authorities assess the substantiated concerns and, where appropriate, exercise their powers as referred to in Article 18.

*Amendment*

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

**Amendment 275**

**Proposal for a directive  
Article 19 – paragraph 4**

*Text proposed by the Commission*

4. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and shall provide the reasoning for it.

*Amendment*

4. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and ***of its decision to accede to or refuse the request for action, and shall provide the reasoning for it, and a description of the further steps and measures it will take. Supervisory authorities may allow for additional information to be provided by the person who has submitted the concern.***

**Amendment 276**

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

*Text proposed by the Commission*

*Amendment*

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

*judicial review procedures.*

#### **Amendment 277**

##### **Proposal for a directive Article 19 – paragraph 5**

*Text proposed by the Commission*

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

*Amendment*

5. Member States shall ensure that the persons submitting the substantiated concern according to this Article have access to a court or other independent and impartial public body competent to review the procedural and substantive legality of the decisions, acts or failure to act of the supervisory authority.

#### **Amendment 278**

##### **Proposal for a directive Article 20 – paragraph 2**

*Text proposed by the Commission*

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

*Amendment*

2. In deciding whether to impose sanctions and, if so, in determining their nature and appropriate level, due account shall be taken of:

#### **Amendment 279**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 280**

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

*Text proposed by the Commission*

*Amendment*

**(b) any investments made and any targeted support provided pursuant to Articles 7 and 8;**

#### **Amendment 281**

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

*Text proposed by the Commission*

*Amendment*

**(c) any collaboration with other entities to address adverse impacts in its value chains;**

#### **Amendment 282**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 283**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 284**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 285**

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

*Text proposed by the Commission*

*Amendment*

**(g) the financial benefits gained or losses avoided by the company due to the infringement, if the relevant data are available;**

#### **Amendment 286**

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

*Text proposed by the Commission*

*Amendment*

**(h) penalties imposed in respect of similar infringements in other Member States;**

#### **Amendment 287**

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



*Text proposed by the Commission*

*Amendment*

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

**Amendment 288**

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

*Text proposed by the Commission*

*Amendment*

**(j) any other aggravating or mitigating factors applicable to the circumstances of the case.**

**Amendment 289**

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

*Text proposed by the Commission*

*Amendment*

**2a. At least the following measures and sanctions shall be provided for:**

**(a) pecuniary sanctions;**

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

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

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

**Amendment 290**

**Proposal for a directive  
Article 20 – paragraph 3**

*Text proposed by the Commission*

3. When pecuniary sanctions are imposed, they shall be based on the company's turnover.

*Amendment*

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

#### **Amendment 291**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 292**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 293**

**Proposal for a directive  
Article 20 – paragraph 4**

*Text proposed by the Commission*

4. Member States shall ensure that any decision of the supervisory authorities containing sanctions related to the breach of the provisions of this directive is published.

*Amendment*

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

**Amendment 294**

**Proposal for a directive**

**Article 21 – paragraph 1 – subparagraph 1**

*Text proposed by the Commission*

The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall facilitate the cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of the supervisory authorities and, as appropriate, sharing of information among them.

*Amendment*

The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall facilitate the cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of the supervisory authorities and, as appropriate, sharing of information among them, ***as well as ensuring regular public communication on the activities of the Network.***

**Amendment 295**

**Proposal for a directive**

**Article 21 – paragraph 1 – subparagraph 2**

*Text proposed by the Commission*

The Commission ***may*** invite Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.

*Amendment*

The Commission ***shall*** invite ***the European Agency for Fundamental Rights, the European Environment Agency, the European Labour Authority, the European Innovation Council and SMEs Executive Agency, and the European Securities and Markets***

**Authority and other** Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.

#### Amendment 296

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

*Text proposed by the Commission*

*Amendment*

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

#### Amendment 297

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

*Text proposed by the Commission*

*Amendment*

**8a.** *The European Network of Supervisory Authorities shall publish a register of non-EU companies and their compliance.*

#### Amendment 298

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

*Text proposed by the Commission*

*Amendment*

(a) they failed to comply with the obligations laid down in **Articles 7 and 8** and;

(a) they failed to comply with the obligations laid down in **this Directive** and;

#### Amendment 299

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

*Text proposed by the Commission*

(b) as a result of this failure **an** adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures laid down in **Articles 7 and 8 occurred** and led to damage.

*Amendment*

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

**Amendment 300**

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

*Text proposed by the Commission*

**Notwithstanding paragraph 1, Member States shall ensure that where a company has taken the actions referred to in Article 7(2), point (b) and Article 7(4), or Article 8(3), point (c), and Article 8(5), it shall not be liable for damages caused by an adverse impact arising as a result of the activities of an indirect partner with whom it has an established business relationship, unless it was unreasonable, in the circumstances of the case, to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the extent of the adverse impact.**

*Amendment*

**deleted**

**Amendment 301**

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

*Text proposed by the Commission*

In the assessment of the existence and extent of liability **under this paragraph**, due account shall be taken of the

*Amendment*

In the assessment of the existence and extent of liability, due account shall be taken **of the extent** of the company's

company's efforts, insofar as they relate directly to the damage in question, to ***comply with any*** remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as any collaboration with other entities to address adverse impacts in its value chains.

efforts, insofar as they relate directly to the damage in question, to ***take*** remedial action, ***including that*** required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as any collaboration with other entities ***and affected stakeholders*** to address adverse impacts in its value chains.

## **Amendment 302**

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

*Text proposed by the Commission*

*Amendment*

- 2a. Member States shall ensure that:***
- (a) the limitation period for bringing actions for damages is at least ten years and measures are in place to ensure that costs of the proceedings are not prohibitively expensive for claimants to seek justice;***
  - (b) claimants are able to seek injunctive measures, including summary proceedings. These shall be in the form of a definitive or provisional measure to cease an action which may be in breach of this Directive, or to comply with a measure under this Directive;***
  - (c) measures are in place to ensure that mandated trade unions, civil society organisations, or other relevant actors acting in the public interest can bring actions before a court on behalf of a victim or a group of victims of adverse impacts, and that these entities have the rights and obligations of a claimant party in the proceedings, without prejudice to existing national law;***
  - (d) when a claim is brought, that a claimant provides elements substantiating the likelihood of a company's liability under this Directive and has indicated that additional evidence lies in the control of the company, courts are able to order***

*that such evidence be disclosed by the company in accordance with national procedural law, subject to the Union and national rules on confidentiality and proportionality.*

### **Amendment 303**

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

*Text proposed by the Commission*

*Amendment*

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

### **Amendment 304**

#### **Proposal for a directive Article 22 – paragraph 3**

*Text proposed by the Commission*

*Amendment*

3. The civil liability of a company for damages arising under this provision shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the value chain.

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

### **Amendment 305**

#### **Proposal for a directive Article 22 – paragraph 4**

## Text proposed by the Commission

4. The civil liability rules under this Directive shall *be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive.*

## Amendment

4. The civil liability rules under this Directive shall *not limit companies' liability under Union or national legal systems, including rules on joint and several liability.*

## Amendment 306

### Proposal for a directive Article 24 – title

*Text proposed by the Commission*

Public support

*Amendment*

Public support, *public procurement and public concessions*

## Amendment 307

### Proposal for a directive Article 24 – paragraph 1

*Text proposed by the Commission*

Member States shall ensure that *companies applying for public support certify that no sanctions have been imposed on them for a failure to comply with the obligations of this Directive.*

*Amendment*

Member States shall ensure that *(non-)compliance with the obligations resulting from this Directive or their voluntary implementation qualifies as one of the environmental and social aspects to be taken into consideration in accordance with the rules applicable to the provision of public support or the award of public contracts and concessions.*

## Amendments 391 and 405

### Proposal for a directive Article 26

*Text proposed by the Commission*

*Article 26*

*Amendment*

*deleted*



### *Setting up and overseeing due diligence*

**1. Member States shall ensure that directors of companies referred to in Article 2(1) are responsible for putting in place and overseeing the due diligence actions referred to in Article 4 and in particular the due diligence policy referred to in Article 5, with due consideration for relevant input from stakeholders and civil society organisations. The directors shall report to the board of directors in that respect.**

**2. Member States shall ensure that directors take steps to adapt the corporate strategy to take into account the actual and potential adverse impacts identified pursuant to Article 6 and any measures taken pursuant to Articles 7 to 9.**

### **Amendment 308**

#### **Proposal for a directive Article 28 – paragraph 2**

*Text proposed by the Commission*

2. The power to adopt delegated acts referred to in Article **11** shall be conferred on the Commission for **an indeterminate** period of **time**.

*Amendment*

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

### **Amendment 309**

#### **Proposal for a directive Article 28 – paragraph 3**

*Text proposed by the Commission*

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

**Amendment 310**

**Proposal for a directive  
Article 28 – paragraph 6**

*Text proposed by the Commission*

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

**Amendment 311**

**Proposal for a directive  
Article 29 – title**

*Text proposed by the Commission*

Review

**Amendment 312**

*Amendment*

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

*Amendment*

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

*Amendment*

Review **and reporting**

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

*Text proposed by the Commission*

No later than ... [OP please insert the date = 7 years after the date of entry into force of this Directive], the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives **and** assess the following issues:

*Amendment*

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

**Amendment 313**

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

*Text proposed by the Commission*

*Amendment*

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

**Amendment 314**

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

*Text proposed by the Commission*

*Amendment*

**(-aa) an assessment of the number of small and medium-sized undertakings voluntarily applying corporate**

*sustainability and due diligence in line with this Directive;*

### **Amendment 315**

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

*Text proposed by the Commission*

*Amendment*

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

### **Amendment 316**

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

*Text proposed by the Commission*

*Amendment*

(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be lowered;

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

### **Amendment 317**

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

*Text proposed by the Commission*

*Amendment*

*(aa) the effectiveness of the enforcement mechanisms put in place at national level and of the sanctions and*

*procedures for civil liability in particular;*

#### **Amendment 318**

##### **Proposal for a directive**

##### **Article 29 – paragraph 1 – point a b (new)**

*Text proposed by the Commission*

*Amendment*

***(ab) the convergence and divergence between national laws of the Member States transposing this Directive;***

#### **Amendment 319**

##### **Proposal for a directive**

##### **Article 29 – paragraph 1 – point b**

*Text proposed by the Commission*

*Amendment*

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

***deleted***

#### **Amendment 320**

##### **Proposal for a directive**

##### **Article 29 – paragraph 1 – point c**

*Text proposed by the Commission*

*Amendment*

***(c) whether the Annex needs to be modified, including in light of international developments***

***deleted***

#### **Amendment 321**

##### **Proposal for a directive**

##### **Article 29 – paragraph 1 – point d**

*Text proposed by the Commission*

*Amendment*

**(d) whether Articles 4 to 14 should be**

**(d) whether Articles 4 to 14 should be extended to *additional* adverse impacts, *in***

extended to adverse *climate* impacts.

*particular to also encompass adverse impacts on good governance.*

#### **Amendment 322**

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

*Text proposed by the Commission*

*Amendment*

*(da) whether a broad sustainability plan, dealing with other environmental impacts than climate, shall be developed;*

#### **Amendment 323**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 324**

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

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 325**

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

*Text proposed by the Commission*

They shall apply those provisions **as follows**:

*Amendment*

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

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

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

**By way of derogation from the fourth subparagraph of this paragraph, companies referred to in Article 2(1), point (a), which had more than 250 employees on average and had a net**

*worldwide turnover of more than EUR 40 million but not more than EUR 150 million in the last financial year may decide not to fulfil the obligations under this Directive until [OJ to insert: 5 years from entry into force of this Directive]. In such cases, the company shall notify the supervisory authority, while providing a brief statement on why it is the case.*

#### **Amendment 326**

##### **Proposal for a directive**

##### **Article 30 – paragraph 1 – subparagraph 2 – point a**

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 327**

##### **Proposal for a directive**

##### **Article 30 – paragraph 1 – subparagraph 2 – point b**

*Text proposed by the Commission*

*Amendment*

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

#### **Amendment 328**

##### **Proposal for a directive**

##### **Annex I – Part I – subheading 1 – title**

*Text proposed by the Commission*

*Amendment*

1. *Violations of* rights and prohibitions included in international human rights agreements

1. Rights and prohibitions included in international human rights agreements



## **Amendment 329**

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

*Text proposed by the Commission*

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

*Amendment*

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

## **Amendment 330**

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

*Text proposed by the Commission*

2. **Violation of** the right to life and security in accordance with Article 3 of the Universal Declaration on Human rights;

*Amendment*

2. The right to life and security in accordance with Article 3 of the Universal Declaration on Human rights;

## **Amendment 331**

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

*Text proposed by the Commission*

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

*Amendment*

3. The prohibition of torture, cruel, inhuman or degrading treatment in accordance with Article 5 of the Universal Declaration of Human Rights;

## **Amendment 332**

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

*Text proposed by the Commission*

4. **Violation of** the right to liberty and security in accordance with Article 9 of the

*Amendment*

4. The right to liberty and security in accordance with Article 9 of the Universal

Universal Declaration of Human Rights;

Declaration of Human Rights;

### **Amendment 333**

#### **Proposal for a directive**

##### **Annex I – Part I – subheading 1 – point 5**

*Text proposed by the Commission*

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

*Amendment*

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

### **Amendment 334**

#### **Proposal for a directive**

##### **Annex I – Part I – subheading 1 – point 6**

*Text proposed by the Commission*

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

*Amendment*

6. The prohibition of interference with the freedom of thought, conscience and religion in accordance with Article 18 of the Universal Declaration of Human Rights;

### **Amendment 335**

#### **Proposal for a directive**

##### **Annex I – Part I – subheading 1 – point 7**

*Text proposed by the Commission*

7. **Violation of** the right to enjoy just and favourable conditions of work including **a fair wage**, a decent living, safe and healthy working conditions and reasonable limitation of working hours in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;

*Amendment*

7. The right to enjoy just and favourable conditions of work including **remuneration that provides for** a decent living, safe and healthy working conditions and reasonable limitation of working hours. **This includes both the right to a living wage for employees and the right to a living income for self-employed workers and smallholders** in accordance with Article 7 of the International Covenant on

Economic, Social and Cultural Rights *and Article 23(3) of the Universal Declaration of Human Rights*;

### Amendment 336

#### Proposal for a directive

#### Annex I – Part I – subheading 1 – point 7 a (new)

*Text proposed by the Commission*

*Amendment*

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

### Amendment 337

#### Proposal for a directive

#### Annex I – Part I – subheading 1 – point 8

*Text proposed by the Commission*

*Amendment*

8. ***Violation of*** the prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate food, clothing, and water and sanitation in the ***work place*** in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;

8. The prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate food, clothing, and water and sanitation in the ***workplace*** in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;

### Amendment 338

#### Proposal for a directive

#### Annex I – Part I – subheading 1 – point 9

*Text proposed by the Commission*

*Amendment*

9. ***Violation of*** the right of the child to

9. The right of the child to have his or

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

### **Amendment 339**

#### **Proposal for a directive**

#### **Annex I – Part I – subheading 1 – point 10**

##### *Text proposed by the Commission*

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

### **Amendment 340**

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

##### *Amendment*

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

**Proposal for a directive**

**Annex I – Part I – subheading 1 – point 11 – introductory part**

*Text proposed by the Commission*

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

*Amendment*

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

**Amendment 341**

**Proposal for a directive**

**Annex I – Part I – subheading 1 – point 12**

*Text proposed by the Commission*

12. **Violation of** the prohibition of forced labour; this includes all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered himself or herself voluntarily, for example as a result of debt bondage or trafficking in human beings; excluded from forced labour are any work or services that comply with Article 2 (2) of International Labour Organization Forced Labour Convention, 1930 (No. 29) or with Article 8 (3) (b) and (c) of the International Covenant on Civil and Political Rights;

*Amendment*

12. The prohibition of forced labour; this includes all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered himself or herself voluntarily, for example as a result of debt bondage or trafficking in human beings; excluded from forced labour are any work or services that comply with Article 2 (2) of International Labour Organization Forced Labour Convention, 1930 (No. 29) or with Article 8 (3) (b) and (c) of the International Covenant on Civil and Political Rights;

**Amendment 342**

**Proposal for a directive**

**Annex I – Part I – subheading 1 – point 13**

*Text proposed by the Commission*

13. **Violation of** the prohibition of all forms of slavery, practices akin to slavery, serfdom or other forms of domination or

*Amendment*

13. The prohibition of all forms of slavery, practices akin to slavery, serfdom or other forms of domination or oppression

oppression in the workplace, such as extreme economic or sexual exploitation and humiliation in accordance with Article 4 of the Universal Declaration of Human Rights and Art. 8 of the International Covenant on Civil and Political Rights;

in the workplace, such as extreme economic or sexual exploitation and humiliation in accordance with Article 4 of the Universal Declaration of Human Rights and Art. 8 of the International Covenant on Civil and Political Rights;

### **Amendment 343**

#### **Proposal for a directive**

#### **Annex I – Part I – subheading 1 – point 14**

##### *Text proposed by the Commission*

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

##### *Amendment*

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

### **Amendment 344**

#### **Proposal for a directive**

#### **Annex I – Part I – subheading 1 – point 15 – introductory part**

##### *Text proposed by the Commission*

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

##### *Amendment*

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

## **Amendment 345**

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

*Text proposed by the Commission*

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

*Amendment*

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

## **Amendment 346**

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

*Text proposed by the Commission*

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

*Amendment*

17. The prohibition of withholding an adequate living wage in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;

## **Amendment 347**

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

*Text proposed by the Commission*

18. **Violation of** the prohibition of causing any *measurable* environmental degradation, such as harmful soil change, water or air pollution, harmful emissions or

*Amendment*

18. The prohibition of causing any environmental degradation, such as harmful soil change, water or air pollution, harmful emissions, or excessive water

excessive water consumption or other impact on natural resources, that

consumption or other impact on natural resources, that

#### **Amendment 348**

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

*Text proposed by the Commission*

*Amendment*

(a) impairs the natural bases for the preservation and production of food or

(a) impairs the natural bases for the preservation and production of food ***and feed*** or

#### **Amendment 349**

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

*Text proposed by the Commission*

*Amendment*

***(da) impairs health, such as causing epidemics, taking into account the One Health approach or***

#### **Amendment 350**

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

*Text proposed by the Commission*

*Amendment*

(e) affects ecological integrity, such as deforestation,

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

#### **Amendment 351**

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



*Text proposed by the Commission*

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

*Amendment*

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

**Amendment 352**

**Proposal for a directive**

**Annex I – Part I – subheading 1 – point 19 a (new)**

*Text proposed by the Commission*

*Amendment*

***19a. The rights of indigenous peoples to self-determination in accordance with Article 1 of the International Covenant on Civil and Political Rights, Article 1 of the International Covenant on Economic, Social and Cultural Rights, and Article 5 of the International Convention on the Elimination of All forms of Racial Discrimination, and their right to give, modify, withhold or withdraw their free, prior, and informed consent to interventions, decisions and activities that may affect their lands, territories, resources and rights, in accordance with Article 27 of the International Covenant on Civil and Political Rights and Article 15 of the International Covenant on Economic, Social and Cultural Rights and Articles 2 and 5 of the International Convention on the Elimination of All Forms of Racial Discrimination;***

**Amendment 353**

**Proposal for a directive**

**Annex I – Part I – subheading 1 – point 20**

*Text proposed by the Commission*

20. ***Violation of*** the indigenous peoples' right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired in accordance with ***Article 25, 26 (1) and (2), 27, and 29 (2)*** of the ***United Nations Declaration on the Rights of Indigenous Peoples***;

**Amendment 354**

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

*Text proposed by the Commission*

21. ***Violation of*** a prohibition or right not covered by points 1 to 20 above but included in the human rights agreements listed in Section 2 of this Part, ***which directly impairs a legal interest protected in those agreements, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the obligations referred to in Article 4 of this Directive taking into account all relevant circumstances of their operations, such as the sector and operational context.***

**Amendment 355**

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

*Text proposed by the Commission*

2. Human rights and fundamental freedoms conventions

*Amendment*

20. The indigenous peoples' right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired in accordance with ***Articles 1 and 27*** of the ***International Covenant on Civil and Political Rights and Articles 1, 2 and 15 of the International Covenant on Economic, Social and Cultural Rights and Article 5 of the International Convention on the Elimination of All Forms of Racial Discrimination***

*Amendment*

21. A prohibition or right not covered by points 1 to 20 above but included in the human rights agreements listed in Section 2 of this Part, ***where there is a foreseeable risk that such a prohibition or right may be affected.***

*Amendment*

2. Human rights and fundamental freedoms conventions ***and instruments***

## **Amendment 356**

### **Proposal for a directive**

#### **Annex I – Part I – subheading 2 – indent 11**

*Text proposed by the Commission*

— The Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;

*Amendment*

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

## **Amendment 357**

### **Proposal for a directive**

#### **Annex I – Part I – subheading 2 – indent 11 a (new)**

*Text proposed by the Commission*

*Amendment*

— ***The United Nations Declaration on the Rights of Peasants and Other People Working in Rural Areas;***

## **Amendment 358**

### **Proposal for a directive**

#### **Annex I – Part I – subheading 2 – indent 12 a (new)**

*Text proposed by the Commission*

*Amendment*

— ***United Nations Convention against Corruption, 2003;***

## **Amendment 359**

### **Proposal for a directive**

#### **Annex I – Part I – subheading 2 – indent 12 b (new)**

*Text proposed by the Commission*

*Amendment*

— ***OECD Anti-Bribery Convention, 1997;***

## **Amendment 360**

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

*Text proposed by the Commission*

*Amendment*

— *The International Labour Organisation's Indigenous and Tribal Peoples' Convention, 1989 (No. 169);*

**Amendment 361**

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

*Text proposed by the Commission*

*Amendment*

— *ILO Occupational Safety and Health Convention, 1981 (No. 155)*

**Amendment 362**

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

*Text proposed by the Commission*

*Amendment*

— *ILO Promotional Framework for Occupational Safety and Health, 2006 (No 187)*

**Amendment 363**

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

*Text proposed by the Commission*

*Amendment*

— *The International humanitarian law instruments as laid out in the Geneva Conventions and additional protocols*

**Amendment 364**

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

*Text proposed by the Commission*

*Amendment*

— ***Council of Europe Convention on preventing and combating violence against women and domestic violence***

#### **Amendment 365**

##### **Proposal for a directive Annex I – Part II – title**

*Text proposed by the Commission*

***violations of*** internationally recognized objectives and prohibitions included in environmental conventions

*Amendment*

***Union and*** internationally recognized objectives and prohibitions included in environmental ***and climate*** conventions ***and Union legislation***

#### **Amendment 366**

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

*Text proposed by the Commission*

*Amendment*

***- 1. The obligation to identify and prevent, mitigate or bring to an end an adverse impact on one of the following environmental categories:***

- a) climate change;***
- b) biodiversity loss;***
- c) air, water and soil pollution;***
- d) degradation of land, marine and freshwater ecosystems;***
- e) deforestation;***
- f) overconsumption of material, water, energy and other natural resources;***
- g) harmful generation and mismanagement of waste, including hazardous substances;***

#### **Amendment 367**

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

*Text proposed by the Commission*

*Amendment*

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

**deleted**

**Amendment 368**

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

*Text proposed by the Commission*

*Amendment*

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

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

**Amendment 369**

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

*Text proposed by the Commission*

*Amendment*

**3. Violation of the prohibition of the**

**3. The prohibition of the manufacture**

manufacture of mercury-added products pursuant to Article 4 (1) and Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention);

of mercury-added products pursuant to Article 4 (1) and Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention);

### **Amendment 370**

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

*Text proposed by the Commission*

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

*Amendment*

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

### **Amendment 371**

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

*Text proposed by the Commission*

5. **Violation of** the prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;

*Amendment*

5. The prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;

### **Amendment 372**

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

*Text proposed by the Commission*

6. **Violation of** the prohibition of the production and use of chemicals pursuant to Article 3 (1) (a) (i) and Annex A of the Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants (POPs Convention), in the version of Regulation (EU) 2019/1021 of the European

*Amendment*

6. The prohibition of the production and use of chemicals pursuant to Article 3 (1) (a) (i) and Annex A of the Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants (POPs Convention), in the version of Regulation (EU) 2019/1021 of the European Parliament and of the

Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169 of 25 June 2019 pp. 45-77;

Council of 20 June 2019 on persistent organic pollutants (OJ L 169 of 25 June 2019 pp. 45-77;

### **Amendment 373**

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

*Text proposed by the Commission*

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

*Amendment*

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

### **Amendment 374**

#### **Proposal for a directive Annex I – Part II – point 8**

*Text proposed by the Commission*

8. ***Violation of the prohibition of importing a chemical listed in Annex III of the Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO), adopted on 10 September 1998, as indicated by the importing Party to the Convention in line with the Prior Informed Consent (PIC) Procedure;***

*Amendment*

*deleted*

### **Amendment 375**

#### **Proposal for a directive Annex I – Part II – point 9**

*Text proposed by the Commission*

9. ***Violation of*** the prohibition of the production and consumption of specific

*Amendment*

9. The prohibition of the production and consumption of specific substances



substances that deplete the ozone layer (i.e., CFCs, Halons, CTC, TCA, BCM, MB, HBFCs and HCFCs) after their phase-out pursuant to the Vienna Convention for the protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer;

that deplete the ozone layer (i.e., CFCs, Halons, CTC, TCA, BCM, MB, HBFCs and HCFCs) after their phase-out pursuant to the Vienna Convention for the protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer;

## **Amendment 376**

### **Proposal for a directive**

#### **Annex I – Part II – point 10 – introductory part**

##### *Text proposed by the Commission*

10. ***Violation of*** the prohibition of exports of hazardous waste within the meaning of Article 1 (1) and other wastes within the meaning of Article 1 (2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention) and within the meaning of Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190 of 12 July 2006 pp. 1-98) (Regulation (EC) No 1013/2006), as last amended by Commission Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)

##### *Amendment*

10. The prohibition of exports of hazardous waste within the meaning of Article 1 (1) and other wastes within the meaning of Article 1 (2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention) and within the meaning of Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190 of 12 July 2006 pp. 1-98) (Regulation (EC) No 1013/2006), as last amended by Commission Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)

## **Amendment 377**

### **Proposal for a directive**

#### **Annex I – Part II – point 12 a (new)**

##### *Text proposed by the Commission*

##### *Amendment*

***12a. The obligation to achieve reductions in greenhouse gas emissions interpreted in line with Article 2 (1)(a), Article 4 (1), Article 4 (2), and Article 5 (1) of the Paris Agreement under the United Nations Framework on Climate Change, the European Climate Law, and***

*the Global Methane Pledge.*

#### **Amendment 378**

**Proposal for a directive  
Annex I – Part II – point 12 b (new)**

*Text proposed by the Commission*

*Amendment*

**12b. The obligation to take all measures consistent with the UN Convention on the Laws of the Sea (UNCLOS) that are necessary to prevent, reduce and control pollution of the marine environment from any source, using for this purpose the best practicable means at their disposal and in accordance with their capabilities, in line with Article 194(1) of UNCLOS, including Article 194 (3)(a), Article 194 (3)(b), Article 194 (3)(c), and Article 194 (3)(d) of UNCLOS.**

#### **Amendment 379**

**Proposal for a directive  
Annex I – Part II – point 12 c (new)**

*Text proposed by the Commission*

*Amendment*

**12c. The rights of access to information, public participation in decision making and access to justice in environmental matters in accordance with, in particular, Articles 4, 6, and 9 of the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention)**

#### **Amendment 380**

**Proposal for a directive  
Annex I – Part II – point 12 d (new)**

*Text proposed by the Commission*

*Amendment*

***12d. The obligation to ensure that persons, groups and organizations that promote and defend human rights in environmental matters relating to a company's value chain are able to act free from threat, restriction and insecurity and are not penalized, persecuted or harassed in any way for their involvement, in accordance with Article 3 (8) of the Aarhus Convention.***

**Amendment 381**

**Proposal for a directive  
Annex I – Part II – point 12 e (new)**

*Text proposed by the Commission*

*Amendment*

***12e. The obligation to take all appropriate measures to prevent, control and reduce any transboundary impact on transboundary waters in line with the 1992 Convention on the Protection and Use of Transboundary Watercourses and International Lakes.***