



2022/0051(COD)

13.9.2022

DRAFT OPINION

of the Committee on the Environment, Public Health and Food Safety

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council
on Corporate Sustainability Due Diligence and amending Directive (EU)

2019/1937

(COM2022)0071 – C9-0050/2022 – 2022/0051(COD))

Rapporteur for opinion: Tiemo Wölken

PA_Legam

Amendment 1

Proposal for a directive

Recital 15

Text proposed by the Commission

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

Amendment

(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their 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.

Or. en

Amendment 2

Proposal for a directive

Recital 18

Text proposed by the Commission

(18) The value chain should cover

Amendment

(18) The value chain should cover

activities related to the production of a good or provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of *established* business relationships of the company. It should encompass upstream established direct and indirect business relationships that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company that are necessary to carry out the company's activities, and also downstream relationships, including *established* direct and indirect business relationships, that use or receive products, parts of products or services from the company up to the end of life of the product, including inter alia the distribution of the product to retailers, the transport and storage of the product, dismantling of the product, its recycling, composting or landfilling.

activities related to the production of a good or provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of business relationships of the company. It should encompass upstream 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 direct and indirect business relationships, that use or receive products, parts of products or services from the company up to the end of life of the product, including inter alia the distribution of the product to retailers, the transport and storage of the product, dismantling of the product, its recycling, composting or landfilling.

Or. en

Amendment 3

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***

Amendment

(20) In order to allow companies to properly identify the adverse impacts in their value chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations in this Directive ***should cover all*** business relationships. For the purpose of this Directive, business relationships should mean direct and indirect business relationships.

“established” should be reassessed periodically, and at least every 12 months. If the direct business relationship of a company is established, then all linked indirect business relationships should also be considered as established regarding that company.

Or. en

Amendment 4

Proposal for a directive Recital 21

Text proposed by the Commission

(21) Under this Directive, EU companies with more than **500** employees on average and a worldwide net turnover exceeding EUR **150** million in the financial year preceding the last financial year should be required to comply with due diligence. As regards companies which do not fulfil *those criteria*, but which had more than **250 employees on average and more than EUR 40** million worldwide net turnover in the financial year preceding the last financial year and which operate in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council¹⁰³, 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,

Amendment

(21) Under this Directive, EU companies with more than **50** employees on average and a worldwide net turnover exceeding EUR **8** 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 *the employee criterion*, but which had more than **EUR 8** million worldwide net turnover in the financial year preceding the last financial year and which operate in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council¹⁰³, 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

should only be included in the calculation of the number of employees of the sending company.

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

of the number of employees of the sending company.

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

Or. en

Amendment 5

Proposal for a directive Recital 22

Text proposed by the Commission

(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the selection of high-impact sectors for the purposes of this Directive should be based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this Directive: the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; the extraction of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic

Amendment

(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the selection of high-impact sectors for the purposes of this Directive should be based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this Directive: the manufacture of textiles, ***fur***, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, ***animal products***, wood, food, and beverages; ***energy***, 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

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.

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.

Or. en

Amendment 6

Proposal for a directive Recital 22 a (new)

Text proposed by the Commission

Amendment

(22a) This Directive acknowledges the 'One Health' approach as an integrated and unifying approach that aims to sustainably balance and optimize the health of people, animals and ecosystems. The 'One Health' approach recognises that the health of humans, domestic and wild animals, plants, and the wider environment, including ecosystems, are closely interlinked and inter-dependent. Therefore, this Directive takes into account the key role of the health sector in climate adaptation, and commits to making our health systems environmentally sustainable, climate-neutral and resilient at the latest by 2050. Companies in the relevant sectors should strive to ensure that the five freedoms for animal welfare are respected. In regards to aquaculture, the OIE Aquatic Animal

Health Code standards on transport and slaughter and the EU Platform on Animal Welfare Fish Welfare Guidelines on water quality and handling for the welfare of farmed vertebrate fish should be fully respected. In respect to the G7 commitment to acknowledge the rapid rise in antimicrobial resistance (AMR) at the global scale, it is necessary to promote the prudent and responsible use of antibiotics in human and veterinary medicines, raise awareness on sepsis, lead in the development of integrated surveillance systems based on a 'One Health' approach, concurrently advance access to antimicrobials, strengthen research and innovation for new antibiotics in international partnerships, and incentivise the development of new antimicrobial treatments with a particular emphasis on pull incentives.

Or. en

Amendment 7

Proposal for a directive Recital 23

Text proposed by the Commission

(23) In order to achieve fully the objectives of this Directive addressing human rights and adverse environmental impacts with respect to companies' operations, subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR **150** million in the Union in the financial year preceding the last financial year *or a net turnover of more than EUR 40 million but less than EUR 150 million in the financial year preceding the last financial year in one or more of the high-impact sectors, as of 2 years after the end*

Amendment

(23) In order to achieve fully the objectives of this Directive addressing human rights and adverse environmental impacts with respect to companies' operations, subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR **8** million in the Union in the financial year preceding the last financial year.

of the transposition period of this Directive.

Or. en

Amendment 8

Proposal for a directive Recital 25

Text proposed by the Commission

(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on protected persons resulting from the violation of one of the rights and prohibitions as enshrined in the international conventions as listed in the Annex to this Directive. In order to ensure a comprehensive coverage of human rights, a violation of a prohibition or right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions should also form part of the adverse human rights impact covered by this Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the Annex to this Directive.

Amendment

(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on protected persons resulting from the violation of one of the rights and prohibitions as enshrined in the international conventions as listed in the Annex to this Directive. In order to ensure a comprehensive coverage of human rights, a violation of a prohibition or right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions should also form part of the adverse human rights impact covered by this Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context. Due diligence should further encompass adverse environmental 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, ***a violation within the meaning of the Directive (UE) .../... of the European Parliament and of the Council*, or adverse environmental impact on air, water, soil, biodiversity or health.***

**** Directive (UE) .../... of the European Parliament and of the Council of ... on the protection of the environment through criminal law and replacing Directive 2008/99/EC (OJ L ...).***

Or. en

Amendment 9

Proposal for a directive Recital 27

Text proposed by the Commission

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

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, communicate publicly on their due diligence **and meaningfully engage with stakeholders whose rights or interests are or could be affected by actual or potential adverse impacts along its value chain.** In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts should be clearly distinguished in this Directive.

Or. en

Amendment 10

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

Amendment

(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework, companies should integrate due diligence into 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 business relationships. The code of conduct should apply in all relevant corporate functions and operations, including procurement and purchasing decisions. Companies should also update **and publish** their due diligence policy annually.

Or. en

Amendment 11

Proposal for a directive

Recital 29 a (new)

Text proposed by the Commission

Amendment

(29a) Due diligence obligations should be recognised as an ongoing and dynamic process instead of a 'box-ticking exercise' and due diligence strategies should therefore be in line with the dynamic nature of adverse impacts. Those strategies should cover every actual or potential adverse impact on human rights,

animal welfare, the environment or good governance, although the severity and likelihood of the adverse impact, the company's ability to address the adverse impact, and the company's direct contribution to the cause of the adverse impact should be considered in the context of a prioritisation policy, if the company is unable to address all identified adverse impacts at the same time.

Or. en

Amendment 12

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

Amendment

(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions. Companies should develop and implement a prevention action plan. Companies should seek to obtain assurances, *contractual or otherwise*, from a direct partner with whom they have *a* business relationship that it will ensure compliance with the prevention action plan, including by seeking corresponding assurances, *contractual or otherwise*, from its partners to the extent that their activities are part of the companies' value chain. Assurances should be accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, *including into their own staff and management*, provide targeted and proportionate support for an SME with which they have *a* business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing,

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

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

Or. en

Amendment 13

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 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 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.

Or. en

Amendment 14

Proposal for a directive

Recital 39

Text proposed by the Commission

(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or minimise its extent, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain **contractual** assurances from a direct business partner **with whom they have an established business relationship** that they will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding **contractual** assurances from its partners, to the extent that their activities are part of the company's value chain. The **contractual** assurances should be accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or minimising the extent of adverse impact, provide targeted and proportionate support for an SMEs with which they have **an established** business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.

Amendment

(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or minimise its extent, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain assurances, **contractual or otherwise**, from a direct business partner that they will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding assurances from its partners, to the extent that their activities are part of the company's value chain. The assurances should be accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or minimising the extent of adverse impact, provide targeted and proportionate support for an SMEs with which they have **a** business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.

Or. en

Amendment 15

Proposal for a directive

Recital 43

Text proposed by the Commission

(43) Companies should monitor the implementation and effectiveness of their due diligence measures. They should carry out periodic assessments of their own operations, those of their subsidiaries and, where related to the value chains of the company, those of their ***established*** business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end and mitigation of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are up-to-date, they should be carried out at least every 12 months and be revised in-between if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen.

Amendment

(43) Companies should monitor the implementation and effectiveness of their due diligence measures. They should carry out periodic assessments of their own operations, those of their subsidiaries and, where related to the value chains of the company, those of their business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end and mitigation of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are up-to-date, they should be carried out at least every 12 months and be revised in-between if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen.

Or. en

Amendment 16

Proposal for a directive

Recital 47

Text proposed by the Commission

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

Amendment

(47) In order to support SMEs, Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms, and Member States could also financially support SMEs and help them build capacity. Such support

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.

should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures, in case such requirements would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.

Or. en

Amendment 17

Proposal for a directive Recital 50

Text proposed by the Commission

(50) In order to ensure that this Directive effectively contributes to combating climate change, companies should adopt a plan to ensure that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. *In case climate is or should have been identified as a principal risk for or a principal impact of the company's operations, the company should include emissions reduction objectives in its plan.*

Amendment

(50) In order to ensure that this Directive effectively contributes to combating climate change, companies should adopt a plan to ensure that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement, *as well as the objective of achieving climate neutrality by 2050 and the intermediate climate targets by 2030 as established in Regulation (EU) 2021/1119 (European Climate Law). The plan should take into account the entire value chain and include short-, medium- and long-term targets related to their climate objectives, including absolute greenhouse gas*

emission reduction targets for scope 1, 2 and 3 emissions for 2030 and in five-year steps up to 2050. The plan should take due account of the latest recommendations of the Intergovernmental Panel on Climate Change (IPCC) and the European Scientific Advisory Board on Climate Change, consider risks and impacts of climate action for the company, identify decarbonisation levers within the company's business and supply chain, and develop implementing actions to achieve the company's climate targets based on current scientific data.

Or. en

Amendment 18

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) 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.

Or. en

Amendment 19

Proposal for a directive Recital 57

Text proposed by the Commission

(57) As regards damages occurring at the level of **established** indirect business

Amendment

(57) As regards damages occurring at the level of indirect business relationships,

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

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

Or. en

Amendment 20

Proposal for a directive Recital 58

Text proposed by the Commission

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

Amendment

deleted

Or. en

Amendment 21

Proposal for a directive Recital 63

Text proposed by the Commission

(63) In all Member States' national laws, directors owe a duty of care to the company. In order to ensure that this general duty is understood and applied in a manner which is coherent and consistent with the due diligence obligations introduced by this Directive and that directors systematically **take into account** sustainability matters in their decisions, this Directive should clarify, in a harmonised manner, the general duty of care of directors to act in the best interest of the company, by laying down that directors take into account the sustainability matters as referred to in Directive 2013/34/EU, including, **where applicable**, human rights, climate change and environmental consequences, including in the short, medium and long term horizons. Such clarification does not require changing existing national corporate structures.

Amendment

(63) In all Member States' national laws, directors owe a duty of care to the company. In order to ensure that this general duty is understood and applied in a manner which is coherent and consistent with the due diligence obligations introduced by this Directive and that directors systematically **integrate** sustainability matters in their decisions, this Directive should clarify, in a harmonised manner, the general duty of care of directors to act in the best interest of the company, by laying down that directors take into account the sustainability matters as referred to in Directive 2013/34/EU, including, human rights, climate change and environmental consequences, including in the short, medium and long term horizons. Such clarification does not require changing existing national corporate structures.

Or. en

Amendment 22

Proposal for a directive
Recital 64

Text proposed by the Commission

(64) Responsibility for due diligence should be assigned to the company's directors, in line with the international due diligence frameworks. Directors should therefore be responsible for putting in place and overseeing the due diligence actions as laid down in this Directive and for adopting the company's due diligence policy, taking into account the input of stakeholders and civil society organisations and integrating due diligence into corporate management systems. Directors should also adapt the corporate strategy to actual

Amendment

(64) Responsibility for due diligence should be assigned to the company's directors, in line with the international due diligence frameworks. Directors should therefore be responsible for putting in place and overseeing the due diligence actions **and the implementation of the climate transition plan referred to in this Directive**, as laid down in this Directive and for adopting the company's due diligence policy, taking into account the input of stakeholders and civil society organisations and integrating due diligence

and potential impacts identified and any due diligence measures taken.

as well as related implementing actions under the company's climate transition plan according to this Directive into corporate management systems. Directors should also adapt the corporate strategy to actual and potential impacts identified and any due diligence *and climate transition plan* measures taken.

Or. en

Amendment 23

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 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. en

Amendment 24

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

Amendment

(a) on obligations for companies regarding actual and potential human rights

adverse impacts and environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the value chain operations carried out by entities with whom the company has ***an established*** business relationship and

adverse impacts and ***actual and potential*** environmental adverse impacts, with respect to their own operations, ***products and services***, the operations, ***products and services*** of their subsidiaries, and the value chain operations carried out by entities with whom the company has ***a*** business relationship and

Or. en

Amendment 25

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 ***in line with the polluter pays principle, where applicable.***

Or. en

Amendment 26

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

Or. en

Amendment 27

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 **50** employees on average and had a net worldwide turnover of more than EUR **8** million in the last financial year for which annual financial statements have been prepared;

Or. en

Amendment 28

Proposal for a directive

Article 2 – paragraph 1 – point b – introductory part

Text proposed by the Commission

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

Amendment

(b) the company did not reach the thresholds under point (a), but had a net worldwide turnover of more than EUR **8** million in the last financial year ***and*** at least 50% of this net turnover was generated in one or more of the following sectors:

Or. en

Amendment 29

Proposal for a directive

Article 2 – paragraph 1 – point b – point i

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 30

Proposal for a directive

Article 2 – paragraph 1 – point b – point ii

Text proposed by the Commission

(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;

Amendment

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

Or. en

Amendment 31

Proposal for a directive

Article 2 – paragraph 1 – point b – point iii

Text proposed by the Commission

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

Amendment

(iii) **energy**, the extraction, **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);

Or. en

Amendment 32

Proposal for a directive

Article 2 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) the company did not reach the threshold under point (a) and (b), but is covered with obligations for the EU Emissions Trading System (EU ETS).

Or. en

Amendment 33

Proposal for a directive Article 2 – paragraph 2

Text proposed by the Commission

Amendment

2. This Directive shall also apply to companies which are formed in accordance with the legislation of a third country, and ***fulfil one of the following conditions:***

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

(b) generated a net turnover of more than EUR 40 million but not more than EUR 150 million in the Union in the financial year preceding the last financial year, provided that at least 50% of its net worldwide turnover was generated in one or more of the sectors listed in paragraph 1, point (b).

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

Or. en

Amendment 34

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 the legal forms listed in Annex I to Directive 2013/34/EU of the European Parliament and of the Council¹¹⁰ ;

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

Amendment

- (i) a legal person constituted as one of the legal forms listed in Annex I **or II** to Directive 2013/34/EU of the European Parliament and of the Council¹¹⁰ ;

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

Or. en

Amendment 35

Proposal for a directive

Article 3 – paragraph 1 – point a – point iii

Text proposed by the Commission

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

Amendment

deleted

Or. en

Amendment 36

Proposal for a directive

Article 3 – paragraph 1 – point b

Text proposed by the Commission

- (b) ‘adverse environmental impact’ means an adverse impact on the environment resulting from the violation of one of the prohibitions and obligations ***pursuant to*** the international

Amendment

- (b) ‘adverse environmental impact’ means an adverse impact on the environment resulting from the violation of one of the prohibitions and obligations ***established under international***

environmental conventions listed in the Annex, Part II;

environmental law, including, but not limited to, the international environmental conventions listed in the Annex, Part II, a violation within the meaning of the Directive (UE) .../... of the European Parliament and of the Council, or an adverse impact on one of the following environmental categories: (a) air quality, air pollution and atmosphere, (b) water pollution, water contamination, access to water and depletion of freshwater; (c) soil, such as soil pollution, soil contamination, soil erosion, and land degradation; (d) biodiversity, including damage to wildlife, seabed and marine environment, flora, fauna, natural habitats and ecosystems; (e) human health in accordance with the 'One Health' approach;*

** Directive (UE) .../... of the European Parliament and of the Council of ... on the protection of the environment through criminal law and replacing Directive 2008/99/EC (OJ L ...).*

Or. en

Amendment 37

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

Text proposed by the Commission

Amendment

(ca) ‘adverse animal welfare impact’ means an adverse impact on the welfare of sentient beings resulting from the violation of Union legislation pertaining to the protection of animals;

Or. en

Amendment 38

Proposal for a directive

Article 3 – paragraph 1 – point c b (new)

Text proposed by the Commission

Amendment

(cb) ‘polluter pays principle’ means principle as defined in [Protection of the environment through criminal law]*

*** Directive (EU) 2022/... of the European Parliament and of the Council of ... on the protection of the environment through criminal law and replacing Directive 2008/99/EC (OJ L ...).**

Or. en

Amendment 39

Proposal for a directive

Article 3 – paragraph 1 – point c c (new)

Text proposed by the Commission

Amendment

(cc) ‘One Health approach’ means One Health approach as defined in Article 3, point (7), of Regulation (EU) 2022/... of the European Parliament and of the Council*;

*** Regulation (EU) 2022/... of the European Parliament and of the Council of ... on serious cross-border threats to health and repealing Decision No 1082/2013/EU (OJ L ...).**

Or. en

Amendment 40

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

Or. en

Amendment 41

Proposal for a directive

Article 3 – paragraph 1 – point g

Text proposed by the Commission

Amendment

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

(g) ‘value chain’ means activities related to the production of goods or the provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of upstream and downstream business relationships of the company;

Or. en

Amendment 42

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 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 **a third party** which is independent from the company, free from any conflicts of interests, has experience and competence in environmental and human rights matters and is accountable for the quality and reliability of the audit;

Or. en

Amendment 43

Proposal for a directive

Article 3 – paragraph 1 – point l

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 44

Proposal for a directive

Article 3 – paragraph 1 – point n

Text proposed by the Commission

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

Amendment

(n) ‘stakeholders’ means the company’s employees, the employees of its subsidiaries, and other individuals, groups, communities or entities, ***including legal or natural persons representing them***, whose rights or interests are or could be affected ***by the potential or actual adverse impacts on human rights and environment caused*** by the products, services and operations of that company, its subsidiaries and its business relationships ***across the entire value chain***;

Or. en

Amendment 45

Proposal for a directive

Article 3 – paragraph 1 – point n a (new)

Text proposed by the Commission

Amendment

(na) ‘social partners’ means the company’s employees and their representatives cooperating with the management and its representatives via the social dialogue;

Or. en

Amendment 46

Proposal for a directive

Article 4 – paragraph 1 – point f a (new)

Text proposed by the Commission

Amendment

(fa) engaging meaningfully with stakeholders whose rights or interests are

or could be affected by the potential or actual adverse impacts on human rights and environment caused by the products, services and operations of that company, its subsidiaries and its business relationships across the entire value chain.

Or. en

Amendment 47

Proposal for a directive

Article 5 – paragraph 1 – introductory part

Text proposed by the Commission

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

Amendment

1. Member States shall ensure that companies integrate due diligence into all their corporate policies and have in place a due diligence policy. The due diligence policy ***shall be developed in consultation with stakeholders and*** shall contain all of the following:

Or. en

Amendment 48

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 update ***and publish*** their due diligence policy annually.

Or. en

Amendment 49

Proposal for a directive

Article 6 – paragraph 1

Text proposed by the Commission

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

Amendment

1. Member States shall ensure that companies take appropriate measures **in a transparent manner** 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 business relationships, in accordance with paragraph 2, 3 and 4.

Or. en

Amendment 50

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

Text proposed by the Commission

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

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 carry out consultations with potentially affected groups including workers **through the social dialogue, NGOs** and other relevant stakeholders to gather information on actual or potential adverse impacts. **Workers' representatives shall be entitled to contribute to the company's due diligence strategy and its implementation.**

Or. en

Amendment 51

Proposal for a directive

Article 7 – paragraph 1

Text proposed by the Commission

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.

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 **potential** 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.

Or. en

Amendment 52

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 the following actions:

Or. en

Amendment 53

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

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 **roadmap and** timelines for action and qualitative and quantitative indicators for measuring improvement. The

action plan shall be developed in consultation with affected stakeholders;

prevention action plan shall be developed in consultation with affected stakeholders, ***their representatives including NGOs, and partners such as workers within the social dialogue;***

Or. en

Amendment 54

Proposal for a directive

Article 7 – paragraph 2 – point b

Text proposed by the Commission

(b) seek ***contractual*** assurances from a business partner ***with whom it has a direct business relationship that it will*** ensure compliance with the company's ***code of conduct and, as necessary, a*** prevention action plan, ***including by seeking corresponding*** contractual assurances ***from its partners, to the extent that their activities are part of the company's value chain (contractual cascading). When such contractual assurances are obtained, paragraph 4 shall apply;***

Amendment

(b) seek assurances, ***contractual or otherwise,*** from a business partner ***to*** ensure compliance with the company's prevention action plan. ***When assurances, contractual or otherwise, are obtained from a business partner, the terms used shall be fair, reasonable and non-discriminatory, and may not lead to shifting the company's compliance costs or other obligations under this Directive to its business partners;***

Or. en

Amendment 55

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 investments, such as into management, ***specialised staff*** or production processes and infrastructures, to comply with paragraph 1, ***as well as adapting business models and strategies including procurement and trading practices, where necessary, in order to prevent potential adverse impacts;***

Amendment 56

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

Contractual assurances or **a** contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification. ***Compliance verification through industry initiatives or independent third-party verification shall not exonerate the company from its obligations under this Directive.***

Or. en

Amendment 57

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

Where measures to verify compliance ***or to assess the effectiveness of assurances, contractual or otherwise,*** are carried out in relation to SMEs, the company shall bear the ***associated costs.***

Or. en

Amendment 58

Proposal for a directive

Article 7 – paragraph 6 a (new)

Text proposed by the Commission

Amendment

6a. Member States shall ensure that, where a company is not in a position to prevent all identified potential adverse human rights or potential environmental impacts at the same time, the company shall pursue a prioritisation strategy taking into account the level of severity and likelihood of an adverse impact, the company's ability to address the adverse impact, and the company's direct contribution to the cause of the adverse impact.

Or. en

Amendment 59

Proposal for a directive

Article 8 – paragraph 3 – point a

Text proposed by the Commission

(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;

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 ***in line with the polluter pays principle***. 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;

Or. en

Amendment 60

Proposal for a directive

Article 8 – paragraph 3 – point c

Text proposed by the Commission

(c) seek ***contractual*** assurances from a

Amendment

(c) seek assurances, ***contractual or***

direct partner with whom it has an established business relationship that it will ensure compliance with the code of conduct and, as necessary, a corrective action plan, including by seeking corresponding contractual assurances from its partners, to the extent that they are part of the value chain (contractual cascading). When such contractual assurances are obtained, paragraph 5 shall apply.

otherwise, from a business partner to ensure compliance with the company's corrective action plan. When assurances, contractual or otherwise, are obtained from a business partner, the terms used shall be fair, reasonable and non-discriminatory, and may not lead to shifting the company's compliance costs or other obligations under this Directive to its business partners;

Or. en

Amendment 61

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 investments, such as into management, **specialised staff** or production processes and infrastructures to comply with paragraphs 1, 2 and 3, **as well as adapting business models and strategies including procurement and trading practices, where necessary, in order to correct adverse impacts;**

Or. en

Amendment 62

Proposal for a directive Article 8 – paragraph 5 – 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

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

through industry initiatives or independent third-party verification shall not exonerate the company from its obligations under this Directive.

Or. en

Amendment 63

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

Where measures to verify compliance *or to assess the effectiveness of assurances, contractual or otherwise*, are carried out in relation to SMEs, the company shall bear the *associated costs*.

Or. en

Amendment 64

Proposal for a directive

Article 8 – paragraph 7 a (new)

Text proposed by the Commission

Amendment

7a. Member States shall ensure that, where a company is not in a position to correct all identified adverse human rights or environmental impacts at the same time, the company shall pursue a prioritisation strategy taking into account the level of severity and likelihood of an adverse impact, the company's ability to address the adverse impact, and the company's direct contribution to the cause of the adverse impact.

Or. en

Amendment 65

Proposal for a directive Article 13 – paragraph 1

Text proposed by the Commission

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

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, ***the European Food Safety Authority*** and where appropriate with international bodies having expertise in due diligence, may issue guidelines, including for specific sectors or specific adverse impacts.

Or. en

Amendment 66

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 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.***

Amendment

1. Member States shall ensure that companies referred to in Article **2** shall adopt a plan to ensure that the business model and strategy of the company are ***aligned*** with the transition to a sustainable economy, the limiting of global warming to 1.5 °C in line with the Paris Agreement ***and the Regulation (EU) 2021/1119 of the European Parliament and of the Council*, including its 2050 climate neutrality target and the 2030 climate target.*** This plan shall ***include:***

** 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')(OJ L 243, 9.7.2021, p. 1).*

Or. en

Amendment 67

Proposal for a directive

Article 15 – paragraph 1 – point a (new)

Text proposed by the Commission

Amendment

(a) short-, medium- and long-term targets related to their climate objectives, including absolute greenhouse gas emission reduction targets for scope 1, 2 and 3 emissions for 2030 and in five-year steps up to 2050 in alignment with the 1.5°C climate scenario. Companies active in the energy and agricultural sectors shall specify the share of methane emissions, including their methane emissions reduction plan;

Or. en

Amendment 68

Proposal for a directive

Article 15 – paragraph 1 – point b (new)

Text proposed by the Commission

Amendment

(b) a consideration of risks and impacts of climate action for the company, an identification of decarbonisation levers within the company's business and value chain, and related financial and investment plans;

Amendment 69

Proposal for a directive

Article 15 – paragraph 1 – point c (new)

Text proposed by the Commission

Amendment

(c) implementing actions to achieve the company's climate targets based on current scientific evidence and data covering their scope 1, 2 and 3 emissions.

Or. en

Amendment 70

Proposal for a directive

Article 15 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. Member States shall ensure that the plan takes due account of the ‘do no significant harm principle’ within the meaning of Article 17 of the Taxonomy Regulation and the latest recommendations of the Intergovernmental Panel on Climate Change (IPCC) and the European Scientific Advisory Board on Climate Change, and identify decarbonisation levers within the company's business and supply chain, developing implementing actions to achieve the company's climate targets based on current scientific data.

Or. en

Amendment 71

Proposal for a directive

Article 15 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. Member States shall aim at establishing and promoting net zero initiatives for all companies and private and public sector organisations in line with the United Nations Race To Zero Campaign.

Or. en

Amendment 72

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

Or. en

Amendment 73

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 companies *align directors'* variable remuneration *with the achievement of their climate targets, in particular greenhouse gases emissions reduction;*

Or. en

Amendment 74

Proposal for a directive

Article 15 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. Member States shall ensure that directors are responsible for overseeing the obligations set out in paragraphs 1 and 2 of this article.

Or. en

Amendment 75

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 **or their subsidiaries** failed to comply with the obligations laid down in **this Directive** and;

Or. en

Amendment 76

Proposal for a directive

Article 22 – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) as a result of this failure an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures laid down in **Articles 7 and 8** occurred and led to damage.

(b) as a result of this failure an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures laid down in **this Directive** occurred and led to damage.

Or. en

Amendment 77

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

Notwithstanding paragraph 1, Member States shall ensure that where a company ***can demonstrate that it complied with its obligations laid down in this Directive***, it shall not be liable for damages caused by an adverse impact arising as a result of the activities of an indirect partner, unless it was unreasonable, in the circumstances of the case, to expect that the action actually taken, including as regards verifying compliance, would be ***an appropriate measure*** to prevent, mitigate, bring to an end or minimise the extent of the adverse impact.

Or. en

Amendment 78

Proposal for a directive

Article 22 – paragraph 4 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

Member States shall ensure that Courts are empowered to order companies to disclose any evidence of relevance to a reasonably substantiated claim with relevance to paragraph 1, without prejudice to applicable Union and national law on confidentiality and proportionality.

Or. en

Amendment 79

Proposal for a directive

Article 22 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. Where a claim for damages in accordance with paragraphs 1 and 2 of this Article provides evidence regarding the liability of a company under this Directive, Member States shall ensure that a company has to prove its compliance with the obligations laid down in this Directive;

Or. en

Amendment 80

Proposal for a directive

Article 22 – paragraph 4 b (new)

Text proposed by the Commission

Amendment

4b. Member States shall ensure that natural or legal persons acting in the public interest, including trade unions and civil society organisations, can bring representative actions and act as a claimant party before their courts on behalf of victims of actual and potential adverse impacts;

Or. en

Amendment 81

Proposal for a directive

Article 25 – paragraph 1

Text proposed by the Commission

Amendment

1. Member States shall ensure that, when fulfilling their duty to act in the best interest of the company, directors of

1. Member States shall ensure that, when fulfilling their duty to act in the best interest of the company, directors of

companies referred to in Article 2(1) **take into account the consequences of** their decisions **for** sustainability matters, including, **where applicable**, human rights, climate change and environmental consequences, including in the short, medium and long term.

companies referred to in Article 2(1) **integrate climate risks and potential and actual adverse impacts identified pursuant to this Directive into** their decisions **on** sustainability matters, including human rights, **animal welfare**, climate change and environmental consequences, including in the short, medium and long term.

Or. en

Amendment 82

Proposal for a directive Article 26 – title

Text proposed by the Commission

Setting up and overseeing due diligence

Amendment

Setting up and overseeing due diligence
obligations and plans under Article 15

Or. en

Amendment 83

Proposal for a directive Article 26 – paragraph 1

Text proposed by the Commission

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**.

Amendment

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 Article 5, **and the implementing actions under Article 15**, with consideration for input from stakeholders and civil society organisations. The directors shall **regularly** report to the board of directors, **and discuss progress in mitigating adverse human rights and environmental impacts**.

Or. en

Amendment 84

Proposal for a directive Article 26 – paragraph 2

Text proposed by the Commission

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

2. Member States shall ensure that directors take steps to adapt the corporate strategy, **and, where necessary, their business model**, to take into account the actual and potential adverse impacts identified pursuant to Article 6 and any measures taken pursuant to Articles 7 to 9 **and Article 15**.

Or. en

Amendment 85

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

Text proposed by the Commission

(d) whether Articles 4 to 14 should be extended to adverse climate impacts.

Amendment

(d) whether Articles 4 to 14 should be extended to **additional** adverse **environmental**, climate, **biodiversity**, **human rights or animal welfare** impacts.

Or. en

Amendment 86

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

Text proposed by the Commission

(a) impairs the natural bases for the preservation and production of food or

Amendment

(a) impairs the natural bases for the preservation and production of food **and feed** or

Or. en

Amendment 87

Proposal for a directive

Annex I – Part I – point 18 – point e

Text proposed by the Commission

(e) affects ecological integrity, such as deforestation,

Amendment

(e) affects ecological integrity, such as deforestation, ***in line with the 'One Health' approach***

Or. en

Amendment 88

Proposal for a directive

Annex I – Part II – subheading 1

Text proposed by the Commission

violations of internationally recognized objectives and prohibitions included in environmental conventions

Amendment

violations of ***Union and*** internationally recognized objectives and prohibitions included in environmental conventions ***and Union legislation***

Or. en

Amendment 89

Proposal for a directive

Annex I – Part II – point 12

Text proposed by the Commission

12. Violation of the prohibition of the import of hazardous wastes and other wastes from a non-party to the Basel Convention (Article 4 (5) of the Basel Convention).

Amendment

12. Violation of the prohibition of the import of hazardous wastes and other wastes from a non-party to the Basel Convention (Article 4 (5) of the Basel Convention);

Or. en

Amendment 90

Proposal for a directive

Annex I – Part II – point 12 a (new)

Text proposed by the Commission

Amendment

12a. Violation of the greenhouse gas emissions reduction objectives of the Paris Agreement under the United Nations Framework on Climate Changes, the European Climate Law, and the Global Methane Pledge.

Or. en