

## COMP 1 on Article 1

Replacing all following amendments: 47, 48, 49, 50, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 1256

### Article 1

#### Subject matter

1. This Directive lays down rules

(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

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

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

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

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

## COMP 2 on Article 2

Replacing all following amendments: 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 683, DROI 31, DROI 32, DROI 33, DROI 34, DROI 35, DROI 36, DROI 37, DROI 38, DROI 39, DROI 40, DROI 41,

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## DROI 42, DROI 43, DROI 44, INTA 13, ECON 37, ECON 38, ECON 39

### Article 2

#### Scope

1. This Directive shall apply to companies which are formed in accordance with the legislation of a Member State and which fulfil one of the following conditions:

- a) The company had more than **250** employees on average and had a net worldwide turnover of more than EUR **40** million in the last financial year for which annual financial statements have been prepared;
- b) *the company did not reach the thresholds under (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.*

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) ~~and 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 ;*

*b) the company did not reach the thresholds under (a) but is the ultimate parent company of a group that had 500 employees and a net worldwide turnover of more than 150 million and at least 40 million was generated in the Union in the last financial year for which annual financial statements have been prepared, including turnover generated by third party companies with whom the company and/or its subsidiaries has entered into a vertical agreement in the Union in return for royalties;*

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.

4. As regards the companies referred to in paragraph 1, the Member State competent to regulate matters covered in this Directive shall be the Member State in which the company has its registered office

### COMP 3 on Article 3 – paragraph 1, point a

**Replacing all following amendments: 63, 64, 65, 66, 67, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663**

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

(a) 'company' means any of the following:

(i) a legal person constituted as one of the legal forms listed in Annex I *and Annex II* to Directive 2013/34/EU of the European Parliament and of the Council[1];

(ii) a legal person constituted in accordance with the law of a third country in a form comparable to those listed in Annex I and II of that Directive;

~~(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);~~

(iv) (ECON) a regulated financial undertaking, regardless of its legal form, which is

– a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 of the European Parliament and of the Council[2];

– an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU of the European Parliament and of the Council[3];

– an alternative investment fund manager (AIFM) as defined in Article 4(1), point (b), of Directive 2011/61/EU of the European Parliament and of the Council (2), including a manager of Euveca under Regulation (EU) No 345/2013 of the European Parliament and of the Council[4], a manager of EuSEF under Regulation (EU) No 346/2013 of the European Parliament and of the Council[5] and a manager of ELTIF under Regulation (EU) 2015/760 of the European Parliament and of the Council[6];

– an undertaking for collective investment in transferable securities (UCITS) management company as defined Article 2(1), point (b), of Directive 2009/65/EC of the European Parliament and of the Council[7];

– an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council[8];

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

– an institution for occupational retirement provision as defined in Article 1, point (6) of Directive 2016/2341 of the European Parliament and of the Council[9];

~~– 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[10] and Regulation (EC) No 987/2009 of the European Parliament and of the~~

Council[11] as well as any legal entity set up for the purpose of investment of such schemes;

~~— 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;~~

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

— a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council[12];

— a central securities depository as defined in Article 2(1), point (1), of Regulation (EU) No 909/2014 of the European Parliament and of the Council[13];

— an insurance or reinsurance special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC;

— ‘securitisation special purpose entity’ as defined in Article 2, point (2), of Regulation (EU) No 2017/2402 of the European Parliament and of the Council[14];

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

— a payment institution as defined in point (d) of Article 1(1) of Directive (EU) 2015/2366 of the European Parliament and of the Council[15];

— an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council[16];

— a crowdfunding service provider as defined in point (e) Article 2(1) of Regulation (EU) 2020/1503 of the European Parliament and of the Council[17];

— a crypto-asset service provider as defined in Article 3(1), point (8), of [the proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937[18]] where performing one or more crypto-asset services as defined in Article 3(1), point (9), of [the proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937];

~~— a market operator as defined in Article 4(1) (18) of Directive 2014/65/EU of the European Parliament and of the Council;~~

~~— a credit rating agency as defined in Article 3(1), point (b) of Regulation (EC) 1060/2009 of the European Parliament and of the Council;~~

~~— an administrator as defined in Article 3(1), point 6, of Regulation (EU) 2016/1011 of the European Parliament and of the Council [18 b]; (ECON)~~

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- [1] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (OJ L 182, 29.6.2013, p. 19).
- [2] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).
- [3] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).
- [4] Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds (OJ L 115, 25.4.2013, p. 1).
- [5] Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds (OJ L 115, 25.4.2013, p. 18).
- [6] Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (OJ L 123, 19.5.2015, p. 98).
- [7] Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32).
- [8] Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1).
- [9] Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) (OJ L 354, 23.12.2016, p. 37).
- [10] 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).
- [11] 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).
- [12] Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1).
- [13] Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).

[14] Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35).

[15] Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).

[16] Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ L 267, 10.10.2009, p. 7).

[17] Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (OJ L 347, 20.10.2020, p. 1).

[18] COM/2020/593 final.

[18 a] *OJ L 302, 17.11.2009, p. 1.*

[18 b] *Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).*

#### **COMP 3a on Article 3 – paragraph 1, points aa (new), ab (new) and ac (new)**

**Replacing all following amendments: ECON 40, ECON 41, ECON 42**

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

*(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;*

*(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;*

#### **COMP 4 on Article 3 – paragraph 1 – points b, c and c a (new)**

**Replacing all following amendments: 68,69, 70, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 686, 752, 782, 787, 796, DROI 45, DROI 46, DROI 47, EMPL 9**

(b) (ENVI) ‘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 the *Annex Part I points 18 and 19 and Annex, Part II, taking into account, where available, the national legislation and measures linked to these provisions related to the international texts listed in the Annex Part I points 18 and 19 and Annex Part II;*

~~(b a) ‘Science-based target’ means a target of the company’s operations and its value chains defined on the basis of conclusive scientific evidence and 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);~~

(c) (DROI+EMPL) ‘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. (DROI+EMPL)

~~Recital (25c) Adverse human rights and environmental impacts can be intertwined or underpinned by good governance 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 good governance factors, such as on the proper functioning of public administration and services, the rule of law, and democratic electoral systems, when carrying out human rights and environmental due diligence. Relevant international instruments for consideration include the United Nations Convention Against Corruption, United Nations Basic Principles on the Independence of the Judiciary, United Nations Declaration of Basic Principles of Justice for Victims of Crime and Abuse of Power, Council of Europe Civil Law on Corruption, OECD Anti-Bribery Convention, European Union Convention against Corruption Involving Officials (EU Convention against Corruption), Principle Ten on Anti-Corruption of the UN Global Compact, and the United Nations Code of Conduct for Law Enforcement Officials.~~

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(c a) ‘adverse impact’ means any potential or actual adverse human rights or adverse environmental impact;

~~\* Directive 2008/99/EC of the European Parliament and of the Council of 19 November 2008 on the protection of the environment through criminal law (OJ L 328, 6.12.2008, p. 28).~~

COMP 5 on Article 3 – points d, e and f

Replacing all following amendments: 71, 72, 73, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715,

716, 717

(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 is exercised;

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

(i) with whom the company has a commercial agreement or to whom the company provides *financial services*

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

~~(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;~~

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[1] 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).

#### COMP 6 on Article 3 – paragraph 1 – points g and h

**Replacing all following amendments: 74, 75, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 797, ECON 46**

(g) ‘value chain’ means *the activities related to, and entities involved in, the production, distribution and sale* of goods or the provision of services by a company, including:

*(i) activities of a company’s business relationships related to the production of goods or the provision of services by the company, including the design, extraction, manufacture, transport, storage and supply of raw materials, products or parts of the products and development of the product or the service, and*

*(ii) activities of a company’s business relationships related to the sale or distribution or use of goods or the provision or use of services, including the waste management, transport and storage of the product, and excluding the waste management and use*

*of the product by individual consumers.*

Commented [A1]: Open issue

~~as well as the related activities of upstream and downstream established business relationships of the company.~~(ECON) 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 ~~loan, credit, and other~~ 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 ~~such~~ regulated financial undertakings *within the meaning of point (a) (iv)* does not cover *households and natural persons or SMEs receiving loan, credit, financing, insurance or reinsurance of such entities.*(ECON)

Recital (19) As regards regulated financial undertakings providing ~~loan, credit, or other~~ 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 ~~and the impacts of the clients and other companies belonging to the same group.~~ *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.*

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 (1) 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, paragraph 4a.*

COMP 7 on Article 3 – paragraph 1 – points j, l and m

Replacing all following amendments: 76, 77, 747, 748, 749, 750, 751, 754, 755, 756, 757, 758, 759, 760, 761, 791

(j) ‘industry *or multi-stakeholder* initiative’ means *an initiative that companies participate in which provides standards, procedures, tools and/or mechanisms, in order to support, monitor, evaluate, certify, and/or verify aspects of their due diligence, or the due diligence conducted by their subsidiaries and/or business relationships. Such initiatives may be developed and overseen by governments, industry associations, groupings of interested organisations, or civil society organisations;*

~~(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;~~

(m) ‘net turnover’ means

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

(ii) where the company applies international accounting standards adopted on the basis of Regulation (EC) No 1606/2002 of the European Parliament and of the Council<sup>[1]</sup> or is a company within the meaning of point (a)(ii), the revenue as defined by or within the meaning of the financial reporting framework on the basis of which the financial statements of the company are prepared;

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[1] Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11.9.2002, p.1).

#### **COMP 8 on Article 3 – paragraph 1 – points n and n a (new)**

**Replacing all following amendments: 78, 79, 80, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, DROI 48, DROI 49, DROI 50, DROI 51, DROI 52, EMPL 10**

**(n) (DROI+EMPL)** ‘*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 the 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 or groups or communities affected by an adverse impact on the environment, credible and experienced organisations which purpose includes the protection of the environment;*

#### **(DROI+EMPL)**

**(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;*

**COMP 8a on Article 3 – paragraph 1 – points o and p**

**Replacing all following amendments: 776, 777, 778, 779, 780, 781**

- (o) ‘director’ means:
  - (i) any member of the administrative, management or supervisory bodies of a company;
  - (ii) where they are not members of the administrative, management or supervisory bodies of a company, the chief executive officer and, if such function exists in a company, the deputy chief executive officer ;
  - (iii) other persons who perform functions similar to those performed under point (i) or (ii);
- (p) ‘board of directors’ means the administrative or supervisory body responsible for supervising the executive management of the company, or, if no such body exists, the person or persons performing equivalent functions;

**COMP 9 on Article 3 – paragraph 1 – points q, q a (new), q b (new), q c (new), q d (new), q e (new), q f (new) and q g (new), and paragraph 2**

**Replacing all following amendments: 81, 684, 685, 687, 705, 734, 783, 784, 785, 786, 788, 789, 790, 792, 793, 794, 795**

(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 ~~and the company’s leverage in that relationship;~~

Commented [A2]: Reflecting OECD feedback

(q a) ‘leverage’ means the ability to affect change in the practices of the entity causing or contributing to the adverse impact;

(q b) “to cause an adverse impact’ means that the company’s activities on their own are sufficient to result in an adverse impact.

(q c) ‘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.*

*(q d) 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;*

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

*(q f) ‘risk factors’ means company-level risk factors, business model risk factors, geographic risk factors, product and service risk factors and sectoral risk factors.*

*(q g) ‘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.*

*2. 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.*

**COMP 10 on Article 4 and Article 4a (new)**

**Replacing all following amendments: 83, 84, 85, 86, 87, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 829, 830.**

#### Article 4

##### Due diligence

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:

- (a) integrating due diligence into their policies in accordance with Article 5;
- (b) identifying actual or potential adverse impacts in accordance with Article 6;
- (c) preventing and mitigating potential adverse impacts, and bringing actual adverse impacts to an end, and minimising their extent in accordance with Articles 7 and 8;

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

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

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

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

(f) publicly communicating on due diligence in accordance with Article 11;

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

2. Member States shall ensure that, for the purposes of due diligence, companies are entitled to share resources and information within their respective groups of companies and with other legal entities in compliance with applicable competition law.

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

#### 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 to meet their obligations set out in Articles 5 to 11 and Article 15. This is without prejudice to 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 and cooperates with its parent company;*

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

*(c) 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;*

*(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.*

#### COMP 11 on Article 5

Replacing all following amendments: 88, 89, 90, 91, 828, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 916, EMPL 11

#### Article 5

##### Integrating due diligence into companies' policies

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

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

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

(b) (EMPL) 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;* (EMPL)

(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*.

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

*2 a. 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.*

*2 b. 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.*

*Recital (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. (AM 318, AM 319)*

## COMP 12 on Article 6

Replacing all following amendments: 92, 93, 94, 95, 96, 97, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 917, 918, 919, 920, DROI 57, ECON 66, ENVI 67, EMPL 12

### Article 6

Identifying *and assessing* actual and potential adverse impacts

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

Commented [A3]: OECD feedback

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).~~

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 these** operations, subsidiaries and business relationships in order to determine the nature and extent of specific actual and potential adverse impacts.*

Commented [A4]: OECD feedback

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

2a. **The identification of adverse impacts resulting from activities defined in Article 3(1), point (g), sub-point (ii) should be limited to situations where there is a known or reasonably foreseeable circumstance related to the use of the product or service provided in accordance with its intended purpose, or under conditions of reasonably foreseeable misuse, which indicate that the product or service may be linked to severe adverse impacts to human rights and the environment.**

Commented [A5]: Open issue value chain

3. **(ECON)** 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 *and before subsequent financial operations, and, if notified of possible risks via the procedures in Art. 9, during the provision of the service.* (ECON)

4. **(ENVI+DROI+EMPL)** Member States shall ensure that, for the purposes of

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

#### **(ENVI+DROI+EMPL)**

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

***(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.***

#### **COMP 13 on Article 7**

**Replacing all following amendments: 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, DROI 61, ECON 81, ENVI 69, EMPL 14**

#### Article 7

##### Preventing potential adverse impacts

1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible *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.

***Ia. 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.*

*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.*

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

(a) (ENVI+DROI+EMPL) 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 timelines 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.** (ENVI+DROI+EMPL)

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

(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;**

**(c a) 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;**

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

**(d a) 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;**

(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;

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

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

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

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 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.*

5. 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*:

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

Recital (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, **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 systemic and 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 systemic 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.**

***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.***

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.**

6. By way of derogation from paragraph 5, point (b), (ECON) when companies referred to in Article 3, point (a)(iv), provide ~~credit, loan or other~~ financial services **to entities that cause or contribute to potential adverse impacts within the meaning of paragraph 1**, they shall not be required to terminate the ~~credit, loan or other~~ financial service contract ~~when this can be reasonably expected to cause substantial prejudice~~ **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 ~~credit, loan or other~~ financial service contract in derogation from paragraph 5, (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**

#### COMP 14 on Article 8

**Replacing all following amendments: 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069,**

1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1122, DROI 63, DROI 64, INTA 22, INTA 23, ECON 94, ENVI 72, ENVI 73, EMPL 15, EMPL 16

## Article 8

### Bringing actual adverse impacts to an end

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

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*.

*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.*

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

(a) (ENVI+DROI+EMPL) *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*.

(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;*** (ENVI+DROI+EMPL)

(c) ***chose 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 e contractual provisions with their partners, to the extent that they are part of the value chain. When such contractual assurances are obtained, paragraph 5 shall apply.***

(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;***

(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;***

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

(e a) ***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;***

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

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

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

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

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.** .

**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.**

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

**Recital (X) 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.**

6. (INTA) 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**:

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

**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.**

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.** (INTA)

7. By way of derogation from paragraph 6, point (b), (ECON) when companies referred to

in Article 3, point (a)(iv), provide ~~credit, loan or other~~ financial services *to entities that cause or contribute to actual adverse impacts in the meaning of paragraph 1*, they shall not be required to terminate the ~~credit, loan or other~~ financial service contract, *if this is strictly necessary to prevent bankruptcy* when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided. *In addition to paragraph 6, second subparagraph, a decision to terminate the credit, loan or other financial service contract in derogation from paragraph 6, point (b) may only be taken, as a last resort, if the leverage efforts of companies referred to in Article 3(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.*

COMP 14a on Article 8 a (new)  
Replacing following amendment: ECON 95

#### *Article 8a*

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

1. *Member States shall ensure that institutional investors and asset managers take appropriate measures as described in paragraph 3 of this Article to induce their investee companies to bring actual adverse impacts that have been, or should have been identified pursuant to Article 6 to an end, in accordance with Article 2, paragraphs 2 to 6.*

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

3. *Where relevant, institutional investors and asset managers shall be required to engage with the investee company and exercise voting rights in line with Article 3g (1), point (a) of Directive 2007/36/EC [SRD2], in order to induce the management body of an investee company to bring the actual impact to 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.*

COMP 14b on Article 8b (new)

Replacing all following amendments: 1121, ECON 56, ECON 70, ECON 85, DROI 61, EMPL 14, EMPL 16, ENVI 75

#### *Article 8b*

24/65

### *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 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 ~~identification and assessment undertaken in line with Article 6(2), and Principle 24 of the UN Guiding Principles on Business and Human Rights, by developing, implementing and regularly reviewing a prioritisation strategy.~~

Commented [A6]: reflecting OECD feedback

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 . ~~When prioritising their response to risks to human rights and the environment, companies shall treat the severity of an adverse impact, such as where a delayed response would make the impact irremediable, as the predominant factor.~~

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.

*Recital (X)* 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.

COMP 15 on Article 8c (new)

Replacing all following amendments: 138, 1124, 1210

### *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 any remedial action does not prevent affected stakeholders from taking further action, including making complaints and commencing civil~~

~~procedures, and in particular stakeholders affected by an adverse impact shall not be required to seek remediation prior to filing claims in court.~~

**Recital (X)** Member States ~~should~~ **shall** ensure that ~~insufficient remedial action does not prevent affected stakeholders from taking further action, including making complaints and initiating civil procedures, and in particular~~ stakeholders affected by an adverse impact ~~should~~ **shall** not be required to seek remediation prior to filing claims in court.

Commented [A7]: Addition made to recital (41a)

4. 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.

5. 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.

COMP 15a on Article 8 d (new)

Replacing all following amendments: 156, 870, 1126, 1209, 1221, 1229, 1241, 1242, 1243, 1244, 1245, 1246, 1247, 1248, 1249, 1250, 1251, 1252, 1253, 1254, 1546, 1547, 1548, 1549

#### 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 ~~throughout~~ 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 EU and national legislation in the field of employment and social rights as well as collective agreements applicable.*

*To be added to Recital 44c: 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. Directive 2002/14/EC of the European Parliament and of the Council<sup>[1]</sup>, Directive 2009/38/EC of the European Parliament and of the Council, and Council Directive 2001/86/EC of the European Parliament and of the Council.*

*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.*

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<sup>[1]</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 (OJ L 80, 23.3.2002, p. 29).

<sup>[2]</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 companies and Community-scale groups of companies for the purposes of informing and consulting employees (Recast) (OJ L 122, 16.5.2009, p. 28).

<sup>[3]</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).

## COMP 16 on Article 9

Replacing all following amendments: 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1178, 1179, 1180, 1181, 1182, 1183, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, DROI 66, DROI 67, DROI 68, DROI 69, DROI 70, DROI 71, DROI 72, DROI 73, DROI 74, DROI 75, EMPL 17, EMPL 18

### Article 9

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

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 submit complaints to them, 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.***

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

(a) (ENVI+DROI+EMPL) 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 which purpose includes the protection of the environment*** (ENVI+DROI+EMPL)

(b) (EMPL) trade unions and other workers' representatives representing individuals working in the value chain concerned, (EMPL)

***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) (ENVI+DROI+EMPL) civil society organisations active in the areas related to the value chain concerned. (ENVI+DROI+EMPL)***

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.

*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.*

*3b. Companies shall take measures to ensure that persons submitting notifications or grievances complainants 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.*

*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 complaint; (ENVI+DROI+EMPL)*

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

4. (ENVI+DROI+EMPL) 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.

*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.

4b. *The submission of a notification or grievance under this Article shall not be a prerequisite nor preclude the **persons submitting them complainants** from having access to the substantiated concerns procedure under Article 19 nor to judicial or other non-judicial mechanisms, such as the OECD National contact points where they exist.*

#### COMP 17 on Article 10

Replacing all following amendments: 151, 152, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1218, 1219, 1220

#### Article 10

##### Monitoring *and verifying*

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

#### COMP 18 on Article 11

Replacing all following amendments: 153, 154, 155, 1222, 1223, 1224, 1225, 1226, 1227, 1228, 1230, 1231, 1232, 1233, 1234, 1235, 1236, 1237, 1238, 1239, 1240, ~~1255~~, 1308, ECON 108,

#### Article 11

##### Communicating

I. 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.*

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.*

*Recital (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 Art. 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 ~~disclose the mapping of their value chain, and~~ 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.*

COMP 19 on Article 11 a (new)

Replacing all following amendments: 1255, ECON 109

#### 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\*.

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] 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\*\*;*
- (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 the 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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\* 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. [...]).

**\*\* 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).**

**\*\*\* 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).**

#### COMP 20 on Article 12

Replacing all following amendments: 157, 158, 159, 1257, 1258, 1259, 1260, 1261

##### Article 12

##### Model contractual clauses

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

- (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***
- (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 should avoid terminating such clauses.***

#### COMP 21 on Article 13

Replacing all following amendments: 160, 1262, 1263, 1264, 1265, 1266, 1267, 1268, 1269, 1270, 1271, 1272, 1273, 1274, DROI 76, EMPL 23, EMPL 24, EMPL 25, EMPL 26, ENVI 77, ENVI 78, ENVI 79

(ENVI+DROI+EMPL)

##### Article 13

##### Guidelines

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

*Labour Authority, the European External Action Service, the European Innovation Council and the Small and Medium-Sized Enterprises Executive Agency (EISMEA), the European Food Safety Authority, and where appropriate the OECD and other international bodies having expertise in due diligence, shall issue clear and easily understandable guidelines, including general and sector-specific guidance, in order to facilitate compliance in a practical manner. ~~or contexts, such as situations of conflict or occupation. The Commission may also issue guidelines on responsible purchasing practices.~~*

**2. In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the guidelines should 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 Due Diligence Guidance as well as the UNGPs;*

*(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 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, 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;*

*(iii a) the provision of financial services, investment services and activities, and other financial services,*

*(iii b) the production, provision and distribution of information and communication technologies or related services, including the manufacture of 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, and*

*the manufacture, distribution, and licensing of spyware and cyber-surveillance items, including software and technology;*

Commented [A8]: Open political issue

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

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

*3. 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 official EU languages. The Commission shall periodically review the relevance of its guidelines and adapt them, including to new best practices.*

*4. 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.*

#### COMP 22 on Article 14 and Article 14a (new)

Replacing all following amendments: 161, 162, 163, 164, 165, 1275, 1276, 1277, 1278, 1279, 1280, 1281, 1282, 1283, 1284, 1285, 1286, 1287, 1288, 1289, 1290, 1291, 1292, 1293, 1294, 1295, 1296, 1297, 1298, 1299, 1300, 1301, 1302, 1303, 1304, 1305, 1306, 1308

#### Article 14

##### Accompanying measures

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 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 should ensure complementarity and coherence with similar measures already in existence, such as information and promotion provided by OECD National Contact Points.*

*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 and other EU 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.*

*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.*

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

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.

**3a. The Commission and Member States shall ensure that the EU'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.**

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:**

- (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;**
- (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 paragraph (a). Independent third-party assessments may be carried out by Member States, the OECD or other independent third party assessors;**
- (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.**

**4 a. 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.**

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

*Article 14 a*  
*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~~ ~~points of contact~~ 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.*

COMP 23 on Article 15, paragraph 1 and paragraph 2

Replacing all following amendments: 166, 167, 168, 169, 170, 171, 1311, 1312, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1325, 1326, 1327, 1328, 1329, 1330, 1331, 1332, ENVI 80, ENVI 81

(ENVI)

Article 15

Combating climate change

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 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: ~~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~~*

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

38/65

*related to climate matters;*

- (b) the opportunities for the company related to climate matters;*
- (c) where appropriate an identification and explanation of decarbonisation levers within the company's operations and value chain, including the exposure of the company to coal-, oil- and gas-related activities, as referred to in Articles 19a(2), point (a)(iii), and 29a(2), point (a)(iii), of Directive 2013/34/EU;*
- (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;*
- (e) how the company's strategy has been implemented and will be implemented with regard to climate matters, including related financial and investment plans;*
- (f) the time-bound, science-based targets related to climate change set by the company for scope 1, 2 and, where relevant, 3 emissions, including 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;*
- (g) a description of the role of the administrative, management and supervisory bodies with regard to climate matters.*

~~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.~~

~~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.~~

COMP 23a on Article 15, paragraph 3

Replacing all following amendments: 1333, 1334, 1336, ENVI 82, ENVI 83

*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.*

## COMP 24 on Article 16

Replacing all following amendments: 172, 1338, 1339, 1340

### Article 16

#### Authorised representative

1. Member States shall ensure that each company referred to in Article 2(2) designates a legal or natural person as its authorised representative, established or domiciled in one of the Member States where it operates. The designation shall be valid when confirmed as accepted by the authorised representative.
2. Member States shall ensure that the name, address, electronic mail address and telephone number of the authorised representative is notified to a supervisory authority in the Member State where the authorised representative is domiciled or established. Member States shall ensure that the authorised representative is obliged to provide, upon request, a copy of the designation in an official language of a Member State to any of the supervisory authorities.
3. Member States shall ensure that a supervisory authority in the Member State where the authorised representative is domiciled or established and, where it is different, a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year are informed that the company is a company within the meaning of Article 2(2).
4. Member States shall ensure that each company empowers its authorised representative to receive communications from supervisory authorities on all matters necessary for compliance with and enforcement of national provisions transposing this Directive. Companies shall be required to provide their authorised representative with the necessary powers and resources to cooperate with supervisory authorities.

## COMP 25 on Article 17

Replacing all following amendments: 173, 174, 1341, 1342, 1343, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1354

### Article 17

#### Supervisory Authorities

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').
2. As regards the companies referred to in Article 2(1), the competent supervisory authority shall be that of the Member State in which the company has its registered

office.

3. As regards companies referred to in Article 2(2), the competent supervisory authority shall be that of the Member State in which the company has a branch. If the company does not have a branch in any Member State, or has branches located in different Member States, the competent supervisory authority shall be the supervisory authority of the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year before the date indicated in Article 30 or the date on which the company first fulfils the criteria laid down in Article 2(2), whichever comes last.

Companies referred to in Article 2(2) may, on the basis of a change in circumstances leading to it generating most of its turnover in the Union in a different Member State, make a duly reasoned request to change the supervisory authority that is competent to regulate matters covered in this Directive in respect of that company.

4. Where a Member State designates more than one supervisory authority, it shall ensure that the respective competences of those authorities are clearly defined and that they cooperate closely and effectively with each other.
5. (ECON) Member States may designate the authorities for the supervision of regulated financial undertakings also as supervisory authorities for the purposes of this Directive. (ECON)
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.
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.
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.
- 8 a. *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.*

- 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.*

#### COMP 26 on Article 18

**Replacing all following amendments: 175, 176, 177, 178, 179, 180, 181, 182, 183, 1355, 1356, 1357, 1358, 1359, 1360, 1361, 1362, 1363, 1364, 1365, 1366, 1367, 1368, 1369, 1370, 1371, 1372, 1373, 1374, 1375, 1376, 1377, 1378, 1379, 1380, 1381, 1382, 1383, 1384, 1385, 1386, 1387, 1388, 1389, 1390, 1391, 1392, 1393, 1394, 1395, 1396, 1397, 1398, 1399**

#### Article 18

##### Powers of supervisory authorities

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.

2. A supervisory authority may initiate an investigation on its own motion or as a result of substantiated concerns communicated to it pursuant to Article 19, where it considers that it has sufficient information indicating a possible breach by a company of the obligations provided for in the national provisions adopted pursuant to this Directive.

3. Inspections shall be conducted in compliance with the national law of the Member State in which the inspection is carried out and with prior warning to the company, except where prior notification hinders the effectiveness of the inspection. Where, as part of its investigation, a supervisory authority wishes to carry out an inspection on the territory of a Member State other than its own, it shall seek assistance from the supervisory authority in that Member State pursuant to Article 21(2).

4. If, as a result of the actions taken pursuant to paragraphs 1 and 2, a supervisory authority identifies a failure to comply with national provisions adopted pursuant to this Directive, it shall grant the company concerned an appropriate period of time to take remedial action, if such action is possible.

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

5. When carrying out their tasks, supervisory authorities shall have at least the following

powers:

- (a) to order the cessation of infringements of the national provisions adopted pursuant to this Directive, abstention from any repetition of the relevant conduct and, where appropriate, remedial action proportionate to the infringement and necessary to bring it to an end;
  - (b) to impose ~~pecuniary~~ sanctions in accordance with Article 20;
  - (c) to adopt interim measures to avoid the risk of severe or irreparable harm;
- (c a) 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.*
6. Where the legal system of the Member State does not provide for administrative sanctions, this Article and Article 20 may be implemented in such a manner that the sanction is initiated by the competent supervisory authority and imposed by the competent national courts, while ensuring that those legal remedies are effective and have an equivalent effect to the administrative sanctions imposed by supervisory authorities.
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,.
- 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.*
- 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.*
- 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.*

COMP 27 on Article 19

Replacing all following amendments: 184, 185, 186, 187, 188, 189, 190, 1400, 1401, 1402,

1403, 1404, 1405, 1406, 1407, 1408, 1409, 1410, 1411, 1412, 1413, 1414, 1415, 1416

## Article 19

### Substantiated concerns

1. Member States shall ensure that natural and legal persons are entitled to submit substantiated concerns to any supervisory authority when they have reasons to believe, on the basis of objective circumstances, that a company is failing to comply with the national provisions adopted pursuant to this Directive ('substantiated concerns').
  - 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.***
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.***
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.***
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.***
- 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.***
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.

COMP 28 on Article 20

**Replacing all following amendments: 191, 192, 193, 1417, 1418, 1419, 1420, 1421, 1422, 1423, 1424, 1425, 1426, 1427, 1428, 1429, 1430, 1431, 1432, 1433, 1434, 1435, 1436, 1437, 1438, 1439, 1440, 1441, 1442, 1443, 1444, 1445, 1446, 1447, 1448, 1449, 1450, 1451, 1452, 1453, 1468**

## Article 20

### Sanctions

1. Member States shall lay down the rules on sanctions applicable to infringements of national provisions adopted pursuant to this Directive, and shall take all measures necessary to ensure that they are implemented. The sanctions provided for shall be effective, proportionate and dissuasive.

2. In deciding whether to impose sanctions and, if so, in determining their nature and appropriate level, due account shall be taken of:

- (a) the company's efforts to comply with any remedial action required of them by a supervisory authority;
- (b) any investments made and any targeted support provided pursuant to Articles 7 and 8;
- (c) *any* collaboration with other entities to address adverse impacts in its value chains;
- (d) *the seriousness and duration of the company's infringement, or the severity of the impacts that have occurred;*
- (e) *the extent to which prioritisation decisions were reasonable, credible and taken in good faith;*
- (f) *any previous infringements by the company of national provisions adopted pursuant to this Directive;*
- (g) *the financial benefits gained or losses avoided by the company due to the infringement, if the relevant data are available;*
- (h) *penalties imposed in respect of similar infringements in other Member States;*
- (i) *Whether the company has effectively dealt with complaints or proposals raised by persons or affected stakeholders, including pursuant to Article 9;*
- (j) *any other aggravating or mitigating factors applicable to the circumstances of the case.*

**2a. At least the following measures and sanctions shall be provided for:**

(i) *pecuniary sanctions;*

ii) *a public statement indicating that a company is responsible and the nature of the infringement;*

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

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

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 7.5% of the net worldwide turnover of the company in the business year preceding the fining decision.***

~~***When a company is found liable for repeated infringements, pecuniary sanctions shall not exceed 20% of the company's or group of companies' annual worldwide turnover.***~~

~~***Member States may impose periodic penalty payments to companies not exceeding 5 % of the average daily turnover in the preceding financial year per day, calculated from the date set by that decision, in order to compel them to comply with the obligations of the present Directive, including obligations to remediate damage.***~~

Commented [A9]: Open political issue

3 a. *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.*

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.*

## COMP 29 on Article 21

**Replacing all following amendments: 194, 195, 1454, 1455, 1456, 1457, 1458, 1459, 1460, 1461, 1462, 1463, 1464, 1465, 1466, 1467**

### Article 21

#### European Network of Supervisory Authorities

1. 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.*

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.

2. Supervisory authorities shall provide each other with relevant information and mutual assistance in carrying out their duties and shall put in place measures for effective cooperation with each other. Mutual assistance shall include collaboration with a view to the exercise of the powers referred to in Article 18, including in relation to inspections and information requests.

***2 a. 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.***

3. Supervisory authorities shall take all appropriate steps needed to reply to a request for assistance by another supervisory authority without undue delay and no later than 1 month after receiving the request. Such steps may include, in particular, the transmission of relevant information on the conduct of an investigation.

4. Requests for assistance shall contain all the necessary information, including the purpose of and reasons for the request. Supervisory authorities shall only use the information received through a request for assistance for the purpose for which it was requested.

5. The requested supervisory authority shall inform the requesting supervisory authority of the results or, as the case may be, of the progress regarding the measures to be taken in order to respond to the request for assistance.

6. Supervisory authorities shall not charge each other fees for actions and measures taken pursuant to a request for assistance.

However, supervisory authorities may agree on rules to indemnify each other for specific expenditure arising from the provision of assistance in exceptional cases.

7. The supervisory authority that is competent pursuant to Article 17(3) shall inform the European Network of Supervisory Authorities of that fact and of any request to change the competent supervisory authority.

8. When doubts exist as to the attribution of competence, the information on which that attribution is based will be shared with the European Network of Supervisory Authorities, which may coordinate efforts to find a solution.

***8 a. The European Network of Supervisory Authorities shall publish a register of non-EU companies and their compliance.***

**COMP 30 on Article 22**

Replacing all following amendments: 196, 197, 198, 199, 200, 201, 1469, 1470, 1471, 1472, 1473, 1474, 1475, 1476, 1477, 1478, 1479, 1480, 1481, 1482, 1483, 1484, 1485, 1486, 1487, 1488, 1489, 1490, 1491, 1492, 1493, 1494, 1495, 1496, 1497, 1498, 1499, 1500, 1501, 1502, 1503, 1504, 1505, 1506, 1507, 1508, 1509, 1510, 1511, 1512, 1513, 1514, 1515, 1516, 1517, 1518, 1519, 1520, 1521, 1522, 1523, 1524, 1525, 1526, 1527, 1528, 1529, 1530, 1531, 1532, 1533, 1534, 1535, 1536, 1537, 1538, 1539, 1540, 1541, 1542, 1543, 1544, 1545

## Article 22

### Civil liability

1. Member States shall ensure that companies are liable for damages if:

- (a) they ~~or a subsidiary~~ failed to comply with the obligations laid down in *this Directive* and;
- (b) as a result of this failure *the company* ~~or a subsidiary~~ *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.

Commented [A10]: Open political issue

Commented [A11]: Open political issue

*2. 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, including that it has taken appropriate measures to identify, prioritise, prevent, mitigate, bring to an end, remedy or minimise the extent of the adverse impact in the circumstances of the case.*

Commented [A12]: Open political issue

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

*2 a. Member States shall ensure that:*

*(a) the limitation period for bringing actions for damages shall not begin to run before the impact has ceased and is at least ten years, and that such period is to be interrupted or suspended, depending on national law, if the supervisory authority is taking action under Article 18;*

*(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 Directive;*

*(c) measures are in place to ensure that costs of the proceedings are not prohibitively expensive for claimants to seek justice, which may include structural support, legal aid and limitation of court and administrative fees;*

(d) *measures are in place to ensure that trade unions, civil society organisations, or other relevant actors acting in the public interest can bring actions before a court mandated to represent the collective interests of victims of adverse impacts, and that these entities have the rights and obligations of a claimant party in the proceedings;*

(e) *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;*

(f) *when a claim is brought, that a claimant provides elements substantiating the likelihood of a company's liability under this Directive, a claimant can request acts of investigation by public authorities, such as searches, including in the facility of the company and on production sites, expertise, and analysis of evidence;*

(g) *measures to remove language barriers for claimants are taken, including by providing translation of documents and interpretation during proceedings;*

Commented [A13]: Open political issue

**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.*

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 instances where a subsidiary is under the scope of this Directive and has been dissolved or the subsidiary is insolvent, the liability can be imputed to the parent company.*

Commented [A14]: Open political issue

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.~~ *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.*

5. Member States shall ensure that the liability provided for in provisions of national law transposing this Article is of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State.

## COMP 31 on Article 23

*Replacing all following amendments: 1546, 1547, 1548*

### Article 23

Reporting of breaches and protection of reporting persons

Directive (EU) 2019/1937 shall apply to the reporting of all breaches of this Directive and the protection of persons reporting such breaches.

#### **COMP 32 on Article 24**

**Replacing all following amendments: 202, 203, 1550, 1551, 1552, 1553, 1554, 1555, 1556, 1557**

##### Article 24

Public support, *public procurement and public concessions*

*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 award of public contracts and concessions.*

#### **COMP 33 on Article 25**

**Replacing all following amendments: 204, 1558, 1559, 1560, 1561, 1562, 1563, 1564, 1565, 1566, 1567, 1568, 1569**

##### Article 25

Directors' duty of care

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.
2. Member States shall ensure that their laws, regulations and administrative provisions providing for a breach of directors' duties apply also to the provisions of this Article.

#### **COMP 34 on Article 26**

**Replacing all following amendments: 205, 206, 207, 208, 1335, 1337, 1570, 1571, 1572, 1573, 1574, 1575, 1576, 1577, 1578, 1579, 1580, 1581**

##### Article 26

Setting up and overseeing due diligence

50/65

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.

### COMP 35 on Article 28

**Replacing all following amendments: 1582, 1583, 1584, 1585, 1586, 1587, 1588, 1589**

#### Article 28

##### Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

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.*

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.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

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

two months at the initiative of the European Parliament or of the Council.

## COMP 36 on Article 29

**Replacing all following amendments: 209, 210, 1123, 1591, 1592, 1593, 1594, 1595, 1596, 1597, 1598, 1599, 1600, 1601, 1602, 1603, 1604, 1605, 1606, 1607, 1608, 1609, 1610, 1611, 1612, 1613, 1614, 1615, 1616, 1617, 1618, 1619**

### Article 29

#### Review *and reporting*

1. No later than ... [*OP please insert the date = 5 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:

*(-a 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 Member States;*

*(-a b) an assessment of the number of small and medium-sized undertakings voluntarily applying corporate sustainability and due diligence in line with this directive;*

*(recital X) Small and medium-sized undertakings should also have the possibility to apply this directive on a voluntary basis.*

*(-a c) 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;*

(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;*

*(a a) the effectiveness of the enforcement mechanisms put in place at national level and of the sanctions and procedures for civil liability in particular;*

*(a b) the convergence and divergence between national laws of the Member States transposing this Directive;*

~~(b) whether the list of sectors in Article 2(1), point (b) needs to be changes, including in~~

~~order to align it to guidance from the Organisation for Economic Cooperation and Development;~~

~~(e) whether the annex needs to be modified, including in light of international developments;~~

(d) whether Articles 4 to 14 should be extended to *additional* adverse impacts, *in particular to also encompass adverse impacts on good governance, including the following instruments:*

- ~~(i) United Nations Convention Against Corruption, 2003~~
- ~~(ii) United Nations Basic Principles on the Independence of the Judiciary, 1985~~
- ~~(iii) United Nations Declaration of Basic Principles of Justice for Victims of Crime and Abuse of Power, 1985~~
- ~~(iv) Council of Europe Civil Law on Corruption, 1999~~
- ~~(v) OECD Anti-Bribery Convention, 1997~~
- ~~(vi) European Union Convention against Corruption Involving Officials (EU Convention against Corruption), 2005~~
- ~~(vii) Principle Ten on Anti-Corruption of the UN Global Compact~~
- ~~(viii) United Nations Code of Conduct for Law Enforcement Officials;~~

*(da) whether a broad sustainability plan, dealing with other environmental impacts than climate, shall be developed;*

*(dx) whether the definition of "value chain" as regards regulated financial undertakings should be extended to a wider range of companies;*

*2. 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.*

## COMP 37 on Article 30

Replacing all following amendments: 1620, 1621, 1622, 1623, 1624, 1625, 1626, 1627, 1628, 1629, 1630, 1631, 1632, 1633, 1634

Article 30

Transposition

1. Member States shall adopt and publish, by ... [OJ to insert: 2 years from the entry into force of this Directive] at the latest, regulations and administrative provisions necessary to

Commented [A15]: Open political issue

comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.

They shall apply those provisions from... [OJ to insert: 2 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: 3 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), ~~point (a)~~, 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: 5 years from entry into force of this Directive] as regards companies referred to in Article 2(1) 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, and Article 2(2) which 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 or were the ultimate parent company of a group generating such a turnover.*

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

#### COMP 38 on Annex

**Replacing all following amendments:** 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 1635, 1636, 1637, 1638, 1639, 1640, 1641, 1642, 1643, 1644, 1645, 1646, 1647, 1648, 1649, 1650, 1651, 1652, 1653, 1654, 1655, 1656, 1657, 1658, 1659, 1660, 1661, 1662, 1663, 1664, 1665, 1666, 1667, 1668, 1669, 1670, 1671, 1672, 1673, 1674, 1675, 1676, 1677, 1678, 1679, 1680, 1681, 1682, 1683, 1684, 1685, 1686, 1687, 1688, 1689, 1690, 1691, 1692, 1693, 1694, 1695, 1696, 1697, 1698, 1699, 1700, 1701, 1702, 1703, 1704, 1705, 1706, 1707, 1708, 1709, 1710, 1711, 1712, 1713, DROI 77, DROI 78, DROI 79, DROI 80, DROI 81, DROI 82, DROI 83, DROI 84, DROI 85, DROI 86, DROI 87, DROI 88, DROI 89, DROI 90, DROI 91, DROI 92, DROI 93, DROI 94, DROI 95, DROI 96, DROI 97, DROI 98, DROI 99, DROI 100, DROI 101, DROI 102, DROI 103, DROI 104, DROI 105, DROI 106, DROI 107, DROI

108, DROI 109, DROI 110, DROI 111, DROI 112, DROI 113, DROI 114, DROI 115, DROI 116, DROI 117, DROI 118, DROI 119, DROI 120, DROI 121, DROI 122, DROI 123, DROI 124, DROI 125, DROI 126, DROI 127, DROI 128, DROI 129, DROI 130, DROI 131, INTA 38, ENVI 102, ENVI 103, ENVI 104, ENVI 105, ENVI 106, ENVI 107, ENVI 108, ENVI 109, ENVI 110, ENVI 111, ENVI 112, ENVI 113, ENVI 114, ENVI 115, ENVI 116, ENVI 117, ENVI 118, ENVI 119, ENVI 120, ENVI 121, ENVI 122

## ANNEX

(DROI for the entire Part I; ENVI for points 18 and 19; EMPL for section 1, points 7, 9-12, 15, 17, and section 2)

### Part I

1. ~~Violation of~~ Rights and prohibitions included in international human rights agreements

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;

2. ~~Violation of~~ The right to life and security in accordance with Article 3 of the Universal Declaration on Human rights;

3. ~~Violation of~~ The prohibition of torture, cruel, inhuman or degrading treatment in accordance with Article 5 of the Universal Declaration of Human Rights;

4. ~~Violation of~~ The right to liberty and security in accordance with Article 9 of the Universal Declaration of Human Rights;

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;

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;

7. (EMPL) ~~Violation of~~ 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;** (EMPL)

7 a. **The right of everyone to an adequate standard of living ~~income~~ 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;***

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 workplace in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;

9. (EMPL) ~~Violation of~~ The right of the child to have his or her best interests given primary consideration in all decisions and actions that affect children in accordance with Article 3 of the Convention on 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 on 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 on the Rights of the Child;

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);

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:

(a) All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, as well as forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflicts,

(b) The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances,

(c) The use, procuring or offering of a child for illicit activities, in particular for the production of or trafficking in drugs,

(d) Work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children;

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; (EMPL)

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

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;

15. (EMPL) ~~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:

- (a) workers are free to form or join trade unions,
- (b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation,
- (c) workers' organisations are free to operate in accordance with applicable in line with their constitutions and rules without interference from the authorities;
- (d) the right to strike and the right to collective bargaining;

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;

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; (EMPL)

18. (ENVI) ~~Violation of~~ The prohibition of causing any ~~quantitative and qualitative~~

measurable environmental degradation ~~and contributing to climate change~~, such as harmful soil change, water or air pollution, harmful emissions, ~~including greenhouse gas emissions~~, or excessive water consumption or other impact on natural resources, that

- (a) impairs the natural bases for the preservation and production of food *and feed* or
- (b) denies a person access to safe and clean drinking water or
- (c) makes it difficult for a person to access sanitary facilities or destroys them or
- (d) harms the health, safety, the normal use of property or land or the normal conduct of economic activity of a person or

*(da) impairs health, such as causing epidemics, taking into account the One Health approach or*

(e) affects ecological integrity, such as deforestation, ~~and health in line with the 'One Health' approach, and the intrinsic value of ecosystems as well as the interrelations between them~~, in accordance with Article 3 of the Universal Declaration of Human Rights, Article 5 of the International Covenant on Civil and Political Rights and Article 12 of the International Covenant on Economic, Social and Cultural Rights ~~and the right to a clean, healthy and sustainable environment, interpreted in line with the 'One Health' approach~~;

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; (ENVI)

*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 Article 3 of the United Nations Declaration on the Rights of Indigenous Peoples and their right to give, modify, withhold or withdraw their free, prior, and informed consent to interventions, decisions and activities that may affect their lands, territories, resources and rights, in accordance with Article 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; 10, 11(2), 19, 28, 29(2), 32(2) of the United Nations Declaration on the Rights of Indigenous Peoples and Article 6 and 16 (2) of ILO Convention No. 169 on Indigenous and Tribal Peoples;*

*19b. Violation of the right to self-determination in accordance with common Article 1 and 27 of the International Covenant on Civil and Political Rights, Articles 1 and 15 of the International Convention on Economic Social and Cultural Rights and Articles 20 and 21 of the African Charter on Human and Peoples' Rights;*

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 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; Article 10, 25, 26 (1) and (2), 27, 28 and 29 (2) of the United Nations Declaration on the Rights of Indigenous Peoples and customary rights;

~~20a.— In conflict affected areas, violations of international humanitarian law as laid out notably in the Geneva Conventions and the additional protocols.~~

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, *where there is a foreseeable risk that such a prohibition or right may be affected*, 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.

2. (EMPL) Human rights and fundamental freedoms conventions *and instruments*

- The Universal Declaration of Human Rights;
- The International Covenant on Civil and Political Rights;
- The International Covenant on Economic, Social and Cultural Rights;
- The Convention on the Prevention and Punishment of the Crime of Genocide;
- The Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment;
- The International Convention on the Elimination of All Forms of Racial Discrimination;
- ~~— The International Convention for the Protection of All Persons from Enforced Disappearance;~~
- The Convention on the Elimination of All Forms of Discrimination Against Women;
- ~~— The United Nations Declaration of the Elimination of Violence against Women;~~
- The Convention on the Rights of the Child;
- The Convention on the Rights of Persons with Disabilities;
- The United Nations Declaration on the Rights of Indigenous Peoples; ~~United Nations Development Group's Guidelines on Indigenous Issues (2008) and UN-REDD Programme Guidelines on Free, Prior and Informed Consent (2013);~~
- ~~— The United Nations Declaration on Human Rights Defenders;~~
- ~~— The International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families;~~

· The *United Nations* Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;

~~— *The United Nations Declaration on the Elimination of All Forms of Intolerance and of Discrimination Based on Religion or Belief;*~~

· *The United Nations Declaration on the Rights of Peasants and Other People Working in Rural Areas;*

· United Nations Convention against Transnational Organised Crime and the Palermo Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;

- [United Nations Convention against Corruption, 2003](#)

- [OECD Anti-Bribery Convention, 1997](#)

· The International Labour Organization's Declaration on Fundamental Principles and Rights at Work;

· The International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;

· *The International Labour Organisation's Indigenous and Tribal Peoples' Convention, 1989 (No. 169)*

~~· *The International Labour Organisation's Domestic Workers Convention, 2011 (No. 189);*~~

~~— *The International Labour Organisation's Violence and Harassment Convention, 2019 (No. 190)*~~

· The International Labour Organization's core/fundamental conventions:

· Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)

· Right to Organise and Collective Bargaining Convention, 1949 (No. 98)

· Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol;

· Abolition of Forced Labour Convention, 1957 (No. 105)

· Minimum Age Convention, 1973 (No. 138)

· *ILO Occupational Safety and Health Convention, 1981 (No. 155)*

- *ILO Promotional Framework for Occupational Safety and Health, 2006 (No 187)*

~~— ILO Declaration on Fundamental Principles and Rights at Work (1998), as amended in 2022~~

- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

~~· The International humanitarian law instruments as laid out in the Geneva Conventions and additional protocols;~~

~~— Four Geneva Conventions of 1949:~~

~~— Convention (I) for the Amelioration of the Condition of the Wounded and Sick in Armed Forces in the Field;~~

~~— Convention (II) for the Amelioration of the Condition of Wounded, Sick and Shipwrecked Members of the Armed Forces at Sea;~~

~~— Convention (III) relative to the Treatment of Prisoners of War;~~

~~— Convention (IV) relative to the Protection of Civilian Persons in Time of War~~

~~— Additional protocols to the Geneva Conventions.~~

~~— United Nations Basic Principles and Guidelines on the Right to a Remedy and Reparation of Victims of Gross Violations of International Human Rights Law and Serious Violations of International Humanitarian Law~~

~~— UNHRC Resolution on the Human Right to a Safe, Clean, Health and Sustainable Environment.~~

~~— The Rome Statute of the International Criminal Court;~~

~~— UN General Assembly Resolutions 64/292, 68/157 and 45/8 on the Human right to safe drinking water and sanitation;~~

~~— The European Convention on Human Rights~~

~~— The Charter of Fundamental Rights of the European Union~~

~~— The European Social Charter~~

~~— United Nations Protocol against the Smuggling of Migrants by Land, Sea and Air supplementing the United Nations Convention against Transnational Organized Crime~~

~~— The European Convention on The Legal Status of Migrant Workers~~

· *Council of Europe Convention on preventing and combating violence against women and domestic violence* (DROI) (EMPL for section 1, points 7, 9-12, 15, 17, and section 2)

(ENVI for the entire Part II; INTA for points 8, 10, 11, 12)

Part II

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

*-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;*

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] **and with the EU Biodiversity Strategy for 2030 and its associated Action Plan**, including the obligations of the Cartagena Protocol on the development, handling, transport, use, transfer and release of living modified organisms and of the Nagoya Protocol on 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;

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;

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

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;

5. ~~Violation of~~ The prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;

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

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;

8. ~~(INTA) 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; (INTA)~~

9. ~~Violation of~~ The prohibition of the production and consumption of specific substances that deplete the ozone layer (i.e., CFCs, Halons, CTC, TCA, BCM, MB, HBFCs and HCFCs) after their phase-out pursuant to the Vienna Convention for the protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer;

10. (INTA) ~~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)

(a) to a party that has prohibited the import of such hazardous and other wastes (Article 4 (1) (b) of the Basel Convention),

(b) to a state of import as defined in Article 2 no. 11 of the Basel Convention that does not consent in writing to the specific import, in the case where that state of import has not prohibited the import of such hazardous wastes (Article 4 (1) (c) of the Basel Convention),

(c) to a non-party to the Basel Convention (Article 4 (5) of the Basel Convention),

(d) to a state of import if such hazardous wastes or other wastes are not managed in an environmentally sound manner in that state or elsewhere (Article 4 (8) sentence 1 of the Basel Convention);

11. Violation of the prohibition of the export of hazardous wastes from countries listed in

Annex VII to the Basel Convention to countries not listed in Annex VII (Article 4A of the Basel Convention, Article 36 of Regulation (EC) No 1013/2006);

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). (INTA)

*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. (ENVI)*

***12b. Violation of European environmental principles as defined in Article 191 TFEU***

*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.*

*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) as well as Articles 5, 7, and 8 of the Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean (Escazú Agreement).*

*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 9 of the Escazú Agreement as well as Article 3 (8) of the Aarhus Convention.*

*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.*

~~*12f. The obligation to avoid or minimise adverse impacts on the properties delineated as natural heritage as defined in Article 2 of the Convention Concerning the Protection of the World Cultural and Natural Heritage of 16 November 1972 (the World Heritage Convention), interpreted in line with Article 5(d) of the World Heritage Convention and applicable law in the relevant jurisdiction;*~~

~~*12g. 14. The obligation to avoid or minimise adverse impacts on wetlands as defined in Article 1 of the Convention on Wetlands of International Importance especially as Waterfowl Habitat of 2 February 1971 (Ramsar Convention), interpreted in line with Article 4(1) of the Ramsar Convention and applicable law in the relevant jurisdiction;*~~

~~12h. — 15. The obligation to prevent the pollution from ships, interpreted in line with the International Convention for the Prevention of Pollution from Ships of 2 November 1973, as amended by the Protocol of 1978 (MARPOL 73/78). This includes:~~

~~(a) the prohibition to discharge into the sea:~~

~~(i) oil or oily mixtures as defined in Regulation 1 of Annex I of MARPOL 73/78, interpreted in line with Regulations 9 to 11 of Annex I of MARPOL 73/78;~~

~~(ii) noxious liquid substances as defined in Regulation 1(6) of Annex II of MARPOL 73/78, interpreted in line with Regulations 5 and 6 of Annex II of MARPOL 73/78; and~~

~~(iii) sewage as defined in Regulation 1(3) of Annex IV of MARPOL 73/78, interpreted in line with Regulations 8 and 9 of Annex IV of MARPOL 73/78;~~

~~(b) the prohibition of unlawful pollution by harmful substances carried by sea in packaged form as defined in Regulation 1 of Annex III of MARPOL 73/78, interpreted in line with Regulations 1 to 7 of Annex III of MARPOL 73/78; and~~

~~(c) the prohibition of unlawful pollution by garbage from ships as defined in Regulation 1 of Annex V of MARPOL 73/78, interpreted in line with Regulations 3 to 6 of Annex V of MARPOL 73/78;~~