

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance)

2022/0051(COD)

Non-versioned [LATEST TEXT]

15-01-2024 at 19h02

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Formula				
1	2022/0051 (COD)	2022/0051 (COD)	2022/0051 (COD)	2022/0051 (COD) <small>Text Origin: Commission Proposal</small>
Proposal Title				
2	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance)	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance)	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance)	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 (Text with EEA relevance) <small>Text Origin: Commission Proposal</small>
Formula				
3	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance) 2022/0051(COD) 15-01-2024 at 19h02 1/428

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				Text Origin: Commission Proposal
Citation 1				
6	4	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 50(1) and (2)(g) and Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 50(1) and (2)(g) and Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 50(1) and (2)(g) (2), point (g) , and Article 114 thereof, Text Origin: Council Mandate
Citation 2				
6	5	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission, Text Origin: Commission Proposal
Citation 3				
6	6	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments, Text Origin: Commission Proposal
Citation 4				
6	7	Having regard to the opinion of the European Economic and Social Committee ¹ ,	Having regard to the opinion of the European Economic and Social Committee ¹ ,	Having regard to the opinion of the European Economic and Social Committee ¹ ,

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	1. OJ C , , p. .	1. OJ C , , p. .	1. OJ C , , p. .	1. OJ C , , p. . Text Origin: Council Mandate
Citation 5				
8	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure, Text Origin: Commission Proposal
Formula				
9	Whereas:	Whereas:	Whereas:	Whereas: Text Origin: Commission Proposal
Recital 1				
10	(1) The Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights. Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action	(1) The Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights <u>and in Article 2 of the Treaty on the European Union.</u> —Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human <u>and environmental</u> rights, and respect for the principles of the United Nations Charter and international	(1) The Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights.— Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action	(1) <u>As stated in Article 2 of the Treaty on the European Union,</u> the Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights.— Those core values, that have inspired the Union's own creation, as well as the universality and indivisibility of human rights, and respect for the principles of the United Nations Charter and international law,

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	includes fostering the sustainable economic, social and environmental development of developing countries.	law, should guide the Union’s action on the international scene. Such action includes fostering the sustainable economic, social and environmental development of developing countries.	includes fostering the sustainable economic, social and environmental development of developing countries.	should guide the Union’s action on the international scene. Such action includes fostering the sustainable economic, social and environmental development of developing countries.
Recital 2				
11	<p>(2) A high level of protection and improvement of the quality of the environment and promoting European core values are among the priorities of the Union, as set out in the Commission’s Communication on A European Green Deal¹. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies.</p> <p>1. Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region “The European Green Deal” (COM/2019/640 final).</p>	<p>(2) A high level of protection and improvement of the quality of the environment and promoting European core values are among the priorities of the Union, as set out in the Commission’s Communication on A European Green Deal¹. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies. <u>Article 191 of the Treaty on the Functioning of the European Union (TFEU) states that Union policy on the environment shall contribute to preserving, protecting and improving the quality of the environment, protecting human health, prudent and rational utilisation of natural resources and promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change.</u></p>	<p>(2) A high level of protection and improvement of the quality of the environment and promoting European core values are among the priorities of the Union, as set out in the Commission’s Communication on A European Green Deal¹. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies.</p> <p>1. Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region “The European Green Deal” (COM/2019/640 final).</p>	<p>(2) <u>In line with Article 191 of the Treaty on the Functioning of the European Union (TFEU)</u>, a high level of protection and improvement of the quality of the environment and promoting European core values are among the priorities of the Union, as set out in the Commission’s Communication on A European Green Deal¹. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies.</p> <p>1. Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region “The European Green Deal” (COM/2019/640 final).</p>

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		<p>1. Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region “The European Green Deal” (COM/2019/640 final).</p>		
Recital 3				
<p>12</p>	<p>(3) In its Communication on a Strong Social Europe for Just Transition¹, the Commission committed to upgrading Europe’s social market economy to achieve a just transition to sustainability. This Directive will also contribute to the European Pillar of Social Rights, which promotes rights ensuring fair working conditions. It forms part of the EU policies and strategies relating to the promotion of decent work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide².</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Strong Social Europe for Just Transitions (COM/2020/14 final).</p> <p>2. Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on decent work worldwide for a global just transition and a sustainable recovery, COM(2022) 66 final.</p>	<p>(3) In its Communication on a Strong Social Europe for Just Transition¹, the Commission committed to upgrading Europe’s social market economy to achieve a just transition to sustainability, <u>ensuring that no-one is left behind</u>. This Directive will also contribute to the European Pillar of Social Rights, which promotes rights ensuring fair working conditions. It <u>will also create greater visibility for, and ownership of, the Pillar among companies, whose involvement is essential for its effective implementation</u>. It forms part of the EU policies and strategies relating to the promotion of <u>fair and</u> decent work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide².</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A</p>	<p>(3) In its Communication on a Strong Social Europe for Just Transition¹, the Commission committed to upgrading Europe’s social market economy to achieve a just transition to sustainability. This Directive will also contribute to the European Pillar of Social Rights, which promotes rights ensuring fair working conditions. It forms part of the EU policies and strategies relating to the promotion of decent work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide².</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Strong Social Europe for Just Transitions (COM/2020/14 final).</p> <p>2. Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on decent work worldwide for a global just transition and a sustainable recovery, COM(2022) 66 final.</p>	<p>(3) In its Communication on a Strong Social Europe for Just Transition¹, the Commission committed to upgrading Europe’s social market economy to achieve a just transition to sustainability, <u>ensuring that no-one is left behind</u>. This Directive will also contribute to the European Pillar of Social Rights, which promotes rights ensuring fair working conditions. It forms part of the EU policies and strategies relating to the promotion of decent work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide².</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Strong Social Europe for Just Transitions (COM/2020/14 final).</p> <p>2. Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on decent work worldwide for a</p>

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		Strong Social Europe for Just Transitions (COM/2020/14 final). 2. Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on decent work worldwide for a global just transition and a sustainable recovery, COM(2022) 66 final.		global just transition and a sustainable recovery, COM(2022) 66 final.
Recital 4				
13	<p>(4) The behaviour of companies across all sectors of the economy is key to success in the Union’s sustainability objectives as Union companies, especially large ones, rely on global value chains. It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering enterprises which support value-oriented transformation already exist on Union¹, as well as national² level.</p> <p>1. ‘Enterprise Models and the EU agenda’, CEPS Policy Insights, No PI2021-02/ January 2021. 2. E.g. https://www.economie.gouv.fr/entreprises/societe-mission</p>	<p>(4) The behaviour of companies across all sectors of the economy is key to success in the Union’s sustainability objectives as <i>many</i> Union companies, especially large ones, rely on global value chains. It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering enterprises which support value-oriented transformation already exist on Union¹, as well as national² level, <u>including binding legislation in several Member States such as France and Germany, which gives rise to the need for a level playing field for companies in order to avoid fragmentation and to provide legal certainty for businesses operating in the single market. It is moreover essential to establish a European framework for a responsible and sustainable</u></p>	<p>(4) The behaviour of companies across all sectors of the economy is key to success in the Union’s sustainability objectives as Union companies, especially large ones, rely on global value chains. It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering enterprises which support value-oriented transformation already exist on Union¹, as well as national² level.</p> <p>1. ‘Enterprise Models and the EU agenda’, CEPS Policy Insights, No PI2021-02/ January 2021. 2. E.g. https://www.economie.gouv.fr/entreprises/societe-mission</p>	<p>(4) The behaviour of companies across all sectors of the economy is key to success in the Union’s sustainability objectives as Union companies, especially large ones, rely on global value chains. It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering enterprises which support value-oriented transformation already exist on Union¹, as well as national² level.</p> <p>1. ‘Enterprise Models and the EU agenda’, CEPS Policy Insights, No PI2021-02/ January 2021. 2. E.g. https://www.economie.gouv.fr/entreprises/societe-mission</p> <p>Text Origin: Commission Proposal</p>

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		<p><u>approach to global value chains, given the importance of companies as a pillar in the construction of a sustainable society and economy.</u></p> <p>1. ‘Enterprise Models and the EU agenda’, CEPS Policy Insights, No PI2021-02/ January 2021. 2. E.g. https://www.economie.gouv.fr/entreprises/societe-mission</p>		
Recital 5				
14	<p>(5) Existing international standards on responsible business conduct specify that companies should protect human rights and set out how they should address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights¹ recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through</p>	<p>(5) <u>Well-established</u> existing international standards on responsible business conduct <u>such as the United Nations Guiding Principles on Business and Human Rights¹ and the OECD Guidelines for Multinational Enterprises^{1a} clarified in the OECD Due Diligence Guidance for Responsible Business Conduct^{1b}</u> specify that companies should protect human rights and set out how they should <u>respect and</u> address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights¹ recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations</p>	<p>(5) Existing international standards on responsible business conduct specify that companies should protect human rights and set out how they should address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights¹ recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through</p>	<p>(5) Existing international standards on responsible business conduct specify that companies should protect human rights and set out how they should address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights¹ recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through</p>

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	<p>their direct and indirect business relationships.</p> <p>1. United Nations’ “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework”, 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.</p>	<p>on human rights and by accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through their direct and indirect business relationships.</p> <p>1. United Nations’ “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework”, 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf. <u>1a. OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/https://mneguidelines.oecd.org/mneguidelines/</u> <u>1b. OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm.</u></p>	<p>their direct and indirect business relationships.</p> <p>1. United Nations’ “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework”, 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.</p>	<p>their direct and indirect business relationships.</p> <p>1. United Nations’ “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework”, 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.</p> <p><u>Text Origin: Commission Proposal</u></p>
Recital 6				
6	15	<p>(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises¹ which extended the application of due diligence to</p>	<p>(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises¹ which extended the application of due diligence to</p>	<p>(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises¹ which extended the application of due diligence to</p>

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	<p>environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance² are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual and potential impacts in their operations, value chains and other business relationships. The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.³</p> <p>1. OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/. https://mneguidelines.oecd.org/mneguidelines/</p> <p>2. OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm.</p> <p>3. The International Labour Organisation’s “Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.</p>	<p>environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance² are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual and potential impacts in their operations, value chains and other business relationships. <u>National Contact Points (NCPs) created by adherents to the OECD Guidelines for Multinational Enterprises play an important role in promoting due diligence by companies through their roles in promoting the Guidelines and acting as non-judicial grievance mechanisms.</u></p> <p>The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy^{1 3}.</p> <p>1. OECD Guidelines for <u>The International Labour Organisation’s “Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017–2011 updated edition,</u> available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm. https://mneguidelines.oecd.org/guidelines/or g/empent/Publications/WCMS_094386/lang--en/index.htm https://mneguidelines.oecd.org/mneguidelines/</p>	<p>environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance² are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual and potential impacts in their operations, value<u>supply</u> chains and other business relationships. The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.³</p> <p>1. OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/. https://mneguidelines.oecd.org/mneguidelines/</p> <p>2. OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm.</p> <p>3. The International Labour Organisation’s “Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.</p>	<p>environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance² are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual and potential impacts in their operations, value<u>supply</u> chains and other business relationships. The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.³</p> <p>1. OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/. https://mneguidelines.oecd.org/mneguidelines/</p> <p>2. OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm.</p> <p>3. The International Labour Organisation’s “Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.</p>

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		<p>2. OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/duediligence-guidance-for-responsible-business-conduct.htm.</p> <p>3. The International Labour Organisation's "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang-en/index.htm.</p>		
Recital 6a				
6	15a	<p><u>(6a) All companies should respect human rights, as enshrined in the international conventions and instruments listed in the Annex, Part I, Section 2, and those under the scope of this Directive should be required to conduct due diligence and should take appropriate measures to identify and address adverse human rights impacts along their value chain. The extent and nature of due diligence can vary according to the size, sector, operating context, and risk profile of the company.</u></p>		EP to check if AMD can be deleted as part of the content is in recital (5).
Recital 7				
6	16	(7) The United Nations' Sustainable Development Goals ¹ , adopted by all United Nations	(7) The United Nations' Sustainable Development Goals ¹ , adopted by all United Nations	(7) The United Nations' Sustainable Development Goals ¹ , adopted by all United Nations

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	<p>Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself the objective to deliver on the UN Sustainable Development Goals. The private sector contributes to those aims.</p> <p>1. https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.</p>	<p>Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself the objective to deliver on the UN Sustainable Development Goals. The private sector contributes to those aims. <u><i>In the current geopolitical situation arising from Russian aggression in Ukraine, the energy crisis, the continuing fallout from COVID-19 and attempts to maintain and strengthen the security of the agri-food chain, the private sector could help promote sustained, inclusive and sustainable economic growth, while avoiding the creation of imbalances on the internal market.</i></u></p> <p>1. https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.</p>	<p>Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself the objective to deliver on the UN Sustainable Development Goals. The private sector contributes to those aims.</p> <p>1. https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.</p>	<p>Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself the objective to deliver on the UN Sustainable Development Goals. The private sector contributes to those aims.</p> <p>1. https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.</p> <p><u>Text Origin: Commission Proposal</u></p>
Recital 7a				
16a				<p><u><i>(7a) Global value chains, and in particular critical raw materials value chains, are impacted by detrimental effects of natural or man-made hazards. The frequency and impact of shocks involving risks to critical value chains are likely to increase in the future. The private sector could play an important role in promoting</i></u></p>

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				<p><u>sustained, inclusive and sustainable economic growth, while avoiding the creation of imbalances on the internal market, underlining the importance of strengthening the resilience of companies to adverse scenarios related to their value chains, taking into account externalities as well as social, environmental and governance risks.</u></p> <p>Formerly recital 17a.</p>
Recital 8				
17	<p>(8) International agreements under the United Nations Framework Convention on Climate Change, to which the Union and the Member States are parties, such as the Paris Agreement¹ and the recent Glasgow Climate Pact², set out precise avenues to address climate change and keep global warming within 1.5 C degrees. Besides specific actions being expected from all signatory Parties, the role of the private sector, in particular its investment strategies, is considered central to achieve these objectives.</p> <p>_____</p> <p>1. https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf.</p>	<p>(8) International agreements under the United Nations Framework Convention on Climate Change, to which the Union and the Member States are parties, such as the Paris Agreement¹ and the recent Glasgow Climate Pact², set out precise avenues to address climate change and keep global warming within 1.5 C degrees. Besides specific actions being expected from all signatory Parties, the role of the private sector, in particular its investment strategies, is <u>is also</u> considered central to achieve these objectives. <u>While just 100 companies have been the source of more than 70% of the world's greenhouse gas emissions since 1988, there is a fundamental</u></p>	<p>(8) International agreements under the United Nations Framework Convention on Climate Change, to which the Union and the Member States are parties, such as the Paris Agreement under the United Nations Framework Convention on Climate Change adopted on 12 December 2015 (the ‘Paris Agreement’)¹ and the recent Glasgow Climate Pact², set out precise avenues to address climate change and keep global warming within 1.5 °C degrees. Besides specific actions being expected from all signatory Parties, the role of the private sector, in particular its investment strategies, is considered central to achieve these objectives.</p> <p>_____</p>	<p>(8) International agreements under the United Nations Framework Convention on Climate Change, to which the Union and the Member States are parties, such as the Paris Agreement <u>under the United Nations Framework Convention on Climate Change adopted on 12 December 2015 (the ‘Paris Agreement’)</u>¹ and the recent Glasgow Climate Pact², set out precise avenues to address climate change and keep global warming within 1.5 °C degrees. Besides specific actions being expected from all signatory Parties, the role of the private sector, in particular its investment strategies, is <u>also</u> considered central to achieve these objectives.</p>

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	<p>2. Glasgow Climate Pact, adopted on 13 November 2021 at COP26 in Glasgow, https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.</p>	<p><i>mismatch between corporate climate commitments and their actual investments to fight against climate change. This Directive is therefore an important legislative tool to avoid any misleading climate neutrality claims and to stop greenwashing and fossil fuels expansion worldwide in order to achieve international and European climate objectives, also recommended by the latest scientific reports</i> ^{2a}.</p> <p>1. https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf.</p> <p>2. Glasgow Climate Pact, adopted on 13 November 2021 at COP26 in Glasgow, https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.</p> <p><i>2a. CDP Carbon Majors Report, 2017 Influence Map Report, Big Oil's Real Agenda on Climate Change 2022, September 2022, https://influencemap.org/report/Big-Oil-s-Agenda-on-Climate-Change-2022-19585 IEA, Net Zero by 2050, A Roadmap for the Global Energy Sector, p. 51.</i></p>	<p>1. OJ L 282, 19.10.2016, p. 4. https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf.</p> <p>2. Glasgow Climate Pact, adopted on 13 November 2021 at COP26 in Glasgow, https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.</p>	<p>1. https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf.</p> <p>2. Glasgow Climate Pact, adopted on 13 November 2021 at COP26 in Glasgow, https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.</p>	
	Recital 9				
6	18	<p>(9) In the European Climate Law¹, the Union also legally committed to becoming climate-neutral by 2050 and to reducing emissions by at</p>	<p>(9) In the European Climate Law¹, the Union also legally committed to becoming climate-neutral by 2050 and to reducing emissions by</p>	<p>(9) In Regulation (EU) 2021/1119 of the European Climate LawParliament and of the Council¹, the Union also legally</p>	<p>(9) In Regulation (EU) 2021/1119 of the European Climate LawParliament and of the Council¹, the Union also legally</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>least 55% by 2030. Both these commitments require changing the way in which companies produce and procure. The Commission’s 2030 Climate Target Plan² models various degrees of emission reductions required from different economic sectors, though all need to see considerable reductions under all scenarios for the Union to meet its climate objectives. The Plan also underlines that “changes in corporate governance rules and practices, including on sustainable finance, will make company owners and managers prioritise sustainability objectives in their actions and strategies.” The 2019 Communication on the European Green Deal³ sets out that all Union actions and policies should pull together to help the Union achieve a successful and just transition towards a sustainable future. It also sets out that sustainability should be further embedded into the corporate governance framework.</p> <p>1. Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’) PE/27/2021/REV/1 (OJ L 243, 9.7.2021, p. 1). 2. SWD/2020/176 final. 3. COM/2019/640 final.</p>	<p>at least 55% by 2030. Both these commitments require changing the way in which companies produce and procure. The Commission’s 2030 Climate Target Plan² models various degrees of emission reductions required from different economic sectors, though all need to see considerable reductions under all scenarios for the Union to meet its climate objectives. The Plan also underlines that “changes in corporate governance rules and practices, including on sustainable finance, will make company owners and managers prioritise sustainability objectives in their actions and strategies.” The <u>General Union Environmental Action Programme to 2030^{2a} (‘8th EAP’)</u>, <u>the framework for Union action in the field of the environment and climate, aims to accelerate the green transition to a climate-neutral, sustainable, non-toxic, resource-efficient, renewable energy-based, resilient and competitive circular economy in a just, equitable and inclusive way, and to protect, restore and improve the state of the environment by, inter alia, halting and reversing biodiversity loss.</u> The 2019 Communication on the European Green Deal³ sets out that all Union actions and policies should pull together to help the Union achieve a</p>	<p>committed to becoming climate-neutral by 2050 and to reducing emissions by at least 55% by 2030. Both these commitments require changing the way in which companies produce and procure. The Commission’s 2030 Climate Target Plan² models various degrees of emission reductions required from different economic sectors, though all need to see considerable reductions under all scenarios for the Union to meet its climate objectives. The Plan also underlines that “changes in corporate governance rules and practices, including on sustainable finance, will make company owners and managers prioritise sustainability objectives in their actions and strategies.” The 2019 Communication on the European Green Deal³ sets out that all Union actions and policies should pull together to help the Union achieve a successful and just transition towards a sustainable future. It also sets out that sustainability should be further embedded into the corporate governance framework.</p> <p>1. Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’)</p>	<p>committed to becoming climate-neutral by 2050 and to reducing emissions by at least 55% by 2030. Both these commitments require changing the way in which companies produce and procure. The Commission’s 2030 Climate Target Plan² models various degrees of emission reductions required from different economic sectors, though all need to see considerable reductions under all scenarios for the Union to meet its climate objectives. The Plan also underlines that “changes in corporate governance rules and practices, including on sustainable finance, will make company owners and managers prioritise sustainability objectives in their actions and strategies.” The 2019 Communication on the European Green Deal³ sets out that all Union actions and policies should pull together to help the Union achieve a successful and just transition towards a sustainable future. It also sets out that sustainability should be further embedded into the corporate governance framework.</p> <p><u>The General Union Environmental Action Programme to 2030⁴ (‘8th EAP’)</u>, <u>the framework for Union action in the field of the environment and climate, aims to accelerate the green transition to a climate-neutral, sustainable, non-</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p>successful and just transition towards a sustainable future <u>in which no one is left behind</u>. It also sets out that sustainability should be further embedded into the corporate governance framework.</p> <p>1. Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') PE/27/2021/REV/1 (OJ L 243, 9.7.2021, p. 1). 2. SWD/2020/176 final. <u>2a. General Union Environment Action Programme to 2030.</u> 3. COM/2019/640 final.</p>	<p>PE/27/2021/REV/1 (OJ L 243, 9.7.2021, p. 1). 2. SWD/2020/176 final. 3. COM/2019/640 final.</p>	<p><u>toxic, resource-efficient, renewable energy-based, resilient and competitive circular economy in a just, equitable and inclusive way, and to protect, restore and improve the state of the environment by, inter alia, halting and reversing biodiversity loss.</u></p> <p>1. Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') <u>PE/27/2021/REV/1</u> (OJ L 243, 9.7.2021, p. 1). 2. SWD/2020/176 final. 3. COM/2019/640 final. <u>4. General Union Environment Action Programme to 2030.</u></p>
Recital 10				
19	<p>(10) According to the Commission Communication on forging a climate-resilient Europe¹ presenting the Union Strategy on Adaptation to climate change, new investment and policy decisions should be climate-informed and future-proof, including for larger businesses managing value chains. This Directive should be consistent with that Strategy. Similarly, there should be consistency with the Commission Directive [...] amending Directive 2013/36/EU as</p>	<p>(10) According to the Commission Communication on forging a climate-resilient Europe¹ presenting the Union Strategy on Adaptation to climate change, new investment and policy decisions should be climate-informed and future-proof, including for larger businesses managing value chains. This Directive should be consistent with that Strategy. Similarly, there should be consistency with the Commission Directive [...] amending Directive 2013/36/EU as</p>	<p>(10) According to the Commission Communication on forging a climate-resilient Europe¹ presenting the Union Strategy on Adaptation to climate change, new investment and policy decisions should be climate-informed and future-proof, including for larger businesses managing value chains. This Directive should be consistent with that Strategy. Similarly, there should be consistency with the Commission Directive [...] amending Directive 2013/36/EU as</p>	<p>(10) According to the Commission Communication on forging a climate-resilient Europe¹ presenting the Union Strategy on Adaptation to climate change, new investment and policy decisions should be climate-informed and future-proof, including for larger businesses managing value chains. This Directive should be consistent with that Strategy. Similarly, there should be consistency with the Commission Directive [...] amending Directive 2013/36/EU as</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (Capital Requirements Directive)², which sets out clear requirements for banks' governance rules including knowledge about environmental, social and governance risks at board of directors level.</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Forging a climate-resilient Europe – the new EU Strategy on Adaptation to Climate Change (COM/2021/82 final), available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2021:82:FIN. 2. OJ C [...], [...], p. [...].</p>	<p>regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (Capital Requirements Directive)², which sets out clear requirements for banks' governance rules including knowledge about environmental, social and governance risks at board of directors level.</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Forging a climate-resilient Europe – the new EU Strategy on Adaptation to Climate Change (COM/2021/82 final), available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2021:82:FIN. 2. OJ C [...], [...], p. [...].</p>	<p>regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (Capital Requirements Directive)², which sets out clear requirements for banks' governance rules including knowledge about environmental, social and governance risks at board of directors level.</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Forging a climate-resilient Europe – the new EU Strategy on Adaptation to Climate Change (COM/2021/82 final), available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2021:82:FIN. 2. OJ C [...], [...], p. [...].</p>	<p>regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (Capital Requirements Directive)², which sets out clear requirements for banks' governance rules including knowledge about environmental, social and governance risks at board of directors level.</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Forging a climate-resilient Europe – the new EU Strategy on Adaptation to Climate Change (COM/2021/82 final), available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2021:82:FIN. 2. OJ C [...], [...], p. [...].</p> <p>Text Origin: Commission Proposal</p>
Recital 11				
20	<p>(11) The Action Plan on a Circular Economy¹, the Biodiversity strategy², the Farm to Fork strategy³ and the Chemicals strategy⁴ and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery⁵, Industry 5.0⁶ and the European Pillar of Social Rights Action Plan⁷ and the 2021 Trade Policy Review⁸ list an initiative on sustainable</p>	<p>(11) The Action Plan on a Circular Economy¹, the Biodiversity strategy², the Farm to Fork strategy³ and the Chemicals strategy⁴, <u>the 2021 EU Action Plan Towards Zero Pollution for Air, Water and Soil</u> and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery⁵, Industry 5.0⁶ and the</p>	<p>(11) The Action Plan on a Circular Economy¹, the Biodiversity strategy², the Farm to Fork strategy³ and the Chemicals strategy⁴ and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery⁵, Industry 5.0⁶ and the European Pillar of Social Rights Action Plan⁷ and the 2021 Trade Policy Review⁸ list an initiative on sustainable</p>	<p>(11) The Action Plan on a Circular Economy¹, the Biodiversity strategy², the Farm to Fork strategy³ and the Chemicals strategy⁴, <u>the 2021 EU Action Plan Towards Zero Pollution for Air, Water and Soil</u>, and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery⁵, Industry 5.0⁶ and the European Pillar of Social Rights</p>

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	<p>corporate governance among their elements.</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final).</p> <p>2. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Biodiversity Strategy for 2030 Bringing nature back into our lives (COM/2020/380 final).</p> <p>3. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system (COM/2020/381 final).</p> <p>4. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Chemicals Strategy for Sustainability Towards a Toxic-Free Environment (COM/2020/667 final).</p> <p>5. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery (COM/2021/350 final).</p> <p>6. Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en</p>	<p>European Pillar of Social Rights Action Plan⁷ and the 2021 Trade Policy Review⁸ list an initiative on sustainable corporate governance among their elements. <u>Due diligence requirements under this Directive should therefore contribute to preserving and restoring biodiversity and by improving the state of the environment, in particular air, water and soil. They should also contribute towards accelerating the transition to a non-toxic circular economy. Due diligence requirements under this Directive should also contribute to the objectives of the Zero Pollution Action Plan of creating a toxic-free environment and protecting the health and well-being of people, animals and ecosystems from environment-related risks and negative impacts.</u></p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final).</p> <p>2. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Biodiversity Strategy for 2030 Bringing nature back into our lives (COM/2020/380 final).</p>	<p>corporate governance among their elements.</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final).</p> <p>2. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Biodiversity Strategy for 2030 Bringing nature back into our lives (COM/2020/380 final).</p> <p>3. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system (COM/2020/381 final).</p> <p>4. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Chemicals Strategy for Sustainability Towards a Toxic-Free Environment (COM/2020/667 final).</p> <p>5. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery (COM/2021/350 final).</p> <p>6. Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en</p>	<p>Action Plan⁷ and the 2021 Trade Policy Review⁸ list an initiative on sustainable corporate governance among their elements. <u>Due diligence requirements under this Directive should contribute to the objectives of the EU Action Plan Towards Zero Pollution for Air, Water and Soil of creating a toxic-free environment and protecting the health and well-being of people, animals and ecosystems from environment-related risks and negative impacts.</u></p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final).</p> <p>2. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Biodiversity Strategy for 2030 Bringing nature back into our lives (COM/2020/380 final).</p> <p>3. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system (COM/2020/381 final).</p> <p>4. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Chemicals Strategy for</p>

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	<p>7. https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/</p> <p>8. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy (COM/2021/66/final).</p>	<p>3. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system (COM/2020/381 final).</p> <p>4. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Chemicals Strategy for Sustainability Towards a Toxic-Free Environment (COM/2020/667 final).</p> <p>5. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe’s recovery (COM/2021/350 final).</p> <p>6. Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en</p> <p>7. https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/</p> <p>8. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy (COM/2021/66/final).</p>	<p>7. https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/</p> <p>8. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy (COM/2021/66/final).</p>	<p>Sustainability Towards a Toxic-Free Environment (COM/2020/667 final).</p> <p>5. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe’s recovery (COM/2021/350 final).</p> <p>6. Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en</p> <p>7. https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/</p> <p>8. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy (COM/2021/66/final).</p>
Recital 12				
6	21	(12) This Directive is in coherence with the EU Action Plan on Human Rights and Democracy 2020-2024 ¹ . This Action Plan defines as a	(12) This Directive is in coherence with the EU Action Plan on Human Rights and Democracy 2020-2024 ¹ . This Action Plan defines as a	(12) This Directive is in coherence with the EU Action Plan on Human Rights and Democracy 2020-2024 ¹ . This Action Plan defines as a

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	<p>priority to strengthen the Union’s engagement to actively promote the global implementation of the United Nations Guiding Principles on Business and Human Rights and other relevant international guidelines such as the OECD Guidelines for Multinational Enterprises, including by advancing relevant due diligence standards.</p> <p>1. Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 (JOIN/2020/5 final).</p>	<p>priority to strengthen the Union’s engagement to actively promote the global implementation of the United Nations Guiding Principles on Business and Human Rights and other relevant international guidelines such as the OECD Guidelines for Multinational Enterprises as clarified in the OECD Guidelines for Multinational Enterprises <u>Guidance for Responsible Business Conduct as the relevant guidelines</u>, including by advancing relevant due diligence standards.</p> <p>1. Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 (JOIN/2020/5 final).</p>	<p>priority to strengthen the Union’s engagement to actively promote the global implementation of the United Nations Guiding Principles on Business and Human Rights and other relevant international guidelines such as the OECD Guidelines for Multinational Enterprises, including by advancing relevant due diligence standards.</p> <p>1. Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 (JOIN/2020/5 final).</p>	<p>priority to strengthen the Union’s engagement to actively promote the global implementation of the United Nations Guiding Principles on Business and Human Rights and other relevant international guidelines such as the OECD Guidelines for Multinational Enterprises, including by advancing relevant due diligence standards.</p> <p>1. Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 (JOIN/2020/5 final).</p> <p><u>Text Origin: Commission Proposal</u></p>
	Recital 13			
22	<p>(13) The European Parliament, in its resolution of 10 March 2021 calls upon the Commission to propose Union rules for a comprehensive corporate due diligence obligation¹. The Council Conclusions on Human Rights and Decent Work in Global Supply Chains of 1 December 2020 called upon the Commission to table a proposal for a Union legal framework on sustainable corporate governance, including cross-sector</p>	<p>(13) The European Parliament, in its resolution of 10 March 2021 calls upon the Commission to propose Union rules for a comprehensive corporate due diligence obligation <u>obligations, with consequences including civil liability for those companies that cause or contribute to harm by failing to carry out due diligence</u>¹. The Council Conclusions on Human Rights and Decent Work in Global Supply Chains of 1 December 2020</p>	<p>(13) The European Parliament, in its resolution of 10 March 2021 calls upon the Commission to propose Union rules for a comprehensive corporate due diligence obligation¹. The Council Conclusions on Human Rights and Decent Work in Global Supply Chains of 1 December 2020 called upon the Commission to table a proposal for a Union legal framework on sustainable corporate governance, including cross-sector</p>	<p>(13) The European Parliament, in its resolution of 10 March 2021 calls upon the Commission to propose Union rules for a comprehensive corporate due diligence obligation <u>obligations, with consequences including civil liability for those companies that cause or jointly cause harm by failing to carry out due diligence</u>¹. The Council Conclusions on Human Rights and Decent Work in Global Supply Chains of 1 December 2020</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>corporate due diligence obligations along global supply chains.² The European Parliament also calls for clarifying directors` duties in its own initiative report adopted on 2 December 2020 on sustainable corporate governance. In their Joint Declaration on EU Legislative Priorities for 2022³, the European Parliament, the Council of the European Union and the Commission have committed, to deliver on an economy that works for people, and to improve the regulatory framework on sustainable corporate governance.</p> <p>1. European Parliament resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129(INL)), P9_TA(2021)0073, available at https://oeil.secure.europarl.europa.eu/oeil/pups/ficheprocedure.do?lang=en&reference=2020/2129(INL).</p> <p>2. Council Conclusions on Human Rights and Decent Work in Global Supply Chains, 1 December 2020 (13512/20).</p> <p>3. Joint declaration of the European Parliament, the Council of the European Union and the European Commission on EU Legislative Priorities for 2022, available at https://ec.europa.eu/info/sites/default/files/joint_declaration_2022.pdf.</p>	<p>called upon the Commission to table a proposal for a Union legal framework on sustainable corporate governance, including cross-sector corporate due diligence obligations along global supply chains.² The European Parliament also calls for clarifying directors' duties in its own initiative report adopted on 2 December 2020 on sustainable corporate governance. In their Joint Declaration on EU Legislative Priorities for 2022³, the European Parliament, the Council of the European Union and the Commission have committed, to deliver on an economy that works for people, and to improve the regulatory framework on sustainable corporate governance.</p> <p>1. European Parliament resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129(INL)), P9_TA(2021)0073, available at https://oeil.secure.europarl.europa.eu/oeil/pups/ficheprocedure.do?lang=en&reference=2020/2129(INL).</p> <p>2. Council Conclusions on Human Rights and Decent Work in Global Supply Chains, 1 December 2020 (13512/20).</p> <p>3. Joint declaration of the European Parliament, the Council of the European Union and the European Commission on EU Legislative Priorities for 2022, available at https://ec.europa.eu/info/sites/default/files/joint_declaration_2022.pdf.</p>	<p>corporate due diligence obligations along global supply chains.² The European Parliament also calls for clarifying directors` duties in its own initiative report adopted on 2 December 2020 on sustainable corporate governance. In their Joint Declaration on EU Legislative Priorities for 2022³, the European Parliament, the Council of the European Union and the Commission have committed, to deliver on an economy that works for people, and to improve the regulatory framework on sustainable corporate governance.</p> <p>1. European Parliament resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129(INL)), P9_TA(2021)0073, available at https://oeil.secure.europarl.europa.eu/oeil/pups/ficheprocedure.do?lang=en&reference=2020/2129(INL).</p> <p>2. Council Conclusions on Human Rights and Decent Work in Global Supply Chains, 1 December 2020 (13512/20).</p> <p>3. Joint declaration of the European Parliament, the Council of the European Union and the European Commission on EU Legislative Priorities for 2022, available at https://ec.europa.eu/info/sites/default/files/joint_declaration_2022.pdf.</p>	<p>called upon the Commission to table a proposal for a Union legal framework on sustainable corporate governance, including cross-sector corporate due diligence obligations along global supply chains.² The European Parliament also calls for clarifying directors` duties in its own initiative report adopted on 2 December 2020 on sustainable corporate governance. In their Joint Declaration on EU Legislative Priorities for 2022³, the European Parliament, the Council of the European Union and the Commission have committed, to deliver on an economy that works for people, and to improve the regulatory framework on sustainable corporate governance.</p> <p>1. European Parliament resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129(INL)), P9_TA(2021)0073, available at https://oeil.secure.europarl.europa.eu/oeil/pups/ficheprocedure.do?lang=en&reference=2020/2129(INL).</p> <p>2. Council Conclusions on Human Rights and Decent Work in Global Supply Chains, 1 December 2020 (13512/20).</p> <p>3. Joint declaration of the European Parliament, the Council of the European Union and the European Commission on EU Legislative Priorities for 2022, available at https://ec.europa.eu/info/sites/default/files/joint_declaration_2022.pdf.</p> <p>Text Origin: EP Mandate</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Recital 14				
23	(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies through the identification, prevention and mitigation, bringing to an end and minimisation of potential or actual adverse human rights and environmental impacts connected with companies' own operations, subsidiaries and value chains.	(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies <u>by respecting human rights and the environment</u> , through the identification, prevention and mitigation, bringing to an end <u>remediation</u> and minimisation, <u>and where necessary, prioritisation</u> , of potential or actual adverse human rights and environmental impacts connected with companies' own operations, subsidiaries and value chains, <u>and ensuring that those affected by a failure to respect this duty have access to justice and legal remedies. This Directive should be without prejudice to the responsibility of Member States to respect and the duty to protect human rights and the environment under international law.</u>	(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies through the identification, prevention and mitigation, bringing to an end and minimisation of potential or actual adverse human rights and environmental impacts connected with companies' own operations, subsidiaries and value their business partners in the companies' chains of activities. This Directive is without prejudice to the responsibility of Member States to respect and protect human rights and the environment under international law.	(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies through the identification, <u>and where necessary, prioritisation</u> , prevention and mitigation, bringing to an end and , minimisation <u>and remediation</u> of potential or actual adverse human rights and environmental impacts connected with companies' own operations, <u>operations of their</u> subsidiaries and value <u>their business partners in the companies'</u> chains <u>of activities, and ensuring that those affected by a failure to respect this duty have access to justice and legal remedies.</u> <u>This Directive is without prejudice to the responsibility of Member States to respect and protect human rights and the environment under international law.</u>
Recital 14a				
23a			(14a) This Directive is without prejudice to obligations in the	<u>(14a) This Directive is without prejudice to obligations in the</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and should apply to those specific obligations. Examples of these obligations in Union legislative acts include obligations in the Regulation (EU) 2017/821 of the European Parliament and of the Council (Conflict Minerals Regulation)¹, [the proposal for a Batteries Regulation²] or [the proposal for a Regulation on deforestation-free supply chains³].</p> <p>1. Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas (OJ L 130, 19.5.2017, p. 1).</p> <p>2. Proposal for a Regulation of the European Parliament and of the Council concerning batteries and waste batteries, repealing Directive 2006/66/EC and amending Regulation (EU) No 2019/1020 (COM/2020/798 final).</p> <p>3. Proposal for a Regulation of the European Parliament and of the Council</p>	<p><u><i>areas of human, employment and social rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and should apply to those specific obligations. Examples of these obligations in Union legislative acts include obligations in the Regulation (EU) 2017/821 of the European Parliament and of the Council (Conflict Minerals Regulation)¹, Regulation (EU) 2023/1542 of the European Parliament and of the Council (Batteries Regulation)² or Regulation (EU) 2023/1115 of the European Parliament and of the Council (Regulation on deforestation-free supply chains)³.</i></u></p> <p><u><i>1. Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas (OJ L 130, 19.5.2017, p. 1).</i></u></p> <p><u><i>2. Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and</i></u></p>

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	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (COM(2021) 706 final).	waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC, (OJ L 191, 28.7.2023, p. 1), 3. Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010, (OJ L 150, 9.6.2023, p. 206).
Recital 14b				
23b			(14b) In order to accommodate for the specificities of pension and social security schemes in different Member States, Member States should decide whether to apply this Directive to their pension institutions operating social security systems under applicable Union law.	deleted Check all provisions related to financial sector.
Recital 15				
24	(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their established direct and indirect business relationships throughout their value chains in accordance with the provisions of this	(15) Companies should take appropriate steps <u>within their means</u> to set up and carry out due diligence measures, with respect to their own operations, <u>those of</u> their subsidiaries, as well as their established direct and indirect business relationships <u>throughout in</u> their value chains in accordance	(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their established direct and indirect business relationships partners throughout their value chains of activities in accordance with the	(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, <u>those of</u> their subsidiaries, as well as their established direct and indirect business relationships <u>partners</u> throughout their value chains <u>chains of activities</u> in

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be ‘obligations of means’. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. Account should be taken of the specificities of the company’s value chain, sector or geographical area in which its value chain partners operate, the company’s power to influence its direct and indirect business relationships, and whether the company could increase its power of influence.</p>	<p>with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be ‘obligations of means’. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case, <u>proportionate and commensurate to the degree of severity and the likelihood of the adverse impact and the size, resources, and capacities of the company</u>. Account should be taken of the specificities of the company’s value chain, sector or geographical area in which its value chain partners operate, the company’s power to influence its direct and indirect business relationships, and whether the company could increase its power of influence.</p>	<p>provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example, with respect to business relationships partners where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be ‘obligations of means’. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. Account should be taken of the specificities of the company’s value business operations and its chain of activities, sector or geographical area in which its value business partners operate, the company’s power to influence its direct and indirect business relationships partners, and whether the company could increase its power of influence.</p>	<p>accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example, with respect to business relationships partners where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be ‘obligations of means’. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation <u>are capable of achieving the objectives of due diligence by effectively addressing adverse impacts, in a manner commensurate to the degree of severity and the likelihood</u> of the adverse impact. <u>Account should be taken of</u> under the circumstances of the specific case. Account should be taken, the nature and extent <u>of the adverse impact and relevant risk factors, including, in preventing and minimising adverse impacts, the specificities of the company’s</u> value business operations and its chain of activities, sector or geographical area in which its value chain business partners operate, the</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				company's power to influence its direct and indirect business relationships <u>partners</u> , and whether the company could increase its power of influence.
Recital 16				
25	(16) The due diligence process set out in this Directive should cover the six steps defined by the OECD Due Diligence Guidance for Responsible Business Conduct, which include due diligence measures for companies to identify and address adverse human rights and environmental impacts. This encompasses the following steps: (1) integrating due diligence into policies and management systems, (2) identifying and assessing adverse human rights and environmental impacts, (3) preventing, ceasing or minimising actual and potential adverse human rights, and environmental impacts, (4) assessing the effectiveness of measures, (5) communicating, (6) providing remediation.	(16) The due diligence process set out in this Directive should cover the six steps defined by the OECD Due Diligence Guidance for Responsible Business Conduct, which include due diligence measures for companies to identify and address adverse human rights and environmental impacts. This encompasses the following steps: (1) integrating due diligence into policies and management systems, (2) identifying and assessing adverse human rights and and environmental impacts, (3) preventing, ceasing or minimising actual and potential adverse human rights ; and environmental impacts, (4) <u>verifying, monitoring and</u> assessing the effectiveness of measures, (5) communicating, (6) providing remediation.	(16) The due diligence process set out in this Directive should cover the six steps defined by the OECD Due Diligence Guidance for Responsible Business Conduct, which include due diligence measures for companies to identify and address adverse human rights and environmental impacts. This encompasses the following steps: (1) integrating due diligence into policies and management systems, (2) identifying and assessing adverse human rights and environmental impacts, (3) preventing, ceasing or minimising actual and potential adverse human rights, and environmental impacts, (4) assessing the effectiveness of measures, (5) communicating, (6) providing remediation.	(16) The due diligence process set out in this Directive should cover the six steps defined by the OECD Due Diligence Guidance for Responsible Business Conduct, which include due diligence measures for companies to identify and address adverse human rights and environmental impacts. This encompasses the following steps: (1) integrating due diligence into policies and management systems, (2) identifying and assessing adverse human rights and and environmental impacts, (3) preventing, ceasing or minimising actual and potential adverse human rights ; and environmental impacts, (4) <u>monitoring and</u> assessing the effectiveness of measures, (5) communicating, (6) providing remediation ;
Recital 16a				
25a			(16a) In order to make due diligence more effective and	<u>(16a) In order to make due diligence more effective and reduce</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>reduce the burden on companies, they should be entitled to share resources and information within their respective groups of companies and with other legal entities, in compliance with existing national and Union law. In addition, the parent company falling under the scope of this Directive should be allowed to fulfil some of the due diligence obligations also on behalf of its subsidiaries that are falling under the scope of this Directive. Since the parent company would be fulfilling these due diligence obligations on behalf of subsidiaries, the subsidiaries should only be required to fulfil the obligations that need to be performed at subsidiary level due to their nature. The possibility to fulfil the obligations at a group level should be limited to parent companies and subsidiaries both falling under the scope of this Directive. This limitation is necessary for the purposes of administrative enforcement where, apart from the obligations staying with the subsidiaries, the parent company should be responsible for fulfilling the due diligence obligations. The supervisory authority of the parent company should be competent to monitor and assess</p>	<p><u><i>the burden on companies, they should be entitled to share resources and information within their respective groups of companies and with other legal entities.</i></u></p> <p><u><i>The parent company falling under the scope of this Directive should be allowed to fulfil some of the due diligence obligations also on behalf of its subsidiaries that are falling under the scope of this Directive, if this ensures effective compliance.</i></u></p> <p><u><i>This should be without prejudice to the subsidiaries being subject to the exercise of the supervisory authority's powers and to their civil liability under this Directive.</i></u></p> <p><u><i>When the parent company fulfils the obligations on combatting climate change on behalf of the subsidiary, the subsidiary should comply with those obligations in accordance with the parent company's climate change mitigation plan accordingly adapted to its business model and strategy.</i></u></p> <p><u><i>If the subsidiary does not fall under the scope of this Directive, since the subsidiary is not obliged to carry out due diligence, the parent company should cover operations of the subsidiary as part</i></u></p>

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			<p>the fulfilment of due diligence obligations of the whole group, apart from the obligations staying with the subsidiaries where the competent supervisory authority should be the one of the relevant subsidiary. If the subsidiary does not fall under the scope of this Directive, the parent company cannot fulfil due diligence on behalf of the subsidiary since the subsidiary is not obliged to carry out due diligence. In that case, the parent company should cover operations of the subsidiary as part of its own due diligence obligations. If the subsidiaries fall under the scope of this Directive, but the parent company does not, they still should be allowed to share resources and information within the group of companies. Nevertheless, the subsidiaries would be responsible for fulfilling due diligence obligations under this Directive.</p>	<p><u>of its own due diligence obligations.</u></p> <p><u>If the subsidiaries fall under the scope of this Directive, but the parent company does not, they still should be allowed to share resources and information within the group of companies. Nevertheless, the subsidiaries would be responsible for fulfilling due diligence obligations under this Directive.</u></p>
	Recital 16b			
25b			<p>(16b) The fulfilment of due diligence obligations at a group level should be without prejudice to the civil liability of subsidiaries in respect to victims to whom the damage is caused. If the conditions for civil liability are</p>	<p><u>(16b) The fulfilment of some of the due diligence obligations at a group level should be without prejudice to the civil liability of subsidiaries under this Directive in respect to victims to whom the damage is caused. If the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			met, the subsidiary might be held liable for damage occurred, irrespective of whether the due diligence obligations were carried out by the subsidiary or by the parent company on behalf of the subsidiary.	<u>conditions for civil liability are met, the subsidiary might be held liable for damage occurred, irrespective of whether the due diligence obligations were carried out by the subsidiary or by the parent company on behalf of the subsidiary.</u> Text Origin: Council Mandate
Recital 16c				
25c			(16c) In line with existing Union law, when sharing information to comply with the obligations resulting from this Directive, companies or legal entities should not be required to disclose to its business partner information that is deemed to be a trade secret as defined in the Directive 2016/943/EU of the European Parliament and of the Council¹. ¹ Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (OJ L 157, 15.6.2016, p. 1).	Link to art. 4(2a) - Add here or only in recital 30? Council to check.
Recital 17				
26				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>(17) Adverse human rights and environmental impact occur in companies' own operations, subsidiaries, products, and in their value chains, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover human rights and environmental adverse impacts generated throughout the life-cycle of production and use and disposal of product or provision of services, at the level of own operations, subsidiaries and in value chains.</p>	<p>(17) Adverse human rights, and environmental impact<u>impacts</u> occur in companies' own operations, subsidiaries, products, <u>services</u>, and in their value chains, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover human rights, and environmental adverse impacts generated throughout the life-cycle of production and use and disposal<u>sale and waste management</u> of product or provision of services, at the level of own operations, subsidiaries and in value chains.</p>	<p>(17) Adverse human rights and environmental impact<u>impacts</u> might occur in companies' own operations, subsidiaries, products, and operations of their subsidiaries, and their business partners in their value chains of activities, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover human rights and environmental adverse impacts generated throughout majority of the life cycle the life-cycle of production and use and disposal of product or provision of services, at the level of companies' own operations, operations of their subsidiaries and their business partners in their in value chains of activities.</p>	<p>(17) Adverse human rights, and environmental impact<u>impacts might</u> occur in companies' own operations, <u>operations of their subsidiaries, products, and and their business partners</u> in their value chains <u>of activities</u>, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover human rights, and environmental adverse impacts generated throughout <u>the majority of</u> the life-cycle of production, <u>distribution, transport, storage and use</u> and disposal of <u>a</u> product or provision of services, at the level of <u>companies' own operations, operations of their subsidiaries and their business partners in their</u> in value chains <u>of activities</u>.</p> <p>Text Origin: Council Mandate</p>
Recital 17a				
6	26a	<p><u>(17a) Global value chains in particular critical raw materials value chains, are impacted by detrimental effects of natural or man-made hazards. The risks in critical value chains have been made apparent by the COVID-19 crisis while the frequency and</u></p>		<p>deleted</p> <p>Recital 17a in the document of agreed recitals is now inserted above as recital 7a.</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>impact of those shocks are likely to increase in the future, constituting a driver for inflation and leading to a subsequent increase of macroeconomic volatility as well as market and trade uncertainty. To address this, the EU should initiate an annual Union-wide assessment of the resilience of companies to adverse scenarios related to their value chains, that would map, assess and provide potential responses to their value chain risks, including externalities as well as social, environmental and political risks.</u></p>		
Recital 18				
27	<p>(18) The value chain should cover activities related to the production of a good or provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of established business relationships of the company. It should encompass upstream established direct and indirect business relationships that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company that are necessary to carry out the</p>	<p>(18) The value chain should cover activities related to the production, <u>distribution and sale</u> of a good or provision of services by a company, including the development of the product or the service and the use and disposal <u>waste management</u> of the product as well as the related activities of established business relationships of the company. It should encompass <u>upstream established direct and indirect</u> <u>the activities of a company's</u> business relationships that <u>related to the</u> design, extract <u>extraction</u>, manufacture, transport, store <u>storage</u> and supply <u>of</u> raw material,</p>	<p>(18) The value chain chain of activities should cover activities related to the production and supply of goods of a good or provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related which should encompass activities of established business relationships of the company. It should encompass upstream established direct and indirect business relationships partners that design, extract, manufacture, transport, store and supply raw material,</p>	<p>(18) The value chain <u>chain of activities</u> should cover activities <u>of a company's upstream business partners</u> related to the production of a good or goods or the provision of services by at <u>the</u> company, including the <u>design, extraction, sourcing, manufacture, transport, storage and supply of raw materials, products or parts of the products and</u> development of the product or the service, <u>and activities of a company's downstream business partners related to the distribution, transport, storage</u> and the use and disposal of the product, <u>including the dismantling.</u></p>

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	<p>company's activities, and also downstream relationships, including established direct and indirect business relationships, that use or receive products, parts of products or services from the company up to the end of life of the product, including inter alia the distribution of the product to retailers, the transport and storage of the product, dismantling of the product, its recycling, composting or landfilling.</p>	<p>products, parts of products, or provide services to the company that are necessary to carry out the company's activities, and also downstream relationships, including established direct and indirect business relationships, that use or receive products, parts of products or services from the company up to the end of life of the product <u>as well as the sale or distribution of goods or the provision or development of services</u>, including inter alia the distribution of the product to retailers, the <u>waste management, transport and storage, excluding the waste management of the product, dismantling of the product, its recycling, composting or landfilling by individual consumers.</u></p>	<p>products, parts of products, or provide services to the company that are necessary to carry out the company's activities. Also, the chain of activities should cover activities of, and also downstream relationships, including established direct and indirect business relationships, that use or receive products, parts of products or services from partners that distribute, transport, store and dispose of the product, including inter alia the dismantling of the product, its recycling, composting or landfilling, where those activities are carried out for the company up to the end of life or on behalf of the company. The disposal of the product by consumers should be excluded in order to ensure the feasibility of due diligence obligations. Also, the chain of activities should not encompass, including inter alia the distribution, transport, storage and disposal of a of the product that is subject to export control of a Member State to retailers, meaning either the export control under the Regulation (EU) 2021/821 the transport and storage of the product, dismantling European Parliament and of the product, its recycling, composting or landfilling Council¹ or the export control of weapons, munition or war material under</p>	<p><u>recycling, composting or landfilling, where the business partners carry out those as well as the related activities of established business relationships directly or indirectly for the company or on behalf of the company.</u></p> <p><u>This Directive # should not cover the disposal of the product by consumers. Also, under this Directive the chain of activities should not encompass upstream established direct and indirect business relationships that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company that are necessary to carry out the company's activities, and also downstream relationships, including established direct and indirect business relationships, that use or receive products, parts of products or services from the company up to the end of life of the product the distribution, transport, storage and disposal of a product that is subject to export control of a Member State, meaning either the export control under the Regulation (EU) 2021/821 of the European Parliament and of the Council¹ or the export control of weapons, munition or war material under</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>national export controls, after the export of the product is authorised.</p> <p>1. Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (OJ L 206, 11.6.2021, p. 1).</p>	<p><u><i>national export controls, after the export of the product is authorised. This Directive is complemented by these and other legislative acts, which also address negative adverse impacts in the field of human rights or environmental protection. In particular, Regulation (EU) 2021/821 of the European Parliament and of the Council sets up a regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items, covering inter alia software and technologies that can be used for cyber-surveillance purposes. Under this regime, Member States should consider in particular the risk of such goods being used in connection with internal repression or the commission of serious violations of human rights and international humanitarian law. Also, Regulation (EU) 2019/125 of the European Parliament and the Council prohibits or regulates, as the case may be, export of goods such as chemical substances that are used or could be used for the purpose of capital punishment or for the purpose of torture and other cruel, inhuman or degrading treatment or punishment. Moreover, several other legislative initiatives aim at mitigating</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>environmental impacts of products during their whole lifecycle, including inter alia the distribution of the product to retailers, the transport and storage of the product, dismantling of the product, its recycling, composting or landfilling by setting ecodesign requirements based on the sustainability and circularity aspects of products. Compliance with this Directive should facilitate compliance with the provisions and objectives of these other legislative acts, and with the terms and conditions of the applicable authorisations implemented thereunder. Exporters should take into account the results of their due diligence findings under this Directive in their compliance with these other legislative acts. The term “chain of activities” as defined in this directive is without prejudice to the terms “value chain” or “supply chain” as defined in or within the meaning of other EU legislation.</u></p> <p><u>1. Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (OJ L 206, 11.6.2021, p. 1).</u></p>

Recital 18a

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
27a		<p><u>(18a) In some situations once products are sold or distributed by a business relationship, companies may have diminished ability to monitor impacts in order to take reasonable steps to prevent or mitigate them. In such situations, identifying actual and potential impacts and taking preventive or mitigating actions will be important prior to and at the point of initial sale or distribution, and in follow up or ongoing interactions with those business relationships when such impacts are reasonably foreseeable or when notified of significant impacts through the notification procedure.</u></p>		<p><u>Deleted</u></p> <p>To be analysed – link to compromise? EP to provide feedback.</p>
Recital 18b				
27b		<p><u>(18b) When a company sources products containing recycled material, it may be difficult to verify the origins of the secondary raw materials. In such situations the company should take appropriate measures to trace secondary raw materials to the relevant supplier and evaluate whether there is adequate information to demonstrate that the material is recycled.</u></p>		<p>EP to propose text.</p>
Recital 19				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
28	<p>(19) As regards regulated financial undertakings providing loan, credit, or other financial services, “value chain” with respect to the provision of such services should be limited to the activities of the clients receiving such services, and the subsidiaries thereof whose activities are linked to the contract in question. Clients that are households and natural persons not acting in a professional or business capacity, as well as small and medium sized undertakings, should not be considered to be part of the value chain. The activities of the companies or other legal entities that are included in the value chain of that client should not be covered.</p>	<p>(19) As regards regulated financial undertakings providing loan, credit, or other financial services, “value chain” with respect to <u>financial services, linked to the conclusion of a contract within a value chain,</u> the provision of such services should be limited to <u>include</u> the activities of the clients receiving such services <u>directly receiving them,</u> and the subsidiaries thereof whose activities are linked to the contract in question. <u>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.</u> Clients that are households and natural persons not acting in a professional or business capacity, as well as small and medium sized undertakings, should not be considered to be part of the value chain. The activities of the companies or other legal entities that are included in the value chain of that client should not be covered of regulated financial undertakings.</p>	<p>(19) As regards For regulated financial undertakings, the definition of the term ‘chain of activities’ should also include the provision of financial services within the meaning of this Directive if the Member State decides to apply this Directive also to the provision of such services. In such case, the definition of the term ‘chain of activities’ should be adapted to cater for their specificities with a view to capture activities that allocate capital and provide insurance coverage to the real economy. Therefore, it is appropriate not to include in the definition of the term ‘chain of activities’ financial services providing loan, credit, or other than those services that directly result in an allocation of capital or in the coverage of risk through insurance or reinsurance. As regards regulated financial undertakings providing financial services, “value chain” “chain of activities’ with respect to the provision of such services should be limited to the activities of the clients counterparts receiving such services, and the their subsidiaries thereof benefiting from the service benefiting from the service whose activities are linked to the contract service in question.</p>	<p><i>deleted</i></p> <p><i>Council to come back with text for recital on financial sector.</i></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>ClientsThe activities of the business partners in the chains of activities of those counterparts should not be covered.</p> <p>Counterparts that are households and natural persons not acting in a professional or business capacity, as well as small and medium sized undertakingsenterprises, should not be considered to be part of the value chain. The of activities of the companies or other legal entities that are included in the value chain of that client should not be coveredfinancial undertaking.</p>	
<i>Recital 19a</i>				
6	28a	<p><u><i>(19a) Regulated financial undertakings as well as other companies should use information beyond the information derived from credit rating agencies, sustainability rating agencies or benchmark administrators.</i></u></p>		<i>deleted</i>
<i>Recital 20</i>				
6	29	<p>(20) In order to allow companies to properly identify the adverse impacts in their value chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations should be limited in this Directive to</p>	<i>deleted</i>	<i>deleted</i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>established business relationships. For the purpose of this Directive, established business relationships should mean such direct and indirect business relationships which are, or which are expected to be lasting, in view of their intensity and duration and which do not represent a negligible or ancillary part of the value chain. The nature of business relationships as “established” should be reassessed periodically, and at least every 12 months. If the direct business relationship of a company is established, then all linked indirect business relationships should also be considered as established regarding that company.</p>			
<i>Recital 21</i>				
30	<p>(21) Under this Directive, EU companies with more than 500 employees on average and a worldwide net turnover exceeding EUR 150 million in the financial year preceding the last financial year should be required to comply with due diligence. As regards companies which do not fulfil those criteria, but which had more than 250 employees on average and more than EUR 40 million worldwide net turnover in the financial year preceding the last financial year and</p>	<p>(21) Under this Directive, EU companies with more than 500<u>250</u> employees on average and a worldwide net turnover exceeding EUR 150<u>40</u> million in the financial year preceding the last financial year should be required to comply with due diligence. As regards companies which do not fulfil those criteria, but which had more than 250 employees on average and or <u>companies which are the ultimate parent company of a group that had 500 employees and a net</u></p>	<p>(21) Under this Directive, EU companiescompanies established in the Union with more than 500 employees on average and a worldwide networldwide turnover exceeding EUR 150 million in the lastlast financial year preceding the lastfor which annual financial year statements have been or should have been adopted should be required to comply with due diligence, provided that they fulfil those criteria for two consecutive financial years. As</p>	<p>To be discussed further.</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>which operate in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council¹, should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company.</p> <p>¹ Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).</p>	<p><u>worldwide turnover of</u> more than EUR 40150 million <u>worldwide net turnover</u> in the <u>last</u> financial year preceding the last <u>for which annual financial year and which operate in one or more high impact sectors, statements have been prepared should be required to comply with</u> due diligence. <u>The calculation of the thresholds should include the number of employees and turnover of a company's branches, which are places of business other than the head office that are legally dependent on it, and therefore considered as part of the company, in accordance with EU and national legislation. Temporary agency workers and other workers in non-standard forms of employment should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU <u>(EU) 2018/957</u> of the European</u></p>	<p>regards companies which do not fulfil those criteria, but which had more than 250 employees on average and more than EUR 40 million worldwide net worldwide turnover in the financial year preceding the last financial year and which operate in one or more high-impact sectors, provided that they fulfil those criteria for two consecutive financial years, due diligence should apply 23 years after the end of the transposition period of this Directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC of the European Parliament and of the Council¹, as amended by Directive 2018/957/EU of the European Parliament and of the Council², should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p>Parliament and of the Council ¹⁷, should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company.</p> <p>1. Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).</p>	<p>number of employees of the sending company. Seasonal workers should be included in the calculation of the number of employees proportionally to the number of months that they are employed for.</p> <p>1. Directive (EU) 2018/957/EC of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC¹⁶ December 1996 concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16), 21.1.1997, p. 1). 2. Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).</p>	

Recital 22

31	<p>(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the selection of high-impact sectors for the purposes of this Directive should be based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this Directive: the manufacture of textiles, leather and related products (including</p>	<p>(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the selection of high-impact sectors <u>Commission should develop sector-specific guidelines, including</u> for the purposes of this Directive should be following sectors, based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this</p>	<p>(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the selection of high-impact sectors for the purposes of this Directive should be based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this Directive: the manufacture of textiles, leather and related products (including</p>	<p>(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the selection of high-impact sectors for the purposes of this Directive should be based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this Directive: the manufacture of textiles, leather and related products (including</p>
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	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>footwear), and the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; the extraction of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products). As regards the financial sector, due to its specificities, in particular as regards the value chain and the services offered, even if it is covered by sector-specific OECD guidance, it should not form part of the high-impact sectors covered by this Directive. At the same time, in this sector, the broader coverage of actual and potential adverse impacts should be ensured by also including very large companies in the scope that are regulated financial</p>	<p><i>Directive:</i> the manufacture of textiles, <u>wearing apparel</u>, leather and related products (including footwear), and the wholesale trade <u>and retail</u> of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, <u>marketing and advertising of food and beverages</u>, and the wholesale trade of agricultural raw materials, live animals, <u>animal products</u>, wood, food, and beverages; <u>energy</u>, the extraction, <u>transport and handling</u> of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products). As regards the financial sector, due to its specificities, in particular as regards the value chain and the, <u>construction and related activities, the provision of financial services offered, even if it is covered by</u></p>	<p>footwear), and the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products and beverages, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; the extraction of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products). These sectors should be understood as covering the related sectors of economic activities associated with the applicable statistical classification of economic activities established by Regulation (EC) No 1893/2006 of the European Parliament and the Council¹. As regards the financial sector, due to its specificities, in particular as regards the value of activities and the services</p>	<p>footwear), and the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products <u>and beverages</u>, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; the extraction of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products); <u>construction. These sectors should be understood as covering the related sectors of economic activities associated with the applicable statistical classification of economic activities established by Regulation (EC) No 1893/2006.</u> As regards the financial sector, due to its specificities, in particular as regards the value chain and the services offered, even if it is covered by sector-specific OECD guidance,</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>undertakings, even if they do not have a legal form with limited liability.</p>	<p>sector-specific OECD guidance, it should not form part of the high-impact sectors covered by this Directive. At the same time, in this sector, the broader coverage of actual and potential adverse impacts should be ensured by also, <u>investment services and activities and other financial services; and the production, provision and distribution of information and communication technologies or related services, including hardware, software solutions, including artificial intelligence, surveillance, facial recognition, data storage or processing, telecommunication services, web-based and cloud-based services,</u> including very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited liability <u>social media and networking, messaging, e-commerce, delivery, mobility, and other platform services.</u></p>	<p>offered, even if it is covered by sector-specific OECD guidance, it should not form part of the high-impact sectors covered by this Directive. At the same time, in this sector, the broader coverage of actual and potential adverse impacts should be ensured by also including very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited liability.</p> <p>1. Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains, OJ L 393, 30.12.2006, p. 1).</p>	<p>it should not form part of the high-impact sectors covered by this Directive. At the same time, in this sector, the broader coverage of actual and potential adverse impacts <u>European Parliament and the Council¹. The Commission should be ensured by also including very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited liability</u> <u>develop sector-specific guidelines for these sectors.</u></p> <p><u>1. Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains, OJ L 393, 30.12.2006, p. 1).</u></p>
Recital 23				
32	<p>(23) In order to achieve fully the objectives of this Directive addressing human rights and adverse environmental impacts with respect to companies' operations, subsidiaries and value chains, third-</p>	<p>(23) In order to achieve fully the objectives of this Directive addressing human rights and <u>environmental</u> adverse environmental impacts with respect to companies' operations, <u>and those</u></p>	<p>(23) In order to achieve fully the objectives of this Directive addressing human rights and adverse environmental impacts with respect to companies' operations, operations of their subsidiaries and</p>	<p>Text to be rediscussed after alignment with recital 21.</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement	
	country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR 150 million in the Union in the financial year preceding the last financial year or a net turnover of more than EUR 40 million but less than EUR 150 million in the financial year preceding the last financial year in one or more of the high-impact sectors, as of 2 years after the end of the transposition period of this Directive.	<i>of its</i> subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR 150 40 million in the Union in the financial year preceding the last financial year or <u>companies which are the ultimate parent company of a group that had 500 employees and a net worldwide turnover of more than EUR150 million and at least 40 million but less than EUR 150 million was generated in the Union</u> in the <u>last</u> financial year preceding the last <u>for which annual</u> financial year in one or more of the high-impact sectors, as of 2 years after the end of the transposition period of this Directive <u>statements have been prepared. The calculation of net turnover should include turnover generated by third party companies with whom the company and/or its subsidiaries has entered into a vertical agreement in the Union in return for royalties.</u>	value their business partners in companies' chains of operations , third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR 150 million in the Union in the financial year preceding the last financial year, or a net turnover of more than EUR 40 million but less than EUR 150 million generated in the Union in the financial year preceding the last financial year, provided that at least EUR 20 million was generated in one or more of the high-impact sectors, as of 2 years after the end of the transposition period of this Directive. The companies need to fulfil those criteria for two consecutive financial years.		
Recital 24					
6	33	(24) For defining the scope of application in relation to non-EU	(24) For defining the scope of application in relation to non-EU	(24) For defining the scope of application in relation to non-	6

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>companies the described turnover criterion should be chosen as it creates a territorial connection between the third-country companies and the Union territory. Turnover is a proxy for the effects that the activities of those companies could have on the internal market. In accordance with international law, such effects justify the application of Union law to third-country companies. To ensure identification of the relevant turnover of companies concerned, the methods for calculating net turnover for non-EU companies as laid down in Directive (EU) 2013/34 as amended by Directive (EU) 2021/2101 should be used. To ensure effective enforcement of this Directive, an employee threshold should, in turn, not be applied to determine which third-country companies fall under this Directive, as the notion of “employees” retained for the purposes of this Directive is based on Union law and could not be easily transposed outside of the Union. In the absence of a clear and consistent methodology, including in accounting frameworks, to determine the employees of third-country companies, such employee threshold would therefore create legal uncertainty and would be difficult to apply for supervisory</p>	<p>companies the described turnover criterion should be chosen as it creates a territorial connection between the third-country companies and the Union territory. Turnover is a proxy for the effects that the activities of those companies could have on the internal market. In accordance with international law, such effects justify the application of Union law to third-country companies. To ensure identification of the relevant turnover of companies concerned, the methods for calculating net turnover for non-EU companies as laid down in Directive (EU) 2013/34 as amended by Directive (EU) 2021/2101 should be used. To ensure effective enforcement of this Directive, an employee threshold should, in turn, not be applied to determine which third-country companies fall under this Directive, as the notion of “employees” retained for the purposes of this Directive is based on Union law and could not be easily transposed outside of the Union. In the absence of a clear and consistent methodology, including in accounting frameworks, to determine the employees of third-country companies, such employee threshold would therefore create legal uncertainty and would be difficult to apply for supervisory</p>	<p>EUthird-country companies, the described turnover criterion should be chosen as it creates a territorial connection between the third-country companies and the Union territory. Turnover is a proxy for the effects that the activities of those companies could have on the internal market. In accordance with international law, such effects justify the application of Union law to third-country companies. To ensure identification of the relevant turnover of companies concerned, the methods for calculating net turnover for non-EUthird-country companies as laid down in Directive (EU) 2013/34 as amended by Directive (EU) 2021/2101of the European Parliament and of the Council¹ should be used. To ensure effective enforcement of this Directive, an employee threshold should, in turn, not be applied to determine which third-country companies fall under this Directive, as the notion of “employees” retained for the purposes of this Directive is based on Union law and could not be easily transposed outside of the Union. In the absence of a clear and consistent methodology, including in accounting frameworks, to determine the employees of third-country companies, such employee threshold would therefore create</p>	<p>EUthird-country companies, the described turnover criterion should be chosen as it creates a territorial connection between the third-country companies and the Union territory. Turnover is a proxy for the effects that the activities of those companies could have on the internal market. In accordance with international law, such effects justify the application of Union law to third-country companies. To ensure identification of the relevant turnover of companies concerned, the methods for calculating net turnover for non-EUthird-country companies as laid down in Directive (EU) 2013/34 as amended by Directive (EU) 2021/2101of the European Parliament and of the Council¹ should be used. To ensure effective enforcement of this Directive, an employee threshold should, in turn, not be applied to determine which third-country companies fall under this Directive, as the notion of “employees” retained for the purposes of this Directive is based on Union law and could not be easily transposed outside of the Union. In the absence of a clear and consistent methodology, including in accounting frameworks, to determine the employees of third-country companies, such employee threshold would therefore create</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>authorities. The definition of turnover should be based on Directive 2013/34/EU which has already established the methods for calculating net turnover for non-Union companies, as turnover and revenue definitions are similar in international accounting frameworks too. With a view to ensuring that the supervisory authority knows which third country companies generate the required turnover in the Union to fall under the scope of this Directive, this Directive should require that a supervisory authority in the Member State where the third country company's authorised representative is domiciled or established and, where it is different, a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year are informed that the company is a company falling under the scope of this Directive.</p>	<p>authorities. The definition of turnover should be based on Directive 2013/34/EU which has already established the methods for calculating net turnover for non-Union companies, as turnover and revenue definitions are similar in international accounting frameworks too. With a view to ensuring that the supervisory authority knows which third country companies generate the required turnover in the Union to fall under the scope of this Directive, this Directive should require that a supervisory authority in the Member State where the third country company's authorised representative is domiciled or established and, where it is different, a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year are informed that the company is a company falling under the scope of this Directive.</p>	<p>legal uncertainty and would be difficult to apply for supervisory authorities. The definition of turnover should be based on Directive 2013/34/EU which has already established the methods for calculating net turnover for non-Union companies, as turnover and revenue definitions are similar in international accounting frameworks too. With a view to ensuring that the supervisory authority knows which third country companies generate the required turnover in the Union to fall under the scope of this Directive, this Directive should require that the third-country company's authorised representative or the company itself informs a supervisory authority in the Member State where the third country company's authorised representative is domiciled or established and, where it is different, a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year are informed that the company is a company falling under the scope of this Directive. If necessary for determination in which Member State the third-country company generated most of its net turnover in the Union,</p>	<p>legal uncertainty and would be difficult to apply for supervisory authorities. The definition of turnover should be based on Directive 2013/34/EU which has already established the methods for calculating net turnover for non-Union companies, as turnover and revenue definitions are similar in international accounting frameworks too. With a view to ensuring that the supervisory authority knows which third country companies generate the required turnover in the Union to fall under the scope of this Directive, this Directive should require that <u>the third-country company's authorised representative or the company itself informs</u> a supervisory authority in the Member State where the third country company's authorised representative is domiciled or established and, where it is different, a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year are informed that the company is a company falling under the scope of this Directive. <u>If necessary for determination in which Member State the third-country company generated most of its net turnover in the Union, the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>the Member State can request the Commission to inform the Member State about the net turnover of the third-country company generated in the Union. The Commission should set up a system to ensure such an exchange of information.</p> <p>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, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).</p>	<p><u>Member State can request the Commission to inform the Member State about the net turnover of the third-country company generated in the Union. The Commission should set up a system to ensure such an exchange of information.</u></p> <p><u>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, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).</u></p>
Recital 24a				
33a				<p><u>(24a) It is essential to establish a European framework for a responsible and sustainable approach to global value chains, given the importance of companies as a pillar in the construction of a sustainable society and economy. The emergence of binding legislation in several Member States has given rise to the need for a level playing field for companies in order to avoid fragmentation and to provide legal certainty for businesses operating in the internal market. Nonetheless, this</u></p>

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance)

2022/0051(COD) 15-01-2024 at 19h02 45/428

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>Directive should not preclude Member States from introducing more stringent national provisions diverging from those laid down in Articles other than Articles 6(1), 6(1a), 7(1) and 8(1), including where such provisions may indirectly raise the level of protection of those Articles 6(1), 6(1a), 7(1) and 8(1), such as the provisions on the scope, on the definitions, on the appropriate measures for the remediation of actual adverse impacts, on the carrying out of meaningful engagement with stakeholders and on the civil liability; or from introducing national provisions that are more specific in terms of their objective or the field covered, such as national provisions regulating specific adverse impacts or specific sectors of activity, in order to achieve a different level of protection of human, employment and social rights, the environment or the climate.</u>
	Recital 25			
34	(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on	(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on	(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on	(25) <u>This Directive aims to comprehensively cover human rights, including all five fundamental principles and rights at work as defined in the 1998 ILO Declaration on Fundamental</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>protected persons resulting from the violation of one of the rights and prohibitions as enshrined in the international conventions as listed in the Annex to this Directive. In order to ensure a comprehensive coverage of human rights, a violation of a prohibition or right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions should also form part of the adverse human rights impact covered by this Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the Annex to this Directive.</p>	<p>protected persons resulting from <u>any action which removes or reduces the ability of an individual or group to enjoy the violation of one of the rights and prohibitions as or to be protected by prohibitions</u> enshrined in the international conventions <u>as and instruments</u> listed in the Annex to this Directive, <u>and subsequent case law and the work of treaty bodies related to these conventions, which include trade union, workers' and social rights</u>. In order to ensure a comprehensive coverage of human rights, a <u>violation of a prohibition or negative impact on the enjoyment of a</u> right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions <u>and instruments</u> should also form part of the adverse human rights impact covered by this Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the</p>	<p>protectedimpacts on persons resulting from the violationabuse of one of the rights and prohibitions as enshrined in the international conventionsas instruments listed in the Annex I, Part I Section 1 to this Directive. In order to ensure a comprehensive coverage of human rights, a violation of a prohibition or an abuse of a human right not specifically listed in that Annex I, Part I Section 1 which can be abused by a company, its subsidiary or business partner and which directly impairs a legal interest protected in those conventionsthe human rights instruments listed in Annex I, Part I Section 2 should also form part of the adverse human rights impactimpacts covered by this Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive identified such human right abuse in its own operations, the operations of its subsidiary and the operations of its business partners, taking into account all relevant circumstances of their operationsthe specific case, such as the nature and extent of the company's business operations</p>	<p><u><i>Principles and Rights at Work¹</i></u>. In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on protected<u>impacts on</u> persons resulting from the violation<u>abuse</u> of one of the rights and prohibitions as enshrined in the international conventions <u>as instruments</u> listed in the Annex I, Part I Section 1 to this Directive. <u>The term "abuse" should be interpreted in line with international human rights law</u>. In order to ensure a comprehensive coverage of human rights, a violation of a prohibition or an <u>abuse of a human</u> right not specifically listed in that <u>Annex Annex I, Part I Section 1 which can be abused by a company or legal entity, and</u> which directly impairs a legal interest protected in those conventions<u>the human rights instruments listed in Annex I, Part I Section 2</u> should also form part of the adverse human rights impact<u>impacts</u> covered by this Directive, provided that the company concerned could have reasonably established <u>foreseen</u> the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p>prohibitions and obligations pursuant to the international environmental conventions listed in the Annex to this Directive.</p>	<p>and its chain of activities, economic sector and geographical and operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the Annex listed in the Annex I, Part II to this Directive.</p>	<p>Directive, taking into account all relevant circumstances of their operations, such as the sector <u>such human right abuse, taking into account all relevant circumstances of the specific case, including the nature and extent of the company's business operations and its chain of activities, economic sector and geographical</u> and operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations pursuant <u>listed in the Annex I, Part II to this Directive, as well as adverse impacts resulting from the breach of one of the prohibitions listed in the Annex I, Part I, points 18 and 19, taking into account national legislation linked to the provisions of the instruments listed therein. These prohibitions and obligations should be interpreted and applied in line with international and Union general principles of environmental</u> conventions listed in the <u>law, as set out in Article 191 of TFEU. Due diligence requirements under this Directive should therefore contribute to preserving and restoring biodiversity and improving the state of the</u></p>

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				<p><u>environment, in particular the air, water and soil, including to better protect human rights. The Commission should be empowered to adopt delegated acts in order to amend Annex I to this Directive for the purposes laid down in Article 3(2), including by adding the reference, once ratified by all EU Member States, to the ILO Occupational Safety and Health Convention, 1981 (No. 155), and the ILO Promotional Framework for Occupational Safety and Health, 2006 (No 187), which form part of the ILO fundamental instruments.</u></p> <p><u>1. Adopted at the 86th Session of the International Labour Conference (1998) and amended at the 110th Session (2022). Available at https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/normativeinstrument/wcms_716594.pdf</u></p>
Recital 25a				
34a		<p><u>(25a) This Directive should provide for specific measures in case of adverse systemic state-sponsored impacts resulting from actions, policies, regulations or institutionalised practices decided, implemented and enforced by, or</u></p>		<p><u>(25a) Depending on circumstances, companies may need to consider additional standards. For instance, taking account of specific contexts or intersecting factors, including among others, gender, sex, age,</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>carried out with the active support of States' national or local authorities.</u></p>		<p><u>race, ethnicity, class, caste, education, migration status, disability, as well as social and economic status, companies should pay special attention to any particular adverse impacts on individuals who may be at heightened risk due to marginalisation, vulnerability or other circumstances, individually or as members of certain groups or communities, including Indigenous Peoples, as protected under the United Nations Declaration on the Rights of Indigenous Peoples, including in relation to Free, Prior and Informed Consent (FPIC), including by ensuring a gender- and culturally responsive approach to due diligence. In doing so, companies may need to take into consideration, where relevant, international instruments such as the International Convention on the Elimination of All Forms of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination Against Women, the Convention on the Rights of Persons with Disabilities.</u></p> <p>To consider to place in another recital the following bit "including by ensuring a gender- and culturally responsive approach to due diligence".</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Recital 25b				
34b		<p><u>(25b) Companies should also be responsible for using their influence to contribute to an adequate standard of living in value chains. This is understood as a living wage for employees and a living income for self-employed workers and smallholders, which they earn from their work and production and must meet their needs and those of their family.</u></p>		<p><u>(25b) Companies should also be responsible for using their influence to contribute to an adequate standard of living in chains of activities. This is understood as a living wage for employees and a living income for self-employed workers and smallholders, which they earn in return from their work and production.</u></p> <p>Text Origin: EP Mandate</p>
Recital 25c				
34c		<p><u>(25c) This Directive acknowledges the 'One Health' approach as recognised by the World Health Organization, an integrated and unifying approach that aims to sustainably balance and optimise the health of people, animals and ecosystems. The 'One Health' approach recognises that the health of humans, domestic and wild animals, plants, and the wider environment, including ecosystems, are closely interlinked and interdependent. It is therefore appropriate to lay down that environmental due diligence should encompass avoiding environmental degradation that</u></p>		<p><u>(25c) This Directive acknowledges the 'One Health' approach as recognised by the World Health Organization, an integrated and unifying approach that aims to sustainably balance and optimise the health of people, animals and ecosystems. The 'One Health' approach recognises that the health of humans, domestic and wild animals, plants, and the wider environment, including ecosystems, are closely interlinked and interdependent. It is therefore appropriate to lay down that environmental due diligence should encompass avoiding environmental degradation that</u></p>

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		<i>results in adverse health effects such as epidemics, and to respect the right to a clean, healthy and sustainable environment. In respect to the G7 commitment to acknowledge the rapid rise in antimicrobial resistance (AMR) at the global scale, it is necessary to promote the prudent and responsible use of antibiotics in human and veterinary medicines.</i>		<i>results in adverse health effects such as epidemics, and to respect the right to a clean, healthy and sustainable environment.</i> Text Origin: EP Mandate
Recital 25d				
34d		<i>(25d) Adverse human rights and environmental impacts can be intertwined or underpinned by factors such as corruption and bribery, hence their inclusion in the OECD Guidelines for Multinational Enterprises. It therefore may be necessary for companies to take into account these factors when carrying out human rights and environmental due diligence.</i>		<i>(25d) Adverse human rights and environmental impacts can be intertwined with or underpinned by factors such as corruption and bribery. It therefore may be necessary for companies to take into account these factors when carrying out human rights and environmental due diligence, consistently with the United Nations Convention against Corruption.</i> Text Origin: EP Mandate
Recital 26				
35	(26) Companies have guidance at their disposal that illustrates how their activities may impact human rights and which corporate	(26) Companies <i>should</i> have guidance at their disposal that illustrates how their activities may impact human rights and which	(26) When assessing the adverse human rights impacts , companies have guidance at their disposal that illustrates how their activities may	(26) <i>When assessing the adverse human rights impacts</i> , companies have guidance at their disposal that illustrates how their activities may

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>behaviour is prohibited in accordance with internationally recognised human rights. Such guidance is included for instance in The United Nations Guiding Principles Reporting Framework¹ and the United Nations Guiding Principles Interpretative Guide². Using relevant international guidelines and standards as a reference, the Commission should be able to issue additional guidance that will serve as a practical tool for companies.</p> <p>1. https://www.ungpreporting.org/wp-content/uploads/UNGPRreportingFramework_k_withguidance2017.pdf.</p> <p>2. https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.</p>	<p>corporate behaviour is prohibited in accordance with internationally recognised human rights. Such guidance is included for instance in The United Nations Guiding Principles Reporting Framework¹ and the United Nations Guiding Principles Interpretative Guide² <u>and should be made easily accessible to companies³</u>. <u>Therefore</u>, using relevant international guidelines and standards as a reference, the Commission should be able to issue additional guidance that will serve as a practical tool for companies.</p> <p>1. https://www.ungpreporting.org/wp-content/uploads/UNGPRreportingFramework_k_withguidance2017.pdf.</p> <p>2. https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.</p>	<p>impact human rights and which corporate behaviour is prohibited in accordance with internationally recognised human rights. Such guidance is included for instance in the United Nations Guiding Principles Reporting Framework¹ and, the United Nations Guiding Principles Interpretative Guide²: Using relevant international guidelines and standards as a or Human Rights Translated 2.0: A Business Reference, the Commission should be able to issue additional guidance that will serve as a practical tool for companies. Guide³.</p> <p>1. https://www.ungpreporting.org/wp-content/uploads/UNGPRreportingFramework_k_withguidance2017.pdf.</p> <p>2. https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.</p> <p>3. https://www.ohchr.org/sites/default/files/Documents/Publications/HRT_2_0_EN.pdf</p>	<p>impact human rights and which corporate behaviour is prohibited in accordance with internationally recognised human rights. Such guidance is included for instance in the United Nations Guiding Principles Reporting Framework¹ and, the United Nations Guiding Principles Interpretative Guide²: Using relevant international guidelines and standards as a or <u>Human Rights Translated 2.0: A Business Reference</u>, the Commission should be able to issue additional guidance that will serve as a practical tool for companies. Guide³.</p> <p>1. https://www.ungpreporting.org/wp-content/uploads/UNGPRreportingFramework_k_withguidance2017.pdf.</p> <p>2. https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.</p> <p>3. https://www.ohchr.org/sites/default/files/Documents/Publications/HRT_2_0_EN.pdf</p> <p>Reference to this document to be checked by Council.</p> <p>Text Origin: Council Mandate</p>
Recital 26a				
6 35a				6

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>(26a) In order to conduct meaningful human rights and environmental due diligence, companies should consult with stakeholders throughout the process of carrying out the due diligence actions. Stakeholders of the company should encompass the company’s employees, employees of the company’s subsidiaries, trade unions and workers’ representatives, consumers and other individuals, groups, communities or entities whose rights or interests are or could be affected by the products, services and operations of the company, its subsidiaries or business partners. The possibly affected individuals could mean, for example, human rights and environmental defenders as understood under the United Nations Declaration on Human Rights Defenders. The possibly affected groups or communities could mean, for example, indigenous peoples as protected under the United Nations Declaration on the Rights of Indigenous Peoples. The possibly affected entities could mean, for example, civil society organisations, national human rights institutions or environmental institutions.</p>	<p><u><i>(26a) The Commission should establish a single helpdesk on corporate sustainability due diligence. This single helpdesk should be able to collaborate and request information from relevant national authorities in each Member State, including national helpdesks where they exist, for instance to assist in tailoring the information and guidance to national contexts and its dissemination, without prejudice to the allocation of functions and powers among the authorities within national systems. The Single helpdesk and relevant national authorities should also liaise with each other to ensure cross-border cooperation.</i></u></p> <p>Recital 26a in the Council mandate is to be integrated in recital 44c.</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Recital 27				
36	<p>(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish and maintain a complaints procedure, monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts should be clearly distinguished in this Directive.</p>	<p>(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, prevent <u>and where necessary, prioritise, prevent, remediate</u> as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish and maintain a complaints procedure or participate in a notification and non-judicial grievance mechanism, monitor and verify the effectiveness of the their actions taken measures in accordance with the requirements that are set up in this Directive and, communicate publicly on their due diligence, <u>and engage with affected stakeholders throughout this entire process</u>. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising <u>the extent of</u> actual adverse impacts should be clearly distinguished in this Directive.</p>	<p>(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their operations, operations of their subsidiaries, and operations of their value business partners in companies' chains of activities, companies covered by this Directive should integrate due diligence into corporate company's policies and risk management systems, identify, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish and maintain a complaints procedure, monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts, should be clearly distinguished in this Directive.</p>	<p>(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their operations, <u>operations of</u> their subsidiaries, and <u>operations of</u> their value <u>business partners in companies'</u> chains of <u>activities</u>, companies covered by this Directive should integrate due diligence into corporate <u>company's</u> policies <u>and risk management systems</u>, identify <u>and assess, where necessary prioritise</u>, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, <u>provide remediation to actual adverse impacts, carry out meaningful engagement with stakeholders</u>, establish and maintain a <u>notification mechanism and</u> complaints procedure, monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising <u>the extent of</u> actual adverse impacts, should be</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				clearly distinguished in this Directive.
Recital 28	<p>(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework, companies should integrate due diligence into all their corporate policies and have in place a due diligence policy. The due diligence policy should contain a description of the company's approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed by the company's employees and subsidiaries; a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to established business relationships. The code of conduct should apply in all relevant corporate functions and operations, including procurement and purchasing decisions. Companies should also update their due diligence policy annually.</p>	<p>(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework, companies should integrate due diligence into all <u>their relevant</u> corporate policies and <u>at all levels of operation and</u> have in place a due diligence policy <u>with short-, medium- and long-term measures and targets</u>. The due diligence policy should contain a description of the company's approach, including in the long term, to due diligence, a code of conduct describing <u>defining</u> the rules, principles and measures <u>and principles</u> to be followed by <u>and implemented where relevant throughout</u> the company's employees <u>and its</u> subsidiaries <u>across all corporate operations</u>; a description of the processes put in place <u>and appropriate measures taken</u> to implement due diligence <u>in line with Articles 7 and 8 in the value chain</u>, including the <u>relevant</u> measures taken to verify compliance with the code of conduct and to extend its application to established <u>incorporate due</u></p>	<p>(28) In order to ensure that due diligence forms part of companies' corporate policies <u>policies and risk management systems</u>, and in line with the relevant international framework, companies should integrate due diligence into all their corporate policies <u>and risk management systems</u>, and have in place a due diligence policy. The due diligence policy should contain a description of the company's approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed by the company's employees and subsidiaries, and, where relevant, the company's direct or indirect business partners, and a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to established business relationships partners. The code of conduct should apply in all relevant corporate functions and operations, including procurement and purchasing decisions. Companies</p>	<p>(28) In order to ensure that due diligence forms part of companies' corporate policies <u>policies and risk management systems</u>, and in line with the relevant international framework, companies should integrate due diligence into <u>their relevant policies and risk management systems and at all relevant levels of operation</u> all their corporate policies and have in place a due diligence policy. The due diligence policy should <u>be developed in prior consultation with the company's employees and their representatives and should</u> contain a description of the company's approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed <u>by throughout the company and its subsidiaries, and, where relevant,</u> the company's employees and subsidiaries <u>direct or indirect business partners and</u> a description of the processes put in place to <u>integrate due diligence into the relevant policies and to</u> implement due diligence, including the measures taken to verify</p>

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	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u><i>diligence into its own business model, employment and purchasing practices with entities with which the company has a business relationship and measures taken to monitor and verify due diligence activities, and adequate policies to avoid passing on the costs of the due diligence process to business relationships partners in a weaker position.</i></u> The code of conduct should apply in all relevant corporate functions and operations, including <u><i>procurement pricing practices</i></u> and purchasing decisions, <u><i>for instance on trading and procurement.</i></u> Companies should also update their due diligence policy <u><i>annually when significant changes occur.</i></u></p>	<p>should also update their due diligence policy annually without undue delay after a significant change occurs, but at least every 24 months. A significant change should be understood as such a change to the <i>status quo</i> of the company's own operations, the operations of its subsidiaries or business partners, the legal or business environment or any other substantial shift from the situation of the company that the company could be reasonably expected to react to it and update the policy. Examples of a significant change could be the cases when the company operates in a new economic sector or geographical area, starts producing new products or changes the way of producing the existing products using technology with potentially higher adverse impacts, or changes its corporate structure via restructuring or mergers or acquisitions. Incorporating due diligence into risk management systems should be understood in line with the relevant international framework to ensure that the due diligence obligations are put in place and being overseen. In order to fulfil this obligation, companies should be allowed to internally organise</p>	<p>compliance with the code of conduct and to extend its application to established business relationships <u><i>business partners. The due diligence policy should ensure a risk-based due diligence.</i></u> The code of conduct should apply in all relevant corporate functions and operations, including procurement, employment and purchasing and purchasing decisions. Companies <u><i>For the purposes of this Directive, employees should also update their due diligence policy annually be understood as including temporary agency workers, and other workers in non-standard forms of employment provided that they fulfil the criteria for determining the status of a worker established by the Court of Justice.</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			according to their needs, for example by using existing management systems, setting up a risk management system of the company or creating a human rights and environment officer.	
Recital 28a				
37a		<p><u>(28a) Parent companies should be able to perform actions which can contribute to the due diligence of their subsidiaries, where the subsidiary provides all the relevant and necessary information to and cooperates with its parent company, abides by its parent company's due diligence policy, the parent accordingly adapts its due diligence policy to ensure that the obligations laid down in Article 5(1) are fulfilled with respect to the subsidiary, the subsidiary integrates due diligence into all its policies and risk management systems in accordance with Article 5, where necessary, the subsidiary continues to take appropriate measures in accordance with Articles 7 and 8, as well as continues to perform its obligations under Articles 8a, 8b and 8d, where the parent company performs specific actions on behalf of the subsidiary, both the parent company and subsidiary clearly</u></p>		<u>Deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>and transparently communicate so towards relevant stakeholders and the public domain, and the subsidiary integrates climate in its policies and risk management systems in accordance with Article 15. In order to hold subsidiaries accountable, the liability provided for in Article 22 of this Directive should remain at entity level without prejudice to Members States' legislation on joint and several liability.</u></p>		
Recital 28b				
37b		<p><u>(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-</u></p>		<p><u>Deleted</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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.</u></p>		
Recital 28c				
37c		<p><u>(28c) The way a company can be involved in an adverse impact varies. A company can cause an adverse impact where its activities on their own are sufficient to result in an adverse impact. A company can contribute to an adverse impact where its own activities, in combination with the activities of other entities, cause an impact, or that the activities of the company cause, facilitate or incentivise another entity to cause an adverse impact. The contribution must be</u></p>		<p><u>Deleted</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>substantial, meaning that it does not include minor or trivial contributions. Assessing the substantial nature of the contribution and understanding when the actions of the company may have caused, facilitated or incentivised another entity to cause an adverse impact can involve the consideration of multiple factors. Several factors can be taken into account, including the extent to which a company may encourage or motivate an adverse impact by another entity, i.e. the degree to which the activity increased the risk of the impact occurring, the extent to which a company could or should have known about the adverse impact or potential for adverse impact, i.e. the degree of foreseeability, and the degree to which any of the company's activities actually mitigated the adverse impact or decreased the risk of the impact occurring. The mere existence of a business relationship or activities which create the general conditions in which it is possible for adverse impacts to occur should not in itself constitute a relationship of contribution. The activity in question should substantially increase the risk of adverse impact. Lastly, a company can be directly linked to an impact, where there is</u></p>		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u><i>a relationship between the adverse impact and the company's products, services or operations through another business relationship and where the company has neither caused nor contributed to the impact. Directly linked is not defined by a direct business relationship. Also, a direct linkage should not imply that the responsibility shifts from the business relationship causing an adverse impact to the company with which it has a linkage.</i></u></p>		

Recital 29

38	<p>(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts. An 'appropriate measure' should mean a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of</p>	<p>(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts. An <u><i>that they caused, contributed or are directly linked to.</i></u> 'Appropriate measure<u>measures</u>' should mean a measure that is<u>measures that are</u> capable of achieving the objectives of due diligence, and effectively <u>addressing the adverse impact identified pursuant to Article 6 in a manner proportionate and</u> commensurate with<u>to</u> the degree of severity and the likelihood of the adverse impact, and reasonably available <u>and proportionate and commensurate</u> to the <u>size</u>.</p>	<p>(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts. An 'appropriate measure' should mean a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and <u>the nature and extent of the company's influence thereof, and the need to</u></p>	<p>Commission to provide a redraft proposal. To consider whether to include the Am in 16c, 29 or 30.</p>
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	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>action. In this context, in line with international frameworks, the company's influence over a business relationship should include, on the one hand its ability to persuade the business relationship to take action to bring to an end or prevent adverse impacts (for example through ownership or factual control, market power, pre-qualification requirements, linking business incentives to human rights and environmental performance, etc.) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business relationship associated with adverse impact.</p>	<p><u>resources and capacities of the company</u>, taking into account the circumstances of the specific case, including characteristics <u>the nature of the economic sector and adverse impact, characteristics</u> of the specific business relationship and economic sector, the nature of the company's influence thereof, and the need to ensure prioritisation of action. <u>In this context, in line with international frameworks, the company's influence over a business relationship should include, on the one hand its ability to persuade the business relationship to take action to bring specific activities, products, services, the specific business relationship.</u> <u>For the purposes of Articles 7 and 8, in cases where a company has caused or may have caused an impact, appropriate measures should be understood as measures which aim to prevent or mitigate an impact, and remediate any damage caused by an impact.</u> <u>For the purposes of Articles 7 and 8, in cases where a company has contributed to or may have contributed</u> to an end or prevent adverse impacts (for example through ownership or factual control, market power, pre-qualification requirements, linking business incentives to human rights and environmental performance,</p>	<p>ensure prioritisation of action. In this context, in line with international frameworks, the company's influence over a business operations and characteristics of the economic sector and of the specific business relationship should include, on the one hand its ability to persuade the business relationship to take action to bring to an end or prevent adverse impacts (for example through ownership or factual control, market power, pre-qualification requirements, linking partner. If necessary information cannot be obtained due to factual or legal obstacles, for instance because a business incentives to human rights and environmental performance, etc.) and, on the other hand, the degree of influence or leverage that partner refuses to provide information and there are no legal grounds to enforce this, such circumstances cannot be held against the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business relationship associated with adverse impact.</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p>etc<u>impact, appropriate measures should be understood as measures which aim to prevent or mitigate the contribution to the impact, using or increasing the company's leverage with other responsible parties to prevent or mitigate the impact, and contributing to remediating any damage caused by an impact, to the extent of the contribution.</u>) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business relationship associated with adverse <u>For the purposes of Articles 7 and 8, in cases where a company's operations, products or services are or may be directly linked to an impact through its relationships with other entities, appropriate measures should be understood as measures which aim at using or increasing the company's leverage with responsible parties to seek to prevent or mitigate the impact, and considering using its leverage with responsible parties to enable the remediation of any damage caused by an</u> impact.</p>		

Recital 30

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance)

2022/0051(COD) 15-01-2024 at 19h02 64/428

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
39	<p>(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights and environmental impacts. In order to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification of adverse impacts should include assessing the human rights, and environmental context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment; and periodically, at least every 12 months, throughout the life of an activity or relationship. Regulated financial undertakings providing loan, credit, or other financial services should identify the adverse impacts only at the inception of the contract. When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business</p>	<p>(30) Under the due diligence obligations set out by this Directive, a company should identify <u>and assess</u> actual or potential adverse human rights and environmental impacts. In order to allow for a comprehensive identification <u>and assessment</u> of adverse impacts, such identification <u>and assessment</u> should be based on <u>meaningful stakeholder engagement and</u> quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains. Identification <u>and assessment</u> of adverse impacts should include assessing the human rights, and environmental context in a dynamic way and <u>in regular intervals: continuously, including</u> prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment; <u>and periodically, at least every 12 months, throughout the life of an activity or relationship. Regulated, Regulated financial undertakings providing financial services should identify the adverse impacts at the</u></p>	<p>(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights and environmental impacts. In order to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in valueits chains of activities. When identifying- Identification of adverse impacts, the company should include assessing the human rights, and environmental context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major be able to first map all areas of their operations, the operations of their subsidiaries and, where related to their chains of activities, their business partners, and based on the results, carry out an in-depth assessment focusing on the areas where the adverse impacts are most likely to be present or most significant. When identifying the adverse impacts, the company should take into account possible risk factors, such as whether the</p>	<p>To exchange in writing.</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances.</p>	<p><u><i>inception of the contract and before subsequent</i></u> financial <i>undertakings providing loan, credit, or other financial services should identify the adverse impacts only at the inception</i><u><i>operations, and if notified of possible risks via the procedures in Art.9, during the provision</i></u> of the <i>contract</i><u><i>service</i></u>. When identifying <u><i>and assessing</i></u> adverse impacts, companies should also identify and assess the impact of a business relationship’s business model and strategies, including <i>trading, procurement and pricing</i><u><i>purchasing</i></u> practices. <i>Where the company cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances.</i></p>	<p>subsidiary or the business partner is a company that has infringed the national provisions adopted pursuant to this Directive. The company can obtain the necessary information from decisions or changes in the operation; in response to or anticipation of changes in the operating environment; and periodically of the supervisory authorities containing penalties that should be published by supervisory authorities as well as by the European Network of Supervisory Authorities so that one single source of information is available to companies. Identification of adverse impacts should include assessing the human rights, and environmental context in a dynamic way and in regular intervals: without undue delay after a significant change occurs, but at least every 12 months, throughout the life of an activity or relationship. Regulated financial undertakings providing loan, credit, or A significant change should be understood as such a change to the <i>status quo</i> of the company’s own operations, operations of its subsidiaries or business partners, the legal or business environment or any other financial services should identify substantial shift from the situation of the company,</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>including learning about the adverse impacts only at the inception of the contract. When identifying impact from publicly available information or through consultation with the stakeholders, that the company could be reasonably expected to react to it and identify the adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or minimize all its possibly prioritise them and prevent or mitigate them or bring them to an end or minimise their extent. Examples of a significant change could be the cases when the company operates in a new economic sector or geographical area, starts producing new products or changes the way of producing the existing products using technology with potentially higher adverse impact, or changes its corporate structure via restructuring or mergers or acquisitions. Regulated financial undertakings providing financial services should identify the adverse impacts only at the same time, at inception of the service and they should not be required to</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>assess the adverse impacts in a dynamic way or at regular intervals. When identifying adverse impacts, companies should also identify and assess the impact of a business partner's business model and strategies, including trading, procurement and pricing practices be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances.</p>	
Recital 30a				
39a		<p><u>(30a) Where the company cannot prevent, bring to an end or mitigate all the identified and assessed adverse impacts simultaneously, it should be allowed to prioritise the order in which it takes appropriate measures based on the severity and likelihood of the adverse impact and taking into account risk factors, by developing, implementing and regularly reviewing a prioritisation strategy. In line with the relevant international framework, the severity of an adverse impact should be assessed based on the scale, scope and irremediable character of the adverse impact, taking into account the gravity of</u></p>		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><i>an adverse impact, including the number of individuals that are or will be affected, the extent to which the environment is or may be damaged or otherwise affected, its irreversibility and the limits on the ability to restore affected individuals or the environment to a situation equivalent to their situation prior to the impact. Once the most severe and adverse impacts are addressed, the company should address less severe and less likely adverse impacts.</i></u>		
Recital 30b				
39b		<u><i>(30b) Companies should prioritise impacts on the basis of severity and likelihood. The degree of leverage a company has over a business relationship is not relevant to its prioritisation decisions or processes. However, the degree of leverage can influence the appropriate measures that a company chooses to adopt in order to effectively mitigate and/or prevent impacts associated with business partners.</i></u>		
Recital 31				
40				

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	(31) In order to avoid undue burden on the smaller companies operating in high-impact sectors which are covered by this Directive, those companies should only be obliged to identify those actual or potential severe adverse impacts that are relevant to the respective sector.	<i>deleted</i>	(31) In order to avoid undue burden on the smaller companies operating in high-impact sectors which are covered by this Directive, those companies should only be obliged to identify those actual or potential severe adverse impacts that are relevant to the respective sector.	
Recital 32				
41	(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.	(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, <u>the Union's strategy on rights of the Child and the target date of 2025 proclaimed by the United Nations for the full elimination of child labour worldwide</u> . Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human	(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of Where the company cannot prevent, mitigate, bring to an end or minimise all the identified actual and potential adverse impacts at the same time to the full extent, it 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) prioritise them based on the severity and likelihood of the adverse impact. In line with the relevant international framework, the severity of an adverse impact should be assessed based on its gravity (scale of the adverse impact), the number of persons or the extent of the environment	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p>rights impacts. <u><i>In the same line, women in precarious labour conditions could face more severe adverse human rights impacts thus increasing their vulnerability.</i></u> This should therefore be taken into account when deciding on the appropriate action to take, <u><i>and disengagement should be avoided where the impact of disengagement would be greater than the adverse impact the company is seeking to prevent or mitigate. In situations of state-imposed forced labour, where the adverse impact is organised by political authorities, unhindered engagement with those adversely impacted and mitigation are not possible. This Directive should ensure that companies terminate a business relationship where state-imposed forced labour is occurring. Moreover, responsible disengagement should also take into account the possible negative impacts on companies depending on the product or affected by disruptions of supply chains.</i></u></p>	<p>affected (scope of the adverse impact), and difficulty to restore the situation prevailing prior to the impact (irremediable character of the 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 impact). On the other hand, actual or potential influence of the company on its business partners, the level of involvement of the company in the adverse impact, the proximity to the subsidiary or the business relationship in which child labour was found could expose the child to even more severe partner, or its potential liability are not relevant factors in the prioritisation of adverse impacts. As a result of the prioritisation, after addressing the most significant adverse human rights impacts in reasonable time, the company should be obliged to address less significant adverse impacts. This should thereforeWhen assessing reasonable time, due account should be taken into account when deciding on the appropriate action to take of the circumstances of the specific case, including the company's resources and the economic sector in which the</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>company operates, the severity of the prioritised adverse impact that the company addresses in a given time, and the scale of the prioritised adverse impact at one point in time.</p>	
Recital 33				
42	<p>(33) Under the due diligence obligations set out by this Directive, if a company identifies potential adverse human rights or environmental impacts, it should take appropriate measures to prevent and adequately mitigate them. To provide companies with legal clarity and certainty, this Directive should set out the actions companies should be expected to take for prevention and mitigation of potential adverse impacts where relevant depending on the circumstances.</p>	<p>(33) Under the due diligence obligations set out by this Directive, if a company identifies potential adverse human rights or environmental impacts, it should take appropriate measures to prevent and adequately mitigate them. To provide companies with legal clarity and certainty, this Directive should set out the actions companies should be expected to take for prevention and mitigation of potential adverse impacts where relevant depending on the circumstances.</p>	<p>(33) Under the due diligence obligations set out by this Directive, if a company identifies potential adverse human rights or environmental impacts, it should take appropriate measures to prevent and/or adequately mitigate them. To provide companies with legal clarity and certainty, this Directive should set out all the actions companies should be expected to take for prevention and mitigation of potential adverse impacts, where relevant depending on the circumstances. When assessing the appropriate measures to prevent or adequately mitigate adverse impacts, due account shall be taken of the so-called ‘level of involvement of the company in an adverse impact’ in line with the international frameworks and the company’s ability to influence the business partner causing the adverse impact. Companies should be obliged to prevent or</p>	<p>(33) Under the due diligence obligations set out by this Directive, if a company identifies potential adverse human rights or environmental impacts, it should take appropriate measures to prevent and/or adequately mitigate them. To provide companies with legal clarity and certainty, this Directive should set out <u>the actions companies should be expected to take for prevention and mitigation of potential adverse impacts, where relevant depending on the circumstances.</u></p> <p><u>When assessing the appropriate measures to prevent or adequately mitigate adverse impacts, due account shall be taken of the so-called ‘level of involvement of the company in an adverse impact’ in line with the international frameworks and the company’s ability to influence the business partner causing or jointly causing the adverse impact.</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>mitigate the adverse impacts that they cause by themselves (so called ‘causing’ the adverse impact as referred to in the international framework) or jointly with their subsidiaries or business partners (so called ‘contributing’ to the adverse impact as referred to in the international framework). Jointly causing the adverse impact is not limited to equal implication of the company and its subsidiary or business partner in the adverse impact, but should cover all cases of the company’s acts or omissions causing the adverse impact in combination with the acts or omissions of subsidiaries or business partners. When companies are not causing the adverse impacts occurring in their chain of activities themselves or jointly with other legal entities, but the adverse impact is caused by their business partner in the companies’ chains of activities (so called ‘being directly linked to’ the adverse impact as referred to in the international framework), they should be obliged to use their influence to prevent or mitigate the adverse impact caused by their business partners or to increase their influence to do so. Using only the notion of ‘causing’ the adverse impact instead of the</p>	<p><u>Companies should take appropriate measures to prevent or mitigate the adverse impacts that they cause by themselves (so called ‘causing’ the adverse impact as referred to in the international framework) or jointly with their subsidiaries or business partners (so called ‘contributing’ to the adverse impact as referred to in the international framework).</u></p> <p><u>This applies irrespective of whether third entities outside of the company’s chain of activities are also causing the adverse impact.</u></p> <p><u>Jointly causing the adverse impact is not limited to equal implication of the company and its subsidiary or business partner in the adverse impact, but should cover all cases of the company’s acts or omissions, causing the adverse impact in combination with the acts or omissions of subsidiaries or business partners, including where the company substantially facilitates or incentivises a business partner to cause an adverse impact.</u></p> <p><u>When companies are not causing the adverse impacts occurring in their chain of activities themselves or jointly with other legal entities, but the adverse impact is caused</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>aforementioned terms used in the international frameworks avoids confusion with existing legal terms in national legal systems while covering the same causal relations as described in these frameworks. In this context, in line with the international frameworks, the company's influence on a business partner should include on the one hand its ability to persuade the business partner to prevent adverse impacts (for example through market power, pre-qualification requirements or linking business incentives to human rights and environmental performance) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business partner associated with the adverse impact.</p>	<p><u><i>only by their business partner in the companies' chains of activities (so called 'being directly linked to' the adverse impact as referred to in the international framework), they should still aim to use their influence to prevent or mitigate the adverse impact caused by their business partners or to increase their influence to do so.</i></u></p> <p><u><i>Using only the notion of 'causing' the adverse impact instead of the aforementioned terms used in the international frameworks avoids confusion with existing legal terms in national legal systems while covering the same causal relations as described in these frameworks. In this context, in line with the international frameworks, the company's influence on a business partner should include on the one hand its ability to persuade the business partner to prevent adverse impacts (for example through market power, pre-qualification requirements or linking business incentives to human rights and environmental performance) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>direct business partner of the business partner associated with the adverse impact</u></p> <p>EP and Council to check reference to minor contributions.</p>
Recital 34				
43	<p>(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions, where relevant. Where necessary due to the complexity of prevention measures, companies should develop and implement a prevention action plan. Companies should seek to obtain contractual assurances from a direct partner with whom they have an established business relationship that it will ensure compliance with the code of conduct or the prevention action plan, including by seeking corresponding contractual assurances from its partners to the extent that their activities are part of the companies' value chain. The contractual assurances should be accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to</p>	<p>(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions<u>appropriate measures</u>, where relevant. Where necessary due to the complexity of prevention measures, companies should develop and implement a prevention action plan. Companies should seek to obtain<u>consider establishing through</u> contractual assurances from a direct<u>provisions with a</u> partner with whom they have an established<u>a</u> business relationship that it will ensure compliance with the code of conduct or the<u>and, as necessary, a</u> prevention action plan, including by seeking. <u>Partners with whom the company has a business relationship could be asked to seek</u> corresponding contractual assurances<u>provisions</u> from its partners to the extent that their activities are part of the companies' value chain. The contractual</p>	<p>(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take all the following actions, where relevant depending on the circumstances. Where necessary due to the complexity of prevention measures, companies should develop and implement a prevention action plan. Companies should seek to obtain contractual assurances from a direct partner with whom they have an established business relationshippartner that it will ensure compliance with the code of conduct or the prevention action plan, including by seeking corresponding contractual assurances from its partners to the extent that their activities are part of the companies' value chain ofactivities. The contractual assurances should be accompanied by appropriate measures to verify compliance. However, the company should only be obliged</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>prevent adverse impacts, provide targeted and proportionate support for an SME with which they have an established business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.</p>	<p>assurances should be accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate support for an SME with which they have an established business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.</p>	<p>to seek the contractual assurances, as obtaining them may depend on the circumstances. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make financial or non-financial investments which aim to prevent adverse impacts, and collaborate with other companies. Companies should also provide targeted and proportionate support for an SME with which they have an established business relationship which is an business partner of the company, where the viability of the SME could be jeopardised, such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading. Jeopardising the viability of an SME should be interpreted as possibly causing a bankruptcy of the SME or putting the SME in a situation where bankruptcy is imminent. Financial undertakings, when providing financial services within the meaning of this Directive, should not be required to provide targeted and</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>proportionate support for an SME as their chain of activities does not cover SMEs, and collaborate with other companies.</p>	
Recital 34a				
43a		<p><i><u>(34a) The contractual provisions should not be such as to result in the transfer of responsibility for carrying out due diligence in accordance with this Directive and the liability for failing to do so. Moreover, the contractual provisions should be fair, reasonable and non-discriminatory under the circumstances, and should reflect the joint tasks of parties to conduct due diligence in ongoing cooperation. Companies should also assess whether the business partner can reasonably be expected to comply with those provisions. Often contractual terms are unilaterally imposed on a supplier by a buyer, and any breach thereof is likely to result in unilateral action by the buyer, such as termination or disengagement. Such unilateral action is not appropriate in the context of due diligence and would probably itself result in adverse impacts. In cases where the breach of such contractual provisions gives rise to a potential adverse impact, the</u></i></p>		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>company should first take appropriate measures to prevent or adequately mitigate such impacts, rather than considering ending or suspending the contract, in accordance with applicable law. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate financial and administrative support for an SME with which they have a business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.</u></p>		
Recital 35				
44	<p>(35) In order to reflect the full range of options for the company in cases where potential impacts could not be addressed by the described prevention or minimisation measures, this Directive should also refer to the possibility for the</p>	<p><i>deleted</i></p>	<p>(35) In order to reflect the full range of options for the company in cases where potential impacts could not be addressed by the described prevention or minimisation measures, this Directive should also refer to the possibility for the</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.		company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.	
Recital 35a				
44a			(35a) It is possible that prevention of adverse impacts requires collaboration with another company, for example, at the level of indirect business partner with a company, which has a direct contractual relationship with the indirect business partner in question. In some instances, a collaboration with other entities could be the only realistic way of preventing adverse impacts caused even by direct business partners if the influence of the company is not sufficient. The company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts solely or in jointly with the company, or other legal entities, while respecting applicable law, in particular competition law.	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Recital 36				
45	<p>(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and minimisation efforts, if there is reasonable expectation that these efforts are to succeed in the short-term; or to terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe. In order to allow companies to fulfil that</p>	<p>(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize<u>prioritise</u> engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts that a company caused or contributed to and that could not be addressed by the described prevention or mitigation measures, <u>and there is no reasonable prospect of change</u>, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, <u>as a last resort, in line with responsible disengagement</u>, to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and minimisation efforts, if there is reasonable expectation that these<u>mitigation</u> efforts are to succeed in the short term; or to</p>	<p>(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business relationships<u>partners</u> in the value chain<u>chain of activities</u>, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse<u>to prevent and mitigate</u> potential adverse impacts without success. Termination of the business relationship as a last resort action should mean that no less drastic possibilities are available and there appears to be little prospect to increase the influence of the company on business partners causing the adverse impact. However, the Directive should also, for cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the business partner in question and, where the law governing their relations so entitles them to, to either temporarily suspend commercialbusiness</p>	<p>(36) In order to ensure that <u>appropriate measures for the</u> prevention and mitigation of potential adverse impacts is<u>are</u> effective, companies should prioritize engagement with business relationships in the value<u>partners</u> in their chain <u>of activities</u>, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts could not be addressed by the described prevention or mitigation<u>such appropriate</u> measures, refer to the obligation for companies, <u>as a last resort</u>, to refrain from entering into new or extending existing relations with the partner in question and, where there is a reasonable prospect of change, including by using or increasing the company's leverage, adopt and implement an enhanced prevention action plan without undue delay including a specific and appropriate timeline for the adoption and implementation of all actions therein, while seeking alternative business relationships.</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition law.</p>	<p>terminate the business relationship with respect to the activities concerned if on account of the severity of the potential adverse impact, or if the conditions for temporary suspension are not met is severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate or suspend the business relationship in contracts governed by their laws. <u>In deciding to terminate or suspend a business relationship, the company should assess whether the adverse impacts of that decision would be greater than the adverse impact which is intended to be prevented or mitigated. Where companies do temporarily suspend commercial relations or terminate the business relationship, they should take steps to prevent, mitigate, or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep that decision under review.</u> It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of</p>	<p>relationships with the partner in question respect to the activities concerned, while pursuing prevention and minimisation or mitigation efforts, if there is reasonable expectation that these efforts are to succeed in the short-term; or to terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to temporarily suspend and terminate the business relationship in contracts governed by their laws. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect, except for cases where the parties are obliged by law to</p>	<p><u>Factors determining the appropriateness of the timeline for adoption and implementation of these actions could include the severity of the adverse impact, the need to identify and take steps to prevent or mitigate any additional adverse impacts, as well as impacts on SMEs or smallholders. Companies should the law governing their relations so entitles them to, to either temporarily suspend commercial their business relationships with the business partner, which increases their leverage and increases the chances that the impact is addressed. Where in question, while pursuing prevention and minimisation efforts, if there is no reasonable expectation that these efforts are to succeed in the short term, or prospect of change, including by using or increasing the company's leverage (for instance, in situations of state-imposed forced labour), or where the implementation of the prevention/ action plan failed to prevent or mitigate the adverse impact, the company should be required</u> to terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p>preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition law.</p>	<p>enter into them, such as is the case of mandatory insurance. The mere fact that a third country has not ratified or implemented in its national law one of the instruments listed in the Annex I to this Directive, does not entail any obligation to temporarily suspend or terminate the business relationship while respecting competition law.</p>	<p>option to terminate the business relationship in contracts governed by their laws. It is possible that prevention of<u>In deciding to terminate or suspend a business relationship, the company should assess whether (doing so would lead to unpreventable or immitigable</u> adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual<u>greater than the adverse impact which is intended to be prevented or mitigated).</u> Where companies do temporarily suspend or terminate the business relationship, <u>they should take steps to prevent, mitigate, or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep that decision under review. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another entity. In some</u>with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p>the entity which can most effectively prevent or mitigate<u>collaboration with another company could be the only realistic way of preventing</u> adverse impacts at the level of <u>indirect business relationships, in particular, where</u> the indirect business relationship while respecting competition law<u>is not ready to enter into a contract with the company.</u></p> <p>To come back to parts between brackets.</p>
Recital 36a				
45a			<p>(36a) In some cases companies should not be obliged to terminate the business relationship. Companies should not be required to terminate the business relationship if there is a reasonable expectation that the termination could result in a more severe adverse impact. This is in line with the international framework, the interests of those adversely impacted should be taken into account. For example, terminating a business relationship in which potential adverse impact due to child labour was found could expose the child to even more severe adverse human rights impacts.</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>Similarly, a more severe adverse impact could occur if workers are deprived of living wage by the termination of the business relationship with their employer in order to bring to an end a potential adverse impact consisting of breaching the right to collective bargaining. Lastly, the company should not be required to terminate the business relationship with its crucial business partner that provides raw material, product or service essential to the company's business, if the termination would cause substantial prejudice to the company. Substantial prejudice should be interpreted as a negative and significant effect on the company's legal, financial or economic situation or its production capacity, including in the long-term perspective, such as an effect giving rise to the likelihood of insolvency. In order not to undermine the aims of this Directive, the decision not to terminate the business relationship should be subject to subsequent conditions. The company should be required to report itself to the supervisory authority and duly justify the reasons for not terminating the business relationship and keep monitoring the potential adverse</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>impact with potential actions to be taken to prevent or mitigate the adverse impact, periodically reassess the decision not to terminate the business relationship and seek alternative business relationships. To enhance legal certainty, the provisions of this Directive on terminating the business relationship should apply only to commercial agreements concluded by the company after the expiry of the transposition period for implementing this Directive.</p>	
Recital 36b				
45b			<p>(36b) As it is highlighted also in the OECD Guidelines for Multinational Enterprises, the specificities of financial services need to be acknowledged. Regulated financial undertakings are expected to consider adverse impacts throughout their financing and insurance process and to use their so-called ‘leverage’ to influence companies they provide financing or insurance to, to prevent or mitigate the companies’ potential adverse impacts. In some circumstances immediate termination or suspension of</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>financial services might be difficult or even impossible (for instance mandatory insurance). In other cases, where a regulated financial undertaking exerts leverage, it may be inappropriate to suspend or terminate the financial services as voting and engagement, in particular collective engagement with investors or creditors, may have better chances of preventing or mitigating the adverse impact. For these reasons, the Directive does not require regulated financial undertakings, when providing financial services within the meaning of this Directive, to temporarily suspend or terminate the business relationship. In those cases, the regulated financial undertakings should be required to continue monitoring the adverse impact and continue with the efforts to prevent or mitigate the adverse impact.</p>	
Recital 37				
46	(37) As regards direct and indirect business relationships, industry cooperation, industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent	(37) As regards direct and indirect business relationships, industry cooperation, Industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent	(37) As regards direct and indirect business relationships partners, industry cooperation, industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>adverse impacts. Therefore it should be possible for companies to rely on such initiatives to support the implementation of their due diligence obligations laid down in this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. Companies could assess, at their own initiative, the alignment of these schemes and initiatives with the obligations under this Directive. In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.</p>	<p>adverse impacts. Therefore it should be possible for companies to rely on<u>participate in</u> such initiatives to support the implementation aspects of their due diligence, <u>including to coordinate joint leverage, achieve efficiencies, scale up best practices, and seek expertise relevant to specific sectors, geographies, commodities or risk issues. The meaning of initiatives is broad and includes</u> obligations laid down in this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. Companies could assess, at their own initiative, the alignment of these schemes<u>that support, monitor, evaluate, certify and/or verify aspects of a company's due diligence, or the due diligence conducted by its subsidiaries and/or business relationships. Such initiatives may be developed and overseen by governments, industry associations, groupings of interested organisations, social partners or civil society organisations, and include monitoring organisations, global framework agreements, sector dialogues</u> and initiatives with the obligations under this Directive<u>that certify aspects of due diligence</u>. In order to ensure full information on such initiatives, the Directive should</p>	<p>prevent adverse impacts. Therefore it should be possible for companies to rely on such initiatives to support the implementation of their due diligence obligations laid down in this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. Companies could assess, at their own initiative, the alignment of these schemes and initiatives with the obligations under this Directive. In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, mayshould issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p>also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, may<u>the OECD and relevant stakeholders, should</u> issue guidance for assessing the fitness<u>precise scope, alignment with this Directive, and credibility</u> of industry schemes and multi-stakeholder initiatives. <u>Companies participating in industry or multi-stakeholder initiatives or using third party verification for aspects of their due diligence should still be able to be sanctioned or found liable for violations of this Directive and damage suffered by victims as a result. The minimum standards for third-party verifiers to be adopted via delegated acts under this Directive should be developed in close consultation with all relevant stakeholders and reviewed in light of their appropriateness in accordance with the objectives of this Directive. Third-party verifiers should be subject to oversight by the relevant authorities and, where necessary, be subject to sanctions, in accordance with national and EU legislation.</u></p>		
Recital 38				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
47	<p>(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights or environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries. However, it should be clarified that, as regards established business relationships, where adverse impacts cannot be brought to an end, companies should minimise the extent of such impacts. Minimisation of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights and environmental adverse impacts to an end and minimisation of their extent, where relevant depending on the circumstances.</p>	<p>(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights orand environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries. However, it should be clarified that, as regards established business relationships, where adverse impacts cannot be brought to an end, companies should minimisemitigate the extent of such impacts, <u>whilst pursuing efforts to bring the adverse impact to an end, and implementing a corrective action plan, developed in consultation with affected stakeholders.</u> Minimisation of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights and environmental adverse impacts to an end and minimisation of their extent, where relevant depending on the circumstances.</p>	<p>(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights or environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in theits own operations and in those of its subsidiaries. However, it should be clarified that, as regards established business relationshipspartners, where adverse impacts cannot be brought to an end, companies should minimise the extent of such impacts. Minimisation of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights and environmental adverse impacts to an end and minimisation of their extent, where relevant depending on the circumstances. When assessing the appropriate measures to bring to an end or minimise the extent of the adverse impacts, due account shall be taken of the so-called ‘level of involvement of the company in an adverse impact’ in</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>line with the international frameworks and the company’s ability to influence the business partner causing the adverse impact. Companies should be obliged to bring to an end or minimise the extent of the adverse impacts that they cause by themselves (so called ‘causing’ the adverse impact as referred to in the international framework) or jointly with their subsidiaries or business partners (so called ‘contributing’ to the adverse impact as referred to in the international framework). Jointly causing the adverse impact is not limited to equal implication of the company and its subsidiary or business partner in the adverse impact, but should cover all cases of the company’s acts or omissions causing the adverse impact in combination with the acts or omissions of subsidiaries or business partners. When companies are not causing the adverse impacts occurring in their chain of activities themselves or jointly with other legal entities, but the adverse impact is caused by their business partner in the companies’ chains of activities (so called ‘being directly linked to’ the adverse impact as referred to in the international framework), they should be obliged to use their</p>	

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance)

2022/0051(COD) 15-01-2024 at 19h02 90/428

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>influence to bring to an end or minimise the extent of the adverse impact caused by their business partners or to increase their influence to do so. Using only the notion of ‘causing’ the adverse impact instead of the aforementioned terms used in the international frameworks avoids confusion with existing legal terms in national legal systems while covering the same causal relations as described in these frameworks.</p> <p>In this context, in line with the international frameworks, the company’s influence on a business partner should include, on the one hand its ability to persuade the business partner to prevent adverse impacts (for example through market power, pre-qualification requirements or linking business incentives to human rights and environmental performance) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business partner associated with the adverse impact.</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Recital 39				
48	<p>(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or minimise its extent, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain contractual assurances from a direct business partner with whom they have an established business relationship that they will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain. The contractual assurances should be</p>	<p>(39) So as to comply with the obligation of bringing to an end and minimising<u>mitigating</u> the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or minimise<u>adequately mitigate</u> its extent, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct <u>by restoring the affected persons, groups and communities and/or the environment back to a situation equivalent or as close as possible to their situation prior</u> to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for <u>the implementation of appropriate measures and</u> action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain<u>could also establish through</u> contractual assurances from a direct business <u>provisions with a</u> partner with whom they have an established<u>a</u></p>	<p>(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take all the following actions, where relevant depending on the circumstances. They should neutralise the adverse impact or minimise its extent, with an action proportionate to the significance and scalescope of the adverse impact and to the contribution of the company's conduct toinvolvement in the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain contractual assurances from a direct business partner with whom they have an established business relationship that they will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or minimising the extent of adverse impact, provide targeted and proportionate support for an SMEs with which they have an established business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.</p>	<p>business relationship that they will ensure compliance with the company's code of conduct and, as necessary, a preventioncorrective action plan, including by seeking. <u>Partners with whom the company has a business relationship could be asked to establish</u> corresponding <u>reasonable, non-discriminatory and fair</u> contractual assurances <u>provisions with their</u> partners, to the extent that their activities are part of the company's value chain. The contractual assurancesprovisions should be accompanied by <u>measures to support carrying out due diligence as outlined in this Directive.</u> <u>Moreover, contractual provisions should be fair, reasonable and non-discriminatory, and reflect the joint tasks of parties to conduct due diligence in ongoing cooperation, with an emphasis on taking the</u> appropriate measures to verify compliancebring adverse impacts to an end. Companies should also assess whether the business partner can reasonably be expected to comply with those provisions. Often contractual terms are unilaterally imposed on a supplier by a buyer, and any breach thereof is likely to result in unilateral action by the buyer such as termination or disengagement. Such unilateral action is not</p>	<p>the company's value chainchain of activities. The contractual assurances should be accompanied by the appropriate measures to verify compliance. Finally, However, the company should only be obliged to seek the contractual assurances, as obtaining them may depend on the circumstances. Companies should also make financial or non-financial investments aiming at ceasing or minimising the extent of the adverse impact, provide targeted and proportionate support for an SMEs with SMEs which they have an established business relationship are business partners of the company, where the viability of the SME could be jeopardised, and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end. Jeopardising the viability of an SME should be interpreted as possibly causing a bankruptcy of the SME or putting the SME in a situation where bankruptcy is imminent. Financial undertakings, when providing financial services within the meaning of this Directive, should not be required to provide targeted and proportionate support for an SME as their chain of activities</p>	

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		<p><u>appropriate in the context of due diligence and would probably itself result in adverse impacts. In cases where the breach of such contractual provisions gives rise to a potential adverse impact, the company should first take appropriate measures to prevent or adequately mitigate such impacts, rather than consider ending or suspending the contract, in accordance with applicable law.</u></p> <p>Finally, companies should also make investments aiming at ceasing or minimising<u>mitigating</u> the extent of <u>an</u> adverse impact, provide targeted and proportionate support for an SMEs with which they have an established business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.</p>	<p>does not cover SMEs. Finally, companies should provide remediation to the affected persons and communities that should consist of financial or non-financial compensation that should be proportionate to the significance (scale of the adverse impact, the gravity) and scope (number of persons or the extent of the environment affected) of the adverse impact and the company's involvement in the adverse impact. The financial or non-financial compensation might consist of restitution of the affected person or persons to the situation in which they would have been if the actual adverse impact had not occurred.</p>	
Recital 40				
49	<p>(40) In order to reflect the full range of options for the company in cases where actual impacts could not be addressed by the described measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving</p>	<p><i>deleted</i></p>	<p>(40) In order to reflect the full range of options for the company in cases where actual impacts could not be addressed by the described measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	compliance with the company's code of conduct or a corrective action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.		compliance with the company's code of conduct or a corrective action plan, and conduct appropriate measures to verify compliance of the indirect business relationship partner with the contract.	
Recital 41				
50	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success. However, this Directive should also, for cases where actual adverse impacts could not be brought to an end or adequately mitigated by the described measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, to either temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of the	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective, companies should prioritize prioritise engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success. However, this Directive should also, for cases where actual adverse impacts <u>that a company caused or contributed to</u> could not be brought to an end or adequately mitigated by the described measures measure , <u>and there is no reasonable prospect of change</u> , refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, <u>as a last resort, in line with responsible disengagement</u> , to	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective, companies should prioritize engagement with business relationships partners in the value chain chain of activities , instead of terminating the business relationship, as a last resort action after attempting at bringing to bring to bring actual adverse impacts to an end or minimising minimise them without success. Termination of the business relationship as a last resort action should mean that no less drastic possibilities are available and there appears to be little prospect to increase the influence of the company on business partners causing the adverse impact. However, this Directive should also, for cases where actual adverse impacts could not be brought to an end or the extent adequately mitigated minimised by the	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>adverse impact, or terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws.</p>	<p>either — temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of <u>mitigate</u> the adverse impact, or — terminate the business relationship with respect to the activities concerned, if the <u>on account of the severity of the actual</u> adverse impact is considered severe <u>or if the conditions for temporary suspension are not met</u>. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate <u>or suspend</u> the business relationship in contracts governed by their laws. <u>In deciding to terminate or suspend a business relationship, the company should assess whether the adverse impacts of that decision would be greater than the adverse impact which is intended to be brought to an end or mitigated. Where companies do temporarily suspend commercial relations or terminate the business relationship, they should take steps to prevent, mitigate, or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep the decision under review.</u></p>	<p>described measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the business partner in question and, where the law governing their relations so entitles them to, to either — temporarily suspend commercial business relationships with respect to the activities concerned the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, if there is reasonable expectation that these efforts are to succeed in the short-term, or or — terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to temporarily suspend and terminate the business relationship in contracts governed by their laws, except for cases where the parties are obliged by law to enter into them, such as is the case of mandatory insurance. The mere fact that a third country has not ratified or implemented in its national law one of the instruments listed in the Annex I to this Directive, does not entail any obligation to</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			temporarily suspend or terminate the business relationship.	
Recital 41a				
50a			<p>(41a) In some cases companies should not be obliged to terminate the business relationship. Companies should not be required to terminate the business relationship if there is a reasonable expectation that the termination could result in a more severe adverse impact. This is in line with the international framework, the interests of those adversely impacted should be taken into account. For example, terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. Similarly, a more severe adverse impact could occur if workers are deprived of living wage by the termination of the business relationship with their employer in order to bring to an end an adverse impact consisting of breaching the right to collective bargaining. Lastly, the company should not be required to terminate the business relationship with its crucial business partner that provides</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>raw material, product or service essential to the company's business, if the termination would cause substantial prejudice to the company. Substantial prejudice should be interpreted as a negative and significant effect on the company's legal, financial or economic situation or its production capacity, including in the long-term perspective, such as an effect giving rise to the likelihood of insolvency. In order not to undermine the aims of this Directive, the decision not to terminate the business relationship, should be subject to subsequent conditions. The company should be required to report itself to the supervisory authority and duly justify the reasons for not terminating the business relationship and keep monitoring the actual adverse impact with potential actions to be taken to bring to an end or minimise the extent of the adverse impact, periodically reassess the decision not to terminate the business relationship and seek alternative business relationships. To enhance legal certainty, the provisions of this Directive on terminating the business relationship, should apply only to commercial agreements concluded by the company after</p>	

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			the expiry of the transposition period for implementing this Directive.	
Recital 41a				
50b		<p><u>(41a) Where a company has caused or contributed to an actual adverse impact, the company should take appropriate measures to remediate that impact. Remedial measures should aim to restore the affected persons and groups or communities and/or the environment to a situation equivalent or as close as possible to their situation prior to the impact, and be developed taking into account the needs and views expressed by affected stakeholders. They may include, but are not limited to, compensation, restitution, rehabilitation, public apologies, reinstatement or cooperation in good faith with investigations. In certain situations, financial compensation may be a necessary way to provide such restoration. Where a company is directly linked to an adverse impact, it should be allowed to voluntarily participate in any remedial measures, where appropriate, and consider using its leverage with responsible parties to enable the remediation of any</u></p>		

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		<p><u>damage caused by an impact.</u> <u>Member States should ensure that stakeholders affected by an adverse impact should not be required to seek remediation prior to filing claims in court.</u></p>		
Recital 41b				
50c			<p>(41b) As it is highlighted also in the OECD Guidelines for Multinational Enterprises, the specificities of financial services need to be acknowledged. Regulated financial undertakings are expected to consider adverse impacts throughout their financing and insurance process and to use their so-called ‘leverage’ to influence companies they provide financing or insurance to, to bring to an end or minimise the extent of the companies’ adverse impacts. In some circumstances immediate termination or suspension of financial services might be difficult or even impossible (e. g. mandatory insurance). In other cases, where a regulated financial undertaking exerts leverage, it may be inappropriate to suspend or terminate the financial services as voting and engagement, in particular collective engagement with investors or creditors, may</p>	

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			<p>have better chances of bringing to an end or minimising the extent of the adverse impact. For these reasons, the Directive does not require regulated financial undertakings, when providing financial services within the meaning of this Directive, to temporarily suspend or terminate the business relationship. In those cases, the regulated financial undertakings should be required to continue monitoring the adverse impact and continue with the efforts to bring to an end and minimise the extent of the adverse impact.</p>	
Recital 42				
51	<p>(42) Companies should provide the possibility for persons and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential human rights and environmental adverse impacts. Organisations who could submit such complaints should include trade unions and other workers' representatives representing individuals working in the value chain concerned and civil society organisations active in the areas related to the value chain concerned where they have knowledge about a</p>	<p>(42) Companies should provide the possibility for <u>publicly available and effective notification and non-judicial grievance mechanisms at operational level, that can be used by</u> persons and organisations to submit complaints directly to them <u>notify them of or raise grievances and request remediation</u> in case of legitimate concerns regarding actual or potential human rights and environmental adverse impacts <u>in the value chain. Persons and</u> organisations who could submit such complaints <u>grievances</u> should include <u>persons who are</u></p>	<p>(42) Companies should provide the possibility for persons and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential human rights and environmental adverse impacts. In order to reduce the burden on companies, they should be able to participate in a collaborative complaints procedure, such as those established jointly by companies (for example, by a group of companies), through industry associations or multi-stakeholders' initiatives, instead</p>	

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	<p>potential or actual adverse impact. Companies should establish a procedure for dealing with those complaints and inform workers, trade unions and other workers' representatives, where relevant, about such processes. Recourse to the complaints and remediation mechanism should not prevent the complainant from having recourse to judicial remedies. In accordance with international standards, complaints should be entitled to request from the company appropriate follow-up on the complaint and to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.</p>	<p><u><i>affected or have reasonable grounds to believe that they might be affected and their legitimate representatives,</i></u> trade unions and other workers' representatives representing individuals working in the value chain concerned and <u><i>credible and experienced organisations the purpose of which includes the protection of the environment. Notifications may be submitted by the aforementioned persons and organisations as well as</i></u> civil society organisations active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact, <u><i>and legal and natural persons defending human rights and the environment.</i></u> Companies should establish a procedure for dealing with those complaints<u><i>notifications and grievances</i></u> and inform workers, trade unions and other workers' representatives, where relevant, about such processes. Recourse to the complaints and remediation mechanism<u><i>Companies should provide the possibility of submitting notifications and grievances through collaborative arrangements, including industry initiatives, with other companies or organisations, by participating in multi-stakeholder grievance mechanisms or joining a global</i></u></p>	<p>of setting up the complaints procedure on their own. Organisations who could submit such complaints should include trade unions and other workers' representatives representing individuals working in the value chainchain of activities concerned and civil society organisations active in the areas related to the value chainadverse impact concerned where they have knowledge about a potential or actual adverse impact. Companies should establish a fair, accessible and transparent procedure for dealing with those complaints and inform workers, trade unions and other workers' representatives, where relevant, about such processesprocedures. The term 'fair, accessible and transparent' should be understood in line with principle 31 of the United Nations Guiding Principles on Business and Human Rights requiring procedures to be legitimate, accessible, predictable, equitable, transparent, rights-compatible and a source of continuous learning. The procedure should ensure the confidentiality of the identity of the complainant, and the necessary measures to prevent any form of retaliation from the company and its subsidiaries. Retaliation should be understood</p>	

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		<p><u>framework agreement. The submission of a notification or grievance</u> should not prevent the complainant <u>be a prerequisite nor preclude the person submitting them</u> from having recourse <u>access to the substantiated concerns procedure nor</u> to judicial remedies <u>or other non-judicial mechanisms, such as the OECD national contact points where they exist</u>. In accordance with international standards, complaints <u>persons submitting grievances or notifications, where they do not submit them anonymously</u>, should be entitled to request <u>receive</u> from the company <u>timely and</u> appropriate follow-up on the complaint and to meet <u>and persons submitting grievances should be additionally entitled to engage</u> with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint, <u>to be provided with the reasoning as to whether a grievance has been considered founded or unfounded and provided with information on the steps and actions taken, and to request remediation or contribution to remediation</u>. This access should not lead to unreasonable solicitations of companies. <u>Companies should also</u></p>	<p>as any direct or indirect act or omission which is prompted by the submission of a complaint and which causes or may cause unjustified detriment to the complainant. Recourse to the complaints and remediation mechanism should not prevent the complainant from having recourse to judicial remedies or submitting substantiated concerns to supervisory authorities. In accordance with international standards, complaints complainants should be entitled to request from the company appropriate follow-up on the complaint and to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.</p>	

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		<p><i><u>be responsible for ensuring that any persons submitting grievances or notifications are protected from potential retaliation and retribution, including by ensuring anonymity or confidentiality in the notification and grievance process, in accordance with national law. The notification and non-judicial grievance procedure should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, gender- and culturally responsive, based on engagement and dialogue, and adaptable as set out in the effectiveness criteria for non-judicial grievance mechanisms in Principle 31 of the United Nations Guiding Principles on Business and Human Rights and the United Nations Committee on the Rights of the Child General Comment No 16. Companies should raise awareness among affected stakeholders of the existence, objectives and processes of notifications and grievance mechanisms, in the official language(s) of the state where they are operating, including on how to access them, decisions and remedies relating to a company and how the company is implementing them. Workers and their representatives should also be properly protected, and any non-judicial remediation efforts should</u></i></p>		

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		<i><u>be without prejudice to encouraging collective bargaining and recognition of trade unions and should by no means undermine the role of legitimate trade unions or workers' representatives in addressing labour-related disputes.</u></i>		
Recital 42a				
51a			(42a) Due to a broader list of persons or organisations entitled to submit a complaint and a broader scope of subject-matters of complaints, the complaints procedure is legally understood as a separate mechanism to the internal reporting procedure set up by companies in accordance with the Directive (EU) 2019/1937 of the European Parliament and of the Council¹. If the breach of Union or national law included in the material scope of that Directive can be considered as an adverse impact and the reporting person is a company's employee that is directly affected by the adverse impact, then the person could use both procedures – complaints mechanism in accordance with this Directive or an internal reporting procedure set out in accordance with that Directive. Nevertheless, if one of	

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			<p>the conditions above is not met, then the person could proceed only via one of the procedures.</p> <p>1. Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).</p>	
Recital 43				
52	<p>(43) Companies should monitor the implementation and effectiveness of their due diligence measures. They should carry out periodic assessments of their own operations, those of their subsidiaries and, where related to the value chains of the company, those of their established business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end and mitigation of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are up-to-date, they should be carried out at least every 12 months and be revised in-between if there are reasonable</p>	<p>(43) Companies should monitor <u>continuously verify</u> the implementation and <u>monitor the adequacy and</u> effectiveness of their due diligence measures <u>actions taken in accordance with this Directive</u>. They should carry out periodic assessments of their own operations, <u>products and services</u>, those of their subsidiaries and, where related to the value chains of the company, those of their established business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end, <u>mitigation and remediation</u> and mitigation of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In</p>	<p>(43) Companies should monitor the implementation and effectiveness of their due diligence measures, with due consideration of relevant information from stakeholders. They should carry out periodic assessments of their own operations, those of their subsidiaries and, where related to the value chains chains of activities of the company, those of their established business relationships partners, to monitor the effectiveness of the identification, prevention, minimisation mitigation, bringing to an end and mitigation minimisation of the extent of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such</p>	

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	<p>grounds to believe that significant new risks of adverse impact could have arisen.</p>	<p>order to ensure that such assessments are up-to-date, they should be carried out at least every 12 months <u>continuously and after a significant change occurs</u>, and be revised in-between <u>continuously</u> if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen. <u>Companies should retain documentation demonstrating their compliance with this requirement for 10 years.</u></p>	<p>assessments are up-to-date up to date, they should be carried out without undue delay after a significant change occurs, but at least every 12 24 months and be revised in-between if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen. A significant change should be understood as such a change to the status quo of the company's own operations, operations of its subsidiaries or business partners, the legal or business environment or any other substantial shift from the situation of the company, including learning about the adverse impact from publicly available information or through consultation with the stakeholders, that the company could be reasonably expected to react to it and assess. Examples of a significant change could be the cases when the company operates in a new economic sector or geographical area, starts producing new products or changes the way of producing the existing products using technology with potentially higher adverse impact, or changes its corporate structure via restructuring or mergers or acquisitions. Financial undertakings should carry out</p>	

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			<p>periodic assessment only of their own operations, those of their subsidiaries and, when they provide financial services within the meaning of this Directive to their business partners, of the effectiveness of measures taken to prevent or mitigate the potential adverse impact or bring to an end or minimise the extent of the actual adverse impact that was identified before providing the financial service to the business partner in question. No further assessments should be required from financial undertakings as regards their business partners to which they provide financial services within the meaning of this Directive throughout the existence of the relationship with the business partner.</p>	
Recital 44				
53	<p>(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts,</p>	<p>(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts,</p>	<p>(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts,</p>	

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	<p>including the findings and outcomes of those activities. The proposal to amend Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it. As regards companies that are within the scope of this Directive, but do not fall under Directive 2013/34/EU, in order to comply with their obligation of communicating as part of the due diligence under this Directive, they should publish on their website an annual statement in a language customary in the sphere of international business.</p>	<p>including the findings and outcomes of those activities. The proposal to amend Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive <u>as well as Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, for financial undertakings</u>. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it, <u>nor should it introduce any new reporting obligations in addition to those under Regulation (EU) 2019/2088</u>. As regards companies that are within the scope of this Directive, but do not fall under Directive 2013/34/EU, in order to comply with their obligation of communicating as part of the due diligence under this Directive, they should publish on their website an annual statement in a language customary in the sphere of international business <u>that is consistent with those requirements in at least one of the official languages of the Union</u>.</p>	<p>including the findings and outcomes of those activities. The proposal to amend Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations as regards corporate sustainability for the companies covered by this Directive. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it. As regards companies that are within the scope of this Directive, but do not fall under Directive 2013/34/EU, in order to comply with their obligation of communicating as part of the due diligence under this Directive, they should publish on their website an annual statement on the financial year in a language customary in the sphere of international business.</p>	

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Recital 44a				
53a		<p><u>(44a) Requirements on companies which are under the scope of this Directive and at the same time are subject to reporting requirements under Articles 19a, 29a and 40a of Directive 2013/34/EU and therefore should report on their due diligence process as stipulated in Articles 19a, 29a and 40a of Directive 2013/34/EU should be understood as a requirement for companies to describe how they implement due diligence as provided for in this Directive. When fulfilling the requirements of Directive 2013/34/EU to report on actions taken to identify potential or actual adverse impacts, companies should explain whether they prioritised the order in which they took appropriate measures, how that approach was applied, and why it was necessary to prioritise. When fulfilling the requirements of Directive 2013/34/EU to report on any actions taken by the undertaking to prevent, mitigate, remediate or bring an end to actual or potential adverse impacts, and the result of such actions, the company should also disclose the number of instances where it decided to disengage, the reason for this disengagement and the location of</u></p>		

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		<i><u>the concerned business relationships without disclosing their identity.</u></i>		
Recital 44b				
53b		<i><u>(44b) It is not the objective of this Directive to require companies to publicly disclose intellectual capital, intellectual property, know-how or the results of innovation that would qualify as trade secrets as defined in Directive (EU) 2016/943 of the European Parliament and of the Council. Reporting requirements provided for in this Directive should therefore be without prejudice to Directive (EU) 2016/943. This Directive should also apply without prejudice to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.</u></i>		
Recital 44c				
53c		<i><u>(44c) Companies should take appropriate measures to carry out</u></i>		

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		<p><u>meaningful engagement with affected stakeholders allowing for genuine interaction and dialogue in their due diligence process. Engagement should cover information and consultation of affected stakeholders and should be comprehensive, structural, effective, timely and culturally and gender responsive. There are situations in which it will not be possible to carry out meaningful engagement with affected stakeholders, or where engagement with additional expert perspectives is useful to allow the company to comply fully with the requirements of this Directive, in particular in the context of scoping and prioritisation decisions. . In these cases companies should engage in meaningful engagement with other relevant stakeholders, such as civil society organisations or legal or natural persons defending human rights or the environment in order to gain credible insights into potential or actual adverse impacts. Consultation should be ongoing and companies should provide comprehensive, targeted and relevant information to affected stakeholders. Affected stakeholders should have the right to request additional written information, which should be provided by the company within a reasonable</u></p>		

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		<p><u>amount of time and in an appropriate and comprehensive format. Where such a request is refused, affected stakeholders should have the right to a written justification for such refusal. The information and consultation of affected stakeholders should take due account of barriers to engagement, ensure that stakeholders are free from retaliation and retribution, including by maintaining confidentiality and anonymity, and particular attention should be paid to the needs of vulnerable stakeholders, and to overlapping vulnerabilities and intersecting factors, including by ensuring a gender-responsive approach, and fully respecting the United Nations Declaration on the Rights of Indigenous Peoples. Workers representatives should be informed by their company about its due diligence strategy and its implementation, in accordance with existing EU law and without prejudice to their applicable rights to information, consultation and participation, and in particular those covered by relevant EU legislation in the field of employment and social rights, including Directive 2002/14/EC of the European Parliament and of the Council¹, Directive</u></p>		

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		<p><u>2009/38/EC of the European Parliament and of the Council</u>², and <u>Council Directive 2001/86/EC of the European Parliament and of the Council</u>³. <u>Consultation with stakeholders should be considered relevant in situations where the potential and actual impacts or the actions provided under Article 4 to 10 can be reasonably foreseen to affect the rights or interest of stakeholders or when affected stakeholders have requested for information, consultation or dialogue.</u></p> <p><u>1. Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community - Joint declaration of the European Parliament, the Council and the Commission on employee representation (OJ L 80, 23.3.2002, p. 29).</u></p> <p><u>2. Directive 2009/38/EC of the European Parliament and of the Council of 6 May 2009 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees (OJ L 122, 16.5.2009, p. 28).</u></p> <p><u>3. 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).</u></p>		
Recital 44d				

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53d		<u><i>(44d) Strategic lawsuits against public participation are a particular form of harassment brought against natural or legal persons to prevent or penalise speaking up on issues of public interest. Member States should provide necessary safeguards to address those manifestly unfounded claims or abusive court proceedings against public participation in accordance with national and EU legislation.</i></u>		
Recital 45				
54	(45) In order to facilitate companies' compliance with their due diligence requirements through their value chain and limiting shifting compliance burden on SME business partners, the Commission should provide guidance on model contractual clauses.	<u><i>(45) In order to facilitategive companies' compliance tools to help them comply with their due diligence requirements through their value chain, the Commission, in consultation with Member States and relevant stakeholders, should provide guidance on model contractual clauses, which can be used voluntarily by companies as a tool to help fulfil their obligations in Articles 7 and 8. Such contractual clauses should stipulate, as a minimum, a clear allocation of tasks between contracting parties in ongoing cooperation, that they can not result in the transfer of responsibility for carrying out due</i></u>	(45) In order to facilitate companies' compliance with their due diligence requirements through their value chain chain of activities and limiting shifting compliance burden on SME business partners, the Commission should provide guidance on model contractual clauses, after having consulted with Member States and relevant stakeholders.	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><i>diligence, and that, when such clauses are breached, companies and limiting shifting compliance burden on SME business partners, the Commission should provide avoid terminating such clauses by first taking appropriate measures in line with Articles 7 and 8 of this Directive. The guidance on models should further clarify that the simple inclusion of contractual clauses assurances cannot, on its own, satisfy the due diligence standards of this Directive. Such standards should only be satisfied if due diligence obligations are assigned to others in a diligent manner that ensures the effective performance of those obligations and includes measures appropriate to the circumstances, such as monitoring, financial and non-financial assistance, and responsible purchasing practices.</i></p>		
Recital 46				
55	<p>(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States</p>	<p>(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States,</p>	<p>(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States</p>	

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	<p>and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, should have the possibility to issue guidelines, including for specific sectors or specific adverse impacts.</p>	<p><i><u>the European cross-industry and sectoral social partners and other relevant</u></i> and stakeholders, <i><u>including civil society organisations</u></i>, the European Union Agency for Fundamental Rights, the European Environment Agency, <i><u>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</u></i>, and where appropriate with <i><u>the OECD and other</u></i> international bodies having expertise in due diligence, should have the possibility to issue <i><u>issue clear and easily understandable</u></i> guidelines, including for <i><u>general and sector</u></i> specific sectors or specific adverse impacts <i><u>guidance, in order to facilitate compliance in a practical manner.</u></i></p>	<p>and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, should have the possibility to issue guidelines, including for specific sectors or specific adverse impacts or the interplay of this Directive and other Union legislative acts pursuing the same objectives and providing for more extensive or more specific obligations.</p>	
Recital 46a				
55a		<p><i><u>(46a) In order to support companies fulfilling their due diligence obligations along their value chain, the European Commission should conduct further research on digital tools and promote them.</u></i></p>		
Recital 47				

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56	<p>(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis. In order to support SMEs, Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms, and Member States could also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures, in case such requirements would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.</p>	<p>(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis. In order to support SMEs, Member States, <u>with the support of the Commission</u>, should set up and operate, either individually or jointly, dedicated <u>user-friendly</u> websites, portals or platforms, and Member States could<u>should</u> also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures <u>and use fair, reasonable, non-discriminatory and proportionate</u>, in case such requirements would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs<u>vis-a-vis the SMEs. SMEs should also have the</u></p>	<p>(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors (direct or indirect business partners) to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis. In order to support SMEs, Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms, to provide information and support to companies, and Member States could also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures, in case such requirements would jeopardize jeopardise the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.</p>	

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		<u><i>possibility to apply this Directive on a voluntary basis and should for that purpose be supported through adequate measures and tools, and be incentivised.</i></u>		
Recital 48				
57	(48) In order to complement Member State support to SMEs, the Commission may build on existing EU tools, projects and other actions helping with the due diligence implementation in the EU and in third countries. It may set up new support measures that provide help to companies, including SMEs on due diligence requirements, including an observatory for value chain transparency and the facilitation of joint stakeholder initiatives.	(48) In order to complement Member State support to <u>companies in their implementation, including</u> SMEs, the Commission may <u>should</u> build on existing EU tools, projects and other actions helping with the due diligence implementation in the EU and in third countries. It may <u>should</u> set up new support measures that provide help to companies, including SMEs on due diligence requirements, including an observatory for value chain transparency and the facilitation of joint stakeholder initiatives.	(48) In order to complement Member State support to SMEs, the Commission may build on existing EU Union tools, projects and other actions helping with the due diligence implementation in the EU Union and in third countries. It may set up new support measures that provide help to companies, including SMEs on due diligence requirements, including an observatory for value chain chain of activities transparency and the facilitation of joint stakeholder initiatives.	
Recital 49				
58	(49) The Commission and Member States should continue to work in partnership with third countries to support upstream economic operators build the capacity to effectively prevent and mitigate adverse human rights and environmental impacts of their operations and business	(49) The Commission and Member States should continue to work in partnership with third countries to support upstream economic operators build the capacity to effectively prevent and mitigate adverse human rights and environmental impacts of their operations and business	(49) The Commission and could complement Member States should continue to work in partnership with third countries' support measures building on existing Union action to support upstream economic operators build the capacity to effectively prevent and mitigate adverse human rights and	

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	relationships, paying specific attention to the challenges faced by smallholders. They should use their neighbourhood, development and international cooperation instruments to support third country governments and upstream economic operators in third countries addressing adverse human rights and environmental impacts of their operations and upstream business relationships. This could include working with partner country governments, the local private sector and stakeholders on addressing the root causes of adverse human rights and environmental impacts.	relationships, paying specific attention to the challenges faced by smallholders. They should use their neighbourhood, development and international cooperation instruments, <u>including Free Trade Agreements</u> , to support third country governments and upstream economic operators in third countries addressing adverse human rights and environmental impacts of their operations and upstream business relationships. This could include working with partner country governments, the local private sector and stakeholders on addressing the root causes of adverse human rights and environmental impacts.	environmental impacts of their operations and business relationships, paying specific attention to the challenges faced by smallholders. They should The Union and Member States within their respective competences are encouraged to use their neighbourhood, development and international cooperation instruments to support third country governments and upstream economic operators in third countries addressing adverse human rights and environmental impacts of their operations and upstream business relationships. This could include working with partner country governments, the local private sector and stakeholders on addressing the root causes of adverse human rights and environmental impacts.	
Recital 50				
59	(50) In order to ensure that this Directive effectively contributes to combating climate change, companies should adopt a plan to ensure that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. In	(50) In order to ensure that this Directive effectively contributes to combating climate change, companies should <u>in consultation with stakeholders</u> adopt <u>and implement a transition plan in line with the reporting requirements in Article 19a of Directive (EU) 2022/2464 (CSRD)</u> a plan to ensure that the business model and strategy	(50) In order to ensure that this Directive effectively contributes to combating climate change, companies should adopt a plan to ensure that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. In	Add wording re. greenwashing (ref. recital (8)).

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	<p>case climate is or should have been identified as a principal risk for or a principal impact of the company's operations, the company should include emissions reduction objectives in its plan.</p>	<p>of the company are compatible<u>aligned</u> with the <u>objectives of the</u> transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. In ease, as well as the objective of achieving climate neutrality by 2050 as established in Regulation (EU) 2021/1119 (European Climate Law), and the 2030 climate is or <u>target. The plan</u> should have been identified as a principal risk for or a principal impact of <u>take into account the value chain and include time-bound targets related to their climate objectives for scope 1, 2 and, where relevant, 3 emissions, including, where appropriate, absolute emission reduction targets for greenhouse gas including, where relevant, methane emissions, for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence, except where a company can demonstrate that its operations and value chain do not cause greenhouse gas emissions and that such emission reduction targets would therefore not be appropriate. The plans should develop implementing actions to achieve</u> the company's operations, the company should include emissions reduction objectives in its <u>plan</u> <u>climate targets and be based</u></p>	<p>case climate is or should have been identified as a principal risk for or a principal impact of the company's operations, the company should include greenhouse gas emissions reduction objectives in its plan.</p>	

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		<p><u>on conclusive scientific evidence, meaning evidence with independent scientific validation that is consistent with the limiting of global warming to 1.5°C as defined by the Intergovernmental Panel on Climate Change (IPCC) and taking into account the recommendations of the European Scientific Advisory Board on Climate Change.</u></p>		
Recital 51				
60	<p>(51) With a view to ensure that such emission reduction plan is properly implemented and embedded in the financial incentives of directors, the plan should be duly taken into account when setting directors' variable remuneration, if variable remuneration is linked to the contribution of a director to the company's business strategy and long-term interests and sustainability.</p>	<p>(51) With a view <u>Transition plans should include clear obligations for directors and board members</u> to ensure that such emission reduction plan is properly implemented and embedded <u>environmental and climate risks and impacts are addressed</u> in the <u>company's strategy. With a view to increasing the</u> financial incentives of directors, the plan <u>companies with more than 1000 employees on average</u> should be duly taken into account when setting directors' variable remuneration, if <u>have a relevant and effective policy in place to ensure that a part of the directors'</u> variable remuneration is linked to the contribution of a director to <u>achievement of the targets of</u> the company's business strategy and long-term interests and</p>	<p><i>deleted</i></p>	

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		sustainability <u>transition plan for combating climate change.</u>		
<i>Recital 52</i>				
61	(52) In order to allow for the effective oversight of and, where necessary, enforcement of this Directive in relation to those companies that are not governed by the law of a Member State, those companies should designate a sufficiently mandated authorised representative in the Union and provide information relating to their authorised representatives. It should be possible for the authorised representative to also function as point of contact, provided the relevant requirements of this Directive are complied with.	(52) In order to allow for the effective oversight of and, where necessary, enforcement of this Directive in relation to those companies that are not governed by the law of a Member State, those companies should designate a sufficiently mandated authorised representative in the Union and provide information relating to their authorised representatives. It should be possible for the authorised representative to also function as point of contact, provided the relevant requirements of this Directive are complied with.	(52) In order to allow for the effective oversight of and, where necessary, enforcement of this Directive in relation to those third-country companies that are not governed by the law of a Member State , those companies should designate a sufficiently mandated authorised representative in the Union and provide information relating to their authorised representatives. It should be possible for the authorised representative to also function as a point of contact, provided the relevant requirements of this Directive are complied with. If the third-country company does not designate the authorised representative, all Member States in which the company operates should be competent to enforce the fulfilment of this obligation, especially to designate a legal or natural person in one of the Member States where it operates, in accordance with the enforcement framework set in national law. The Member States initiating such an enforcement should inform supervisory	

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			<p>authorities of other Member States through the European Network of Supervisory Authorities so that other Member States do not enforce them.</p>	
Recital 53				
62	<p>(53) In order to ensure the monitoring of the correct implementation of companies' due diligence obligations and ensure the proper enforcement of this Directive, Member States should designate one or more national supervisory authorities. These supervisory authorities should be of a public nature, independent from the companies falling within the scope of this Directive or other market interests, and free of conflicts of interest. In accordance with national law, Member States should ensure appropriate financing of the competent authority. They should be entitled to carry out investigations, on their own initiative or based on complaints or substantiated concerns raised under this Directive. Where competent authorities under sectoral legislation exist, Member States could identify those as responsible for the application of this Directive in their areas of competence. They could designate authorities for the</p>	<p>(53) In order to ensure the monitoring of the correct implementation of companies' due diligence obligations and ensure the proper enforcement of this Directive, Member States should designate one or more national supervisory authorities. These supervisory authorities should be of a public nature, independent from the companies falling within the scope of this Directive or other market interests, and free of conflicts of interest. In accordance with national law, Member States should ensure appropriate financing of the competent authority. They should be entitled to carry out investigations, <u>including, where appropriate, on-site inspections and hearing of relevant stakeholders</u>, on their own initiative or based on <u>complaints/grievances</u> or substantiated concerns raised under this Directive. Where competent authorities under sectoral legislation exist, Member States could identify those as responsible</p>	<p>(53) In order to ensure the monitoring of the correct implementation of companies' due diligence obligations and ensure the proper enforcement of this Directive, Member States should designate one or more national supervisory authorities. These supervisory authorities should be of a public nature, independent from the companies falling within the scope of this Directive or other market interests, and free of conflicts of interest. In accordance with national law, Member States should ensure appropriate financing of the competent authority. They should be entitled to carry out investigations, on their own initiative or based on complaints or substantiated concerns raised under this Directive. Where competent authorities under sectoral legislation exist, Member States could identify those as responsible for the application of this Directive in their areas of competence. They could designate authorities for the</p>	<p>To add in this recital or a new one:</p> <p>"This annual statement should be submitted to the designated collection body for the purpose of making it accessible on the European Single Access Point (ESAP) as established by Regulation (EU) 2023/2859 . In order to ensure uniform conditions for the implementation of the rules on accessibility of information on the ESAP, implementing powers should be conferred on the Commission. To enhance legal certainty, the Annex to Regulation (EU) 2023/2859 should be amended by introducing the reference to this Directive."</p> <p>To be checked by the EP.</p>

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	supervision of regulated financial undertaking also as supervisory authorities for the purposes of this Directive.	for the application of this Directive in their areas of competence. They could designate authorities for the supervision of regulated financial undertaking also as supervisory authorities for the purposes of this Directive. <u>Member States, when designating supervisory authorities and defining the procedures by which they operate, should ensure coordination and complementarity with other processes available under other international instruments, such as the non-judicial grievance mechanism operated by National Contact Points.</u>	supervision of regulated financial undertaking also as supervisory authorities for the purposes of this Directive.	
Recital 54				
63	(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for dissuasive, proportionate and effective sanctions for infringements of those measures. In order for such sanction regime to be effective, administrative sanctions to be imposed by the national supervisory authorities should include pecuniary sanctions. Where the legal system of a Member State does not provide for administrative sanctions as foreseen in this Directive, the rules on	(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for dissuasive, proportionate and effective sanctions for infringements of those measures. In order for such sanction regime to be effective, administrative sanctions to be imposed by the national supervisory authorities should include pecuniary sanctions, <u>a public statement indicating that the company is responsible and the nature of the infringement, obligations to perform an action</u>	(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for dissuasive, proportionate and effective sanctions penalties for infringements of those measures. In order for such sanction penalties regime to be effective, administrative sanctions penalties to be imposed by the national supervisory authorities should include pecuniary sanctions . Where the legal system of a Member States should ensure that the pecuniary penalty is	

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	<p>administrative sanctions should be applied in such a way that the sanction is initiated by the competent supervisory authority and imposed by the judicial authority. Therefore, it is necessary that those Member States ensure that the application of the rules and sanctions has an equivalent effect to the administrative sanctions imposed by the competent supervisory authorities.</p>	<p><u>including ceasing the conduct constituting the infringement and desisting from any repetition of that conduct, and suspension of products from free circulation or export.</u> Where the legal system of a Member State does not provide for administrative sanctions as foreseen in this Directive, the rules on administrative sanctions should be applied in such a way that the sanction is initiated by the competent supervisory authority and imposed by the judicial authority. Therefore, it is necessary that those Member States ensure that the application of the rules and sanctions has an equivalent effect to the administrative sanctions imposed by the competent supervisory authorities.</p>	<p>commensurate to the company's worldwide net turnover when being imposed. However, this should not oblige the Member States to base the pecuniary penalty solely on the net turnover of the company in every case. Member State does not provide for administrative sanctions as foreseen in this Directive, the rules on administrative sanctions States should have flexibility to base the penalty also on other criteria, such as the economic situation of the company. The Member States should decide in accordance with the national law, whether the penalties should be applied in such a way that the sanction is initiated by the competent imposed directly by supervisory authorities, in collaboration with other authorities or by application to the competent judicial authorities. In order to ensure public oversight of the application of the rules set out in this Directive, the decisions of the supervisory authority and authorities containing penalties imposed by the judicial authority. Therefore, it is necessary that those Member States ensure that the application on companies due to failure to comply with the provisions of national law implementing this Directive should be published,</p>	

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			<p>sent to the European Network of Supervisory Authorities and remain publicly available for at least 3 years. The published decision should not contain any personal data in accordance with the Regulation (EU) 2016/679 of the rules and sanctions has an equivalent effect to the administrative sanctions imposed by the competent supervisory authorities European Parliament and of the Council¹. The publication of the company's name is allowed even if it contains a name of a natural person.</p> <p>1. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).</p>	
Recital 54a				
63a		<p><u>(54a) In order to prevent an artificial reduction of potential administrative fines resulting from an ultimate parent company shifting its net worldwide turnover to third entities, Member States should ensure that, with regards to companies referred to in Articles</u></p>		

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		<u>2(1)(b) and 2(2)(b), administrative pecuniary sanctions are calculated taking into account the consolidated turnover reported by that company.</u>		
Recital 54b				
63b		<u>(54b) Under Article 18(2) of Directive 2014/24/EU, Article 36(2) of Directive 2014/25/EU and Article 30(3) of Directive 2014/23/EU, Member States are required to take appropriate measures to ensure compliance with obligations under Union law with regards to procurement and concession contracts. Therefore the Commission should assess whether it is relevant to review these directives to further specify the requirements and measures Member States are to adopt to ensure compliance with the sustainability and due diligence obligations under this Directive throughout procurement and concession processes, from selection to performance of the contract.</u>		
Recital 55				
64	(55) In order to ensure consistent application and enforcement of	(55) In order to ensure consistent application and enforcement of	(55) In order to ensure consistent application and enforcement of	

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	national provisions adopted pursuant to this Directive, national supervisory authorities should cooperate and coordinate their action. For that purpose a European Network of Supervisory Authorities should be set up by the Commission and the supervisory authorities should assist each other in performing their tasks and provide mutual assistance.	national provisions adopted pursuant to this Directive, national supervisory authorities should cooperate and coordinate their action. For that purpose a European Network of Supervisory Authorities should be set up by the Commission and the supervisory authorities should assist each other in performing their tasks and provide mutual assistance.	national provisions adopted pursuant to this Directive, — national supervisory authorities should cooperate and coordinate their action. For that purpose a European Network of Supervisory Authorities should be set up by the Commission and the supervisory authorities should assist each other in performing their tasks and provide mutual assistance.	
Recital 56				
65	(56) In order to ensure effective compensation of victims of adverse impacts, Member States should be required to lay down rules governing the civil liability of companies for damages arising due to its failure to comply with the due diligence process. The company should be liable for damages if they failed to comply with the obligations to prevent and mitigate potential adverse impacts or to bring actual impacts to an end and minimise their extent, and as a result of this failure an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures occurred and led to damage.	(56) In order to ensure effective compensation of victims of adverse impacts, Member States should be required to lay down rules governing the civil liability of companies for damages arising due to its failure to comply with the due diligence process. The company should be liable for damages if they failed to comply with the obligations to prevent and mitigate potential adverse impacts or to bring actual impacts to an end and minimise their extent <u>mitigate them, or provide remediation,</u> and as a result of this failure <u>the company caused or contributed to</u> an adverse impact that should have been identified, <u>prioritised,</u> prevented, mitigated, brought to an end, <u>remediated</u> or its extent minimised through the appropriate measures	(56) In order to ensure effective compensation of victims of adverse impacts, Member States should be required to lay down rules governing the civil liability of companies for damages arising due to its failure to comply with the due diligence process. damage caused to a natural or legal person, under the condition that the company should be liable for damages if they intentionally or negligently failed to comply with the obligations to prevent and mitigate potential adverse impacts or to bring actual impacts to an end and minimise their extent, and as a result of this such a failure a damage was caused to the natural or legal person. Damage caused to a person's protected legal interests should be understood in	

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		<p>occurred, and led to damage.</p> <p><u>Member States should also make sure that, in case there is no legal successor, the mother companies can be held liable for their subsidiary where the subsidiary is under the scope of this Directive or was at the time of the impact and has been dissolved by the parent company or has dissolved itself intentionally in order to avoid liability, irrespective of any cooperation with the parent company in conducting due diligence.</u></p>	<p>line with the national law, for example death, physical or psychological injury, deprivation of personal liberty, loss of human dignity, or damage to a person's property. The condition that the damage has to be caused to a person as a result of the company's failure to comply with the obligation to address the adverse impact, when the right, prohibition or obligation listed in Annex I, the abuse or violation of which is resulting in the adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures occurred and led to addressed, is aimed to protect the natural or legal person to which the damage is caused, should be understood as that a derivative damage (caused indirectly to other persons who are not the victims of adverse impacts and who are not protected by the rights, prohibitions or obligations listed in Annex I) is not covered. For example, if an employee of a company suffered damage due to the company's violation of safety standards in the workplace, the landlord of such an employee should not be allowed to bring a claim against the company for an economic loss caused by the</p>	

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			<p>employee not being able to pay the rent. Causality is not regulated by this Directive, with the exception that the companies should not be held liable if the damage is caused only by the business partners in the companies' chains of activities (so called 'being directly linked to'). The victims should have the right to full compensation for the damage occurred in accordance with national law and in line with such common principle. Deterrence through damages (i. e. punitive damages) or any other form of overcompensation should be prohibited.</p>	
Recital 57				
66	<p>(57) As regards damages occurring at the level of established indirect business relationships, the liability of the company should be subject to specific conditions. The company should not be liable if it carried out specific due diligence measures. However, it should not be exonerated from liability through implementing such measures in case it was unreasonable to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or</p>	<p>(57) As regards damages occurring at the level of established indirect business relationships, the liability of the company should be subject to specific conditions. The company should not be liable if it carried out specific due diligence measures. However, it should not be exonerated from liability through implementing such measures in case it was unreasonable to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or</p>	<p>(57) As regards damages occurring at the level of established indirect business relationships, the liability of a company should not be liable for the damage that would have occurred to the same extent even if the company should be subject to specific conditions. The company had taken action in accordance with this Directive. Also, as the adverse impacts should not be liable if it carried out specific due diligence measures. However be prioritised according to their severity and likelihood</p>	

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	<p>minimise the adverse impact. In addition, in the assessment of the existence and extent of liability, due account is to be taken of the company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with other entities to address adverse impacts in its value chains.</p>	<p>minimise the adverse impact. In addition, In the assessment of the existence and extent of liability, due account is to<u>should</u> be taken of the company's efforts, insofar as they relate directly to the damage in question, to comply with any<u>take</u> remedial action, <u>including that</u> required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with <u>affected stakeholders and</u> other entities to address adverse impacts in its value chains.</p>	<p>and addressed gradually, if it is not possible to address all identified adverse impacts at the same time to the full extent, a company should not be liable for any damage stemming from any less significant it should not be exonerated from liability through implementing such measures in case it was unreasonable to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the adverse impact. In addition, in the assessment of the existence and extent of liability, due account is to be takenimpacts that were not yet addressed. The correctness of the company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with other entities to addressprioritisation of adverse impacts should, however, be assessed when determining whether the conditions for company's liability were met as part of the assessment of whether the company breached its obligation to adequately address</p>	

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			the identified adverse impacts in its value chains.	
Recital 57a				
66a		<u>(57a) Moreover, the possibility for a company to prioritise, when necessary, should be taken into consideration for its potential liability under Article 22. Provided that the prioritisation was done faithfully with regard to the severity and likelihood of the adverse impact, a company should not be held liable if an adverse impact arises from an activity or operation that was legitimately not prioritised.</u>		
Recital 58				
67	(58) The liability regime does not regulate who should prove that the company's action was reasonably adequate under the circumstances of the case, therefore this question is left to national law.	(58) The liability regime does not regulate who should prove that the company's action was reasonably adequate under the circumstances of the case, therefore this question is left to <u>however Member States may foresee in their national law that where a claimant provides prima facie elements substantiating the likelihood of the defendant's liability, the defendant is held liable, unless it can prove that it has complied with its obligations under this Directive.</u>	(58) The liability regime does not regulate who should prove that the company's action was reasonably adequate under the circumstances of the case, therefore this question is left to national law. Also, this Directive does not regulate who can bring a claim before national courts and under which conditions the civil proceeding can be initiated, therefore this question is left to national law. For example, Member States can decide that it is only the victim	

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			<p>who can bring the claim before national courts or that a civil society organisation, trade union or other legal entity can bring the claim on behalf of the victim.</p>	
Recital 59				
68	<p>(59) As regards civil liability rules, the civil liability of a company for damages arising due to its failure to carry out adequate due diligence should be without prejudice to civil liability of its subsidiaries or the respective civil liability of direct and indirect business partners in the value chain. Also, the civil liability rules under this Directive should be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive.</p>	<p>(59) As regards civil liability rules, the civil liability of a company for damages <u>that it has caused or contributed to</u> arising due to its failure to carry out adequate due diligence should be without prejudice to civil liability of its subsidiaries or the respective civil liability of direct and indirect business partners in the value chain. Also, the civil liability rules under this Directive should be without prejudice to Union or national rules on civil <u>not limit companies' 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</u> <u>under Union or national legal systems, including rules on joint and several liability</u> than this Directive.</p>	<p>(59) As regards civil liability rules, the civil liability of a company for damages arising due to its failure to carry out adequate due diligence should be without prejudice to civil liability of its subsidiaries or the respective civil liability of direct and indirect business partners in the value chain of activities. When the company caused the damage jointly with its subsidiary or business partner, it. Also, the civil liability rules under this Directive should be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive jointly and severally liable with this respective subsidiary or business partner. This is without prejudice to any national law on the conditions of joint and several liability and on rights of recourse for the full compensation paid by</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			one jointly and severally liable party.	
Recital 59a				
68a		<p><i><u>(59a) The right to an effective remedy is an internationally recognised human right, enshrined in Article 8 of the Universal Declaration of Human Rights, Article 9(3) of the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters and Article 2(3) of the International Covenant on Civil and Political Rights, and is also a fundamental right of the Union within the meaning of Article 47 of the Charter. Delays and difficulties in accessing evidence, as well as gender disparity, geographical location, vulnerabilities and marginalisation can constitute major practical and procedural obstacles for the persons concerned, hindering their access to an effective remedy without fear of reprisals. Member States should thus ensure that victims have access to an effective remedy and that the costs and the length of the proceedings do not prevent them from access to courts. These measures may, for example, take</u></i></p>	<p>(59a) The civil liability rules under this Directive should be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive. A stricter liability regime should also be understood as a national civil liability regime that does not provide for exemptions as provided by this Directive, such as the prioritisation of adverse impacts.</p>	

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		<u><i>the form of public funding, including structural support for victims of actual and potential adverse impacts, limitation of applicable court or administrative fees, or access to legal aid.</i></u>		
Recital 59b				
68b		<u><i>(59b) Mandated trade unions, civil society organisations or other relevant actors acting in the public interest, such as National Human Rights Institutions or an Ombudsman, should be able to bring actions before their courts on behalf of a victim or group of victims of adverse impacts, and should have the rights and obligations of a claimant party in the proceedings, without prejudice to existing national law.</i></u>		
Recital 59c				
68c		<u><i>(59c) Limitation periods for bringing civil liability claims for damages should be at least ten years. When setting the starting point of such limitation periods, Member States should consider taking into account the moment the impact causing the damage has ceased and when the victim concerned knew or could be</i></u>		

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		<u><i>reasonable expected to have known that the damage they suffered was caused by the adverse impact.</i></u>		
Recital 60				
69	(60) As regards civil liability arising from adverse environmental impacts, persons who suffer damage can claim compensation under this Directive even where they overlap with human rights claims.	(60) As regards civil liability arising from adverse environmental impacts, persons who suffer damage can claim compensation under this Directive even where they overlap with human rights claims.	(60) As regards civil liability arising from adverse environmental impacts, persons who suffer damage can claim compensation under this Directive even where they overlap with human rights claims.	
Recital 61				
70	(61) In order to ensure that victims of human rights and environmental harms can bring an action for damages and claim compensation for damages arising due to a company's failure to comply with the due diligence obligations stemming from this Directive, even where the law applicable to such claims is not the law of a Member State, as could be for instance be the case in accordance with international private law rules when the damage occurs in a third country, this Directive should require Member States to ensure that the liability provided for in provisions of national law transposing this Article is of overriding mandatory application in	(61) In order to ensure that victims of human rights and environmental harms can bring an action for damages and claim compensation for damages arising due to a company's failure to comply with the due diligence obligations stemming from this Directive, even where the law applicable to such claims is not the law of a Member State, as could be for instance be the case in accordance with international private law rules when the damage occurs in a third country, this Directive should require Member States to ensure that the liability provided for in provisions of national law transposing this Article is of overriding mandatory application in	(61) In order to ensure that victims of human rights and environmental harms can bring an action for damages and claim compensation for damages arising due to a damage caused when the company's failure intentionally or negligently failed to comply with the due diligence obligations stemming from this Directive, even this Directive should require Member States to ensure that the provisions of national law transposing the civil liability regime provided for in this Directive are of overriding mandatory application in cases where the law applicable to such claims to that effect is not the law of a Member State, as could be for instance be the case in accordance	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	cases where the law applicable to claims to that effect is not the law of a Member State.	cases where the law applicable to claims to that effect is not the law of a Member State.	with international private law rules when the damage occurs in a third country, this Directive should require. This means that the Member States to ensure that the, when transposing the civil liability regime provided for in provisions of this Directive and choosing the methods to achieve such result, can also take into account all related 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 rules including the requirements as regards which natural or legal person can bring the claim, the statute of limitations, objections and defences, and calculation of compensation, to the extent they are necessary to ensure the protection of victims and crucial for safeguarding the Member StateStates' public interests, such as its political, social or economic organisation.	
Recital 62				
71	(62) The civil liability regime under this Directive should be without prejudice to the Environmental Liability Directive 2004/35/EC. This Directive should not prevent Member States from	(62) The civil liability regime under this Directive should be without prejudice to the Environmental Liability Directive 2004/35/EC. This Directive should not prevent Member States from	(62) The civil liability regime under this Directive should be without prejudice to the Environmental Liability Directive 2004/35/EC Directive 2004/35/EC of the European Parliament and	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	imposing further, more stringent obligations on companies or from otherwise taking further measures having the same objectives as that Directive.	imposing further, more stringent obligations on companies or from otherwise taking further measures having the same objectives as that Directive.	of the Council ¹ . This Directive should not prevent Member States from imposing further, more stringent obligations on companies or from otherwise taking further measures having the same objectives as that Directive 2004/35/EC . 1. Directive 2004/35/EC of the European Parliament and of the Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage (OJ L 143; 30.4.2004, p. 56).	
Recital 63				
72	(63) In all Member States' national laws, directors owe a duty of care to the company. In order to ensure that this general duty is understood and applied in a manner which is coherent and consistent with the due diligence obligations introduced by this Directive and that directors systematically take into account sustainability matters in their decisions, this Directive should clarify, in a harmonised manner, the general duty of care of directors to act in the best interest of the company, by laying down that directors take into account the sustainability matters as referred to in Directive 2013/34/EU, including, where applicable, human rights,	(63) In all Member States' national laws, directors owe a duty of care to the company. In order to ensure that this general duty is understood and applied in a manner which is coherent and consistent with the due diligence obligations introduced by this Directive and that directors systematically take into account sustainability matters in their decisions, this Directive should clarify, in a harmonised manner, the general duty of care of directors to act in the best interest of the company, by laying down that directors take into account the sustainability matters as referred to in Directive 2013/34/EU, including, where applicable, human rights,	(63) In all Member States' national laws, directors owe a duty of care to the company. In order to ensure that this general duty is understood and applied in a manner which is coherent and consistent with the due diligence obligations introduced by this Directive and that directors systematically take into account sustainability matters in their decisions, this Directive should clarify, in a harmonised manner, the general duty of care of directors to act in the best interest of the company, by laying down that directors take into account the sustainability matters as referred to in Directive 2013/34/EU This Directive is without prejudice to	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>climate change and environmental consequences, including in the short, medium and long term horizons. Such clarification does not require changing existing national corporate structures.</p>	<p>climate change and environmental consequences, including in the short, medium and long term horizons. Such clarification does not require changing existing national corporate structures.</p>	<p>Directive 2014/24/EU of the European Parliament and of the Council¹, Directive 2014/25/EU of the European Parliament and of the Council² and Directive 2014/23/EU of the European Parliament and of the Council³. In particular, pursuant to those Directives, contracting authorities and contracting entities may exclude or may be required by Member States to exclude from participation in a procurement procedure or in a concession award procedure, where applicable, any economic operator where they can demonstrate by any appropriate means a violation of applicable obligations in the fields of environmental, social and labour law, including, where applicable, human rights, climate change and environmental consequences, including in the short, medium and long term horizons. Such clarification does not require changing existing national corporate structures those stemming from certain international agreements ratified by all Member States and listed in those Directives, or that the economic operator is guilty of grave professional misconduct, which renders its integrity questionable.</p>	

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance) 2022/0051(COD) 15-01-2024 at 19h02 140/428

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>1. Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).</p> <p>2. Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, p. 243).</p> <p>3. Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28.3.2014, p. 1).</p>	
Recital 64				
73	<p>(64) Responsibility for due diligence should be assigned to the company's directors, in line with the international due diligence frameworks. Directors should therefore be responsible for putting in place and overseeing the due diligence actions as laid down in this Directive and for adopting the company's due diligence policy, taking into account the input of stakeholders and civil society organisations and integrating due diligence into corporate management systems. Directors should also adapt the corporate strategy to actual and potential impacts identified and any due diligence measures taken.</p>	<p>(64) Responsibility for due diligence should be assigned to the company's directors, in line with the international due diligence frameworks. Directors should therefore be responsible for putting in place and overseeing the due diligence actions as laid down in this Directive and for adopting the company's due diligence policy, taking into account the input of stakeholders and civil society organisations and integrating due diligence into corporate management systems. Directors should also adapt the corporate strategy to actual and potential impacts identified and any due diligence measures taken.</p>	<i>deleted</i>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Recital 65				
74	<p>(65) Persons who work for companies subject to due diligence obligations under this Directive or who are in contact with such companies in the context of their work-related activities can play a key role in exposing breaches of the rules of this Directive. They can thus contribute to preventing and deterring such breaches and strengthening the enforcement of this Directive. Directive (EU) 2019/1937 of the European Parliament and of the Council¹ should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches.</p> <p>¹ Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).</p>	<p>(65) Persons who work for companies subject to due diligence obligations under this Directive or who are in contact with such companies in the context of their work-related activities can play a key role in exposing breaches of the rules of this Directive. They can thus contribute to preventing and deterring such breaches and strengthening the enforcement of this Directive. Directive (EU) 2019/1937 of the European Parliament and of the Council¹ should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches.</p> <p>¹ Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).</p>	<p>(65) Persons who work for companies subject to due diligence obligations under this Directive or who are in contact with such companies in the context of their work-related activities can play a key role in exposing breaches of the rules of this Directive. They can thus contribute to preventing and deterring such breaches and strengthening the enforcement of this Directive. Directive (EU) 2019/1937 of the European Parliament and of the Council¹ should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches.</p> <p>¹ Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).</p>	<p>(65) Persons who work for companies subject to due diligence obligations under this Directive or who are in contact with such companies in the context of their work-related activities can play a key role in exposing breaches of the <u>national measures transposing rules</u> of this Directive. They can thus contribute to preventing and deterring such breaches and strengthening the enforcement of this Directive. Directive (EU) 2019/1937 of the European Parliament and of the Council¹ should therefore apply to the reporting of all breaches of <u>the national measures transposing</u> this Directive and to the protection of persons reporting such breaches.</p> <p>¹ Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).</p> <p>To include an addition of a new recital (65a) (whole quoted text):</p> <p>“To enhance legal certainty, the applicability, pursuant to this Directive, of Directive (EU) 2019/1937 to reports of breaches of the national measures</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				transposing this Directive and to the protection of persons reporting such breaches, should be reflected in that Directive (EU) 2019/1937. The Annex to Directive (EU) 2019/1937 should therefore be amended accordingly. It is for the Member States to ensure that that amendment is reflected in their transposition measures adopted in accordance with Directive (EU) 2019/1937, although the adoption of national transposition measures is not a condition for the applicability of that Directive to the reporting of breaches of this Directive and to the protection of reporting persons from the date of transposition of this Directive.”
Recital 65a				
74a		<u><i>(65a) Human rights and environmental rights defenders are on the front line of the consequences of adverse environmental and human rights impacts worldwide and in the EU, and have been threatened, intimidated, persecuted, harassed or even murdered. Companies should therefore not expose them to any kind of violence.</i></u>		
Recital 66				
75				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>(66) In order to specify the information that companies not subject to reporting requirements under the provisions on corporate sustainability reporting under Directive 2013/34/EU should be communicating on the matters covered by this Directive, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of determining additional rules concerning the content and criteria of such reporting, specifying information on the description of due diligence, potential and actual impacts and actions taken on those. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making¹. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert</p>	<p>(66) In order to specify the information that companies not subject to reporting requirements under the provisions on corporate sustainability reporting under Directive 2013/34/EU should be communicating on the matters covered by this Directive, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of determining additional rules concerning the content and criteria of such reporting, specifying information on the description of due diligence, potential and actual impacts and actions taken on those. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making¹. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert</p>	<p>(66) In order to specify the information that companies not subject to reporting requirements under the provisions on corporate sustainability reporting under Directive 2013/34/EU should be communicating on the matters covered by this Directive, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of determining additional rules concerning the content and criteria of such reporting, specifying information on the description of due diligence, potential and actual impacts and actions taken onwith respect to those impacts. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making¹. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	groups dealing with the preparation of delegated acts. 1. OJ L 123, 12.5.2016, p. 1.	groups dealing with the preparation of delegated acts. 1. OJ L 123, 12.5.2016, p. 1.	groups dealing with the preparation of delegated acts. 1. [1] OJ L 123, 12.5.2016, p. 1.	
Recital 67				
76	(67) This Directive should be applied in compliance with Union data protection law and the right to the protection of privacy and personal data as enshrined in Articles 7 and 8 of the Charter of Fundamental Rights of the European Union. Any processing of personal data under this Directive is to be undertaken in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council ¹ , including the requirements of purpose limitation, data minimisation and storage limitation. 1. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) OJ L 119, 4.5.2016, p. 1–88.	(67) This Directive should be applied in compliance with Union data protection law and the right to the protection of privacy and personal data as enshrined in Articles 7 and 8 of the Charter of Fundamental Rights of the European Union. Any processing of personal data under this Directive is to be undertaken in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council ¹ , including the requirements of purpose limitation, data minimisation and storage limitation. 1. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) OJ L 119, 4.5.2016, p. 1–88.	(67) This Directive should be applied in compliance with Union data protection law and the right to the protection of privacy and personal data as enshrined in Articles 7 and 8 of the Charter of Fundamental Rights of the European Union. Any processing of personal data under this Directive is to be undertaken in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council ¹ , including the requirements of purpose limitation, data minimisation and storage limitation. 1. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) OJ L 119, 4.5.2016, p. 1–88.	
Recital 68				
77				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>(68) The European Data Protection Supervisor was consulted in accordance with Article 28(2) of Regulation (EU) 2018/1725 of the European Parliament and of the Council¹ and delivered an opinion on ... 2022.</p> <p>1. Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data (OJ L 295, 21.11.2018, p. 39).</p>	<p>(68) The European Data Protection Supervisor was consulted in accordance with Article 28(2) of Regulation (EU) 2018/1725 of the European Parliament and of the Council¹ and delivered an opinion on ... 2022.</p> <p>1. Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data (OJ L 295, 21.11.2018, p. 39).</p>	<p>(68) The European Data Protection Supervisor was consulted in accordance with Article 28(2) of Regulation (EU) 2018/1725 of the European Parliament and of the Council¹ and delivered an opinion on ... 2022.</p> <p>1. [1] Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).</p>	
Recital 69				
78	<p>(69) This Directive is without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and shall apply to those specific obligations.</p>	<p>(69) This Directive is without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and shall apply to those specific obligations, <u>in those cases where the obligations set out in another legislative act apply to a more</u></p>	<i>deleted</i>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>specific sector or subject matter. Such acts include, but are not limited to existing as well as future EU legislation regarding timber and deforestation, posting of workers and forced labour.</u></p>		
Recital 70				
79	<p>(70) The Commission should assess and report whether new sectors should be added to the list of high-impact sectors covered by this Directive, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear evidence on labour exploitation, human rights violations or newly emerging environmental threats, whether the list of relevant international conventions referred to in this Directive should be amended, in particular in the light of international developments, or whether the provisions on due diligence under this Directive should be extended to adverse climate impacts.</p>	<p>(70) The Commission should assess and report whether new sectors<u>the scope of the Directive</u> should be added to the list of high-impact<u>lowered, in particular for certain</u> sectors covered by this Directive, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear <u>data or</u> evidence on labour exploitation, human rights violations or newly emerging environmental threats, whether the list of relevant international conventions referred to in this Directive should be amended, in particular in the light of international developments, or whether the provisions on due diligence under this Directive should be extended to adverse climate impacts<u>including data from the EBRD, ILO or FRA.</u></p>	<p>(70) The Commission should assess and report whether new sectors should be added to the list of high-impact sectors covered by this Directive, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear evidence on labour exploitation, human rights violations or newly emerging environmental threats, whether the list of relevant international conventions referred to in this Directive should be amended, in particular in the light of international developments, or whether the provisions on due diligence under this Directive should be extended to adverse climate impacts. The Commission should further assess whether the criteria and thresholds used for defining the scope of this Directive need to be revised, whether other legal persons should be covered or whether the definition of the ‘chain of</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			activities’, including the provision of investment by regulated financial undertakings or the provision of financial services within the meaning of this Directive by regulated financial undertakings, irrespective of the decision of a Member State to apply this Directive to the provision of financial services by regulated financial undertakings, needs to be revised.	
Recital 71				
80	(71) The objective of this Directive, namely better exploiting the potential of the single market to contribute to the transition to a sustainable economy and contributing to sustainable development through the prevention and mitigation of potential or actual human rights and environmental adverse impacts in companies’ value chains, cannot be sufficiently achieved by the Member States acting individually or in an uncoordinated manner, but can rather, by reason of the scale and effects of the actions, be better achieved at Union level. In particular, addressed problems and their causes are of a transnational dimension, as many companies are operating Union wide or globally	(71) The objective of this Directive, namely better exploiting the potential of the single market to contribute to the transition to a sustainable economy and contributing to sustainable development through the prevention and mitigation of potential or actual human rights and environmental adverse impacts in companies’ value chains, cannot be sufficiently achieved by the Member States acting individually or in an uncoordinated manner, but can rather, by reason of the scale and effects of the actions, be better achieved at Union level. In particular, addressed problems and their causes are of a transnational dimension, as many companies are operating Union wide or globally	(71) Since the objective of this Directive, namely better exploiting the potential of the single market to contribute to the transition to a sustainable economy and contributing to sustainable development through the prevention and mitigation of potential or actual human rights and environmental adverse impacts in companies’ value chains of activities , cannot be sufficiently achieved by the Member States acting individually or in an uncoordinated manner, but can rather, by reason of the scale and effects of the actions, be better achieved at Union level. In particular, addressed problems and their causes are of a transnational dimension, as many companies are operating Union wide or globally	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	and value chains expand to other Member States and to third countries. Moreover, individual Member States' measures risk being ineffective and lead to fragmentation of the internal market. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.	and value chains expand to other Member States and to third countries. Moreover, individual Member States' measures risk being ineffective and lead to fragmentation of the internal market. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.	and value chains expand to other Member States and to third countries. Moreover, individual Member States' measures risk being ineffective and lead to fragmentation of the internal market. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.	
Formula				
81	HAVE ADOPTED THIS DIRECTIVE:		HAVE ADOPTED THIS DIRECTIVE:	HAVE ADOPTED THIS DIRECTIVE: Text Origin: Commission Proposal
Article 1				
82	Article 1 Subject matter	Article 1 Subject matter	Article 1 Subject matter	Article 1 Subject matter Text Origin: Commission Proposal
Article 1(1), first subparagraph				
83	1. This Directive lays down rules	1. This Directive lays down rules		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			1. This Directive lays down rules on	1. This Directive lays down rules <u>on</u> Text Origin: Council Mandate
Article 1(1), first subparagraph, point (a)				
84	(a) on obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the value chain operations carried out by entities with whom the company has an established business relationship and	(a) on obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts <u>that they caused, contributed to or are directly linked to</u> , with respect to their own operations, the operations <u>and those</u> of their subsidiaries, and the value chain operations carried out by entities <u>in their value chain</u> with whom the company has an established business relationship and	(a) on obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the value chain operations carried out by entities with whom the company has an established business relationship and business partners in companies' chains of activities;	(a) on obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the value chain operations carried out by entities with whom the company has an established business relationship and <u>business partners in companies' chains of activities;</u> Text Origin: Council Mandate
Article 1(1), first subparagraph, point (b)				
85	(b) on liability for violations of the obligations mentioned above.	(b) on liability for violations of the obligations mentioned above- <u>which led to damage;</u>	(b) on liability for violations of the obligations mentioned above-; and	(b) on liability for violations of the obligations mentioned above-; <u>and</u> Text Origin: Council Mandate
Article 1(1), first subparagraph, point (ba)				
85a			(c) obligation to adopt a plan to ensure compatibility of business model and strategy of the company with the transition to a	<u>(c) obligation to adopt and put into effect a transition plan for climate change mitigation which aims to ensure, through best efforts,</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			sustainable economy and with the limiting of global warming to 1.5 °C.	<u>compatibility of the business model and strategy of the company with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C.</u>
Article 1(1), second subparagraph				
86	The nature of business relationships as ‘established’ shall be reassessed periodically, and at least every 12 months.	<i>deleted</i>	<i>deleted</i>	<i>deleted</i>
Article 1(2)				
87	2. This Directive shall not constitute grounds for reducing the level of protection of human rights or of protection of the environment or the protection of the climate provided for by the law of Member States at the time of the adoption of this Directive.	2. This Directive shall not constitute grounds for reducing the level of protection of human rights, <u>including employment and social rights as stipulated in existing Union and national legislation, the environment or or of protection of the environment or the protection of the climate provided for by the law of Member States Member States or by applicable collective agreements</u> , at the time of the adoption of this Directive.	2. This Directive shall not constitute grounds for reducing the level of protection of human rights or of protection of the environment or the protection of the climate provided for by the law of Member States at the time of the adoption of this Directive.	2. This Directive shall not constitute grounds for reducing the level of protection of human, <u>employment and social</u> rights, or of protection of the environment or the protection of the climate provided for by the law of Member States, <u>or applicable collective agreements</u> at the time of the adoption of this Directive.
Article 1(3)				
88	3. This Directive shall be without prejudice to obligations in the areas of human rights, protection of the	3. This Directive shall be without prejudice to obligations in the areas of human rights, protection of the	3. This Directive shall be without prejudice to obligations in the areas of human rights, protection of the	3. This Directive shall be without prejudice to obligations in the areas of human, <u>employment and social</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.	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.	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.	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.
Article 2				
89	Article 2 Scope	Article 2 Scope	Article 2 Scope	Article 2 Scope Text Origin: Commission Proposal
Article 2(1)				
90	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:	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:	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:	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: Text Origin: Commission Proposal
Article 2(1), point (a)				
91				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(a) the company had more than 500 employees on average and had a net worldwide turnover of more than EUR 150 million in the last financial year for which annual financial statements have been prepared;	(a) The company had more than 500 <u>250</u> employees on average and had a net worldwide turnover of more than EUR 150 <u>40</u> million in the last financial year for which annual financial statements have been prepared;	(a) the company had more than 500 employees on average and had a net worldwide turnover of more than EUR 150 million in the last financial year for which annual financial statements have been prepared or should have been adopted;	(a) the company had more than 500 employees on average and had a net worldwide turnover of more than EUR 150 million in the last financial year for which annual financial statements have been prepared or should have been adopted;
Article 2(1), point (b)				
92	(b) the company did not reach the thresholds under point (a), but had more than 250 employees on average and had a net worldwide turnover of more than EUR 40 million in the last financial year for which annual financial statements have been prepared, provided that at least 50% of this net turnover was generated in one or more of the following sectors:	(b) the company did not reach the thresholds under point (a), but had more than 250 employees on average and had <u>(a) but is the ultimate parent company of a group that had 500 employees and</u> a net worldwide turnover of more than EUR 40 <u>150</u> million in the last financial year for which annual financial statements have been prepared, provided that at least 50% of this net turnover was generated in one or more of the following sectors:	(b) the company did not reach the thresholds under point (a), but had more than 250 employees on average and had a net worldwide turnover of more than EUR 40 million in the last financial year for which annual financial statements have been prepared or should have been adopted , provided that at least 50% of this net turnover EUR 20 million was generated in one or more of the following sectors associated with the applicable statistical classification of economic activities established by Regulation (EC) No 1893/2006 and listed in Annex II:	(b) the company did not reach the thresholds under point (a), but had more than 250 employees on average and had a net worldwide turnover of more than EUR 40 million <u>(a) but is the ultimate parent company of a group that reaches the thresholds</u> in the last <u>consolidated</u> financial year <u>statements</u> for which <u>consolidated</u> annual financial statements have been prepared, <u>provided that at least 50% of this net turnover was generated in one or more of the following sectors:</u> or should have been adopted. Once these thresholds have been reached, where the ultimate parent company has as its main activity the holding of shares in operational subsidiaries, the obligations under this Directive shall be met by the subsidiary closest to the ultimate parent company in the chain of control

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>that is not a company having as its main activity the holding of shares in operational subsidiaries. In case there is more than one such company, they shall all meet the obligations under this Directive.</u></p>
Article 2(1), point (ba)				
92a				<p><u>(ba) the company entered into or is the ultimate parent company of a group that entered into franchising or licensing agreements in the Union in return for royalties with independent third-party companies, where these agreements ensure a common identity, a common business concept and the application of uniform business methods, and where these royalties amount to more than EUR 7.5 million in the last financial year for which annual financial statements have been or should have been adopted, and provided that the company had or is the ultimate parent company of a group that had a net worldwide turnover of more than EUR 40 million in the last financial year for which annual financial statements have been or should have been adopted;</u></p>
Article 2(1), point (bb)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	92b			<u>(bb) the company did not reach the thresholds under point (a), but had more than 250 employees on average and had a net worldwide turnover of more than EUR 40 million in the last financial year for which annual financial statements have been or should have been adopted, provided that at least EUR 20 million was generated in one or more of the following sectors associated with the applicable statistical classification of economic activities established by Regulation (EC) No 1893/2006 and listed in Annex II;</u>
Article 2(1), point (bb)(i)				
6	93	(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear;	<i>deleted</i>	(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear; Text Origin: Council Mandate
Article 2(1), point (bb)(ii)				
6	94	(ii) agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural	<i>deleted</i>	(ii) agriculture, forestry, fisheries (including aquaculture), the manufacture of food products and beverages , and the wholesale trade of agricultural raw materials, live

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	raw materials, live animals, wood, food, and beverages;		animals, wood, food, and beverages; or	animals, wood, food, and beverages; <u>or</u> Text Origin: Council Mandate
Article 2(1), point (bb)(iii)				
95	(iii) the extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products).	<i>deleted</i>	(iii) the extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products).	(iii) the extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products). Text Origin: Council Mandate
Article 2(1), point (bb)(iiia)				
95a				<u>(iiia) construction.</u>
Article 2(2)				
96	2. This Directive shall also apply to companies which are formed in	2. This Directive shall also apply to companies which are formed in	2. This Directive shall also apply to companies which are formed in	2. This Directive shall also apply to companies which are formed in

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	accordance with the legislation of a third country, and fulfil one of the following conditions:	accordance with the legislation of a third country, and fulfil one of the following conditions:	accordance with the legislation of a third country, and fulfil one of the following conditions:	accordance with the legislation of a third country, and fulfil one of the following conditions: Text Origin: Commission Proposal
Article 2(2), point (a)				
97	(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year;	(a) <u>the company</u> generated a net <u>worldwide</u> turnover of more than EUR 150 million, <u>provided that at least EUR 40 million was generated</u> in the Union in the financial year preceding the last financial year, <u>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</u> ;	(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year; or	(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year; Text Origin: Council Mandate
Article 2(2), point (b)				
98	(b) generated a net turnover of more than EUR 40 million but not more than EUR 150 million in the Union in the financial year preceding the last financial year, provided that at least 50% of its net worldwide turnover was generated in one or more of the sectors listed in paragraph 1, point (b).	(b) generated <u>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 EUR 40 150 million but not more than EUR 150 million and at least 40 million was generated</u> in the Union in the <u>last</u> financial year <u>preceding the last</u> for which annual financial year, <u>provided that at least</u>	(b) generated a net turnover of more than EUR 40 million but not more than EUR 150 million in the Union in the financial year preceding the last financial year, provided that at least 50% of its net worldwide turnover was generated EUR 20 million was generated in one or more of the sectors listed in paragraph 1, point (b).	(b) generated a net turnover of more than EUR 40 million but not more than EUR 150 million in the Union <u>the company did not reach the thresholds under (a) but is the ultimate parent company of a group that reaches the thresholds in the consolidated financial year preceding the last statements for which consolidated annual financial year, provided that at least</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><i>50% of its net worldwide turnover was generated in one or more of the sectors listed in paragraph 1, point (b) 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.</i></p>		<p><i>50% of its net worldwide turnover was generated in one or more of the sectors listed in paragraph 1, point (b) statements have been or should have been adopted. Once these thresholds have been reached, where the ultimate parent company has as its main activity the holding of shares in operational subsidiaries, the obligations under this Directive shall be met by the subsidiary closest to the ultimate parent company in the chain of control that is not a company having as its main activity the holding of shares in operational subsidiaries. In case there is more than one such company, they shall all meet the obligations under this Directive;</i></p>
Article 2(2), point (ba)				
98a				<p><i>(ba) the company entered into or is the ultimate parent company of a group that entered into franchising or licensing agreements in the Union in return for royalties with independent third-party companies, where these agreements ensure a common identity, a common business concept and the application of uniform business methods, and where these royalties amount to more than EUR 7.5 million in the Union in the</i></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>financial year preceding the last financial year; and provided that the company generated or is the ultimate parent company of a group that generated a net turnover of more than EUR 40 million in the Union in the financial year preceding the last financial year;</u>
Article 2(2), point (bb)				
98b				<u>(bb) generated a net turnover of more than EUR 40 million but not more than EUR 150 million in the Union in the financial year preceding the last financial year, provided that at least EUR 20 million was generated in one or more of the sectors listed in paragraph 1, point (b).</u>
Article 2(3)				
99	3. For the purposes of paragraph 1, the number of part-time employees shall be calculated on a full-time equivalent basis. Temporary agency workers shall be included in the calculation of the number of employees in the same way as if they were workers employed directly for the same period of time by the company.	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 <u>and other workers in non-standard forms of employment</u> 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.	3. For the purposes of paragraph 1, the number of part-time employees shall be calculated on a full-time equivalent basis. Temporary agency workers shall be included in the calculation of the number of employees in the same way as if they were workers employed directly for the same period of time by the company.	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 <u>and other workers in non-standard forms of employment, provided that they fulfil the criteria for determining the status of a worker established by the Court of Justice,</u> shall be included in the calculation of the number of

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p>employees in the same way as if they were workers employed directly for the same period of time by the company.</p> <p>Recital 21: Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive (EU) 2018/957 of the European Parliament and of the Council, should be included in the calculation of the number of employees in the user company. Other workers in non-standard forms of employment shall also be included in the calculation of the number of employees insofar as they meet the criteria for determining the status of a worker established by the Court of Justice of the European Union.</p>
Article 2(3a)				
99a			<p>3a. This Directive shall apply to a company if the company has met the conditions laid down in paragraph 1 or 2 during two consecutive financial years.</p>	<p><u>3a. This Directive shall apply to a company referred to in paragraph 1 or 2, if the company has met the conditions laid down in paragraph 1 or 2 for each of the last two consecutive financial years. This Directive shall no longer apply to a company referred to in paragraphs 1 or 2 where the conditions laid down in paragraph 1 or 2 cease to be met for each of the last two consecutive financial years.</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 2(4)				
6	100	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.	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.	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. Text Origin: Commission Proposal
Article 2(4a)				
6	100a		5. As regards the companies referred to in paragraph 2, the Member State competent to regulate matters covered in this Directive shall be 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 Member State competent to regulate matters covered in this Directive shall be that in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year.	<u>5. As regards the companies referred to in paragraph 2, the Member State competent to regulate matters covered in this Directive shall be 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 Member State competent to regulate matters covered in this Directive shall be that in which the company generated the highest net turnover in the Union in the financial year preceding the last financial year.</u>
Article 2(4b)				
6	100b			

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			<p>6. Member States may decide to apply this Directive to pension institutions which are considered to be social security schemes under the Regulation (EC) No 883/2004 of the European Parliament and of the Council¹ and Regulation (EC) No 987/2009 of the European Parliament and of the Council². If a Member State decides to apply this Directive to such pension institutions, those pension institutions shall be considered regulated financial undertakings within the meaning of Article 3, point (a)(iv).</p> <p>1. 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).</p> <p>2. 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).</p>	<u>Deleted</u>
	Article 2(4c)			
g	100c		<p>7. This Directive shall not apply to financial products listed in points (b) and (f) of point (12) of Article 2 of Regulation (EU) 2019/2088 of the European Parliament and of the Council¹.</p>	<u>Deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			1. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).	
Article 2(4d)				
6	100d		8. Member States may decide to apply this Directive to regulated financial undertakings within the meaning of Article 3, point (a)(iv), also with respect to their business partners to which such regulated financial undertakings provide the services referred to in Article 3, point (g).	<u>Deleted</u>
Article 3				
6	101	Article 3 Definitions	Article 3 Definitions	Article 3 Definitions <u>Text Origin: Commission Proposal</u>
Article 3, first paragraph				
6	102	For the purpose of this Directive, the following definitions shall apply:	<u>1.</u> For the purpose of this Directive, the following definitions shall apply:	For the purpose of this Directive, the following definitions shall apply: <u>Text Origin: Commission Proposal</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (a)				
103	(a) 'company' means any of the following:	(a) 'company' means any of the following:	(a) 'company' means any of the following:	(a) 'company' means any of the following: Text Origin: Commission Proposal
Article 3, first paragraph, point (a)(i)				
104	(i) a legal person constituted as one of the legal forms listed in Annex I to Directive 2013/34/EU of the European Parliament and of the Council ¹ ; 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).	(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 ; 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).	(i) a legal person constituted as one of the legal forms listed in Annex I to Directive 2013/34/EU of the European Parliament and of the Council [†] ; †. 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).	(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 ; 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). Text Origin: EP Mandate
Article 3, first paragraph, point (a)(ii)				
105	(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;	(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;	(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 of Directive 2013/34/EU ;	(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 2013/34/EU ; Text Origin: EP Mandate
Article 3, first paragraph, point (a)(iii)				

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106	(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);	<i>deleted</i>	(iii) a legal person constituted as one of the legal forms listed in Annex II to Directive 2013/34/EU or in accordance with the law of a third country in a form comparable to those listed in Annex II of that Directive, when such a legal person is composed entirely of undertakings organised in one of the legal forms falling within points (i) and (ii);	<i>(iii) a legal person constituted as one of the legal forms listed in Annex II to Directive 2013/34/EU composed entirely of undertakings organised in one of the legal forms falling within points (i) and (ii); Deleted</i>
Article 3, first paragraph, point (a)(iv)				
107	(iv) a regulated financial undertaking, regardless of its legal form, which is	(iv) a regulated financial undertaking, regardless of its legal form, which is	(iv) a regulated financial undertaking, regardless of its legal form, which is:	(iv) a regulated financial undertaking, regardless of its legal form, which is: Text Origin: Council Mandate
Article 3, first paragraph, point (a)(iv), first indent				
108	- a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 the European Parliament and of the Council ¹ ; 1. 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).	- a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 the European Parliament and of the Council ¹ ; 1. 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).	- a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 the European Parliament and of the Council ¹ ; an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council² ; 1. 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	- a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 the European Parliament and of the Council ¹ ; 1. 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). Text Origin: Commission Proposal

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			amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1). 2. 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).	
Article 3, first paragraph, point (a)(iv), second indent				
109	- an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council ¹ ; 1. 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).	- an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council ¹ ; 1. 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).	- an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council ¹ ; 1. 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). In the text of the Council's General Approach, this indent was put together with the previous one due to a clerical error.	- an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council ¹ ; 1. 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). Text Origin: Commission Proposal
Article 3, first paragraph, point (a)(iv), third indent				
110	- 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	- 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	- 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) ¹ , including a manager of Euveca under Regulation (EU) No	- 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) ¹ , including a manager of Euveca under Regulation (EU) No

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>345/2013 of the European Parliament and of the Council¹, a manager of EuSEF under Regulation (EU) No 346/2013 of the European Parliament and of the Council² and a manager of ELTIF under Regulation (EU) 2015/760 of the European Parliament and of the Council³;</p> <p>1. 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). 2. 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). 3. 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).</p>	<p>345/2013 of the European Parliament and of the Council¹, a manager of EuSEF under Regulation (EU) No 346/2013 of the European Parliament and of the Council² and a manager of ELTIF under Regulation (EU) 2015/760 of the European Parliament and of the Council³;</p> <p>1. 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). 2. 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). 3. 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).</p>	<p>345/2013 of the European Parliament and of the Council^{1,2}, a manager of EuSEF under Regulation (EU) No 346/2013 of the European Parliament and of the Council^{2,3} and a manager of ELTIF under Regulation (EU) 2015/760 of the European Parliament and of the Council^{3,4};</p> <p>1. Regulation (EU) No 345/2013 Directive 2011/61/EU of the European Parliament and of the Council of 17 April 2013 on European venture capital funds (OJ L 115, 25.4.2013 38 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1). 2. [2] Regulation (EU) No 346/2013 No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship venture capital funds (OJ L 115, 25.4.2013, p. 18) 1). 3. [3] Regulation (EU) 2015/760 No 346/2013 of the European Parliament and of the Council of 29 April 2015 2013 on European long-term investments social entrepreneurship funds (OJ L 123, 19.5.2015, p. 98 115, 25.4.2013, p. 18). 4. [4] 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).</p>	<p>345/2013 of the European Parliament and of the Council^{1,2}, a manager of EuSEF under Regulation (EU) No 346/2013 of the European Parliament and of the Council^{2,3} and a manager of ELTIF under Regulation (EU) 2015/760 of the European Parliament and of the Council^{3,4};</p> <p>1. Regulation (EU) No 345/2013 Directive 2011/61/EU of the European Parliament and of the Council of 17 April 2013 on European venture capital funds (OJ L 115, 25.4.2013 38 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1). 2. [2] Regulation (EU) No 346/2013 No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship venture capital funds (OJ L 115, 25.4.2013, p. 18) 1). 3. [3] Regulation (EU) 2015/760 No 346/2013 of the European Parliament and of the Council of 29 April 2015 2013 on European long-term investments social entrepreneurship funds (OJ L 123, 19.5.2015, p. 98 115, 25.4.2013, p. 18). 4. [4] 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).</p> <p>Text Origin: Council Mandate</p>
Article 3, first paragraph, point (a)(iv), fourth indent				

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111	<p>- 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 Council¹;</p> <p>1. 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).</p>	<p>- 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 Council¹;</p> <p>1. 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).</p>	<p>- 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 Council¹;</p> <p>1. 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).</p>	<p>- 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 Council¹;</p> <p>1. 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).</p> <p>Text Origin: Commission Proposal</p>
Article 3, first paragraph, point (a)(iv), fifth indent				
112	<p>- an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council¹;</p> <p>1. 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).</p>	<p>- an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council¹;</p> <p>1. 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).</p>	<p>- an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council¹;</p> <p>1. 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).</p>	<p>- an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council¹;</p> <p>1. 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).</p> <p>Text Origin: Commission Proposal</p>
Article 3, first paragraph, point (a)(iv), sixth indent				

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113	- a reinsurance undertaking as defined in Article 13, point (4), of Directive 2009/138/EC;	- a reinsurance undertaking as defined in Article 13, point (4), of Directive 2009/138/EC;	- a reinsurance undertaking as defined in Article 13, point (4), of Directive 2009/138/EC;	- a reinsurance undertaking as defined in Article 13, point (4), of Directive 2009/138/EC; Text Origin: Commission Proposal
Article 3, first paragraph, point (a)(iv), seventh indent				
114	- 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 ¹ ; 1. 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).	- 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 ¹ ; 1. 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).	- an institution for occupational retirement provision as defined in Article 1, point (6) of Directive (EU) 2016/2341 of the European Parliament and of the Council ¹ in accordance with Article 2 thereof, unless a Member State has chosen not to apply that Directive in whole or in parts to that institution in accordance with Article 5 of that Directive; 1. 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).	- an institution for occupational retirement provision as defined in Article 1, point (6) <u>within the scope</u> of Directive (EU) 2016/2341 of the European Parliament and of the Council ¹ <u>in accordance with Article 2 thereof, unless a Member State has chosen not to apply that Directive in whole or in parts to that institution in accordance with Article 5 of that Directive;</u> 1. 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). Text Origin: Council Mandate
Article 3, first paragraph, point (a)(iv), eighth indent				
115	- pension institutions operating pension schemes which are considered to be social security schemes covered by Regulation	<i>deleted</i>	<i>deleted</i>	- pension institutions operating pension schemes which are considered to be social security schemes covered by Regulation

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>(EC) No 883/2004 of the European Parliament and of the Council¹ and Regulation (EC) No 987/2009 of the European Parliament and of the Council² as well as any legal entity set up for the purpose of investment of such schemes;</p> <p>1. 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).</p> <p>2. 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).</p>			<p>(EC) No 883/2004 of the European Parliament and of the Council¹ and Regulation (EC) No 987/2009 of the European Parliament and of the Council² as well as any legal entity set up for the purpose of investment of such schemes;Deleted</p> <p>1. 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);</p> <p>2. 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);</p>
Article 3, first paragraph, point (a)(iv), ninth indent				
116	<p>- 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;</p>	<i>deleted</i>	<i>deleted</i>	<p>- an alternative investment fund (AIF) managed by an AIFM as defined in Article 4(1), point (b), of Directive 2011/61/EU or an AIF supervised under the applicable national law;Deleted</p>
Article 3, first paragraph, point (a)(iv), tenth indent				
117	<p>- UCITS in the meaning of Article 1(2) of Directive 2009/65/EC;</p>	<i>deleted</i>	<i>deleted</i>	<p>- UCITS in the meaning of Article 1(2) of Directive 2009/65/EC;Deleted</p>
Article 3, first paragraph, point (a)(iv), eleventh indent				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement	
6	118	<p>- a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council¹;</p> <p>1. 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).</p>	<p>- a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council¹;</p> <p>1. 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).</p>	<p>- a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council¹;</p> <p>1. 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).</p> <p>Text Origin: Commission Proposal</p>	6
Article 3, first paragraph, point (a)(iv), twelfth indent					
6	119	<p>- 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 Council¹;</p> <p>1. 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).</p>	<p>- 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 Council¹;</p> <p>1. 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).</p>	<p>- 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 Council¹;</p> <p>1. 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).</p> <p>Text Origin: Commission Proposal</p>	6
Article 3, first paragraph, point (a)(iv), thirteenth indent					
6	120				6

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	- an insurance or reinsurance special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC;	- an insurance or reinsurance special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC;	- an insurance or reinsurance special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC;	- an insurance or reinsurance special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC; Text Origin: Commission Proposal
Article 3, first paragraph, point (a)(iv), fourteenth indent				
121	- ‘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 ¹ ; 1. 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).	- ‘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 ¹ ; 1. 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).	- ‘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 ¹ ; 1. 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).	- ‘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 ¹ ; 1. 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). Text Origin: Commission Proposal
Article 3, first paragraph, point (a)(iv), fifteenth indent				
122	- 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	- 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	- 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	- 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

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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;	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;	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;	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; Text Origin: Commission Proposal
Article 3, first paragraph, point (a)(iv), sixteenth indent				
123	<p>- a payment institution as defined in point (d) of Article 1(1) of Directive (EU) 2015/2366 of the European Parliament and of the Council¹;</p> <p>1. 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).</p>	<p>- a payment institution as defined in point (d) of Article 1(1) of Directive (EU) 2015/2366 of the European Parliament and of the Council¹;</p> <p>1. 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).</p>	<p>- a payment institution as defined in point (d) of Article 1(1) of Directive (EU) 2015/2366 of the European Parliament and of the Council¹;</p> <p>1. 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).</p>	<p>- a payment institution as defined in point (d) of Article 1(1) of Directive (EU) 2015/2366 of the European Parliament and of the Council¹;</p> <p>1. 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).</p> <p>Text Origin: Commission Proposal</p>
Article 3, first paragraph, point (a)(iv), seventeenth indent				
124	<p>- an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council¹;</p>	<p>- an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council¹;</p>	<p>- an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council¹;</p>	<p>- an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council¹;</p>

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	1. 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).	1. 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).	1. 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).	1. 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). Text Origin: Commission Proposal
Article 3, first paragraph, point (a)(iv), eighteenth indent				
125	- 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 ¹ ; 1. 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).	- 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 ¹ ; 1. 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).	- 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 ¹ ; 1. 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).	- 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 ¹ ; 1. 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). Text Origin: Commission Proposal
Article 3, first paragraph, point (a)(iv), nineteenth indent				
126	- 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-	- 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-	- 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-	- 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-

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>assets, and amending Directive (EU) 2019/1937¹] 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];</p> <p>1. COM/2020/593 final.</p>	<p>assets, and amending Directive (EU) 2019/1937¹] 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];</p> <p>1. COM/2020/593 final.</p>	<p>assets, and amending Directive (EU) 2019/1937¹] 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];</p> <p>1. COM/2020/593 final.</p>	<p>assets, and amending Directive (EU) 2019/1937¹] 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];</p> <p>1. COM/2020/593 final.</p> <p>Text Origin: Commission Proposal</p>
Article 3, first paragraph, point (a)(iv), twentieth indent				
G	126a	<p><u>(aa) 'investee company' means a company in which an institutional investor or asset manager invests which cannot be considered as a controlled undertaking;</u></p>		<p><u>Deleted</u></p>
Article 3, first paragraph, point (a)(iv), twenty-first indent				
G	126b	<p><u>(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;</u></p>		<p><u>Deleted</u></p>
Article 3, first paragraph, point (a)(iv), twenty-second indent				
G	126c	<p><u>(ac) 'asset manager' means an entity as defined by Article 2(f) of</u></p>		<p><u>Deleted</u></p>

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		<u>Directive 2007/36/EC, within the scope of Article 2 of this Directive;</u>		
Article 3, first paragraph, point (b)				
127	(b) ‘adverse environmental impact’ means an adverse impact on the environment resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the Annex, Part II;	(b) ‘adverse environmental impact’ means an adverse impact on the environment resulting from the violation of one <u>failure to comply with obligations in line with the relevant provisions of the instruments listed in Part I, points 18 and 19,</u> of the prohibitions and obligations pursuant to <u>Annex and Part II of the Annex, taking into account, where available, the national legislation and measures linked to those provisions related to</u> the international environmental conventions <u>texts listed in Part I, points 18 and 19, of the Annex, and Part II of the Annex;</u>	(b) ‘adverse environmental impact’ means an adverse impact on the environment resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the Annex I, Part II;	(b) ‘ adverse environmental impact’ means an adverse impact on the environment resulting from the violation of one <u>breach</u> of the prohibitions and obligations <u>listed in Part I, points 18 and 19, and Part II of</u> pursuant to the international environmental conventions listed in the Annex I, <u>taking into account national legislation linked to the provisions of the instruments listed therein,</u> Part II;
Article 3, first paragraph, point (c)				
128	(c) ‘adverse human rights impact’ means an adverse impact on protected persons resulting from the violation of one of the rights or prohibitions listed in the Annex, Part I Section 1, as enshrined in the international conventions listed in the Annex, Part I Section 2;	(c) ‘adverse human rights impact’ means an adverse impact on protected persons resulting from the violation of one of the rights or prohibitions listed in the Annex, <u>Part I Section 1, as any action which removes or reduces the ability of an individual or group to enjoy the rights or to be protected by prohibitions</u> enshrined in the	(c) ‘adverse human rights impact’ means an adverse impact on protected persons resulting from the violation of one of the rights or prohibitions listed in the Annex, Part I Section 1, as enshrined in the international conventions listed in the Annex, Part I Section 2;	(c) ‘adverse human rights impact’ means an adverse impact on protected persons resulting from the violation of one of the rights or prohibitions listed in the Annex, <u>Part I Section 1, as enshrined in the international conventions listed in the Annex, Part I Section 2;</u>

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		international conventions <u>and instruments</u> listed in the Annex, Part I, <u>Section 1 and Annex, Part I, Section 2;</u>		
Article 3, first paragraph, point (c)(i)				
6	128a		(i) an abuse of one of the human rights listed in the Annex I, Part I Section 1, as those human rights are enshrined in the international instruments listed in the Annex I, Part I Section 2;	<u>(i) an abuse of one of the human rights listed in the Annex I, Part I Section 1, as those human rights are enshrined in the international instruments listed in Annex I, Part I Section 2;</u>
Article 3, first paragraph, point (c)(ii), first subparagraph				
6	128b		(ii) an abuse of a human right not listed in the Annex I, Part I Section 1, but included in the human rights instruments listed in the Annex I, Part I Section 2, provided that:	<u>(ii) an abuse of a human right not listed in the Annex I, Part I Section 1, but included in the human rights instruments listed in the Annex I, Part I Section 2, provided that:</u> To include in Recital 25: "The term abuse should be interpreted in line with international human rights law."
Article 3, first paragraph, point (c)(ii), first subparagraph				
6	128c		- the human right can be abused by a company or legal entity other than a Member State or a third country or their authorities;	<u>- the human right can be abused by a company or legal entity;</u>

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Article 3, first paragraph, point (c)(iii)				
6	128d		- the human right abuse directly impairs a legal interest protected in the human rights instruments listed in the Annex I, Part I Section 2; and	- <u>the human right abuse directly impairs a legal interest protected in the human rights instruments listed in the Annex I, Part I Section 2; and</u>
Article 3, first paragraph, point (c)(iv)				
6	128e		- the company could have reasonably identified such human right abuse in its own operations, those of its subsidiaries or its business partners, taking into account the circumstances of the specific case, including the nature and extent of the company's business operations and its chain of activities, characteristics of the economic sector and geographical and operational context;	- <u>the company could have reasonably foreseen the risk that such human right may be affected, taking into account the circumstances of the specific case, including the nature and extent of the company's business operations and its chain of activities, characteristics of the economic sector and geographical and operational context;</u>
Article 3, first paragraph, point (c)(v)				
6	128f	<u>(ca) 'adverse impact' means any potential or actual adverse human rights or adverse environmental impact;</u>	(ca) 'adverse impact' means adverse environmental impact and adverse human rights impact;	<u>(ca) 'adverse impact' means adverse environmental impact and adverse human rights impact;</u>
Article 3, first paragraph, point (d)				
6	129	(d) 'subsidiary' means a legal person through which the activity of	(d) 'subsidiary' means a legal person <u>as defined in Article 2, point</u>	(d) 'subsidiary' means a legal person <u>as defined in Article 2, point</u>

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	<p>a ‘controlled undertaking’ as defined in Article 2(1), point (f), of Directive 2004/109/EC of the European Parliament and of the Council¹ is exercised;</p> <p>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).</p>	<p><u>(10), of Directive 2013/34/EU and a legal person</u> 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 Council¹ is exercised;</p> <p>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).</p>	<p>a ‘controlled undertaking’ as defined in Article 2(1), point (f), of Directive 2004/109/EC of the European Parliament and of the Council¹ is exercised;</p> <p>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).</p>	<p><u>(10), of Directive 2013/34/EU and a legal person</u> 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 Council¹ is exercised;</p> <p>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).</p> <p>Text Origin: EP mandate</p>
Article 3, first paragraph, point (e)				
130	<p>(e) ‘business relationship’ means a relationship with a contractor, subcontractor or any other legal entities (‘partner’)</p>	<p>(e) ‘business relationship’ means a <u>direct or indirect</u> relationship <u>of a company</u> with a contractor, subcontractor, or any other legal entities (‘partner’) <u>in its value chain:</u></p>	<p>(e) ‘business relationship partner’ means a relationship with a contractor, subcontractor or any other legal entities (‘partner’) entity</p>	<p>(e) ‘business relationship partner’ means a relationship with a contractor, subcontractor or any other legal entities (‘partner’) <u>an entity</u></p> <p>Text Origin: Council Mandate</p>
Article 3, first paragraph, point (e)(i)				
131	<p>(i) with whom the company has a commercial agreement or to whom the company provides financing, insurance or reinsurance, or</p>	<p>(i) with whom the company has a commercial agreement or to whom the company provides financing, insurance or reinsurance, or <u>financial services;</u></p>	<p>(i) with whom the company has a commercial agreement related to the operations, products or services of the company or to whom the company provides</p>	<p>(i) with whom the company has a commercial agreement <u>related to the operations, products or services of the company</u> or to whom the company provides financing,</p>

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			financing, insurance or reinsurance services pursuant to point (g) ('direct business partner'), or	insurance or reinsurance <u>services pursuant to point (g) ('direct business partner')</u> , or Text Origin: Council Mandate
Article 3, first paragraph, point (e)(ii)				
132	(ii) that performs business operations related to the products or services of the company for or on behalf of the company;	(ii) that performs business operations <u>activities</u> related to the products or services of the company <u>for or on behalf</u> of the company;	(ii) that which is not a direct business partner but which performs business operations related to the operations , products or services of the company for or on behalf of the company (' indirect business partner ');	(ii) that <u>which is not a direct business partner but which</u> performs business operations related to the <u>operations</u> , products or services of the company for or on behalf of the company (' <u>indirect business partner</u> '); Text Origin: Council Mandate
Article 3, first paragraph, point (f)				
133	(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;	<i>deleted</i>	<i>deleted</i>	<i>deleted</i>
Article 3, first paragraph, point (fa)(g)				
134	(g) 'value chain' means activities related to the production of goods or the provision of services by a company, including the	(g) 'value chain' means activities related to the production of goods or the provision of services by a company, including the	(g) 'value chain' means activities related to the production of goods or the provision of services by a company, including the	(g) ' value chain ' means activities related to the production of goods or the provision of services by a company, including the

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	<p>development of the product or the service and the use and disposal of the product as well as the related activities of upstream and downstream established business relationships of the company. As regards companies within the meaning of point (a)(iv), ‘value chain’ with respect to the provision of these specific services shall only include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;</p>	<p>development of the product or the service and the use and disposal of the product as well as the related activities of upstream and downstream established business relationships of the company. As regards companies within the meaning of point (a)(iv), ‘value chain’ with respect to the provision of these specific services shall only include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;</p>	<p>development of the product or the service and the use and disposal of the product as well as the related activities of upstream and downstream established business relationships of the company. As regards companies within the meaning of point (a)(iv), ‘value chain’ with respect to the provision of these specific services shall only include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;’ means:</p>	<p>development of the product or the service and the use and disposal of the product as well as the related activities of upstream and downstream established business relationships of the company. As regards companies within the meaning of point (a)(iv), ‘value chain’ with respect to the provision of these specific services shall only include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities; means:</p> <p>Recital to be inserted:</p> <p>"The definition of chain of activities in Article 3(1)g of this directive is without prejudice to the terms “value chain” or “supply chain” as defined in other EU legislation."</p> <p>Council to check this text of the recital with Legal Service</p> <p>Text Origin: Council Mandate</p>
Article 3, first paragraph, point (fa)(g)(i)				

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6	134a	<u>(i) activities related to, and entities involved in, the production, design, sourcing, extraction, manufacture, transport, storage and supply of raw materials, products or parts of a company's product and the development of a company's product or the development or provision of a service, and</u>	(i) activities of a company's upstream business partners 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	<u>(i) activities of a company's upstream business partners related to the production of goods or the provision of services by the company, including the design, extraction, sourcing, manufacture, transport, storage and supply of raw materials, products or parts of the products and development of the product or the service, and</u> Text Origin: Council Mandate
Article 3, first paragraph, point (fa)(g)(ii)				
6	134b	<u>(ii) activities related to, and entities involved in, the sale, distribution, transport, storage, and waste management of a company's products or the provision of services, and excluding the waste management of the product by individual consumers.</u>	(ii) activities of a company's downstream business partners related to the distribution, transport, storage and disposal of the product, including the dismantling, recycling, composting or landfilling, where the business partners carry out those activities for the company or on behalf of the company, excluding the disposal of the product by consumers and distribution, transport, storage and disposal of the product being subject to the export control under the Regulation (EU) 2021/821 of the European Parliament and of the Council or the export control relating to weapons, munition or war	<u>(ii) activities of a company's downstream business partners related to the distribution, transport, storage and disposal of the product, including the dismantling, recycling, composting or landfilling, where the business partners carry out those activities directly or indirectly for the company or on behalf of the company, excluding the disposal of the product by consumers and distribution, transport, storage and disposal of the product being subject to the export control under the Regulation (EU) 2021/821 of the European Parliament and of the Council or the export control relating to weapons, munition or</u>

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			<p>materials, after the export of the product is authorised.</p>	<p><u><i>war materials, after the export of the product is authorised.</i></u></p> <p>To add recital:</p> <p>"This Directive is complemented by other legislative acts, that also address negative adverse impacts in the field of human rights or environmental protection. In particular, Regulation (EU) 2021/821 of the European Parliament and of the Council sets up a regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items, covering inter alia software and technologies that can be used for intelligence purposes. Under this regime, Member States should consider in particular the risk of such goods being used in connection with internal repression or the commission of serious violations of human rights and international humanitarian law. Also, Regulation (EU) 2019/125 of the European Parliament and the Council prohibits or regulates, as the case may be, export of goods such as chemical substances that are used or could be used for the purpose of capital punishment or for the purpose of torture and other cruel, inhuman or degrading treatment or punishment. Moreover, several other legislative initiatives aim at mitigating environmental impacts of products during their whole lifecycle, including by setting ecodesign requirements</p>

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				based on the sustainability and circularity aspects of products. Compliance with this Directive should facilitate compliance with the provisions and objectives of these other legislative acts, and with the terms and conditions of the applicable authorisations implemented thereunder. Exporters should take into account the results of their due diligence findings under this Directive in their compliance with these other legislative acts."
Article 3, first paragraph, point (fa)(g) a				
134c		<i>As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision of these specific services shall include the activities of the clients directly receiving such financial services provided by financial undertakings pursuant to point (iv) and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of regulated financial undertakings within the meaning of point (a)-(iv) does not cover households and natural persons or SMEs;</i>	Subject to Article 2(8), as regards regulated financial undertakings within the meaning of point (a)(iv), the term 'chain of activities' shall also include the activities of:	<u>Deleted</u>
Article 3, first paragraph, point (fa)(g) a(i)				
134d				

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			(i) legal entities receiving directly lending, provision of guarantees and commitments from the regulated financial undertaking;	Deleted
Article 3, first paragraph, point (fa)(g) a(ii)				
6	134e		(ii) policy-holders and insured parties under insurance contracts concluded with the regulated financial undertaking;	Deleted
Article 3, first paragraph, point (fa)(g) a(iii)				
6	134f		(iii) legal entities ceding risk under a reinsurance contract and institutions for occupational retirement provision to which coverage is provided under a reinsurance contract concluded with the regulated financial undertaking;	Deleted
Article 3, first paragraph, point (fa)(g) a(iv)				
6	134g		(iv) subsidiaries of legal entities referred to in points (i) to (iii) benefiting from the service referred to in points (i) to (iii), whose activities are linked to the service in question.	Deleted
Article 3, first paragraph, point (fb)				

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134h			The chain of activities of regulated financial undertakings within the meaning of point (a)(iv) providing such services does not cover SMEs, natural persons and households receiving the services;	<u>Deleted</u>
Article 3, first paragraph, point (h)				
135	(h) ‘independent third-party verification’ means verification of the compliance by a company, or parts of its value chain, with human rights and environmental requirements resulting from the provisions of this Directive by an auditor which is independent from the company, free from any conflicts of interests, has experience and competence in environmental and human rights matters and is accountable for the quality and reliability of the audit;	(h) ‘independent third-party verification’ means verification of <u>aspects of the due diligence of</u> the compliance by a company, or parts of its value chain <u>resulting from the provisions of this Directive either by an auditor or an audit firm that is approved in accordance with Article 3 of Directive 2006/43/EC or accredited in a Member State for conducting certifications, or by an independent assurance services provider as defined in Article 2, point (23), of Directive 2006/43/EC accredited in a Member State in accordance with Regulation (EC) No 765/2008 of the European Parliament and of the Council for the specific conformity assessment activity referred to in Article 14(4a) or, with human rights and environmental requirements resulting from the provisions of this Directive by an auditor<u>independent third party that is accredited in a Member State for conducting</u></u>	(h) ‘independent third-party verification’ means verification of the compliance by a company, or parts of its value chain <u>chain of activities</u> , with human rights and environmental requirements resulting from the provisions of this Directive by an auditor <u>expert</u> which is independent from the company, free from any conflicts of interests, has experience and competence in environmental and human rights matters and is accountable for the quality and reliability of the audit <u>verification</u> ;	(h) ‘independent third-party verification’ means verification of the compliance by a company, or parts of its value chain <u>chain of activities</u> , with human rights and environmental requirements resulting from the provisions of this Directive by an auditor <u>expert</u> which is <u>objective, completely</u> independent from the company, free from any conflicts of interests <u>and from external influence</u> , has experience and competence in environmental and or human rights matters, <u>according to the nature of the adverse impact</u> , and is accountable for the quality and reliability of the audit <u>verification</u> ;

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		<i>certifications and</i> which is independent from the company, free from any conflicts of interests, has <i>demonstrated</i> experience, <i>expertise</i> and competence in environmental, <i>climate</i> , and human rights matters, and is accountable for the quality and reliability of the audit <i>or assessment, and meets the minimum standards set out in the delegated act as described in Article 14(4a)</i> ;		
Article 3, first paragraph, point (i)				
136	(i) ‘SME’ means a micro, small or a medium-sized enterprise, irrespective of its legal form, that is not part of a large group, as those terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU;	(i) ‘SME’ means a micro, small or a medium-sized enterprise, irrespective of its legal form, that is not part of a large group, as those terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU;	(i) ‘SME’ means a micro, small or a medium-sized enterprise undertaking , irrespective of its legal form, that is not part of a large group, as those terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU;	(i) ‘SME’ means a micro, small or a medium-sized enterprise undertaking , irrespective of its legal form, that is not part of a large group, as those terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU; Text Origin: Council Mandate
Article 3, first paragraph, point (j)				
137	(j) ‘industry initiative’ means a combination of voluntary value chain due diligence procedures, tools and mechanisms, including independent third-party verifications, developed and overseen by governments, industry	(j) ‘industry <i>or multi-stakeholder</i> initiative’ means a combination of voluntary value chain due diligence an initiative that companies participate in, which provides standards , procedures, tools and/or mechanisms, including independent third-party	(j) ‘industry initiative’ means a combination of voluntary value chain due diligence procedures in the chains of activities , tools and mechanisms, including independent third-party verifications, developed and overseen by governments,	(j) ‘industry <i>or multi-stakeholder</i> initiative’ means a combination of voluntary value chain due diligence procedures , tools and mechanisms, including independent third-party verifications , developed and overseen by governments, industry associations, interested

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	associations or groupings of interested organisations;	verifications, 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. <u>Such initiatives may be</u> developed and overseen by governments, industry associations or groupings of interested <u>organisations, or civil society</u> organisations;	industry associations or groupings of interested organisations;	<u>organisations, including civil society organisations,</u> or groupings <u>or combinations thereof, that companies may participate in in order to support the implementation of due diligence obligations</u> of interested organisations;
Article 3, first paragraph, point (k)				
138	(k) ‘authorised representative’ means a natural or legal person resident or established in the Union who has a mandate from a company within the meaning of point (a)(ii) to act on its behalf in relation to compliance with that company’s obligations pursuant to this Directive;	(k) ‘authorised representative’ means a natural or legal person resident or established in the Union who has a mandate from a company within the meaning of point (a)(ii) to act on its behalf in relation to compliance with that company’s obligations pursuant to this Directive;	(k) ‘authorised representative’ means a natural or legal person resident or established in the Union who has a mandate from a company within the meaning of point (a)(ii) to act on its behalf in relation to compliance with that company’s obligations pursuant to this Directive;	(k) ‘authorised representative’ means a natural or legal person resident or established in the Union who has a mandate from a company within the meaning of point (a)(ii) to act on its behalf in relation to compliance with that company’s obligations pursuant to this Directive; Text Origin: Commission Proposal
Article 3, first paragraph, point (l)				
139	(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	<i>deleted</i>	(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	(l) ‘severe adverse impact’ means an adverse environmental impact or an adverse human rights <u>that is especially significant by its nature, such as an</u> impact that is especially significant <u>entails harm to human</u>

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	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;		environment, or which is irreversible, or where it is particularly difficult to remedy as a result of the measures necessary to restore the situation prevailing prior to the adverse impact;	<u>life, health and liberty, or</u> by its nature, or affects a large scale, <u>scope and irremediable character,</u> <u>taking into account its gravity,</u> <u>including the</u> number of persons or a large area of the environment, <u>or individuals that are or may be affected, the extent to</u> which is irreversible, or is particularly difficult to remedy as a result of the measures necessary <u>the environment is or may be damaged or otherwise affected, its irreversibility and the limits on the ability</u> to restore <u>affected individuals or the environment to a</u> the situation prevailing <u>equivalent to their situation</u> prior to the impact <u>within a reasonable period of time;</u> Recital to be discussed and added Commission to provide draft recital text
Article 3, first paragraph, point (m)				
140	(m) 'net turnover' means	(m) 'net turnover' means	(m) 'net turnover' means:	(m) 'net turnover' means: Text Origin: Council Mandate
Article 3, first paragraph, point (m)(i)				
141	(i) the 'net turnover' as defined in Article 2, point (5), of Directive 2013/34/EU; or,	(i) the 'net turnover' as defined in Article 2, point (5), of Directive 2013/34/EU; or,	(i) the 'net turnover' as defined in Article 2, point (5), of Directive 2013/34/EU; or,	(i) the 'net turnover' as defined in Article 2, point (5), of Directive 2013/34/EU; or;

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				Text Origin: Council Mandate
Article 3, first paragraph, point (m)(ii)				
142	<p>(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 Council¹ 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;</p> <p>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).</p>	<p>(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 Council¹ 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;</p> <p>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).</p>	<p>(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 Council¹ 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;</p> <p>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).</p>	<p>(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 Council¹ 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;</p> <p>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).</p> <p>Text Origin: Council Mandate</p>
Article 3, first paragraph, point (n)				
143	<p>(n) ‘stakeholders’ means the company’s employees, the employees of its subsidiaries, and other individuals, groups, communities or entities whose rights or interests are or could be affected by the products, services and operations of that company, its</p>	<p>(n) ‘<u>affected</u> stakeholders’ means <u>those individuals, groups or communities that have rights or legitimate interests that are affected or could be affected by the adverse impacts stemming from a</u> the company’s employees, the employees of its subsidiaries, and</p>	<p>(n) ‘stakeholders’ means the company’s employees, the employees of its subsidiaries, trade unions and workers’ representatives, consumers, and other individuals, groups, communities or entities whose rights or interests are or could be</p>	<p>(n) ‘stakeholders’ means the company’s employees, the employees of its subsidiaries, <u>trade unions and workers’ representatives, consumers;</u> and other individuals, groups, communities or entities whose rights or interests are or could be</p>

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	<p>subsidiaries and its business relationships;</p>	<p>other<u>activities or actions or the activities or actions of entities in its value chain, and the legitimate representatives of such</u> individuals or groups, including the workers and their representatives and the trade unions of the company, of its subsidiaries and throughout its value chain, or in cases where there are no individuals, groups or communities, groups, communities or entities whose rights or interests are or could be affected by <u>an adverse impact on the environment, credible and experienced organisations whose purpose includes the protection of the environment</u>the products, services and operations of that company, its subsidiaries and its business relationships;</p>	<p>affected by the products, services and operations of that company, its subsidiaries and its business relationships partners, including civil society organisations, national human rights and environmental institutions, and human rights and environmental defenders;</p>	<p>affected by the products, services and operations of that company, its subsidiaries and its business relationships partners, including the employees of the company's business partners, trade unions and workers' representatives, national human rights and environmental institutions, civil society organisations whose purpose includes the protection of the environment, and the legitimate representatives of those individuals, groups, communities or entities;</p>
Article 3, first paragraph, point (na)				
143a		<p><u>(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</u></p>		<p><u>Deleted</u></p>

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		<u>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;</u>		
Article 3, first paragraph,				
144	(o) 'director' means:	(o) 'director' means:	deleted	(o) 'director' means: Deleted
Article 3, first paragraph, (i)				
145	(i) any member of the administrative, management or supervisory bodies of a company;	(i) any member of the administrative, management or supervisory bodies of a company;	deleted	(i) any member of the administrative, management or supervisory bodies of a company; Deleted
Article 3, first paragraph, (ii)				
146	(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;	(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;	deleted	(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; Deleted
Article 3, first paragraph, (iii)				
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	(iii) other persons who perform functions similar to those performed under point (i) or (ii);	(iii) other persons who perform functions similar to those performed under point (i) or (ii);	<i>deleted</i>	<i>(iii) other persons who perform functions similar to those performed under point (i) or (ii); Deleted</i>
Article 3, first paragraph,				
148	(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;	(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;	<i>deleted</i>	<i>(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; Deleted</i>
Article 3, first paragraph, point (q)				
149	(q) ‘appropriate measure’ means a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company’s influence thereof, and the need to ensure prioritisation of action.	(q) ‘appropriate measure <u>measures</u> ’ means a measure that is <u>measures that are</u> capable of achieving the objectives of due diligence, and <u>effectively addressing the adverse impact identified pursuant to Article 6 in a manner proportionate and</u> with <u>to</u> the degree of severity and the likelihood of the adverse impact, and reasonably <u>available</u> <u>proportionate and commensurate</u> to the <u>size, resources and capacities of the company,</u> taking. <u>This shall take</u> into account the circumstances of the specific case, including characteristics <u>the nature</u> of the economic sector and <u>adverse</u>	(q) ‘appropriate measure’ means a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and the nature and extent of the specific <u>company’s business relationship and the company’s influence thereof, and the need to ensure prioritisation of action.</u> operations and characteristics of the economic sector and of the specific business partner;	(q) ‘appropriate measure <u>measures</u> ’ means a measure that is <u>measures that are</u> capable of achieving the objectives of due diligence, by <u>effectively addressing adverse impacts in a manner</u> with <u>to</u> the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and the nature and extent of the specific business relationship and the company’s influence thereof, and the need to ensure prioritisation of action. <u>adverse impact and relevant risk factors.</u>

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		<i>impact, characteristics</i> of the specific business relationship <u>and economic sector, the nature of the company's influence thereof, and the need to ensure prioritisation of action.</u> <i>specific activities, products and services, the specific business relationship;</i>		Recital do be discussed
Article 3, first paragraph, point (qa)				
6	149a	<u>(qa) 'leverage' means the ability to affect change in the practices of the entity causing or contributing to the adverse impact;</u>	(qa) 'business relationship' means a relationship of the company with its business partner;	<u>(qa) 'business relationship' means a relationship of the company with its business partner;</u> No definition of 'leverage' Text Origin: EP Mandate
Article 3, first paragraph, point (qb)				
6	149b	<u>(qb) "to cause an adverse impact" means that the company's activities on their own are sufficient to result in an adverse impact;</u>	(r) 'parent company' means a company which controls one or more subsidiaries within the meaning of point (d);	<u>(r) 'parent company' means a company which controls one or more subsidiaries within the meaning of point (d);</u> Text Origin: Council Mandate
Article 3, first paragraph, point (qc)				
6	149c			<u>(ra) 'ultimate parent company' means a parent company which controls, either directly or indirectly in accordance with the criteria set out in Article 22(1) to</u>

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				<p><u>(5) of Directive 2013/34/EU of the European Parliament and of the Council, one or more subsidiary companies and is not controlled by another company;</u></p>
Article 3, first paragraph, point (qd)				
149d		<p><u>(qc) ‘to contribute to an adverse impact’ means that a company’s own activities, in combination with the activities of other entities, cause an impact, or that the activities of the company cause, facilitate or incentivise another entity to cause an adverse impact. The contribution must be substantial, meaning that it does not include minor or trivial contributions. Assessing the substantial nature of the contribution and understanding when the actions of the company may have caused, facilitated or incentivised another entity to cause an adverse impact can involve the consideration of multiple factors. The following factors can be taken into account:</u></p> <ul style="list-style-type: none"> <u>– 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,</u> 	<p>(s) ‘group of companies’ means a parent company and all its subsidiaries;</p>	<p><u>(s) ‘group of companies’ means a parent company and all its subsidiaries;</u></p> <p>Text Origin: Council Mandate</p>

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		<p><u>– 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,</u></p> <p><u>– the degree to which any of the company's activities actually mitigated the adverse impact or decreased the risk of the impact occurring.</u></p> <p><u>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;</u></p>		
Article 3, first paragraph, point (qe)				
149e		<p><u>(qd) being ‘directly linked to an adverse impact’ means that there is a relationship between the adverse impact and the company’s products, services or operations through another business relationship and where the company has neither caused nor contributed to the impact. Directly linked is not defined by a direct business relationship. Also, a direct linkage does not imply that the responsibility shifts from the business relationship causing an</u></p>	<p>(t) ‘remediation’ means financial or non-financial compensation provided by the company to person or persons affected by the actual adverse impact, including restitution of the affected person or persons or environment to the situation they would be in, had the actual adverse impact not occurred, that shall be proportionate to the significance and scope of the adverse impact and the company’s implication in the adverse impact.</p>	<p><u>(qe) ‘remediation’ means restitution of the affected person or persons, communities or environment to a situation equivalent or as close as possible to the situation they would be in had the actual adverse impact not occurred, proportionate to the company’s implication in the adverse impact, including financial or non-financial compensation provided by the company to a person or persons affected by the actual adverse impact and, where</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>adverse impact to the company with which it has a linkage;</u></p>		<p><u>applicable, reimbursement of the costs incurred by public authorities for any necessary remedial measures;</u></p> <p>Council to check</p>
Article 3, first paragraph, point (qf)				
149f		<p><u>(qe) ‘risk-based’ means proportionate to the likelihood and severity of potential adverse impacts;</u></p>		<p><u>(qe) ‘risk factors’ means facts, situations or circumstances that relate to the severity and likelihood of an adverse impact, including company-level, business operations, geographic and contextual, product and service, and sectoral risk factors;</u></p> <p>Recital (30a1): In conflict-affected and high-risk areas, as defined in accordance with Regulation (EU) 2017/821, human rights’ abuses are more likely to occur and to be severe. As such, these situations constitute particular geographic and contextual risk factors. When companies operate in these areas, they therefore should take this into account when integrating due diligence into their policies and risk management systems to ensure that codes of conduct and processes put in place to implement due diligence are adapted to conflict-affected and high-risk areas, consistently with International Humanitarian Law, as laid out in the Geneva Conventions and</p>

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				<p>additional protocols. Companies should also take this into account when performing in-depth assessments as part of the identification and assessing process, when taking appropriate measures to prevent, mitigate, bring to an end and minimize identified adverse impacts, and when engaging with stakeholders. For this purpose, companies may rely on the Commission's guidance on the assessment of risk factors associated with conflict-affected and high-risk areas, which should take into account the UNDP Guidance on "Heightened Human Rights Due Diligence for Business in Conflict Affected Contexts".]</p> <p>Text Origin: EP Mandate</p>
Article 3, first paragraph, point (qg)				
6	149g	<u>(qf) 'risk factors' means company-level risk factors, business model risk factors, geographic risk factors, product and service risk factors and sectoral risk factors;</u>		<u>(qf) 'risk factors' means facts, situations or circumstances that relate to the severity and likelihood of an adverse impact, including company-level, business operations, geographic and contextual, product and service, and sectoral risk factors;</u>
Article 3, first paragraph, point (qh)				
6	149h	<u>(qg) 'severity of an adverse impact' means the scale, scope and</u>		<u>(qg) 'severity of an adverse impact' means the scale, scope and</u>

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		<p><u>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.</u></p>		<p><u>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 within a reasonable period of time.</u></p> <p>Text Origin: EP Mandate</p>
Article 3, first paragraph, point (qi)				
149i		<p><u>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.</u></p>		<p><u>2. The Commission shall be empowered to adopt delegated acts in accordance with Article 28 in order to amend Annex I to this Directive by:</u></p> <p><u>(a) Adding the reference to articles of international instruments ratified by all Member States and falling within the scope of a specific prohibition or obligation related to the protection of human rights, fundamental freedoms and of the environment listed in Annex I;</u></p> <p><u>(b) Modifying, as appropriate, the reference to international instruments referred to in Annex I,</u></p>

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				<p><u>in view of the modification, supersession or abrogation of such instruments;</u></p> <p><u>(c) In accordance with developments within the relevant international fora concerning the instruments listed in Annex I, Part I, Section 2,</u></p> <p><u>(i) replacing the reference to the listed instruments, by the reference to new instruments covering the same subject matter and ratified by all Member States, or</u></p> <p><u>(ii) adding the reference to new instruments covering the same subject matter as the listed instruments and ratified by all Member States.</u></p>
Article 3a				
149j		<p><u>Article 3a</u></p> <p><u>Single market clause</u></p>		<p><u>Article 3a</u></p> <p><u>Level of harmonisation</u></p> <p>Text Origin: EP Mandate</p>
Article 3a(1)				
149k		<p><u>1. The Commission and the Member States shall coordinate during the transposition of this Directive and thereafter in view of a full level of harmonisation between Member States, in order to ensure a level playing field for</u></p>		<p><u>1. Member States shall not introduce, in their national law, provisions within the field covered by this Directive, laying down human rights and environmental due diligence obligations diverging from those laid down in Articles</u></p>

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		<u>companies and to prevent the fragmentation of the Single Market.</u>		<u>6(1), 6(1a), 7(1) and 8(1), without prejudice to Article 1, paragraphs 2 and 3.</u>
Article 3a(2)				
1491		<u>2. The Commission shall consider, six years after the entry into force of this Directive, whether changes to the level of harmonisation of this Directive are required to ensure a level-playing field for companies in the Single Market, including whether the provisions of this Directive could be converted into a Regulation.</u>		<u>2. Notwithstanding paragraph 1, this Directive shall not preclude Member States from introducing, in their national law, more stringent provisions, diverging from those laid down in Articles other than Articles 6(1), 6(1a), 7(1) and 8(1), or provisions that are more specific in terms of the objective or the field covered, in order to achieve a different level of protection of human, employment and social rights, the environment or the climate.</u> Recital: "This Directive should not preclude Member States from introducing more stringent national provisions diverging from those laid down in Articles other than Articles 6(1), 6(1a), 7(1) and 8(1), including where such provisions may indirectly raise the level of protection of Articles 6(1), 6(1a), 7(1) and 8(1), such as the provisions on the scope, on the definitions, on the appropriate measures for the remediation of actual adverse impacts, on the carrying out of meaningful engagement with stakeholders and on the civil liability;"

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				or from introducing national provisions that are more specific in terms of their objective or the field covered, such as national provisions regulating specific adverse impacts or specific sectors of activity, in order to achieve a different level of protection of protect human, employment and social rights, the environment or the climate.”] - To be checked/redrafted.
Article 4				
150	Article 4 Due diligence	Article 4 Due diligence	Article 4 Due diligence	Article 4 Due diligence Text Origin: Commission Proposal
Article 4(1)				
151	1. Member States shall ensure that companies conduct human rights and environmental due diligence as laid down in Articles 5 to 11 (‘due diligence’) by carrying out the following actions:	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:	1. Member States shall ensure that companies conduct human rights and environmental due diligence as laid down in Articles 5 to 11 (‘due diligence’) by carrying out the following actions:	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: Text Origin: EP Mandate
Article 4(1), point (a)				
152	(a) integrating due diligence into their policies in accordance with Article 5;	(a) integrating due diligence into their policies in accordance with Article 5;	(a) integrating due diligence into their policies and risk	(a) integrating due diligence into their policies and risk management

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			management systems in accordance with Article 5;	<u>systems</u> in accordance with Article 5; <small>Text Origin: Council Mandate</small>
Article 4(1), point (b)				
153	(b) identifying actual or potential adverse impacts in accordance with Article 6;	(b) identifying actual or potential adverse impacts in accordance with Article 6;	(b) identifying actual or potential adverse impacts in accordance with Article 6;	(b) identifying <u>and assessing</u> actual or potential adverse impacts in accordance with Article 6 <u>and, where necessary, prioritising potential and actual adverse impacts in accordance with Article 6a</u> ; <small>Text Origin: Commission Proposal</small>
Article 4(1), point (c)				
154	(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;	(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;	(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;	(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; <small>Text Origin: Commission Proposal</small>
Article 4(1), point (ca)				
154a		<u>(ca) where necessary, prioritising potential and actual adverse impacts in accordance with Article 8b</u> ;		<u>Deleted</u>

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	Article 4(1), point (cb)			
6	154b	<u>(cb) remedying actual adverse impacts in accordance with Article 8c;</u>		<u>(cb) providing remediation to actual adverse impacts in accordance with Article 8c;</u>
	Article 4(1), point (cc)			
6	154c			<u>(cc) carrying out meaningful engagement with stakeholders in accordance with Article 8d;</u>
	Article 4(1), point (d)			
6	155	(d) establishing and maintaining a complaints procedure <u>participating in a notification and non-judicial grievance mechanism</u> in accordance with Article 9;	(d) establishing and maintaining a complaints procedure in accordance with Article 9;	(d) establishing and maintaining a <u>notification mechanism and</u> complaints procedure in accordance with Article 9;
	Article 4(1), point (e)			
6	156	(e) monitoring <u>and verifying</u> the effectiveness of their due diligence policy and measures in accordance with Article 10;	(e) monitoring the effectiveness of their due diligence policy and measures in accordance with Article 10;	(e) monitoring the effectiveness of their due diligence policy and measures in accordance with Article 10; Text Origin: Council mandate
	Article 4(1), point (f)			
6	157			

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(f) publicly communicating on due diligence in accordance with Article 11.	(f) publicly communicating on due diligence in accordance with Article 11.	(f) publicly communicating on due diligence in accordance with Article 11.	(f) publicly communicating on due diligence in accordance with Article 11. Text Origin: Commission Proposal
Article 4(1), point (fa)				
157a		<u>(fa) consulting and engaging with affected stakeholders in a meaningful way in accordance with Article 8d.</u>		<u>Deleted</u>
Article 4(2)				
158	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. 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. 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. 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. Text Origin: Council Mandate
Article 4(2a)				
158a			3. Member States shall ensure that a company or other legal entity shall not be obliged to disclose to its business partner which is complying with the obligations resulting from this	<u>3. Member States shall ensure that a business partner shall not be obliged to disclose to a company which is complying with the obligations resulting from this Directive, information that is a</u>

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			<p>Directive, information that is deemed to be a trade secret as defined in Article 2(1) of Directive (EU) 2016/943 of the European Parliament and of the Council¹.</p> <p>1. Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (OJ L 157, 15.6.2016, p. 1).</p>	<p><u>trade secret as defined in Article 2(1) of Directive (EU) 2016/943 of the European Parliament and of the Council¹, without prejudice to the disclosure of the identity of direct and indirect business partners, or essential information needed to identify potential or actual adverse impacts, where necessary and duly justified for the company's compliance with due diligence obligations. This shall be without prejudice to the possibility for the business partners to protect their trade secrets through the mechanisms established in Directive (EU) 2016/943 of the European Parliament and of the Council. Business partners shall never be obliged to disclose classified information or other information the disclosure of which would cause a risk to essential national or security interests.</u></p> <p>Add new Recital aligned with operative part.</p> <p>Include in Recital 30: "If companies do not have all the necessary information regarding their chain of activities, including information that is deemed to be a trade secret, they should be able to explain why this information could not be obtained and should take the</p>

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				necessary and reasonable steps to obtain it as soon as possible."
Article 4(2b)				
158b		<p><u>2a. Companies shall retain documentation demonstrating their compliance with this Directive for at least 10 years.</u></p>		<p><u>3a. Member States shall require companies to retain documentation regarding the actions adopted to fulfil their due diligence obligations for the purpose of demonstrating compliance, including supporting evidence, for at least 5 years from the moment when such documentation was produced or obtained.</u></p> <p><u>Where, upon expiry of the applicable period, there is an ongoing judicial or administrative proceeding under this Directive, the retention period shall be extended until the final conclusion of the matter.</u></p> <p>[Recital: Such documentation should at least include, where relevant, the identified impacts and in-depth assessments pursuant to Article 6, the prevention and/or corrective action plan pursuant to Articles 7(2)(a) and 8(3)(b)], contractual provisions obtained or contracts concluded pursuant to Articles 7(2)(b),(3) and 8(3)(c),(4), verifications pursuant to Articles 7(4) and 8(5), remediation measures, periodic assessments as part</p>

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				of the company's monitoring obligation, as well as notifications and complaints.]C
Article 4a				
6	158c	<u>Article 4a</u> <u>Due diligence support at group level</u>	Article 4a Due diligence at a group level	<u>Article 4a</u> <u>Due diligence support at a group level</u> Text Origin: EP Mandate
Article 4a(1)				
6	158d	<u>1. Member States shall ensure that parent companies may perform actions which can contribute to their subsidiaries falling under the scope of this Directive meet their obligations set out in Articles 5 to 11 and Article 15. This is without prejudice to the civil liability of subsidiaries in accordance with Article 22.</u>	1. Member States shall ensure that parent companies falling under the scope of this Directive may fulfil the obligations set out in Articles 5 to 11 and Article 15 on behalf of companies which are their subsidiaries falling under the scope of this Directive. This is without prejudice to civil liability of subsidiaries in accordance with Article 22.	<u>1. Member States shall ensure that parent companies falling under the scope of this Directive may fulfil the obligations set out in Articles 5 to 11 and Article 15 on behalf of companies which are their subsidiaries falling under the scope of this Directive, if this ensures effective compliance. This is without prejudice to the subsidiaries being subject to the exercise of the supervisory authority's powers in accordance with Article 18 and to their civil liability in accordance with Article 22.</u> Related to recital 16a.
Article 4a(2)				

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6	158e	<u>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:</u>	2. The fulfilment of due diligence obligations by a parent company in accordance with the paragraph 1 is subject to all the following conditions:	<u>2. The fulfilment of due diligence obligations set out in Articles 5 to 11 by a parent company in accordance with paragraph 1 is subject to all the following conditions:</u>
Article 4a(2), point (a)				
6	158f	<u>(a) the subsidiary provides all the relevant and necessary information to its parent company and cooperates with it;</u>	(a) the subsidiary provides all the necessary information to and cooperates with its parent company to fulfil the obligations resulting from this Directive;	<u>(a) the subsidiary and parent company provide each other with all the necessary information and cooperate to fulfil the obligations resulting from this Directive;</u> Text Origin: EP Mandate
Article 4a(2), point (b)				
6	158g	<u>(b) the subsidiary abides by its parent company's due diligence policy;</u>	(b) the subsidiary must abide by its parent company's due diligence policy accordingly adapted to ensure that the obligations laid down in Article 5(1) are fulfilled with respect to the subsidiary;	<u>(b) the subsidiary abides by its parent company's due diligence policy accordingly adapted to ensure that the obligations laid down in Article 5(1) are fulfilled with respect to the subsidiary;</u> Text Origin: EP Mandate
Article 4a(2), point (c)				
6	158h	<u>(c) the parent company accordingly adapts its due diligence policy to ensure that the</u>	(c) the subsidiary integrates due diligence into all its policies and	<u>(c) the subsidiary integrates due diligence into all its policies and risk management systems in</u>

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		<u>obligations laid down in Article 5(1) are fulfilled with respect to the subsidiary;</u>	risk management systems in accordance with Article 5;	<u>accordance with Article 5, clearly describing which obligations are to be fulfilled by the parent company, and, where necessary, communicating so to relevant stakeholders;</u> Text Origin: EP Mandate
Article 4a(2), point (d)				
6	158i	<u>(d) the subsidiary integrates due diligence into all its policies and risk management systems in accordance with Article 5;</u>	(d) where relevant, the subsidiary seeks the contractual assurances in accordance with Article 7(2), point (b), or 8(3), point (c);	<u>(d) where necessary, the subsidiary continues to take appropriate measures in accordance with Articles 7 and 8 and to fulfil its obligations under Articles 8c and 8d;</u>
Article 4a(2), point (e)				
6	158j	<u>(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;</u>	(e) where relevant, the subsidiary seeks to conclude a contract with an indirect business partner in accordance with Article 7(3) or 8(4);	<u>(e) where relevant, the subsidiary fulfils the obligation to seek the contractual assurances in accordance with Article 7(2), point (b), or Article 8(3), point (c); to seek contractual assurances with an indirect business partner in accordance with Articles 7(3) or 8(4); and to temporarily suspend or terminate the business relationship in accordance with Articles 7(5) or 8(6);</u>
Article 4a(2), point (f)				

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g	158k	<u>(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;</u>	(f) where relevant, the subsidiary temporarily suspends or terminates the business relationship in accordance with Article 7(5) or 8(6).	<u>Deleted</u>
Article 4a(2), point (g)				
g	158l	<u>(g) the subsidiary integrates climate in its policies and risk management systems in accordance with Article 15.</u>		<u>Deleted</u>
Article 4a(3)				
g	158m			<u>3. When the parent company fulfils the obligation set out in Article 15 on behalf of the subsidiary in accordance with paragraph 1 of this Article, the subsidiary shall comply with the obligations laid down in Article 15 in accordance with the parent company's climate change mitigation plan accordingly adapted to its business model and strategy.</u>
Article 5				
g	159	Article 5	Article 5	Article 5

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	Integrating due diligence into companies' policies	Integrating due diligence into companies' policies	Integrating due diligence into companies' company's policies and risk management systems	Integrating due diligence into companies' <u>company's</u> policies <u>and risk management systems</u> Text Origin: Council Mandate
Article 5(1)				
6	160 1. Member States shall ensure that companies integrate due diligence into all their corporate policies and have in place a due diligence policy. The due diligence policy shall contain all of the following:	1. Member States shall ensure that companies integrate due diligence into all their <u>relevant</u> corporate policies and have in place a due diligence policy. The due diligence policy shall contain all of the following:	1. Member States shall ensure that companies integrate due diligence into all their corporate policies and risk management systems and have in place a due diligence policy. The due diligence policy shall contain all of the following:	1. Member States shall ensure that companies integrate due diligence into all their corporate <u>relevant</u> policies and <u>risk management systems and</u> have in place a due diligence policy. The due diligence policy shall contain all of the following: <u>that ensures a risk-based due diligence.</u> Text Origin: EP Mandate
Article 5(1), point (-a)				
6	160a	<u>(-a) a description of the potential or actual adverse impacts identified by the company in line with Article 6;</u>		<u>Deleted</u>
Article 5(1),				
6	161 (a) a description of the company's approach, including in the long term, to due diligence;	(a) a description of the company's approach <u>to due diligence</u> , including in the long term, to due diligences <u>short, medium and long term</u> ;	deleted <u>Moved as a subpoint of paragraph 1a.</u>	(a) a description of the company's approach, including in the long term, to due diligence; <u>Deleted</u>

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Article 5(1),				
162	(b) a code of conduct describing rules and principles to be followed by the company's employees and subsidiaries;	(b) a code of conduct describing <u>defining</u> rules and principles <u>and measures</u> to be followed by <u>and implemented where relevant throughout</u> the company's employees and <u>and its</u> subsidiaries <u>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;</u>	deleted Moved as a subpoint of paragraph 1a and amended.	(b) a code of conduct describing rules and principles to be followed by the company's employees and subsidiaries; Deleted
Article 5(1),				
163	(c) a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to established business relationships.	(c) a description of the processes put in place <u>and appropriate measures taken</u> to implement due diligence <u>in line with Articles 7 and 8 in the value chain</u> , including the <u>relevant</u> measures taken to verify compliance with the code of conduct and to extend its application to established business relationships <u>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.</u>	deleted Moved as a subpoint of paragraph 1a and amended.	(c) a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to established business relationships; Deleted

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Article 5(1), point (a)			
G	163a		1a. The due diligence policy shall contain all of the following:	<u>1a. The due diligence policy shall be developed in prior consultation with the company's employees and their representatives, and contain all of the following:</u>
	Article 5(1), point (b)			
G	163b		(a) a description of the company's approach, including in the long term, to due diligence;	<u>(a) a description of the company's approach, including in the long term, to due diligence;</u>
	Article 5(1), point (c)			
G	163c		(b) a code of conduct describing rules and principles to be followed by the company's employees and subsidiaries, and the company's direct or indirect business partners, where relevant in accordance with Article 7(2), point (b), 7(3), 8(3), point (c), or 8(4); and	<u>b) a code of conduct describing rules and principles to be followed throughout the company and its subsidiaries, and the company's direct or indirect business partners in accordance with Article 7(2), point (b), 7(3), 8(3), point (c), or 8(4); and</u>
	Article 5(1), point (d)			
G	163d		(c) a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend	<u>(c) a description of the processes put in place to integrate due diligence into the relevant policies and to implement due diligence, including the measures taken to verify compliance with the code of</u>

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			its application to business partners.	<u>conduct and to extend its application to business partners.</u>
Article 5(2)				
164	2. Member States shall ensure that the companies update their due diligence policy annually.	2. Member States shall ensure that the companies update <u>continuously review</u> their due diligence policy annually <u>and update it when significant changes occur.</u>	2. Member States shall ensure that the companies update their due diligence policy annually <u>without undue delay after a significant change occurs, but at least every 24 months.</u>	2. Member States shall ensure that the companies update their due diligence policy annually <u>without undue delay after a significant change occurs, and review and, where necessary, update it at least every 24 months.</u> <u>For this purpose, companies shall take into account the adverse impacts already identified according to Article 6, as well as the appropriate measures taken to address such adverse impacts in line with Articles 7 and 8 and the outcome of the assessments carried out in accordance with Article 10.</u> Recital 28 to be discussed. Text Origin: Council Mandate
Article 5(2a)				
164a			3. Member States shall ensure that companies referred to in Article 2(1) put in place and oversee the actions listed in Article 4(1).	<u>Deleted</u>

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Article 5(2b)				
6	164b	<p><u>2a. Companies shall carry out a due diligence policy which is proportionate and commensurate to the likelihood and severity of their potential adverse impacts and the severity of their actual adverse impacts, as well as their specific circumstances and risk factors, particularly their sector and location of activity, the size and length of their value chain, the size of the company, its capacity, resources and leverage.</u></p>		<u>Deleted</u>
Article 5(2c)				
6	164c	<p><u>2b. When companies operate in areas in a state of armed conflict or fragile post-conflict, areas under occupation and/or annexation, as well as areas witnessing weak or non-existent governance and security, such as failed states, Member States shall ensure that they respect obligations under international humanitarian law and conduct heightened, conflict-sensitive due diligence on their operations and business relations through integrating into their due diligence, a conflict analysis based on meaningful and conflict-sensitive stakeholders' engagement, of the root causes,</u></p>		<u>Deleted</u>

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		<u>triggers and parties driving the conflict, and of the impact of the company's activities on the conflict.</u>		
Article 6				
165	Article 6 Identifying actual and potential adverse impacts	Article 6 Identifying <u>and assessing</u> actual and potential adverse impacts	Article 6 Identifying actual and potential adverse impacts	Article 6 Identifying <u>and assessing</u> actual and potential adverse impacts Text Origin: EP Mandate
Article 6(1)				
166	1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse human rights impacts and adverse environmental impacts arising from their own operations or those of their subsidiaries and, where related to their value chains, from their established business relationships, in accordance with paragraph 2, 3 and 4.	1. Member States shall ensure that companies take appropriate measures to <u>broadly scope the impacts of their operations, subsidiaries and business relationships in order to identify and assess</u> actual and potential adverse human rights impacts and <u>adverse</u> and environmental impacts arising from their own operations, <u>products and services</u> or those of their subsidiaries and, where those <u>related to their value chains, from their established business relationships, in accordance with paragraph 2, 3 and 4 and whether they cause or contribute to or are directly linked to those impacts.</u>	1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse human rights impacts and adverse environmental impacts arising from their own operations or those of their subsidiaries and, where related to their value chains of activities, those of, from their established business relationships partners , in accordance with paragraph paragraphs 2, 3 and 4.	1. Member States shall ensure that companies take appropriate measures to identify <u>and assess</u> actual and potential adverse human rights impacts and adverse environmental impacts arising from their own operations or those of their subsidiaries and, where related to their value chains, from their established <u>chains of activities, those of their</u> business relationships <u>partners</u> , in accordance with paragraph 2, 3 and 4 <u>this Article</u> .
Article 6(1a)				

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166a			<p>1a. For the purpose of fulfilling the obligation in paragraph 1, companies may map all areas of their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners. Based on the results of that mapping, companies may carry out an in-depth assessment of the areas where adverse impacts were identified to be most likely to be present or most significant.</p>	<p><u>1a. As part of the obligation in paragraph 1, taking into account relevant risk factors, companies shall take appropriate measures to:</u></p> <p><u>a) map their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in order to identify general areas where adverse impacts are most likely to occur and to be most severe;</u></p> <p><u>b) based on the results of that mapping, carry out an in-depth assessment of the own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in the areas where adverse impacts were identified to be most likely to occur and most severe.</u></p>
Article 6(2)				
167	<p>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).</p>	<p>2. By way of derogation from paragraph 1, companies referred to in Article 2(1), point (b), and Article 2(2), point (b), <u>Member States shall ensure that, as part of their due diligence process, companies</u> shall only be required to identify actual and potential severe adverse</p>	<p>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).</p>	<p>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).</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<i>impacts relevant to the respective sector mentioned in Article 2(1); point (b).;</i>		Text Origin: Council Mandate
Article 6(2), point (a)				
6	167a	<u>(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</u>		<u>Deleted</u>
Article 6(2), point (b)				
6	167b	<u>(b) carry out in-depth assessments of prioritised operations, subsidiaries and business relationships in order to determine the nature and extent of specific actual and potential adverse impacts.</u>		<u>Deleted</u>
Article 6(2), point (c)				
6	167c	<u>2a. In identifying individual higher risk business relationships, relevant company-level risk factors shall include whether the business relationship is a company covered by this Directive.</u>		<u>Deleted</u> RECITAL TO BE INSERTED: In identifying individual higher risk business partners, relevant company-level risk factors should include whether the business

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				partner is not a company covered by this Directive.
Article 6(3)				
168	3. When companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, identification of actual and potential adverse human rights impacts and adverse environmental impacts shall be carried out only before providing that service..	3. When companies referred to in Article 3, point (a)(iv), provide 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. <u>and before subsequent financial operations, and, if notified of possible risks by means of the procedures referred to in Article 9, during the provision of the service.</u>	3. When companies referred to in regulated financial undertakings within the meaning of Article 3, point (a)(iv) , provide credit, loan or other financial services the services referred to in Article 3, point (g) , identification of actual and potential adverse human rights impacts and adverse environmental impacts shall be carried out only before providing that service.:-	3. When companies referred to in Article 3, point (a)(iv), provide 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. Deleted
Article 6(4)				
169	4. Member States shall ensure that, for the purposes of identifying the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the complaints procedure provided for in Article 9. Companies shall, where relevant, also carry out consultations with potentially affected groups	4. Member States shall ensure that, for the purposes of identifying the <u>and assessing</u> adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to <u>including the relevant disaggregated data that can be reasonably obtained by a company, companies shall</u> make use of appropriate <u>methods and</u> independent reports and information gathered through the complaints	4. Member States shall ensure that, for the purposes of identifying the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the complaints procedure provided for in Article 9. Companies shall, where relevant, also carry out consultations with potentially affected groups	4. Member States shall ensure that, for the purposes of identifying <u>and assessing</u> the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the <u>notification and</u> complaints procedure provided for in Article 9. Companies shall, where relevant, also carry out consultations with potentially

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	including workers and other relevant stakeholders to gather information on actual or potential adverse impacts.	procedure <u>notification and non-judicial grievance mechanism</u> provided for in Article 9. Companies shall, where relevant, also carry out consultations <u>meaningful engagement in accordance with Article 8d</u> with potentially affected groups <u>stakeholders</u> including workers and other relevant stakeholders to gather information on <u>as well as to identify and assess</u> actual or potential adverse impacts.	including workers and other relevant stakeholders to gather information on actual or potential adverse impacts.	affected groups including workers and other relevant stakeholders to gather information on actual or potential adverse impacts. To insert in a recital the bit from the EP mandate that reads: "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". Text Origin: Council Mandate
Article 6(4a)				
169a		<u>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.</u>		<u>Deleted</u> [Text to be inserted in Recital 30: "If, when identifying adverse impacts, companies do not have all the necessary information regarding their chain of activities, they should be able to explain why this information could not be obtained and should take the necessary and reasonable steps to obtain it as soon as possible."]
Article 6(4b)				
169b				<u>4b. Where information necessary for the in-depth assessment can be obtained from business partners at different levels of the chain of</u>

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				<p><u>activities, the company shall prioritise requesting such information, where reasonable, directly from business partners where the adverse impacts are most likely to occur.</u></p> <p>To add to recitals on Article 6: "With a view to limiting the burden on smaller companies created by requests for information, where information necessary for the identification of adverse impacts can be obtained from business partners at different levels of the chain of activities, companies should exercise restraint with regard to business partners that do not themselves present risks of adverse impacts and privilege reaching out, where reasonable, directly for more detailed information to business partners at levels in the chain of activities where, based on the mapping, potential or actual adverse impacts are most likely to occur."</p>
Article 6a				
6	169c		<p>Article 6a Prioritisation of identified actual and potential adverse impacts</p>	<p><u>Article 6a</u> <u>Prioritisation of identified actual and potential adverse impacts</u></p>
Article 6a(1)				

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169d			<p>1. Member States shall ensure that companies prioritise adverse impacts arising from their own operations, those of their subsidiaries or those of their business partners identified pursuant to Article 6 for fulfilling the obligations laid down in Article 7 or 8, where it is not feasible to address all identified adverse impacts at the same time to the full extent.</p>	<p><u>1. Member States shall ensure that, where it is not feasible to prevent, mitigate, bring to an end or minimise all identified adverse impacts at the same time to their full extent, companies prioritise adverse impacts identified pursuant to Article 6 for fulfilling the obligations laid down in Article 7 or 8.</u></p>
Article 6a(2)				
169e			<p>2. The prioritisation of adverse impacts shall be based on severity and likelihood of the adverse impact. Severity of an adverse impact shall be assessed based on its gravity, the number of persons or the extent of the environment affected, and difficulty to restore the situation prevailing prior to the impact.</p>	<p><u>2. The prioritisation shall be based on the severity and likelihood of the adverse impacts.</u></p>
Article 6a(3)				
169f			<p>3. Once the most significant adverse impacts are addressed in accordance with Article 7 or 8 in a reasonable time, the company shall address less significant adverse impacts.</p>	<p><u>3. Once the most severe and most likely adverse impacts are addressed in accordance with Article 7 or 8 in a reasonable time, the company shall address less</u></p>

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				<u>severe and less likely adverse impacts.</u>
Article 7				
6	170	Article 7 Preventing potential adverse impacts	Article 7 Preventing potential adverse impacts	Article 7 Preventing potential adverse impacts Text Origin: Commission Proposal
Article 7(-1)(1)				
6	171	1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse human rights impacts and adverse environmental impacts that have been, or should have been, identified pursuant to Article 6, in accordance with paragraphs 2, 3, 4 and 5 of this Article.	1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible <u>or has failed</u> , adequately mitigate potential adverse human rights impacts and adverse environmental impacts, that have been, or should have been, identified pursuant to Article 6, in accordance with paragraphs 2, 3, 4 and 5 of this Article.	-1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse human rights impacts and adverse environmental impacts that have been, or should have been, identified pursuant to Article 6 and, where necessary, prioritised pursuant to Article 6a , in accordance with paragraphs 2, 3, 4 and 5 of this Article.
Article 7(-1), (1) a				
6	171a		To determine the appropriate measures referred to in the first	<u>To determine the appropriate measures referred to in the first</u>

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			subparagraph, due account shall be taken of:	<u>subparagraph, due account shall be taken of:</u> Text Origin: Council Mandate
Article 7(-1), (1) a, point (a)				
6	171b		(a) whether the potential adverse impact is caused only by the company, caused jointly by the company and its subsidiary or business partner, or whether it is caused only by the company's business partner in its chain of activities;	<u>(a) whether the potential adverse impact may be caused only by the company; whether it may be caused jointly by the company and its subsidiary or business partner, through acts or omissions; or whether it may be caused only by the company's business partner in the chain of activities;</u>
Article 7(-1), (1) a, point (b)				
6	171c		(b) whether the potential adverse impact occurred in the operations of the subsidiary, direct business partner or indirect business partner; and	<u>(b) whether the potential adverse impact may occur in the operations of the subsidiary, direct business partner or indirect business partner; and</u>
Article 7(-1), (1) a, point (c)				
6	171d		(c) the ability of the company to influence the business partner causing the potential adverse impact.	<u>(c) the ability of the company to influence the business partner causing or jointly causing the potential adverse impact.</u>
Article 7(-1), (1) a, point (d)				

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171e		<p><u><i>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.</i></u></p>		<p><u><i>Deleted</i></u></p> <p>Recital 33</p> <p>Recitals:</p> <p>(33) Under the due diligence obligations set out by this Directive, if a company identifies potential adverse human rights or environmental impacts, it should take appropriate measures to prevent and adequately mitigate them. To provide companies with legal clarity and certainty, this Directive should set out all the actions companies should be expected to take for prevention and mitigation of potential adverse impacts, where relevant depending on the circumstances.</p> <p>When assessing the appropriate measures to prevent or adequately mitigate adverse impacts, due account shall be taken of the so-called 'level of involvement of the company in an adverse impact' in line with the international frameworks and the company's ability to influence the business partner causing or jointly causing the adverse impact.</p> <p>Companies should take appropriate measures to prevent or mitigate the adverse impacts that they cause by themselves (so called 'causing' the adverse impact as referred to in the</p>

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				<p>international framework) or jointly with their subsidiaries or business partners (so called 'contributing' to the adverse impact as referred to in the international framework),</p> <p>This applies irrespective of whether third entities outside of the company's chain of activities are also causing the adverse impact.</p> <p>Jointly causing the adverse impact is not limited to equal implication of the company and its subsidiary or business partner in the adverse impact, but should cover all cases of the company's acts or omissions, causing the adverse impact in combination with the acts or omissions of subsidiaries or business partners, including where the company substantially facilitates or incentivises a business partner to cause an adverse impact.</p> <p>When companies are not causing the adverse impacts occurring in their chain of activities themselves or jointly with other legal entities, but the adverse impact is caused only by their business partner in the companies' chains of activities (so called 'being directly linked to' the adverse impact as referred to in the international framework), they should still aim to use their influence to prevent or mitigate the adverse impact caused by their business partners or to increase their influence to do so.</p>

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				<p>Using only the notion of 'causing' the adverse impact instead of the aforementioned terms used in the international frameworks avoids confusion with existing legal terms in national legal systems while covering the same causal relations as described in these frameworks. In this context, in line with the international frameworks, the company's influence on a business partner should include on the one hand its ability to persuade the business partner to prevent adverse impacts (for example through market power, pre-qualification requirements or linking business incentives to human rights and environmental performance) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business partner associated with the adverse impact.</p> <p>Recital 38</p> <p>[Adapt accordingly]</p> <p>Recital 56</p> <p>(56) [...] Causality within the meaning of civil liability is not regulated by this</p>

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				Directive, with the exception that the companies should not be held liable if the damage is caused only by the business partners in the companies' chains of activities (so called 'being directly linked to'). [...]
Article 7(-1), (1) a, point (e)				
171f		<i><u>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.</u></i>		<u>Deleted</u>
Article 7(2)				
172	2. Companies shall be required to take the following actions, where relevant:	2. Companies shall be required to take <u>appropriate measures, including</u> the following actions, where relevant:	2. Companies shall be required to take the following actions, where relevant:	2. Companies shall be required to take the following actions <u>appropriate measures</u> , where relevant:
Article 7(2), point (a)				
173	(a) where necessary due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. The prevention action	(a) where necessary due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with <u>a</u> reasonable and clearly defined timelines for <u>timeline for the implementation of appropriate measures and</u> action, and qualitative and quantitative	(a) where necessary due to the nature or complexity of the measures required for prevention, without undue delay develop and implement a prevention action plan, with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. The	(a) where necessary, due to the nature or complexity of the measures required for prevention, <u>without undue delay</u> develop and implement a prevention action plan, with reasonable and clearly defined timelines for action <u>the implementation of appropriate measures</u> and qualitative and

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	<p>plan shall be developed in consultation with affected stakeholders;</p>	<p>indicators for measuring improvement. The prevention action plan shall be developed in consultation with affected stakeholders <u>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;</u></p>	<p>prevention action plan shall be developed in consultation with potentially affected stakeholders;</p>	<p>quantitative indicators for measuring improvement. <u>Companies may develop their action plans in cooperation with industry or multi-stakeholder initiatives.</u> The prevention action plan shall be developed in consultation with affected stakeholders <u>adapted to companies' operations and chain of activities;</u></p>
Article 7(2), point (b)				
174	<p>(b) seek contractual assurances from a business partner with whom it has a direct business relationship that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain (contractual cascading). When such contractual assurances are obtained, paragraph 4 shall apply;</p>	<p>(b) seek <u>consider establishing through</u> contractual assurances from a business <u>provisions with a</u> partner with whom it has a direct business relationship that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking. <u>Partners with whom the company has a business relationship could be asked to establish</u> corresponding reasonable, <u>non-discriminatory and fair</u> contractual assurances from its <u>provisions with their</u> partners, to the extent that their activities are part of the company's value chain</p>	<p>(b) seek contractual assurances from a business partner with whom it has a direct business relationship partner that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain chain of activities (contractual cascading). When such contractual assurances are obtained, paragraph 4 shall apply;</p>	<p>(b) seek contractual assurances from a business partner with whom it has a direct business relationship partner that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking <u>establishing</u> corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain (contractual cascading) <u>of activities.</u> When such contractual assurances are obtained, paragraph 4 shall apply;</p>

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		<i>(contractual cascading)</i> . When such contractual assurances are obtained, paragraph 4 shall apply;		
Article 7(2), point (c)				
175	(c) make necessary investments, such as into management or production processes and infrastructures, to comply with paragraph 1;	(c) make necessary <u>modifications, improvements to, withdrawals of or investments in, the company's own operations</u> , such as into management, <u>production or other operational</u> or production processes, <u>facilities, products and product traceability, projects, services and skills</u> and infrastructures, to comply with paragraph 1;	(c) make necessary financial or non-financial investments, such as into management or production processes and infrastructures, to comply with paragraph 1;	(c) make necessary <u>financial or non-financial</u> investments, <u>adjustments or upgrades</u> , such as into management or production <u>facilities, production or other operational</u> processes and infrastructures, to comply with paragraph 1;
Article 7(2), point (ca)				
175a		<u>(ca) adapt business models and strategies, including purchasing practices, including those which contribute to living wages and incomes for their suppliers, in order to prevent potential adverse impacts, and develop and use purchase policies that do not encourage potential adverse impacts on human rights or the environment;</u>		<u>(ca) make necessary modifications of, or improvements to, the company's own business plan, overall strategies and operations, including purchasing practices, design and distribution practices;</u> [+RECITAL 34: Where relevant, companies should adapt business plans, overall strategies and operations, including purchasing practices, and develop and use purchase policies that contribute to living wages and incomes for their suppliers, and that do not encourage

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				<p>potential adverse impacts on human rights or the environment.]</p> <p>To add recital (this text is identical to that in comment to Article 8 identical point): "To conduct their due diligence in an effective and efficient manner, companies should make necessary modifications of, or improvements to, their purchasing practices, design and distribution practices, to address adverse impacts arising both in the upstream part and the downstream part of their chain of activities, before and after the product has been made. Adopting and adapting such policies, as necessary, could be particularly relevant for the company, to avoid being directly linked to an adverse impact in the first instance. Such measures could also be relevant to address negative adverse impacts that are jointly caused by the company and its business partner, for instance due to the deadlines or specifications imposed on it by the company. Also, by better sharing the value along the chain, responsible purchasing or distribution practices contribute to fighting against child labour, which often arises in countries or territories with high poverty levels. "</p> <p>Text Origin: EP Mandate</p>
Article 7(2), point (d)				
6 176				6

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	<p>(d) provide targeted and proportionate support for an SME with which the company has an established business relationship, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME;</p>	<p>(d) provide targeted and proportionate <u>financial and administrative</u> support for an SME with which the company has an established business relationship, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME;</p>	<p>(d) provide targeted and proportionate support for an SME with which the company has an established business relationship is a business partner of the company, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME. The targeted and proportionate support may take the form of financing, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing, or guidance, such as training or upgrading management systems;</p>	<p>(d) provide targeted and proportionate support for an SME with which <u>is a business partner of the company, where necessary in light of the resources, knowledge and constraints of the SME, including by providing or enabling access to capacity-building, training or upgrading management systems, and</u> has an established business relationship, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME; <u>providing targeted and proportionate financial support, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing.</u></p>
Article 7(2), point (da)				
176a		<p><u>(da) engage with a business relationship about the company's expectations with regard to preventing and mitigating the potential adverse impacts, including by providing or enabling access to capacity-building, guidance, administrative and financial support such as loans or financing, taking into consideration the resources,</u></p>		<p><u>Deleted</u></p>

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		<u>knowledge and constraints of the business partner;</u>		
Article 7(2), point (e)				
177	(e) in compliance with Union law including competition law, collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end, in particular where no other action is suitable or effective.	(e) in compliance with Union law including competition law, collaborate with other entities, including where relevant, to increase the company's ability to bring the adverse impact to an end, in particular where no other action is suitable or effective.	(e) in compliance with Union law, including competition law, collaborate with other entities, including, where relevant, to increase the company's ability to bring prevent or mitigate the adverse impact to an end, in particular where no other action is suitable or effective.	(e) in compliance with Union law, including competition law, collaborate with other entities, including, where relevant, to increase the company's ability to bring prevent or mitigate the adverse impact to an end, in particular where no other action measure is suitable or effective. Text Origin: Council Mandate
Article 7(2), point (ea)				
177a		<u>(ea) when there is a direct linkage to impacts occurring in business relationships with other companies operating in the Union, appropriate measures can include notifying the relevant supervisory authority while continuing to make reasonable efforts to seek to prevent or mitigate the impact.</u>		<u>Deleted</u> To add law enforcement standards as a risk factor in recitals 30 or 30a
Article 7(-2a)				
177b				<u>Deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 7(2a)				
177c		<u>2a. When distributing or selling a product or providing a service, companies shall take appropriate measures to ensure that the composition, design and commercialisation of a product or service is in line with Union law and does not lead to adverse impacts, be it individual or collective. In this regard, particular attention shall be paid to potential adverse impact on children.</u>		<u>(2a) Companies may carry out, where relevant, appropriate measures in addition to the measures included in paragraph 2, such as engaging with a business partner about the company's expectations with regard to preventing and mitigating the potential adverse impacts, or 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.</u>
Article 7(3)				
178	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.	<i>deleted</i>	3. As regards potential adverse impacts that could not be prevented or adequately mitigated by the measures actions listed in paragraph 2, the company may seek to conclude a contract with a partner with whom it has an indirect relationship business partner , 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.	3. As regards potential adverse impacts that could not be prevented or adequately mitigated by the <u>appropriate</u> measures <u>listed</u> in paragraph 2, the company may seek to conclude a contract with a partner with whom it has <u>contractual assurances with</u> an indirect relationship <u>business partner</u> , with a view to achieving compliance with the company's code of conduct or a prevention action plan. When such a contract is concluded <u>contractual assurances are sought</u> , paragraph 4 shall apply.

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 7(4), first subparagraph				
179	4. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.	4. The contractual assurances or the contract <u>provisions</u> shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification. <u>support carrying out due diligence.</u>	4. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.	4. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification <u>independent third-party verification, including through industry or multi-stakeholder initiatives.</u>
Article 7(4), second subparagraph				
180	When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	When contractual assurances are obtained from <u>provisions, including contractual, are established</u> , or a contract is entered into, with an <u>SME a business relationship</u> , 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. <u>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.</u>	When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. <u>The company shall also assess whether the contractual assurances with an SMEs should be accompanied by some of the appropriate measures for SMEs included in paragraph 2, point (d).</u> Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification. <u>In case the SME requests to pay at least a part of the cost, or in</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>The contractual provisions sought in accordance with paragraph 2 shall not be such as to result in the transfer of responsibility for carrying out due diligence in accordance with this Directive and of the liability for failing to do so.</u></p> <p><u>In seeking such contractual provisions, companies shall assess whether the business partner can reasonably be expected to comply with those provisions.</u></p>		<p><u>agreement with the company, the SME shall be able to share the results of verifications with other companies.</u></p> <p>To include in recitals 34a and 45 the following: "Contractual assurances must be designed to ensure that responsibilities are shared appropriately by the company and the business partners ."</p>
Article 7(5), first subparagraph				
181	<p>5. As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated by the measures in paragraphs 2, 3 and 4, the company shall be required to refrain from entering into new or extending existing relations with the partner in connection with or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take the following actions:</p>	<p>5. As regards potential adverse impacts within the meaning of paragraph 1 that <u>a company caused or contributed to and that</u> could not be prevented or adequately mitigated, <u>and where there is no reasonable prospect of change</u> by the measures in paragraphs 2, 3 and 4, the company shall be required to refrain from entering into new or extending existing relations with the partner in connection with or in the value chain of which the impact has arisen, and shall, where the law governing their relations so entitles them to, take the following actions <u>as a last resort, in line with responsible disengagement:</u></p>	<p>5. As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated by the measures in paragraphs 2, 3 and 4, the company shall be required as a last resort to refrain from entering into new or extending existing relations with the business partner in connection with or in the value chain of activities of which the impact has arisen and shall, where the law governing their relations so entitles them to, take the following actions:</p>	<p>5. As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated by the measures in paragraphs 2, 3 and 4, <u>as a last resort</u>, the company shall be required to refrain from entering into new or extending existing relations with the <u>business</u> partner in connection with or in the value chain <u>chain of activities</u> of which the impact has arisen and shall, where the law governing their relations so entitles them to, take the following actions, <u>as a last resort</u>:</p>

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Article 7(5), first subparagraph, point (a)				
182	(a) temporarily suspend commercial relations with the partner in question, while pursuing prevention and minimisation efforts, if there is reasonable expectation that these efforts will succeed in the short-term;	(a) temporarily suspend commercial relations with the partner in question, while pursuing prevention and minimisation <u>mitigation</u> efforts, if there is reasonable expectation that these efforts will succeed in the short term;	(a) temporarily suspend commercial relations with the partner in question the business relationship with respect to the activities concerned , while pursuing prevention and minimisation mitigation efforts, if there is reasonable expectation that these efforts will succeed in the short term short term. If there is no such reasonable expectation or the efforts did not succeed in the short term, the company shall terminate the business relationship;	(a) temporarily suspend commercial relations with the partner in question <u>adopt and implement an enhanced prevention action plan for the specific adverse impact without undue delay, by using or increasing the company's leverage through the temporary suspension of business relationships with respect to the activities concerned, as long as while pursuing prevention and minimisation efforts, if</u> there is reasonable expectation that these efforts will succeed. <u>The action plan shall include a specific and appropriate timeline for the adoption and implementation of all actions therein, during which the company may also seek alternative business partners</u> in the short term;
Article 7(5), first subparagraph, point (b)				
183	(b) terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe.	(b) terminate the business relationship with respect to the activities concerned, <u>on account of the severity of</u> if the potential adverse impact is severe <u>or if the conditions for temporary suspension under point (a) are not met.</u>	(b) terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe.	(b) <u>if there is no reasonable expectation that these efforts would succeed, or if the implementation of the enhanced prevention action plan failed to prevent or mitigate the adverse impact,</u> terminate the business relationship with respect to

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				the activities concerned if the potential adverse impact is severe.
Article 7(5), first subparagraph, point (ba)				
183a		<p><u>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.</u></p>		<p><u>(ba) Prior to temporarily suspending or terminating the business relationship, the company shall assess whether the adverse impacts of doing so can be reasonably expected to be manifestly more severe than the adverse impact that could not be prevented or adequately mitigated. Should that be the case, the company shall not be required to suspend or to terminate the business relationship, and shall be in a position to report to the competent supervisory authority about the duly justified reasons of such decision.</u></p>
Article 7(5), second subparagraph				
184	Member States shall provide for the availability of an option to terminate the business relationship in contracts governed by their laws.	Member States shall provide for the availability of an option to <u>suspend or</u> terminate the business relationship in contracts governed by their laws, <u>except for contracts</u>	Member States shall provide for the availability of an option to temporarily suspend and terminate the business relationship in contracts governed by their laws	Member States shall provide for the availability of an option to <u>temporarily suspend or</u> terminate the business relationship in contracts governed by their laws <u>in</u>

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		<p><i>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.</i></p>	<p>in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them.</p>	<p><i>accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them.</i></p>
Article 7(5a)(6)				
185	<p>6. By way of derogation from paragraph 5, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, they shall not be required to terminate the credit, loan or other financial service contract when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided.</p>	<p>6. By way of derogation from paragraph 5, <u>first subparagraph</u>, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services <u>financial services to entities that cause or contribute to potential adverse impacts within the meaning of paragraph 1</u>, they shall not be required to terminate the credit, loan or other financial service contract if this is strictly necessary to prevent bankruptcy to the entity to whom that service is being provided. In addition to paragraph 5, second subparagraph, a decision to terminate the financial service contract when this can be reasonably expected to cause substantial prejudice to in <u>derogation from paragraph 5, first subparagraph, point (b) may only be taken, as a last resort, if the leverage efforts of companies referred to in Article 3, point (a)(iv) have ultimately failed to influence</u> the entity to whom that service is</p>	<p>6. By way of derogation from paragraph 5, point (b), when companies referred to in regulated financial undertakings within the meaning of Article 3, point (a)(iv), provide credit, loan or other financial the services, they shall not be required to terminate the credit, loan or other financial service contract when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided as referred to in Article 3, point (g), they shall not be required to temporarily suspend or terminate the business relationship.</p>	<p>6. By way of derogation from paragraph 5, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, they shall not be required to terminate the credit, loan or other financial service contract when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided. Deleted</p>

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		being provided <u>to prevent or adequately mitigate adverse potential impacts</u> .		
Article 7(6), second subparagraph				
185a			Where the regulated financial undertaking within the meaning of Article 3, point (a)(iv), decides not to temporarily suspend or terminate the business relationship in accordance with the first subparagraph, it shall monitor the actual adverse impact while pursuing prevention or mitigation efforts.	<u>Deleted</u>
Article 7(5b), first subparagraph				
185b			7. By way of derogation from paragraph 5, the company shall not be required to terminate the business relationship in case where:	<u>Deleted</u>
Article 7(7), first subparagraph, point (a)				
185c			(a) there is a reasonable expectation that the termination would result in an adverse impact that is more severe than the potential adverse impact that could not be prevented or adequately mitigated; or	<u>Deleted</u>

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	Article 7(7), first subparagraph, point (a)			
185d			(b) no available alternative to that business relationship, that provides a raw material, product or service essential to the company's production of goods or provision of services, exists and the termination would cause substantial prejudice to the company.	<u>Deleted</u>
	Article 7(7), second subparagraph			
185e			Where the company decides not to terminate the business relationship in accordance with the first subparagraph, it shall report to the competent supervisory authority about the duly justified reasons of such decision.	<u>Deleted</u>
	Article 7(5c)			
185f			The company shall monitor the potential adverse impact, periodically reassess its decision not to terminate the business relationship and seek alternative business relationships.	<u>Where the company decides to temporarily suspend or terminate the business relationship, the company shall take steps to prevent, mitigate or bring to an end the impacts of suspension or termination, provide reasonable</u>

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				<p><u><i>notice to the business partner and keep that decision under review.</i></u></p> <p><u><i>Where the company decides not to temporarily suspend or terminate the business relationship in line with this article, the company shall monitor the potential adverse impact and periodically reassess its decision and whether further appropriate measures are available.</i></u></p> <p>To adapt the following recital to the operative part:</p> <p>RECITAL (36): In order to ensure that appropriate measures for the prevention and mitigation of potential adverse impacts are effective, companies should prioritize engagement with business partners in their chain of activities, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts could not be addressed by such appropriate measures, refer to the obligation for companies, as a last resort, to refrain from entering into new or extending existing relations with the partner in question and, where there is a reasonable prospect of change, by using or increasing the</p>

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				<p>company's leverage, adopt and implement a prevention action plan without undue delay including a specific and appropriate timeline for the adoption and implementation of all actions therein, while seeking alternative business relationships. Factors determining the appropriateness of the timeline for adoption and implementation of these actions could include the severity of the adverse impact, the need to identify and take steps to prevent or mitigate any additional adverse impacts, as well as impacts on SMEs or smallholders. Companies should suspend their business relationships with the business partner, which increases their leverage and the chances that the impact is addressed. Where there is no reasonable prospect of change, including by using or increasing the company's leverage (for instance, in situations of state-imposed forced labour), or where the implementation of the prevention action plan failed to improve the situation, the company should be required to terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws. In deciding to terminate or suspend a</p>

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				<p>business relationship, the company should assess whether the adverse impacts of that decision would be greater than the adverse impact which is intended to be prevented or mitigated. Where companies do temporarily suspend or terminate the business relationship, they should take steps to prevent, mitigate, or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep that decision under review. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company. In some instances, collaboration with another company could be the only realistic way of preventing adverse impacts at the level of indirect business relationships, in particular, where the indirect business relationship is not ready to enter into a contract with the company.</p>
Article 7(5d)				
6 185g			<p>8. The obligation to temporarily suspend or terminate the business relationship pursuant to paragraph 5 shall not apply to commercial agreements concluded by the company before the expiry of the transposition period in accordance with Article 30 of this Directive.</p>	<p><u>Deleted</u></p>

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Article 8				
186	Article 8 Bringing actual adverse impacts to an end	Article 8 Bringing actual adverse impacts to an end	Article 8 Bringing actual adverse impacts to an end	Article 8 Bringing actual adverse impacts to an end Text Origin: Commission Proposal
Article 8(-1)(1)				
187	1. Member States shall ensure that companies take appropriate measures to bring actual adverse impacts that have been, or should have been, identified pursuant to Article 6 to an end, in accordance with paragraphs 2 to 6 of this Article.	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 <i>paragraphs 2 to 6 of</i> this Article.	-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 and, where necessary, prioritised pursuant to Article 6a to an end, in accordance with paragraphs 2 to 6 of this Article.	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 <i>paragraphs 2 to 6 of Article 6a and with</i> this Article.
Article 8(-1), (1) a				
187a			To determine the appropriate measures referred to in the first subparagraph, due account shall be taken of:	<u>To determine the appropriate measures referred to in the first subparagraph, due account shall be taken of:</u>
Article 8(-1), (1) a, point (a)				
187b			(a) whether the actual adverse impact is caused only by the	<u>(a) whether the actual adverse impact is caused only by the</u>

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			company, caused jointly by the company and its subsidiary or business partner, or whether it is caused only by the company's business partner in its chain of activities;	<u>company; whether it is caused jointly by the company and its subsidiary or business partner, through acts or omissions; or whether it is caused only by the company's business partner in the chain of activities;</u>
Article 8(-1), (1) a, point (b)				
187c			(b) whether the actual adverse impact occurred in the operations of the subsidiary, direct business partner or indirect business partner; and	<u>(b) whether the actual adverse impact occurred in the operations of the subsidiary, direct business partner or indirect business partner; and</u>
Article 8(-1), (1) a, point (c)				
187d			(c) the ability of the company to influence the business partner causing the actual adverse impact.	<u>(c) the ability of the company to influence the business partner causing or jointly causing the actual adverse impact.</u>
Article 8(2)				
188	2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies minimise the extent of such an impact.	2. Where the adverse impact cannot <u>immediately</u> be brought to an end, Member States shall ensure that companies minimise <u>adequately mitigate</u> the extent of such an impact, <u>while pursuing all efforts to bring the adverse impact to an end.</u>	2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies minimise the extent of such an impact.	2. Where the adverse impact cannot <u>immediately</u> be brought to an end, Member States shall ensure that companies minimise the extent of such an impact. Wording to be added to recital 38:

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				<p>"Minimisation of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. In this line, the company should periodically reassess the circumstances that made it not possible to bring the adverse impact to an end, and whether the adverse impact can be brought to an end."</p>
Article 8(2a)				
188a		<p><u>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,</u></p>		<p><u>Deleted</u></p>

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		<u>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.</u>		
Article 8(2b)				
188b		<u>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.</u>		<u>Deleted</u>
Article 8, 3.				
189	3. Companies shall be required to take the following actions, where relevant:	3. Companies shall be required to take <u>appropriate measures, including</u> the following actions, where relevant:	3. Companies shall be required to take the following actions, where relevant:	3. <u>Companies shall be required to take the following actions appropriate measures,</u> where relevant:
Article 8, 3., point (a)				
190	(a) neutralise the adverse impact or minimise its extent, including by the payment of damages to the affected persons and of financial compensation to the affected	(a) <u>in accordance with Article 8c,</u> neutralise the adverse impact or <u>minimise adequately mitigate</u> its extent, including by the payment of damages to the affected persons and	(a) neutralise the adverse impact or minimise its extent, including by the payment of damages to the affected persons and of financial compensation to the affected	(a) neutralise the adverse impact or minimise its extent, including by the payment of damages to the affected persons and of financial compensation to the affected

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	<p>communities. The action shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact;</p>	<p><i>of financial compensation by restoring the affected persons and/or the environment to a situation equivalent or as close as possible to their situation prior to the affected communities impact.</i> The action shall be proportionate <i>and commensurate</i> to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact <i>and to its resources and leverage</i>;</p>	<p>communities. The action shall be proportionate to the significance and scale scope of the adverse impact and to the contribution of the company's conduct to implication in the adverse impact;</p>	<p>communities. The action shall be proportionate to the significance and scale severity of the adverse impact and to the contribution of the company's conduct to implication in the adverse impact;</p> <p>Text Origin: Council Mandate</p>
Article 8, 3., point (b)				
191	<p>(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Where relevant, the corrective action plan shall be developed in consultation with stakeholders;</p>	<p>(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 <i>the implementation of appropriate measures and</i> action, and qualitative and quantitative indicators for measuring improvement. <i>Where relevant, the corrective</i> The preventative action plan shall be applicable and accurately tailored to the context of companies' operations and value chain. Companies may develop their <i>action plans in cooperation with industry initiatives. The development and implementation of a climate transition plan</i></p>	<p>(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, without undue delay develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Where relevant, The corrective action plan shall be developed in consultation with stakeholders;</p>	<p>(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, without undue delay develop and implement a corrective action plan with reasonable and clearly defined timelines for action the implementation of appropriate measures and qualitative and quantitative indicators for measuring improvement. <i>Where relevant,</i> Companies may develop their action plans in cooperation with industry or multi-stakeholder initiatives. The corrective action plan shall be developed in consultation with stakeholders adapted to companies' operations and chain of activities;</p>

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		<u>according to Article 15 plan</u> shall be developed in consultation with stakeholders <u>considered an appropriate measure to minimise environmental adverse impacts related to climate change mitigation pursuant to paragraphs 1 and 2 of this Article;</u>		
Article 8, 3., point (c)				
192	(c) seek contractual assurances from a direct partner with whom it has an established business relationship that it will ensure compliance with the code of conduct and, as necessary, a corrective action plan, including by seeking corresponding contractual assurances from its partners, to the extent that they are part of the value chain (contractual cascading). When such contractual assurances are obtained, paragraph 5 shall apply.	(c) seek <u>choose to establish through contractual assurances from a direct provisions with a</u> partner with whom it has an established <u>a</u> business relationship that it will ensure compliance with the <u>company's</u> code of conduct, and, as necessary, a corrective action plan, including by seeking. Partners with whom the company has a business relationship could be asked to establish corresponding <u>reasonable, non-discriminatory and fair</u> contractual assurances from its <u>provisions with their</u> partners, to the extent that they are part of the value chain (contractual cascading) . When such contractual assurances are obtained, paragraph 5 shall apply.;	(c) seek contractual assurances from a direct partner with whom it has an established business relationship <u>partner</u> that it will ensure compliance with the code of conduct and, as necessary, a corrective action plan, including by seeking corresponding contractual assurances from its partners, to the extent that they are part of the value <u>chain of activities</u> (contractual cascading). When such contractual assurances are obtained, paragraph 5 shall apply.;	(c) seek contractual assurances from a direct partner with whom it has an established business relationship <u>partner</u> that it will ensure compliance with the <u>company's</u> code of conduct and, as necessary, a corrective action plan, including by seeking <u>establishing</u> corresponding contractual assurances from its partners, to the extent that they <u>their activities</u> are part of the value <u>company's</u> chain (contractual cascading) <u>of activities</u> . When such contractual assurances are obtained, paragraph 5 shall apply.;
Article 8, 3., point (d)				
193				

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	(d) make necessary investments, such as into management or production processes and infrastructures to comply with paragraphs 1, 2 and 3;	(d) make necessary <u>modifications, improvements to, withdrawals of or investments in, the company's own operations</u> , such as into management, <u>production or other operational</u> or production processes, <u>facilities, products and product traceability, projects, services and skills</u> and infrastructures to comply with paragraphs 1, 2 and 3;	(d) make necessary financial or non-financial investments, such as into management or production processes and infrastructures to comply with paragraphs 1, 2 and 3;	(d) make necessary <u>financial or non-financial</u> investments, <u>adjustments or upgrades</u> , such as into management or production <u>facilities, production or other operational</u> processes and infrastructures to comply with paragraphs 1, 2 and 3;
Article 8, 3., point (da)				
193a		<u>(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;</u>		<u>(da) make necessary modifications of, or improvements to, the company's own business plan, overall strategies and operations, including purchasing practices, design and distribution practices;</u> [+RECITAL 39: Where relevant, companies should adapt business plans, overall strategies and operations, including purchasing practices, and develop and use purchase policies that contribute to living wages and incomes for their suppliers, and that do not encourage actual adverse impacts on human rights or the environment.] Add recital: "To conduct their due diligence in an effective and efficient manner, companies should make

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				necessary modifications of, or improvements to, their purchasing practices, design and distribution practices, to address adverse impacts arising both in the upstream part and the downstream part of their chain of activities, before and after the product has been made. Adopting and adapting such policies, as necessary, could be particularly relevant for the company, to avoid being directly linked to an adverse impact in the first instance. Such measures could also be relevant to address negative adverse impacts that are jointly caused by the company and its business partner, for instance due to the deadlines or specifications imposed on it by the company. Also, by better sharing the value along the chain, responsible purchasing or distribution practices contribute to fighting against child labour, which often arises in countries or territories with high poverty levels."
	Article 8, 3., point (e)			
6	194 (e) provide targeted and proportionate support for an SME with which the company has an established business relationship, where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME;	(e) provide targeted and proportionate <u>financial and administrative</u> support for an SME with which the company has an established <u>a</u> business relationship; where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME;	(e) provide targeted and proportionate support for an SME with which the company has an established business relationship is a business partner of the company , where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME. The targeted and proportionate	(e) provide targeted and proportionate support for an SME with which <u>is a business partner of</u> the company, <u>where necessary in light of the resources, knowledge and constraints of the SME, including by providing or enabling access to capacity-building, training or upgrading management systems, and has an established</u>

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			support may take the form of financing, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing, or guidance, such as training or upgrading management systems;	business relationship , where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME; <u>providing targeted and proportionate financial support, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing.</u>
Article 8, 3., point (ea)				
194a		<u>(ea) engage with a business relationship about the company's expectations with regard to bringing to an end and mitigating actual adverse impacts, including by providing or enabling access to capacity-building, guidance, administrative and financial support such as loans or financing, taking into consideration the resources, knowledge and constraints of the business partner;</u>		deleted
Article 8, 3., point (f)				
195	(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,	(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,	(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	(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

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	in particular where no other action is suitable or effective.	in particular where no other action is suitable or effective.	or minimise the extent of such impact , in particular where no other action is suitable or effective-	<u>or minimise the extent of such impact</u> , in particular where no other action <u>measure</u> is suitable or effective.
Article 8, 3., point (fa)				
G	195a		(g) provide remediation to the affected persons and communities.	<u>(g) provide remediation in accordance with Article 8c.</u>
Article 8, 3., point (fb)				
G	195b	<u>(fa) when there is a direct linkage to impacts occurring in business relationships with other companies operating in the Union, appropriate measures can include notifying the relevant supervisory authority while continuing to make reasonable efforts to seek to bring the impact to an end or mitigate the impact.</u>		deleted <small>Text Origin: EP Mandate</small>
Article 8(-3a)				
G	195c			<u>Deleted</u>
Article 8, 3., point (fd)				
G	195d	<u>3a. When distributing or selling a product or providing a service, companies shall take appropriate</u>		<u>(3a) Companies may carry out, where relevant, appropriate measures in addition to the</u>

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		<u>measures to ensure that the composition, design and commercialisation of a product or service is in line with Union law and does not lead to adverse impacts, be it individual or collective. In this regard, particular attention shall be paid to potential adverse impact on children.</u>		<u>measures included in paragraph 3, such as engaging with a business partner about the company's expectations with regard to bringing adverse impacts to an end or minimise the extent of such impacts, or 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.</u>
Article 8(4)				
196	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.	<i>deleted</i>	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 business partner , 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.	4. As regards actual adverse impacts that could not be brought to an end or adequately mitigated minimised by the appropriate measures listed in paragraph 3, the company may seek to conclude a contract with a partner with whom it has contractual assurances with an indirect relationship business partner , with a view to achieving compliance with the company's code of conduct or a corrective action plan.— When such a contract is concluded assurances are sought , paragraph 5 shall apply.
Article 8(5), first subparagraph				

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197	5. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.	5. The contractual assurances or the contract <u>provisions</u> shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification <u>support carrying out due diligence</u> .	5. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.	5. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to <u>suitable independent third-party verification, including through industry initiatives or independent third-party verification or multi-stakeholder initiatives</u> .
Article 8(5), second subparagraph				
198	When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	When contractual assurances are obtained from <u>provisions, including contractual, are established</u> , or a contract is entered into, with an <u>SME a business relationship</u> , 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. <u>SMEs may share the results of the verifications carried out in relation to themselves with multiple companies</u> .	When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. <u>The company shall also assess whether the contractual assurances with an SME should be accompanied by some of the appropriate measures for SMEs included in paragraph 3, point (e)</u> . Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification. <u>In case the SME requests to pay at least a part of the cost, or in agreement with the company, the SME shall be able to share the</u>

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				<u>results of verifications with other companies.</u> TBD in Art 22.
Article 8(5a)				
198a		<u>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.</u>		deleted
Article 8(5b)				
198b		<u>In seeking such contractual provisions, companies shall assess whether the business partner can reasonably be expected to comply with those provisions.</u>		deleted
Article 8(6), first subparagraph				
199	6. As regards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be minimised by the measures provided for in paragraphs 3, 4 and 5, the company shall refrain from entering into new or extending existing relations with	6. As regards actual adverse impacts within the meaning of paragraph 1 that <u>a company caused or contributed to, and that</u> could not be brought to an end or the extent of which could not be minimised by the measures provided for in paragraphs 3, 4 and 5 <u>mitigated, and where there is no</u>	6. As regards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be minimised by the measures provided for in paragraphs 3, 4 and 5, the company shall be required as a last resort to refrain from entering into new or	6. As regards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be minimised by the measures provided for in paragraphs 3, 4- and 5, <u>as a last resort,</u> the company shall <u>be required to</u> refrain from entering

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	<p>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:</p>	<p><u>reasonable prospect of change</u>, the company shall <u>be required to</u> 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 <u>as a last resort, in line with responsible disengagement</u>:</p>	<p>extending existing relations with the business partner in connection towith or in the value-chain of activities of which the impact has arisen and shall, where the law governing their relations so entitles them to, take one of the following actions:</p>	<p>into new or extending existing relations with the business partner in connection towith or in the value-chain of <u>activities of</u> which the impact has arisen and shall, where the law governing their relations so entitles them to, take one of the following actions, <u>as a last resort</u>:</p>
Article 8(6), first subparagraph, point (a)				
200	<p>(a) temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, or</p>	<p>(a) temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, or <u>prevention and mitigation efforts</u></p>	<p>(a) temporarily suspend commercial relationships with the partner in question the business relationship with respect to the activities concerned, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, if there is reasonable expectation that these efforts will succeed in the short term. If there is no such reasonable expectation or the efforts did not succeed in the short term, the company shall terminate the business relationship; or</p>	<p>(a) temporarily suspend commercial <u>adopt and implement an enhanced corrective action plan for the specific adverse impact without undue delay, including by using or increasing the company's leverage through the temporary suspension of business</u> relationships with <u>respect to the activities concerned, as long as there is reasonable expectation that these</u> the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, or <u>will succeed. The action plan shall include a specific and appropriate timeline for the adoption and implementation of all actions therein, during which the company may also seek alternative business partners;</u></p>

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Article 8(6), first subparagraph, point (b)				
201	(b) terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe.	(b) terminate the business relationship with respect to the activities concerned, if the <u>on account of the severity of the actual</u> adverse impact, <u>or if the conditions for temporary suspension under point (a) are not met</u> is considered severe .	(b) terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe.	(b) <u>if there is no reasonable expectation that these efforts would succeed, or if the implementation of the enhanced corrective action plan failed to bring to an end or minimise the adverse impact,</u> terminate the business relationship with respect to the activities concerned, if the <u>actual</u> adverse impact is considered severe.
Article 8(6), first subparagraph, point (ba)				
201a		<u>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</u>		<u>Prior to temporarily suspending or terminating the business relationship, the company shall assess whether the adverse impacts of doing so can be reasonably expected to be manifestly more severe than the adverse impact that could not be brought to an end or adequately minimised. Should that be the case, the company shall not be required to suspend or to terminate the business relationship, and shall be in a position to report to the competent supervisory authority about the duly justified reasons of such decision.</u>

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		<u>notice to the business partner and keep that decision under review.</u>		
Article 8(6), second subparagraph				
202	Member States shall provide for the availability of an option to terminate the business relationship in contracts governed by their laws.	Member States shall provide for the availability of an option to <u>suspend or</u> terminate the business relationship in contracts governed by their laws, <u>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.</u>	Member States shall provide for the availability of an option to temporarily suspend and terminate the business relationship in contracts governed by their laws in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them.	Member States shall provide for the availability of an option to <u>temporarily suspend or</u> terminate the business relationship in contracts governed by their laws <u>in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them.</u>
Article 8(6a)(7)				
203	7. By way of derogation from paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, they shall not be required to terminate the credit, loan or other financial service contract, when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided.	7. By way of derogation from paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services <u>financial services to entities that cause or contribute to actual adverse impacts in the meaning of paragraph 1</u> , they shall not be required to terminate the credit, loan or other <u>financial service contract, if this is strictly necessary to prevent bankruptcy to the entity to whom that service is being provided. In addition to paragraph 6, second subparagraph, a decision to terminate the</u> financial service	7. By way of derogation from paragraph 6, point (b), when companies referred to in regulated financial undertaking within the meaning of Article 3, point (a)(iv), provide credit, loan or other financial the services, they shall not be required to terminate the credit, loan or other financial service contract, when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided as referred to in Article 3, point (g), they shall not be required to temporarily suspend or terminate the business relationship.	7. By way of derogation from paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, they shall not be required to terminate the credit, loan or other financial service contract, when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided. <u>Deleted</u>

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		<p>contract <u>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</u> when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided <u>to bring actual adverse impacts to an end or to minimise their extent.</u></p>		
Article 8(7), second subparagraph				
203a			<p>Where the regulated financial undertaking within the meaning of Article 3, point (a)(iv), decides not to temporarily suspend or terminate the business relationship in accordance with the first subparagraph, it shall monitor the actual adverse impact while pursuing efforts to bring to an end or minimise the extent of the adverse impact.</p>	<u>Deleted</u>
Article 8(6b), first subparagraph				
203b			<p>8. By way of derogation from paragraph 6, the company shall not be required to terminate the business relationship in case where:</p>	<u>Deleted</u>

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Article 8(8), first subparagraph, point (a)				
6	203c		(a) there is a reasonable expectation that the termination would result in an adverse impact that is more severe than the actual adverse impact that could not be brought to an end or minimised; or	Deleted
Article 8(8), first subparagraph, point (a)				
6	203d		(b) no available alternative to that business relationship, that provides a raw material, product or service essential to the company's production of goods or provision of services, exists and the termination would cause substantial prejudice to the company.	Deleted
Article 8(8), second subparagraph				
6	203e		Where the company decides not to terminate the business relationship in accordance with the first subparagraph, it shall report to the competent supervisory authority about the duly justified reasons of such decision.	Deleted
Article 8(6c)				

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6	203f		The company shall monitor the actual adverse impact, periodically reassess its decision not to terminate the business relationship and seek alternative business relationships.	<p><u>Where the company decides to temporarily suspend or terminate the business relationship, the company 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.</u></p> <p><u>Where the company decides not to temporarily suspend or terminate the business relationship in line with this article, the company shall monitor the potential adverse impact and periodically reassess its decision and whether further appropriate measures are available.</u></p>
Article 8(6d)				
6	203g		9. The obligation to temporarily suspend or terminate the business relationship pursuant to paragraph 6 shall not apply to commercial agreements concluded by the company before the expiry of the transposition period in accordance with Article 30 of this Directive.	<u>Deleted</u>
Article 8a				
6	203h			

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		<u>Article 8a</u> <u>Appropriate measures by institutional investors and asset managers to induce their investee companies to bring actual adverse impacts caused by them to an end</u>		<u>Deleted</u>
Article 8a(1)				
203i		<u>1. Member States shall ensure that institutional investors and asset managers take appropriate measures as described in paragraph 3 of this Article to induce their investee companies to bring actual adverse impacts to an end that have been, or should have been identified pursuant to Article 6.</u>		<u>Deleted</u>
Article 8a(2)				
203j		<u>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.</u>		<u>Deleted</u>
Article 8a(3)				
203k		<u>3. Where relevant, institutional investors and asset managers shall</u>		<u>Deleted</u>

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		<p><i><u>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 and 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.</u></i></p>		
Article 8b				
G	2031	<p><i><u>Article 8b</u></i> <i><u>Prioritising actual and potential adverse impacts</u></i></p>		<i><u>Deleted</u></i>
Article 8b(1)				
G	203m	<p><i><u>1. In cases where it is not possible to prevent, bring to an end or mitigate all identified adverse</u></i></p>		<i><u>Deleted</u></i>

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		<u><i>impacts simultaneously through appropriate measures as outlined in Articles 7 and 8, companies may prioritise the order in which they take appropriate measures on the basis of the likelihood and severity of adverse impacts.</i></u>		
Article 8b(2)				
203n		<u><i>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.</i></u>		<u><i>Deleted</i></u>
Article 8b(3)				
203o		<u><i>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.</i></u>		<u><i>Deleted</i></u>
Article 8c				
203p		<u><i>Article 8c Remediation of actual adverse impacts</i></u>		<u><i>Article 8c Remediation of actual adverse impacts</i></u>

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Article 8c(1)				
203q		<p><u>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.</u></p>		<p><u>1. Member States shall ensure that where a company has caused or jointly caused an actual adverse impact, that company shall provide remediation.</u></p> <p>Text to be added to recital 39, 53 or 54 (tbc):</p> <p>"Member States should ensure that, where the company fails to provide remediation in case it has caused or jointly caused the actual adverse impact, the competent supervisory authority has the power, on its own motion or as a result of substantiated concerns communicated to it in accordance with this Directive, to order the company to provide appropriate remediation. This is without prejudice in such situation to the imposition of penalties for the infringement of national provisions adopted pursuant to this Directive and to the civil liability being sought before a national court. "</p>
Article 8c(2)				
203r		<p><u>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</u></p>		<p><u>Deleted</u></p>

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		<u><i>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.</i></u>		
Article 8c(3)				
203s		<u><i>3. Member states shall ensure that the single helpdesk as designated pursuant to Article 14a acts as a contact point for due diligence mediation in order to assist companies and stakeholders in finding remedial solutions. In performing those duties, the single helpdesk shall be impartial, predictable and equitable.</i></u>		<u><i>Deleted</i></u>
Article 8c(4)				
203t		<u><i>4. Where a company is directly linked to an adverse impact, Member States shall encourage its voluntary participation in any remedial measures, where appropriate, and encourage companies to consider using their leverage with responsible parties to enable the remediation of any damage caused by an impact.</i></u>		<u><i>2. Where the actual adverse impact is caused only by the company's business partner, voluntary remediation may be provided by the company. The company may also use its ability to influence the business partner causing or jointly causing the adverse impact to enable remediation.</i></u>
Article 8d				

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203u		<u>Article 8d</u> <u>Carrying out meaningful engagement with affected stakeholders</u>		<u>Article 8d</u> <u>Carrying out meaningful engagement with stakeholders</u> Recital 44 to be discussed
Article 8d(1)				
203v		<u>1. Member States shall ensure that companies take appropriate measures to carry out meaningful engagement with affected stakeholders that allows for genuine interaction and dialogue in their due diligence process. To this end, the engagement shall cover information and consultation of affected stakeholders and shall be comprehensive, structural, effective, timely and culturally and gender sensitive.</u>		<u>1. Member States shall ensure that companies take appropriate measures to carry out effective engagement with stakeholders, in accordance with this article.</u>
Article 8d(2)				
203w		<u>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</u>		<u>2. Without prejudice to Directive (EU) 2016/943, when consulting with stakeholders, companies shall, as appropriate, provide relevant and comprehensive information to stakeholders, in order to carry out effective and transparent consultations. Without prejudice to Directive (EU) 2016/943, consulted</u>

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		<p><u>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.</u></p>		<p><u>stakeholders shall be allowed to make a reasoned request for relevant additional information, which shall be provided by the company within a reasonable period of time and in an appropriate and comprehensible format. If the company refuses a request for additional information, the consulted stakeholder shall be entitled to written justification for that refusal.</u></p>
Article 8d(2a)				
203x				<p><u>2a. Consultation of stakeholders shall take place, in the following steps of the due diligence process:</u></p> <p><u>(a) to gather the necessary information on actual or potential adverse impacts, in order to identify, assess and prioritise adverse impacts pursuant to Articles 6 and 6a;</u></p> <p><u>(b) the development of prevention and corrective action plans pursuant to Article 7(2) and Article 8(3), and the development of enhanced prevention and corrective action plans pursuant to Article 7(5) and Article 8(6);</u></p>

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				<p><u>(c) the decision to terminate a business relationship pursuant to Article 7(5) and Article 8(6);</u></p> <p><u>(d) the adoption of appropriate measures to remediate adverse impacts pursuant to Article 8c.</u></p> <p><u>(e) as appropriate, when developing qualitative and quantitative indicators for the monitoring pursuant to Article 10.</u></p>
Article 8d(4)				
203y		<p><u>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.</u></p>		<p><u>3. Where it is not reasonably possible to carry out effective engagement with stakeholders to the extent necessary to comply with the requirements of this Directive, companies shall consult additionally with experts who can provide credible insights into potential or actual adverse impacts.</u></p>
Article 8d(5)				
203z		<p><u>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</u></p>		<p><u>4. In consulting 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.</u></p>

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		<p><u>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.</u></p>		
Article 8d(6)				
203aa		<p><u>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</u></p>		<p><u>5. Member States shall ensure that companies are allowed to fulfil the obligations laid down in this Article through industry or multi-stakeholder initiatives, as appropriate, provided that the consultations procedures meet the requirements set out in this Article. The use of industry and multi-stakeholder initiatives shall not be sufficient to fulfil the obligation to consult the company's own employees and their representatives.</u></p>

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		<u>Article 9 and when carrying out their obligations in line with Article 10.</u>		
Article 8d(7)				
6	203ab	<u>6. Workers and their representatives shall be informed by their company on its due diligence policy and the implementation thereof, and engagement with them shall be without prejudice to existing Union and national legislation in the field of employment and social rights as well as collective agreements applicable.</u>		<u>6. Engagement with employees and their representatives shall be without prejudice to relevant EU and national legislation in the field of employment and social rights as well as collective agreements applicable.</u> Add in recitals: The term 'employee', for the purpose of this Directive, must be defined according to the criteria established by the Court of Justice.
Article 8d(8)				
6	203ac	<u>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</u>		<u>Deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><i>approach, and fully respect the United Nations Declaration on the Rights of Indigenous Peoples.</i></u>		
Article 9				
204	Article 9 Complaints procedure	Article 9 Complaints procedure <u>Notification and non-judicial grievance mechanism</u>	Article 9 Complaints procedure	Article 9 <u>Notification mechanism and</u> complaints procedure
Article 9(1)				
205	1. Member States shall ensure that companies provide the possibility for persons and organisations listed in paragraph 2 to submit complaints to them where they have legitimate concerns regarding actual or potential adverse human rights impacts and adverse environmental impacts with respect to their own operations, the operations of their subsidiaries and their value chains.	1. Member States shall ensure that companies provide the possibility for <u>publicly available and effective notification and non-judicial grievance mechanisms at operational level, that can be used by</u> persons and organisations listed in paragraph 2 to submit complaints to them <u>notify them of or raise grievances and request remediation,</u> where they have legitimate <u>information or</u> concerns regarding actual or potential adverse human rights impacts and adverse <u>environmental impacts with respect to</u> their <u>the companies'</u> own operations, the operations of their subsidiaries and their value chains. <u>Member States shall ensure that companies are able to provide such a possibility to submit notifications and grievances through</u>	1. Member States shall ensure that companies provide the possibility for persons and organisations listed in paragraph 2 to submit complaints to them where they have legitimate concerns regarding actual or potential adverse human rights impacts and adverse environmental impacts with respect to their own operations, the operations of their subsidiaries and the operations of their value <u>business partners in the companies'</u> chains of activities.	1. Member States shall ensure that companies provide the possibility for persons and organisations listed in paragraph 2 to submit complaints to them where they have legitimate concerns regarding actual or potential adverse human rights impacts and adverse environmental impacts with respect to their own operations, the operations of their subsidiaries and <u>the operations of their value</u> business partners in the companies' chains <u>of activities.</u> <small>Text Origin: Council Mandate</small>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>collaborative arrangements, including industry initiatives, with other companies or organisations, by participating in multi-stakeholder grievance mechanisms or joining a global framework agreement.</u>		
Article 9(2)				
6	206	2. Member States shall ensure that the complaints may be submitted by:	2. Member States shall ensure that the complaints may be submitted by:	2. Member States shall ensure that the complaints may be submitted by: Text Origin: Council Mandate
Article 9(2), point (a)				
6	207	(a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact,	(a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact, <u>and the legitimate representatives of such individuals, or, in cases where there are no individuals, groups or communities affected by an adverse impact on the environment, credible and experienced organisations whose purpose includes the protection of the environment,</u>	(a) <u>natural or legal</u> persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact, <u>and the legitimate representatives of such persons on behalf of them, such as civil society organisations and human rights defenders;</u>
Article 9(2), point (b)				
6	208			

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(b) trade unions and other workers' representatives representing individuals working in the value chain concerned,	(b) trade unions and other workers' representatives representing individuals working in the value chain concerned,	(b) trade unions and other workers' representatives representing individuals working in the value chain chain of activities concerned; and	(b) trade unions and other workers' representatives representing individuals working in the value chain chain of activities concerned; and Text Origin: Council Mandate
Article 9(2), point (c)				
209	(c) civil society organisations active in the areas related to the value chain concerned.	<i>deleted</i>	(c) civil society organisations active in the areas related to the value chain concerned human rights or environmental adverse impact that is the subject matter of the complaint.	(c) civil society organisations active and experienced in the areas related to the environmental adverse impact that is the subject matter of the complaint value chain concerned . To insert in recital 42 the following text: "[...] Persons and organisations who could submit such complaints should include persons who are affected or have reasonable grounds to believe that they might be affected and the legitimate representatives of such persons on behalf of them, such as civil society organisations and human rights defenders; trade unions and other workers' representatives representing individuals working in the chain of activities concerned and civil society organisations active in the areas related to the environmental adverse impact that is the subject matter of the complaint concerned. [...]" Text Origin: Council Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 9(2), point (ca)				
209a		<p><u>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:</u></p> <p><u>(a) legal or natural persons defending human rights or the environment;</u></p> <p><u>(b) civil society organisations active in the areas related to the value chain concerned.</u></p>		<u>Deleted</u>
Article 9(2a)(3)				
210	<p>3. Member States shall ensure that the companies establish a procedure for dealing with complaints referred to in paragraph 1, including a procedure when the company considers the complaint to be unfounded, and inform the relevant workers and trade unions of those procedures. Member States shall ensure that where the complaint is well-founded, the adverse impact that is the subject matter of the complaint is deemed to be identified within the meaning of Article 6.</p>	<p>3. Member States shall ensure that the companies establish a procedure for dealing with complaints<u>notifications and grievances</u> referred to in paragraph 1, including a procedure when the company considers the complaint<u>notifications or grievances</u> to be unfounded, and inform the relevant workers and trade unions<u>affected stakeholders, and their representatives where applicable, and other relevant persons or organisations covered</u></p>	<p>32a. Member States shall ensure that the companies establish a fair, accessible, and transparent procedure for dealing with complaints referred to in paragraph 1, including a procedure when the company considers the complaint to be unfounded, and inform the relevant workers and trade unions of those procedures. Member States that procedure. The procedure shall ensure that where the complaint is well-founded, the adverse impact that is the subject</p>	<p>3. Member States shall ensure that the companies establish a <u>fair, publicly available, accessible, predictable and transparent</u> procedure for dealing with complaints referred to in paragraph 1, including a procedure when the company considers the complaint to be unfounded, and inform the relevant workers and trade unions of those procedures. Member States <u>that procedure. Companies</u> shall ensure that where the complaint is well-founded, the</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><i>by paragraphs 2 and 2a</i>, of those procedures. Member States shall ensure that where the <i>complaint notification or grievance</i> is well-founded, the adverse impact that is the subject matter of the <i>complaint notification or grievance</i> is deemed to be identified within the meaning of Article 6.</p>	<p>matter of the complaint is deemed to be identified within the meaning of Article 6 the confidentiality of the identity of the person or organisation submitting the complaint, and the necessary measures to prevent any form of retaliation from the company and its subsidiaries.</p>	<p><i>adverse impact that is the subject matter of</i> <i>take reasonably available measures to prevent any form of retaliation by ensuring the confidentiality of the identity of the person or organisation submitting the complaint, in accordance with national law. Where information needs is deemed to be identified within the meaning of Article 6</i> <i>shared, it shall be in a manner that does not endanger the stakeholders' safety, including by not disclosing their identity.</i></p> <p>To add in recital 42, the following text: "[...] Companies should ensure accessibility of the notifications mechanisms and complaints procedure for stakeholders, taking due account of relevant barriers....]"</p>
Article 9(2a), (3) a				
6 210a			<p>Member States shall ensure that where the complaint is well-founded, the adverse impact that is the subject matter of the complaint is deemed to be identified within the meaning of Article 6 and the company shall take appropriate measures in accordance with Articles 7 and 8, including providing remediation where relevant.</p>	<p><i>Member States shall ensure that where the complaint is well-founded, the adverse impact that is the subject matter of the complaint is deemed to be identified within the meaning of Article 6 and the company shall take appropriate measures in accordance with Articles 7, 8 and 8c.</i></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 9(2a), (3) b				
210b		<p><u>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.</u></p>		<u>Deleted</u>
Article 9(2a), (3) c				
210c		<p><u>3b. Companies shall take measures to ensure that persons submitting notifications or grievances are free from retaliation or retribution, including by ensuring that notifications and grievances can be raised either anonymously or confidentially, in accordance with national law and adopt and implement policies to</u></p>		<u>Deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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.</u></p>		
Article 9(2a), (3) d				
210d		<p><u>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:</u></p> <p><u>(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;</u></p> <p><u>(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;</u></p> <p><u>(c) to request that companies remediate or contribute to the remediation of actual adverse impacts, in line with Article 8c.</u></p>		<p><u>Deleted</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 9(4)				
211	4. Member States shall ensure that complainants are entitled	4. Member States shall ensure that complainants <u>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.</u>	4. Member States shall ensure that complainants are entitled:	4. Member States shall ensure that complainants are entitled: Text Origin: Commission Proposal
Article 9(4), point (a)				
212	(a) to request appropriate follow-up on the complaint from the company with which they have filed a complaint pursuant to paragraph 1, and	<i>deleted</i>	(a) to request appropriate follow-up on the complaint from the company with which they have filed a complaint pursuant to paragraph 1; and; and	(a) to request appropriate follow-up on the complaint from the company with which they have filed a complaint pursuant to paragraph 1; and; and Text Origin: Council Mandate
Article 9(4), point (b)				
213	(b) to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint.	<i>deleted</i>	(b) to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint.	(b) to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint; ; <u>and potential remediation in line with Article 8c;</u> Text Origin: Council Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 9(4), point (ba)				
6	213a			<u>(ba) to be provided with the reasoning as to whether a complaint has been considered founded or unfounded and, where founded, to be provided with information on the steps and actions taken or to be taken.</u>
Article 9(4a)				
6	213b		5. Member States shall ensure that companies are allowed to fulfil the obligations laid down in paragraphs 1 and 3, first subparagraph, by participation in collaborative complaints procedures, including those established jointly by companies, through industry associations or multi-stakeholder initiatives, provided that the collective procedures meet the requirements set out in this Article.	<u>5. Member States shall ensure that companies establish an accessible mechanism for the submission of notifications by persons and organisations where they have information or concerns regarding actual or potential adverse impacts with respect to their own operations, the operations of their subsidiaries and the operations of their business partners in the companies' chains of activities.</u> <u>The mechanism shall ensure that notifications can be made either anonymously or confidentially in accordance with national law. Companies shall take reasonably available measures to prevent any form of retaliation by ensuring the confidentiality of the identity of the person or organisation submitting the complaint, in accordance with</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u><i>national law. The company may inform the persons submitting notifications about steps and actions taken or to be taken, where relevant.</i></u>
Article 9(4b)				
213c		<u><i>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.</i></u>		<u><i>6. Member States shall ensure that companies are allowed to fulfil the obligations laid down in paragraphs 1, 3, first subparagraph, and 5, by participation in collaborative complaints' procedures and notification mechanisms, including those established jointly by companies, through industry associations, multi-stakeholder initiatives or global framework agreements, provided that the collaborative procedures and mechanisms meet the requirements set out in this Article.</i></u>
Article 9(4c)				
213d		<u><i>4b. The submission of a notification or grievance under this Article shall not be a prerequisite for or preclude the persons submitting them from having access to the substantiated concerns procedure under Article 19 or to judicial or other non-</i></u>		<u><i>7. The submission of a notification or complaint under this Article shall not be a prerequisite for or preclude the persons submitting them from having access to the procedures under Article 19 and 22 or to other non-judicial mechanisms.</i></u>

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		<u>judicial mechanisms, such as the OECD National contact points where they exist.</u>		
Article 10				
214	Article 10 Monitoring	Article 10 Monitoring <u>and verifying</u>	Article 10 Monitoring	Article 10 Monitoring <small>Text Origin: EP Mandate</small>
Article 10, first paragraph				
215	Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the value chains of the company, those of their established business relationships, to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights and environmental adverse impacts. Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out at least every 12 months and whenever there are reasonable grounds to believe that significant new risks of the occurrence of those adverse impacts may arise. The due diligence policy shall be updated in	Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the value chains of the company, those <u>continuously verify the implementation and monitor the adequacy and effectiveness</u> of their established business relationships, to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights and environmental adverse impacts. Such assessments <u>actions taken in accordance with this Directive. Monitoring and verification</u> shall be based, where appropriate, on qualitative and quantitative indicators and be carried out at least every 12	1. Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the value chains of activities of the company, those of their established business relationships partners , to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights and environmental adverse impacts. Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out without undue delay after a significant change occurs, but at least every 12 months and whenever there are reasonable grounds to believe that significant	1. Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the value chains <u>chains of activities</u> of the company, those of their established business relationships, to <u>partners, to assess the implementation and to</u> monitor the <u>adequacy and</u> effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights and environmental adverse impacts. Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out <u>without undue delay after a significant change occurs, but</u> at least every 12 months and whenever

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	accordance with the outcome of those assessments.	months <u>continuously, taking into account the nature, severity and likelihood of the adverse impacts in question</u> and whenever there are reasonable grounds to believe that significant new risks of the occurrence of those adverse impacts may arise. <u>Where appropriate,</u> the due diligence policy, <u>the prevention action plan and the corrective action plan</u> shall be <u>reviewed and</u> updated in accordance with the outcome of those assessments.	new risks of the occurrence of those adverse impacts may arise. The due diligence policy shall be updated in accordance with the outcome of those assessments and with due consideration of relevant information from stakeholders.	there are reasonable grounds to believe that significant new risks of the occurrence of those adverse impacts may arise. <u>Where appropriate,</u> the due diligence policy, <u>the identified adverse impacts and the derived appropriate measures</u> shall be updated in accordance with the outcome of those assessments <u>and with due consideration of relevant information from stakeholders.</u>
Article 10, first paragraph a				
6	215a		2 By way of derogation from paragraph 1, when regulated financial undertakings within the meaning of Article 3, point (a)(iv), provide the services as referred to in Article 3, point (g), they shall in respect to their business partners carry out periodic assessments only to monitor the effectiveness of the prevention, mitigation, bringing to an end, and minimisation of the extent of adverse impacts identified in accordance with Article 6(3).	<u>Deleted</u>
Article 11				
6	216	Article 11 Communicating	Article 11 Communicating	Article 11 Communicating

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				Text Origin: Commission Proposal
Article 11, first paragraph				
217	<p>Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a and 29a of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement in a language customary in the sphere of international business. The statement shall be published by 30 April each year, covering the previous calendar year.</p>	<p><u>1.</u> Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a, 29a and 40a and 29a of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement in a language customary in the sphere of international business <u>at least one of the official languages of the Union</u>. The statement shall be published by 30 April each year, covering the previous calendar year <u>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.</u></p>	<p>Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a and 29a of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement on the financial year in a language customary in the sphere of international business. The statement shall be published by 30 April each year, covering the previous calendar year within a reasonable period of time which shall not exceed 12 months after the balance sheet date of the financial year for which the statement is drawn up.</p>	<p><u>1.</u> Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a and 29a of Directive 2013/34/EU <u>Without prejudice to the exemption in paragraph 2 of this Article, Member States shall ensure that companies</u> report on the matters covered by this Directive by publishing on their website an annual statement. <u>This annual statement shall be published:</u></p> <p><u>(a) in at least one of the official languages of the Union of the Member State of the supervisory authority designated pursuant to Article 17 and, where different, in a language customary in the sphere of international business;</u></p> <p><u>(b) within a reasonable period of time, but no later than 12 months after the balance sheet date of the financial year for which the statement shall be published by 30 April each year, covering the previous calendar year is drawn up, or, for companies voluntarily reporting in accordance with</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>Directive 2013/34/EU, by the date of publication of the annual financial statements.</u></p> <p><u>In the case of a company formed in accordance with the legislation of a third country, the statement shall also include the information pursuant to Article 16(2) regarding the company's authorised representative.</u></p>
Article 11, first paragraph a				
217a			<p>Companies that are included in a consolidated management report and exempted from the obligations under Articles 19a or 29a of Directive 2013/34/EU in accordance with Articles 19a(7) and 29a(7) of that Directive shall be deemed to have fulfilled the obligation under this Article.</p>	<p><u>2. Paragraph 1 shall not apply to companies that are subject to sustainability reporting requirements in accordance with Articles 19a, 29a or 40a of Directive 2013/34/EU, including those that are exempted in accordance with Articles 19a(9) or 29a(8) of that Directive.</u></p>
Article 11, second paragraph				
218	<p>The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, specifying information on the description of due diligence, potential and actual adverse impacts and actions taken on those.</p>	<p><u>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</u> specifying</p>	<p>The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, specifying information on the description of due diligence, potential and actual adverse impacts and actions taken onwith respect to those impacts.</p>	<p><u>3. No later than 31 December 2027,</u> the Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for suchthe reporting under paragraph 1, specifying, in particular, sufficiently detailed information on the description of due diligence, potential and actual</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p>information on the description of due diligence, potential and actual adverse impacts and actions taken on those. <u><i>This reporting should be sufficiently detailed to demonstrate it complied with the obligations under this Directive.</i></u></p> <p><u><i>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.</i></u></p> <p><u><i>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.</i></u></p>		<p>adverse impacts <u><i>identified and appropriate measures</i></u> and actions taken on <u><i>with respect to</i></u> those <u><i>impacts. In preparing these delegated acts, the Commission shall take due account of, and align them as appropriate with, the sustainability reporting standards adopted pursuant to Article 29b and 40b of Directive 2013/34/EU.</i></u></p> <p><u><i>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 under Article 4 of Regulation (EU) 2019/2088, while maintaining in full the minimum obligations stipulated in this Directive.</i></u></p>
Article 11a				
218a		<p><u><i>Article 11a</i></u> <u><i>Accessibility of information on the European Single Access Point (ESAP)</i></u></p>		<p><u><i>Article 11a</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>Accessibility of information on the European Single Access Point (ESAP)</u>
Article 11a(1)				
218b		<p><u>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^{1a}.</u></p> <p><u>That information shall comply with all of the following requirements:</u></p> <p><u>(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]^{1b} 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^{1c};</u></p> <p><u>(b) the information shall be accompanied by all the following metadata:</u></p>		<p><u>1. From the date of application of the measures necessary to comply with Article 11 of this Directive in accordance with Article 30, Member States shall ensure that, when making public the annual statement referred to in Article 11(1) of this Directive, companies submit that statement at the same time to the collection body referred to in paragraph 3 of this Article for the purpose of making it accessible on the European Single Access Point (ESAP), as established under Regulation (EU) 2023/2859 of the European Parliament and of the Council¹.</u></p> <p><u>Member States shall ensure that the information complies with the following requirements:</u></p> <p><u>(a) be submitted in a data extractable format as defined in Article 2, point (3), of Regulation (EU) 2023/2859 or, required by Union or national law, in a machine-readable format, as defined in Article 2, point (4), of that Regulation;</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>(i) all the names of the company to which the information relates;</u></p> <p><u>(ii) the legal entity identifier of the company, as specified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation];</u></p> <p><u>(iii) the size of the company by category, as specified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation];</u></p> <p><u>(iv) the type of information, as classified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation];</u></p> <p><u>(v) the specific period for which the information is to be made publicly available on ESAP, where relevant.</u></p> <p><u>Ia. 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. [...]).</u></p> <p><u>Ib. 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).</u></p> <p><u>Ic. 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)</u></p>		<p><u>(b) be accompanied by the following metadata:</u></p> <p><u>(i) all the names of the company to which the information relates;</u></p> <p><u>(ii) the legal entity identifier of the company, as specified pursuant to Article 7(4), point (b), of Regulation (EU) 2023/2859 ;</u></p> <p><u>(iii) the size of the company by category, as specified pursuant to Article 7(4), point (d), of that Regulation;</u></p> <p><u>(iv) the industry sector(s) of the economic activities of the company, as specified pursuant to Article 7(4), point (e), of that Regulation;</u></p> <p><u>(v) the type of information, as classified pursuant to Article 7(4), point (c), of that Regulation;</u></p> <p><u>(vi) an indication of whether the information includes personal data.</u></p> <p><u>I. Regulation (EU) 2023/2859 of the European Parliament and of the Council of 13 December 2023 establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability (OJ L, 2023/2859, 20.12.2023).</u></p>

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	Article 11a(2)			
218c		<u>2. For the purposes of paragraph 1(b)(ii), Member States shall ensure that companies acquire a legal entity identifier as specified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation].</u>		<u>2. For the purposes of paragraph 1(b)(ii), Member States shall ensure that companies obtain a legal entity identifier.</u>
	Article 11a(3)			
218d		<u>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.</u>		<u>3. By 31 December 2028, for the purposes of making the information referred to in paragraph 1 of this Article accessible on ESAP, Member States shall designate at least one collection body as defined in Article 2, point (2), of Regulation (EU) 2023/2859 and notify ESMA thereof.</u>
	Article 11a(4)			
218e		<u>4. For the purposes of ensuring an efficient collection and administration of data submitted in</u>		<u>4. For the purposes of ensuring the efficient collection and management of information</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>accordance with paragraph 1, points (a) and (b), the Commission shall be empowered to adopt implementing measures to specify:</u></p> <p><u>(a) any other metadata to accompany the information;</u></p> <p><u>(b) the structuring of data in the information;</u></p> <p><u>(c) whether a machine-readable format is required and which machine-readable format is to be used.</u></p>		<p><u>submitted in accordance with paragraph 1, the Commission shall be empowered to adopt implementing measures to specify:</u></p> <p><u>(a) any other metadata to accompany the information;</u></p> <p><u>(b) the structuring of data in the information;</u></p> <p><u>(c) for which information a machine-readable format is required and, in such cases, which machine-readable format is to be used.</u></p>
Article 12				
219	Article 12 Model contractual clauses	Article 12 Model contractual clauses	Article 12 Model contractual clauses	Article 12 Model contractual clauses Text Origin: Commission Proposal
Article 12, first paragraph				
220	In order to provide support to companies to facilitate their compliance with Article 7(2), point (b), and Article 8(3), point (c), the Commission shall adopt guidance about voluntary model contract clauses.	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, <u>in consultation with Member States and relevant stakeholders</u> , adopt guidance, <u>tailored to the sector and size of</u>	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, in consultation with Member States and stakeholders , shall adopt guidance about	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, <u>in consultation with Member States and stakeholders</u> , shall adopt guidance about voluntary model

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>companies</u>, about voluntary model contract clauses <u>by the application date of this Directive</u>. <u>Those model contractual clauses shall stipulate, as a minimum:</u></p>	<p>voluntary model contractcontractual clauses.</p>	<p>contractcontractual clauses, <u>no later than after 30 months from the entry into force of this Directive</u>.</p> <p>Recital (45): "In order to give companies tools to help them comply with their due diligence requirements through their value chain, the Commission, in consultation with Member States and stakeholders, should provide guidance on model contractual clauses, which can be used voluntarily by companies as a tool to help fulfil their obligations in Articles 7 and 8. The guidance should aim to facilitate a clear allocation of tasks between contracting parties and ongoing cooperation, in a way that avoids the transfer of the obligations of this Directive to a business partner and automatically rendering the contract void in case of a breach. The guidance should reflect the principle that the mere use of contractual assurances cannot, on its own, satisfy the due diligence standards of this Directive."</p>
Article 12, first paragraph, point (a)				
6 220a		<p><u>(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</u></p>		<p><u>Deleted</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 12, first paragraph, point (b)				
6	220b	<u>(b) that without prejudice to Article 7 (5) and Article 8 (6), where contractual clauses are breached, companies shall first take appropriate measures in line with Article 7 (4) and Article 8 (5) and shall avoid terminating such clauses.</u>		<u>Deleted</u>
Article 13				
6	221	Article 13 Guidelines	Article 13 Guidelines	Article 13 Guidelines Text Origin: Commission Proposal
Article 13, first paragraph				
6	222	In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, may	<u>1.</u> In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, <u>including in relation to rights and protections enshrined in the Annex,</u> the Commission, in consultation with Member States, <u>the European cross-industry and sectoral social partners and other relevant</u> and stakeholders, the European Union Agency for	<u>1.</u> In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations <u>in a practical manner,</u> <u>and to provide support to stakeholders,</u> the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, <u>the European Labour</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>issue guidelines, including for specific sectors or specific adverse impacts.</p>	<p>Fundamental Rights, the European Environment Agency, <u>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</u>, and where appropriate with<u>the OECD and other</u> international bodies having expertise in due diligence, may<u>shall</u> issue <u>clear and easily understandable</u> guidelines, including for<u>general and sector-specific sectors or specific adverse impacts</u> <u>guidance, in order to facilitate compliance in a practical manner</u>.</p>	<p>issue guidelines, including for specific sectors or specific adverse impacts, no later than after two years from the entry into force of this Directive.</p>	<p><u>Authority</u>, and where appropriate with international <u>organisations and other</u> bodies having expertise in due diligence, may<u>shall</u> issue guidelines, including <u>general guidelines and</u> for specific sectors or specific adverse impacts.</p>
Article 13, first paragraph a				
222a		<p><u>1a. In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the guidelines shall include:</u></p> <p><u>(a) information on the implementation of the human rights and environmental standards applicable to businesses based on the OECD Guidelines for Multinational Enterprises as clarified in the OECD Due</u></p>		<p><u>1a. These guidelines shall include:</u></p> <p><u>(a) guidance and best practices on how to conduct due diligence in line with the obligations in Articles 4 to 11, particularly, the identification process pursuant to Article 6, the prioritisation of impacts pursuant to Articles 6a, appropriate measures to adapt purchasing practices pursuant to Articles 7(2) and 8(3), information on responsible disengagement pursuant to Articles 7(5) and 8(6),</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u><i>Diligence Guidance for Responsible Business Conduct as well as the UN Guiding Principles on Business and Human Rights;</i></u></p> <p><u><i>(b) lists of risk factors and accompanying guidance, including enterprise-level risk factors, geographic risk factors and sectoral risk factors;</i></u></p> <p><u><i>(c) sector specific guidance, in particular for the following sector, in line with current or future OECD guidelines:</i></u></p> <p><u><i>(i) the manufacture and the wholesale trade and retail of textiles, wearing apparel, fur, leather and related products (including footwear),</i></u></p> <p><u><i>(ii) agriculture, water supply, the management of land and resources, including nature conservation, forestry, fisheries (including aquaculture), the rubber industry, the manufacture of food products, marketing and advertising of food and beverages, and the wholesale trade and retail of agricultural raw materials, live animals, animal products, wood, food, and beverages, and waste management,</i></u></p> <p><u><i>(iii) mining and quarrying, the extraction, refining, transport and handling of mineral resources</i></u></p>		<p><u><i>appropriate measures for remediation pursuant to Article 8c, and on how to identify and engage with stakeholders pursuant to Article 8d, including through the mechanism established in Article 9;</i></u></p> <p><u><i>(b) practical guidance on plans pursuant to Article 15;</i></u></p> <p><u><i>(c) sector specific guidance, in particular for the sectors listed in Article 2, paragraph 1, point (ba) and associated with the applicable statistical classification of economic activities established by Regulation (EC) No 1893/2006 and listed in Annex II;</i></u></p> <p><u><i>(d) guidance on the assessment of company-level, business operations, geographic and contextual, product and service, and sectoral risk factors, including those associated with conflict-affected and high-risk areas;</i></u></p> <p><u><i>(e) references to data and information sources available for the compliance with the obligations in this Directive, and to digital tools and technologies that could facilitate and support compliance;</i></u></p> <p><u><i>(f) information on how to share resources and information among</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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,</u></p> <p><u>(iv) the provision of financial services, investment services and activities, and other financial services;</u></p> <p><u>(d) information on how to perform heightened, conflict-sensitive due diligence in conflict-affected areas;</u></p> <p><u>(e) information on how to share resources and information among companies and other legal entities for the purposes of preventing, mitigating and remediating adverse impacts in compliance with competition law;</u></p>		<p><u>companies and other legal entities for the purpose of compliance with this Directive, in line with the protection of trade secrets pursuant to Article 4(3) and the protection from potential retaliation and retribution pursuant to Article 8d;</u></p> <p><u>(g) information for stakeholders and their representatives on how to engage throughout the due diligence process.</u></p> <p>Accompanying recital: (46a) Digital tools and technologies, such as those used for tracking, surveillance or tracing raw materials, goods and products throughout value chains (for instance satellites, drones, radars, or platform-based solutions) could support and reduce the cost of data gathering for value chain management, including the identification and assessment of adverse impacts, prevention and mitigation, and monitoring of the effectiveness of due diligence measures. In order to help companies fulfilling their due diligence obligations along their value chain, the use of such tools and technologies should be encouraged and promoted. To this end, the Commission should issue guidelines with useful information and references to appropriate resources. When using digital tools and technologies, companies should take into account</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>(f) information on how to take into account the specific needs of SMEs;</u></p> <p><u>(g) information on the establishment of a notification and non-judicial grievance mechanism,</u></p> <p><u>(h) information on responsible disengagement and an assessment and dynamic listing of contexts where adverse impacts are systemic state-sponsored;</u></p> <p><u>(i) practical guidance on how to identify and engage with affected stakeholders;</u></p> <p><u>(j) information on facilitation by Member States of access to justice for victims and prevention of retaliation of affected stakeholders;</u></p> <p><u>(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;</u></p> <p><u>(l) information on responsible purchasing practices;</u></p>		<p>and appropriately address possible risks associated therewith, and put in place mechanisms to verify the appropriateness of the information obtained.</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>(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;</u></p> <p><u>(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;</u></p> <p><u>(o) information for Union export credit agencies to help Union and Member States' funds and export credits operate in line with the principles of this Directive.</u></p>		
Article 13, third paragraph				
222b		<p><u>1b. The guidelines shall be made available no later than ... [1 year before the date of entry into force of obligations for companies under this Directive], in free of charge and easily accessible format, including digital, and in all the official languages of the Union. The Commission shall periodically review the relevance of its</u></p>		<p><u>1b. The guidelines in paragraph 1a, points (a), (d), and (e) shall be made available no later than 30 months after the entry into force of this Directive. The guidelines in paragraph 1a, points (b), (f) and (g) shall be made available no later than 36 months after the entry into force of this Directive. The guidelines in paragraph 1a, point</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>guidelines and adapt them, including to new best practices.</u>		<u>(c) shall be made available no later than 54 months after the entry into force of this Directive.</u>
Article 13, fourth paragraph				
222c		<u>1c. Country fact-sheets shall be updated regularly by the Commission and made publicly available in order to provide up-to-date information on the international Conventions and Treaties ratified by each of the Union's trading partners. The Commission shall collect and publish trade and customs data on origins of raw materials, and intermediate and finished products, and publish information on human rights, environmental and governance potential or actual adverse impacts risks associated with certain countries or regions, sectors and sub-sectors, and products.</u>		<u>1c. The guidelines shall be made available in all the official languages of the Union. The Commission shall periodically review the guidelines and adapt them where appropriate.</u>
Article 14				
223	Article 14 Accompanying measures	Article 14 Accompanying measures	Article 14 Accompanying measures	Article 14 Accompanying measures Text Origin: Commission Proposal
Article 14(1)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
224	<p>1. Member States shall, in order to provide information and support to companies and the partners with whom they have established business relationships in their value chains in their efforts to fulfil the obligations resulting from this Directive, set up and operate individually or jointly dedicated websites, platforms or portals. Specific consideration shall be given, in that respect, to the SMEs that are present in the value chains of companies.</p>	<p>1. <u>Before the entry into force of this Directive</u>, Member States <u>with the support of the Commission</u> shall <u>develop and implement measures and toolboxes</u>, in order to provide information, <u>advice</u> and support to companies and the partners with whom they have established business relationships in their value chains in their efforts to fulfil the obligations resulting from this Directive, <u>and</u> set up and operate individually or jointly dedicated <u>user-friendly</u> websites, platforms or portals. Specific consideration <u>Such information, advice and support</u> shall be given, in that respect, to the SMEs that are present in the value chains of companies <u>practical and tailored to the specific needs of SMEs in particular. Member States shall also ensure that training on how to perform due diligence is made available for companies. In doing so, Member States shall ensure complementarity and coherence with similar measures already in existence, such as information and promotion provided by OECD National Contact Points.</u></p>	<p>1. Member States shall, in order to provide information and support to companies and the partners with whom they have established business relationships in their value chains partners in their efforts to fulfil the obligations resulting from this Directive, set up and operate individually or jointly dedicated websites, platforms or portals. Specific consideration shall be given, in that respect, to the SMEs that are present in the value chains chains of activities of companies.</p>	<p>1. Member States shall, in order to provide information and support to companies, <u>their business</u> and the partners with whom they have established business relationships in their value chains in their efforts to fulfil the obligations resulting from this Directive <u>and stakeholders</u>, set up and operate individually or jointly dedicated websites, platforms or portals. Specific consideration shall be given, in that respect, to the SMEs that are present in the value chains <u>chains of activities</u> of companies. <u>These websites, platforms or portals shall, in particular, give access to:</u></p> <p><u>(a) the content and criteria for reporting as defined by the Commission under Article 11;</u></p> <p><u>(b) the Commission's guidance about voluntary model contractual clauses regulated in Article 12 and guidelines regulated in Article 13;</u></p> <p><u>(c) the single helpdesk regulated in Article 14a; and</u></p> <p><u>(d) information for stakeholders and their representatives on how to engage throughout the due diligence process.</u></p>

Article 14(1a)

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
224a		<u><i>Ia. The Commission shall establish a dedicated digital portal for companies to access free of charge all templates and information relating to all reporting requirements stemming from this Directive and other Union legislative instruments specific to a particular company based on its size, sector, product and service, risk exposure etc., as well as access to information on funding and tendering opportunities in order to implement, fulfil and profit from their due diligence obligations.</i></u>		<u><i>Deleted</i></u>
Article 14(1b)				
224b		<u><i>Ib. 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</i></u>		<u><i>Deleted</i></u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>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.</u>		
Article 14(2)				
225	2. Without prejudice to applicable State aid rules, Member States may financially support SMEs.	2. Without prejudice to applicable State aid rules, Member States may <u>financially shall provide financial and other support to SMEs, where relevant SMEs.</u>	2. Without prejudice to applicable State aid rules, Member States may financially support SMEs.	2. Without prejudice to applicable State aid rules, Member States may financially support SMEs. <u>Member States may also provide support to stakeholders for the purpose of facilitating the exercise of the rights laid down in this Directive.</u>
Article 14(3)				
226	3. The Commission may complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.	3. The Commission may <u>shall establish advisors for due diligence under the scope of the Enterprise Europe Network and shall, including in view of ensuring consistency,</u> 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.	3. The Commission may complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.	3. The Commission may complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations. <u>Text Origin: Commission Proposal</u>
Article 14(3a)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
226a		<u><i>3a. The Commission and Member States shall ensure that the Union's cooperation and trade instruments support the development of an enabling environment in third countries, as well as developing and strengthening cooperation and partnership mechanisms with third countries, and relying on existing instruments, to address the root causes of adverse impacts on human rights and the environment, and build the capacity of third country economic actors to respect the environment and human rights.</i></u>		<u><i>Deleted</i></u>
Article 14(4)				
227	4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States may facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, may issue guidance	4. <u><i>Without prejudice to Articles 18, 19 and 22,</i></u> companies may rely on <u>participate in</u> industry schemes and multi-stakeholder initiatives to support the implementation of <u>aspects of</u> their <u>due diligence</u> obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those <u>the relevant</u> obligations. The Commission and the Member States may facilitate the dissemination of information on such schemes or initiatives and their	4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States may facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, may <u>shall</u> issue	4. <u><i>Without prejudice to Articles 18, 19 and 22,</i></u> companies may rely on <u>participate in</u> industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. <u><i>In particular, companies may, after having assessed their appropriateness, make use of or join relevant risk analysis carried out by industry or multi-stakeholder initiatives or by</i></u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>for assessing the fitness of industry schemes and multi-stakeholder initiatives.</p>	<p>outcome <u>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.</u> The Commission, in collaboration with Member States, may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives. <u>the OECD, the OHCHR and relevant stakeholders, shall:</u></p>	<p>guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.</p>	<p><u>members of those initiatives and may take or join effective appropriate measures through such initiatives. When doing so, companies shall monitor the effectiveness of such measures and, continue to take appropriate measures where necessary to ensure the fulfilment of their obligations.</u></p> <p>The Commission and the Member States may facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, may <u>shall</u> issue guidance <u>setting out fitness criteria and a methodology for companies to assess</u> for assessing the fitness of industry schemes and multi-stakeholder initiatives.</p>
Article 14(4), point (a)				
227a		<p><u>(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,</u></p>		<p><u>Deleted</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><i>building on the OECD's alignment assessment methodology;</i></u>		
Article 14(4), point (b)				
227b		<u><i>(b) establish a centralised and public digital platform for companies, governments and other stakeholders to access free of charge independent third-party assessments of the scope, alignment, and credibility of individual industry and multi-stakeholder initiatives using the methodology developed by the Commission under point (a). Independent third-party assessments may be carried out by Member States, the OECD or other independent third party assessors;</i></u>		<u><i>Deleted</i></u>
Article 14(4), point (c)				
227c		<u><i>(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</i></u>		<u><i>Deleted</i></u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>sustainability risks but lack such initiatives.</u>		
Article 14(4a)				
227d		<u>4a. Without prejudice to Articles 18, 19 and 22, companies may use independent third party verification to support the implementation of aspects of their due diligence obligations referred to in Articles 5 to 11 of this Directive to the extent that such verification is appropriate to support the fulfilment of the relevant obligations. The Commission shall adopt a delegated act in accordance with Article 28 to specify the minimum standards, including transparency standards, for the independent third-party verification.</u>		<u>4a. Without prejudice to Articles 18, 19 and 22, companies may use independent third-party verification on and from companies in their chain of activities to support the implementation of due diligence obligations to the extent that such verification is appropriate to support the fulfilment of the relevant obligations. Third-party verification may be carried out by other companies or by an industry or multi-stakeholder initiative. Independent third-party verifiers shall act with objectivity and complete independence from the company, be free from any conflict of interests, remain free from external influence, whether direct or indirect, and shall refrain from any action incompatible with their independence. According to the nature of the adverse impact, they shall have experience and competence in environmental or human rights matters and shall be accountable for the quality and reliability of the verification.</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u><i>The Commission, in collaboration with Member States, shall issue guidance setting out fitness criteria and a methodology for companies to assess the fitness of third party verifiers, and guidance for monitoring the accuracy, effectiveness and integrity of third-party verification.</i></u>
Article 14(4b)				
227e		<u><i>4b. Relevant stakeholders may submit notifications and grievances pursuant to Article 9 through industry and multi-stakeholder initiatives that the company participates in.</i></u>		<u><i>Deleted</i></u>
Article 14a				
227f		<u><i>Article 14a Single helpdesk</i></u>		<u><i>Article 14a Single helpdesk</i></u> Text Origin: EP Mandate
Article 14a(1)				
227g		<u><i>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</i></u>		<u><i>1. The Commission shall establish a single helpdesk through which companies may seek information, guidance and support about how to fulfil their obligations under this Directive.</i></u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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.</u></p>		
Article 14a(2)				
227h		<p><u>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.</u></p>		<p><u>2. Relevant national authorities in each Member State shall collaborate with the single helpdesk in order to assist in tailoring the information and guidance to national contexts and its dissemination.</u></p> <p>Add a Recital: "The Commission should establish a single helpdesk on corporate sustainability due diligence. This single helpdesk should be able to collaborate and request information from relevant national authorities in each Member State, including national helpdesks where they exist, for instance to assist in tailoring the information and guidance to national contexts and its dissemination, without prejudice to the allocation of functions and powers among the authorities within national systems. The Single helpdesk and relevant national authorities should also liaise with each other to ensure cross-border cooperation."</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				Commission to provide a draft for recital on the idea of “without prejudice of national helpdesks...”
Article 14a(3)				
227i		<u>3. The single helpdesks may also liaise with each other to ensure cross-border cooperation, and, where relevant, Member States shall ensure that single helpdesks coordinate with other implementation bodies or other relevant international instruments, such as OECD National Contact Points.</u>		<u>Deleted</u>
Article 15				
228	Article 15 Combating climate change	Article 15 Combating climate change	Article 15 Combating climate change	Article 15 Combating climate change Cross-references to be checked Text Origin: Commission Proposal
Article 15(1)				
229	1. Member States shall ensure that companies referred to in Article 2(1), point (a), and Article 2(2), point (a), shall adopt a plan to ensure that the business model and strategy of the company are	1. Member States shall ensure that companies referred to in Article 2(1), point (a), and <u>2 develop and implement a transition plan in line with the reporting requirements in Article 2(2), point (a), shall adopt a</u>	1. Member States shall ensure that companies referred to in Article 2(1), point (a), and Article 2(2), point (a), shall adopt a plan, including implementing actions and related financial and	1. Member States shall ensure that companies referred to in Article 2(1), point (a), <u>points (a), (b) and (ba),</u> and Article 2(2), point (a), shall <u>points (a), (b) and (ba),</u> adopt and put into effect a transition plan

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. This plan shall, in particular, identify, on the basis of information reasonably available to the company, the extent to which climate change is a risk for, or an impact of, the company's operations.</p>	<p>plan<u>19a of Regulation (EU) 2021/0104 (CSRD)</u>, to ensure that the business model and strategy of the company are compatible<u>aligned</u> with the <u>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.</u>This plan shall, in particular, identify, on the basis of information reasonably available to the company, the extent to which <u>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</u> change is a risk for, or an impact of, the company's operations.<u>neutrality target and the 2030 climate target. This plan shall include a description of:</u></p>	<p>investments plans, to ensure that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement and the objective of achieving climate neutrality by 2050 as established in Regulation (EU) 2021/1119, and where relevant, the exposure of the undertaking 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. This plan shall, in particular, identify, on the basis of information reasonably available to the company, the extent to which climate change is a risk for, or an impact of, the company's operations.</p>	<p><u>for climate change mitigation which aims a plan to ensure, through best efforts,</u> that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement.This plan shall, in particular, identify, on the basis of information reasonably available to the company, the extent to which <u>and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119, including its intermediate and 2050 climate neutrality targets, and where relevant, the exposure of the undertaking to coal-, oil- and gas-related activities.</u></p> <p><u>The design of the transition plan referred to in the first subparagraph shall contain:</u></p> <p><u>(a) time-bound targets related to climate change</u> is a risk for, or an impact of, the company's operations<u>for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence and including, where appropriate, absolute emission reduction targets for greenhouse gas for scope 1, scope 2 and scope 3 greenhouse gas emissions for each significant category;</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>(b) a description of decarbonisation levers identified and key actions planned to reach targets referred to under point (a), including where appropriate changes in the undertaking's product and service portfolio and the adoption of new technologies;</u></p> <p><u>(c) an explanation and quantification of the investments and funding supporting the implementation of the transition plan;</u></p> <p><u>(d) a description of the role of the administrative, management and supervisory bodies with regard to the plan.</u></p> <p>Add to recital 50</p> <p>(...) aiming to ensure, through best efforts to put into effect the plan should be understood just as an obligation of means and not of results (...).</p>
Article 15(1), point (a)				
6	229a	<u>(a) the resilience of the company's business model and strategy to risks related to climate matters;</u>		<u>Deleted</u>
Article 15(1), point (b)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	229b	<u>(b) the opportunities for the company related to climate matters;</u>		<u>Deleted</u>
Article 15(1), point (c)				
6	229c	<u>(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;</u>		<u>Deleted</u>
Article 15(1), point (d)				
6	229d	<u>(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;</u>		<u>Deleted</u>
Article 15(1), point (e)				
6	229e	<u>(e) how the company's strategy has been implemented and will be implemented with regard to climate matters, including related financial and investment plans;</u>		<u>Deleted</u>

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	Article 15(1), point (f)			
229f		<u>(f) the time-bound targets related to climate change set by the company for scope 1, 2 and, where relevant, 3 emissions, including where appropriate, absolute emission reduction targets for greenhouse gas for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence, and a description of the progress the company has made towards achieving those targets;</u>		<u>Deleted</u>
	Article 15(1), point (g)			
229g		<u>(g) a description of the role of the administrative, management and supervisory bodies with regard to climate matters.</u>		<u>Deleted</u>
	Article 15(2)			
230	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.	<i>deleted</i>	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 greenhouse gas emission reduction objectives in its plan.	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. <u>Deleted</u>

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Article 15(3)	3. Member States shall ensure that companies duly take into account the fulfilment of the obligations referred to in paragraphs 1 and 2 when setting variable remuneration, if variable remuneration is linked to the contribution of a director to the company's business strategy and long-term interests and sustainability.	3. Member States shall ensure that companies duly take into account the fulfilment of the obligations referred to in paragraphs 1 and 2 when setting variable remuneration; <u>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</u> variable remuneration <u>for directors</u> is linked to the contribution of a director to the company's business strategy and long-term interests and sustainability <u>company's transition plan referred to in this Article. Such a policy shall be approved by the Annual General Meeting.</u>	deleted	3. Member States shall ensure that companies duly take into account the fulfilment <u>Companies that report a transition plan for climate change mitigation in accordance with Article 19a, 29a or 40a, as the case may be, of Directive 2013/34/EU of the European Parliament and</u> of the obligations referred to in paragraphs 1 and 2 when setting variable remuneration; if variable remuneration is linked to the contribution of a director to the company's business strategy and long-term interests and sustainability <u>Council shall be deemed to have complied with the adoption obligation set out in paragraph 1 of this Article.</u> <u>Companies that are included in the transition plan for climate change mitigation of their parent undertaking, reported in accordance with Article 29a or 40a, as the case may be, of Directive 2013/34/EU of the European Parliament and of the Council, shall be deemed to have complied with the adoption requirement set out in paragraph 1 of this Article.</u> Recital saying: the CSRD and CSDDD plans are the same on content and

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				CSRD compliance lead to adoption compliance (but adoption only)
Article 15(3a)				
6	231a			<u>3a. Member States shall ensure that the transition plan referred to in paragraph 1 is updated every 12 months and contains a description of the progress the company has made towards achieving the targets referred to under paragraph 1, point (a).</u>
Article 15(3b)				
6	231b			<u>3b. Member States shall ensure that companies with more than 1000 employees on average have an appropriate policy to promote the implementation of the plan referred to in this Article including through, among others, financial incentives to members of the administrative, management or supervisory bodies concerned.</u> <u>The first subparagraph is without prejudice to Directive 2007/36/EC of the European Parliament and of the Council.</u>
Article 16				
6	232			

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Article 16 Authorised representative	Article 16 Authorised representative	Article 16 Authorised representative	Article 16 Authorised representative Text Origin: Council Mandate
Article 16(1)				
233	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.	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.	1. Member States shall ensure that each lay down rules to require that a company referred to in within the meaning of Article 2(2) operating in a Member State 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.	1. Member States shall ensure that each lay down rules to require that a company referred to in within the meaning of Article 2(2) operating in a Member State 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. Text Origin: Council Mandate
Article 16(2)				
234	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	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	2. Member States shall ensure lay down rules to require that the authorised representative or the company notifies 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 lay down rules to require	2. Member States shall ensure lay down rules to require that the authorised representative or the company notifies 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 lay down rules to require

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	language of a Member State to any of the supervisory authorities.	language of a Member State to any of the supervisory authorities.	that the authorised representative is obliged to provide provides , upon request, a copy of the designation in an official language of a Member State to any of the supervisory authorities.	that the authorised representative is obliged to provide provides , upon request, a copy of the designation in an official language of a Member State to any of the supervisory authorities. Text Origin: Council Mandate
Article 16(3)				
235	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).	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).	3. Member States shall ensure that lay down rules to require that the authorised representative or the company informs 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).	3. Member States shall ensure that lay down rules to require that the authorised representative or the company informs 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). Text Origin: Council Mandate
Article 16(4)				
236	4. Member States shall ensure that each company empowers its authorised representative to receive communications from supervisory authorities on all matters necessary	4. Member States shall ensure that each company empowers its authorised representative to receive communications from supervisory authorities on all matters necessary	4. Member States shall ensure relay down rules to require that each company empowers its authorised representative to receive communications from supervisory	4. Member States shall ensure relay down rules to require that each company empowers its authorised representative to receive communications from supervisory

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.	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.	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.	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. Text Origin: Council Mandate
Article 16(4a)				
236a			5. When the company within the meaning of Article 2(2) fails to comply with the obligations laid down in this Article, all Member States in which such company operates should be competent to enforce the fulfilment of such obligations in accordance with the national law. The Member State intending to enforce the obligations laid down in this Article notifies the supervisory authorities through the European Network of Supervisory Authorities in accordance with Article 21 so that other Member States do not enforce them.	<u>5. When the company within the meaning of Article 2(2) fails to comply with the obligations laid down in this Article, all Member States in which such company operates should be competent to enforce the fulfilment of such obligations in accordance with the national law. The Member State intending to enforce the obligations laid down in this Article notifies the supervisory authorities through the European Network of Supervisory Authorities in accordance with Article 21 so that other Member States do not enforce them.</u> Text Origin: Council Mandate
Article 17				
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	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Article 17 Supervisory Authorities	Article 17 Supervisory Authorities	Article 17 Supervisory Authorities	Article 17 Supervisory Authorities Text Origin: Commission Proposal
Article 17(1)				
238	1. Each Member State shall designate one or more supervisory authorities to supervise compliance with the obligations laid down in national provisions adopted pursuant to Articles 6 to 11 and Article 15(1) and (2) ('supervisory authority').	1. Each Member State shall designate one or more supervisory authorities to supervise compliance with the obligations laid down in national provisions adopted pursuant to Articles 6 to 11 and Article 15(1) and (2) <u>this Directive</u> ('supervisory authority').	1. Each Member State shall designate one or more supervisory authorities to supervise compliance with the obligations laid down in national provisions adopted pursuant to Articles 6 to 11 and Article 15(1) and (2) 15 ('supervisory authority').	1. Each Member State shall designate one or more supervisory authorities to supervise compliance with the obligations laid down in national provisions adopted pursuant to Articles 65 to 11 and Article 15(1) and (2) 15 ('supervisory authority'). Text Origin: Council Mandate
Article 17(2)				
239	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.	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.	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 such company has its registered office.	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. Text Origin: Commission Proposal
Article 17(3), first subparagraph				
240	3. As regards companies referred to in Article 2(2), the competent	3. As regards companies referred to in Article 2(2), the competent	3. As regards companies referred to in Article 2(2), the competent	3. As regards companies referred to in Article 2(2), the competent

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.</p>	<p>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.</p>	<p>supervisory authority shall be that of the Member State in which thesuch 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.</p>	<p>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.</p> <p><small>Text Origin: Commission Proposal</small></p>
Article 17(3), second subparagraph				
241	<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p> <p><small>Text Origin: Commission Proposal</small></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 17(3a), first subparagraph				
241a			<p>3a. Where the parent company fulfils the obligations resulting from this Directive on behalf of its subsidiaries in accordance with Article 4a, the competent supervisory authority for the parent company and its subsidiaries shall be that of the parent company pursuant to paragraph 2 or 3.</p>	<p><u>3a. Where the parent company fulfils the obligations resulting from this Directive on behalf of its subsidiaries in accordance with Article 4a, the competent supervisory authority of the parent company shall cooperate with the competent supervisory authority of the subsidiary, which will remain competent to ensure that the subsidiary is subject to the exercise of powers in accordance with Article 18. In this regard, the European Network of Supervisory Authorities shall facilitate the needed cooperation, coordination and mutual assistance according to Article 21.</u></p>
Article 17(3a), second subparagraph				
241b			<p>When the supervisory authority under the first subparagraph identifies a failure of the subsidiary to comply with the obligations provided for in Article 4a(2), it shall notify the supervisory authority that would be competent in respect of that subsidiary in accordance with paragraph 2 or 3, to carry out the powers in respect of that subsidiary in accordance with Articles 18 and 20.</p>	<p><i>deleted</i></p> <p><i>Text Origin: Council Mandate</i></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 17(4)				
242	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.	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.	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.	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. Text Origin: Commission Proposal
Article 17(5)				
243	5. Member States may designate the authorities for the supervision of regulated financial undertakings also as supervisory authorities for the purposes of this Directive.	5. Member States may designate the authorities for the supervision of regulated financial undertakings also as supervisory authorities for the purposes of this Directive.	5. Member States may designate the authorities for the supervision of regulated financial undertakings also as supervisory authorities for the purposes of this Directive.	5. Member States may designate the authorities for the supervision of regulated financial undertakings also as supervisory authorities for the purposes of this Directive. Text Origin: Commission Proposal
Article 17(6)				
244	6. By the date indicated in Article 30(1), point (a), Member States shall inform the Commission of the names and contact details of the supervisory authorities designated pursuant to this Article, as well as of their respective competence where there are several designated	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 <u>and, where applicable, the respective competences of those authorities,</u> designated pursuant to this Article,	6. By the date indicated in Article 30(1), point (a), Member States shall inform the Commission of the names and contact details of the supervisory authorities designated pursuant to this Article, as well as of their respective competence where there are several designated	6. By the date indicated in Article 30(1), point (a), Member States shall inform the Commission of the names and contact details of the supervisory authorities designated pursuant to this Article, as well as of their respective competence where there are several designated

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	supervisory authorities. They shall inform the Commission of any changes thereto.	as well as of their respective competence where there are several designated supervisory authorities. They shall inform the Commission of any changes thereto.	supervisory authorities. They shall inform the Commission of any changes thereto.	supervisory authorities. They shall inform the Commission of any changes thereto. Text Origin: Commission Proposal
Article 17(7)				
245	7. The Commission shall make publicly available, including on its website, a list of the supervisory authorities. The Commission shall regularly update the list on the basis of the information received from the Member States.	7. The Commission shall make publicly available, including on its website, a list of the supervisory authorities, <u>and, when a Member State has several supervisory authorities, the respective competences of those authorities.</u> The Commission shall regularly update the list on the basis of the information received from the Member States.	7. The Commission shall make publicly available, including on its website, a list of the supervisory authorities. The Commission shall regularly update the list on the basis of the information received from the Member States.	7. The Commission shall make publicly available, including on its website, a list of the supervisory authorities, <u>and, when a Member State has several supervisory authorities, the respective competences of those authorities in relation to this Directive.</u> The Commission shall regularly update the list on the basis of the information received from the Member States. Text Origin: EP Mandate
Article 17(8)				
246	8. Member States shall guarantee the independence of the supervisory authorities and shall ensure that they, and all persons working for or who have worked for them and auditors or experts acting on their behalf, exercise their powers impartially, transparently and with due respect for obligations of professional secrecy. In particular,	8. Member States shall guarantee the independence of the supervisory authorities and shall ensure that they, and all persons working for or who have worked for them and auditors or experts <u>persons</u> acting on their behalf, exercise their powers impartially, transparently and with due respect for obligations of professional secrecy. In	8. Member States shall guarantee the independence of the supervisory authorities and shall ensure that they, and all persons working for or who have worked for them and auditors or experts acting on their behalf, exercise their powers impartially, transparently and with due respect for obligations of professional secrecy. In particular,	8. Member States shall guarantee the independence of the supervisory authorities and shall ensure that they, and all persons working for or who have worked for them and auditors, <u>experts and any other person</u> or experts acting on their behalf, exercise their powers impartially, transparently and with due respect for obligations of

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>professional secrecy. In particular, Member States shall ensure that the authority is legally and functionally independent, <u>free from external influence whether direct or indirect, including</u> 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.</p> <p>Recital (53): "In order to ensure the monitoring of the correct implementation of companies' due diligence obligations and ensure the proper enforcement of this Directive, Member States should designate one or more national supervisory authorities. These supervisory authorities should be of a public nature, independent from the companies falling within the scope of this Directive or other market interests, and free from conflicts of interest and external influence, whether direct or indirect. In order to exercise their powers impartially, these supervisory authorities should neither seek nor take instructions from anybody. In accordance with national law, Member States should ensure that each supervisory authority is provided with</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p>the human and financial resources necessary for the effective performance of its tasks and exercise of its powers. They should be entitled to carry out investigations, on their own initiative or based on substantiated concerns raised under this Directive. These investigations can include, where appropriate, on site inspections and the hearing of relevant stakeholders. Where competent authorities under sectoral legislation exist, Member States could identify those as responsible for the application of this Directive in their areas of competence. [They could designate authorities for the supervision of regulated financial undertaking also as supervisory authorities for the purposes of this Directive.] Supervisory authorities should publish and make available on a website an annual report on their past activities, including the most serious breaches identified."</p> <p>Text Origin: EP Mandate</p>
Article 17(8a)				
6 246a		<p><u>8a. Member States shall ensure that supervisory authorities publish and make available on a website an annual report detailing their past activities, future work plan and priorities, and the most serious non-compliance issues.</u></p>		<p><u>8a. Member States shall ensure that supervisory authorities publish and make accessible online an annual report on their activities under this Directive.</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 17(8b)				
246b		<u>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.</u>		deleted Text Origin: EP Mandate
Article 18				
247	Article 18 Powers of supervisory authorities	Article 18 Powers of supervisory authorities	Article 18 Powers of supervisory authorities	Article 18 Powers of supervisory authorities Text Origin: Commission Proposal
Article 18(1)				
248	1. Member States shall ensure that the supervisory authorities have adequate powers and resources to carry out the tasks assigned to them under this Directive, including the power to request information and carry out investigations related to compliance with the obligations set out in this Directive.	1. Member States shall ensure that the supervisory authorities <u>are independent and impartial and have adequate powers, resources and expertise</u> and resources to carry out the tasks assigned to them under this Directive, including the power to request <u>require companies to provide</u> information and carry out investigations, <u>which can include</u>	1. Member States shall ensure that the supervisory authorities have adequate powers and resources to carry out the tasks assigned to them under this Directive, including the power to request information and carry out investigations related to compliance with the obligations set out in this Directive Articles 6 to 11 and Article 15. As regards Article	1. Member States shall ensure that the supervisory authorities have adequate powers and resources to carry out the tasks assigned to them under this Directive, including the power to request <u>require companies to provide</u> information and carry out investigations related to compliance with the obligations set out in this Directive <u>Articles 5 to 11. As</u>

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		<u>where appropriate on site inspections and the hearing of relevant stakeholders</u> , related to compliance with the obligations set out in this Directive.	15, Member States shall only require supervisory authorities to supervise that companies have adopted the plan.	<u>regards Article 15, supervisory authorities shall be required to supervise the adoption and design of the plan in accordance with the requirements of Article 15(1).</u> Recital to reflect this text as follows: "supervisory authorities shall be required to, at least..."
Article 18(2)				
249	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.	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.	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.	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. Text Origin: Commission Proposal
Article 18(3)				
250	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	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	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	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

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	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).	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).	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).	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). Text Origin: Commission Proposal
Article 18(4), first subparagraph				
251	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.	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.	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.	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. Text Origin: Commission Proposal
Article 18(4), second subparagraph				
252	Taking remedial action does not preclude the imposition of administrative sanctions or the triggering of civil liability in case of	Taking remedial action does not preclude the imposition of administrative sanctions or the triggering of civil liability in case of damages, <u>including</u> in accordance	Taking remedial action does not preclude the imposition of administrative sanctions penalties or the triggering of civil liability in	Taking remedial action does not preclude the imposition of administrative sanctions penalties or the triggering of civil liability in

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	damages, in accordance with Articles 20 and 22, respectively.	with Articles 20 and 22, respectively.	case of damages, in accordance with Articles 20 and 22, respectively.	case of damages, in accordance with Articles 20 and 22, respectively. Text Origin: Council Mandate
Article 18(5)				
253	5. When carrying out their tasks, supervisory authorities shall have at least the following powers:	5. When carrying out their tasks, supervisory authorities shall have at least the following powers:	5. When carrying out their tasks, supervisory authorities shall have at least the following powers:	5. When carrying out their tasks, supervisory authorities shall have at least the following powers: Text Origin: Commission Proposal
Article 18(5), point (a)				
254	(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;	(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;	(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;	(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; Text Origin: Council Mandate
Article 18(5), point (aa)				
254a			(i) the cessation of infringements of the national provisions adopted pursuant to this Directive;	<u>(i) the cessation of infringements of the national provisions adopted pursuant to this Directive by performing an action or ceasing a conduct;</u>

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				Text Origin: Council Mandate
Article 18(5), point (ab)				
6	254b		(ii) the abstention from any repetition of the relevant conduct; and	<u>(ii) the abstention from any repetition of the relevant conduct; and</u> Text Origin: Council Mandate
Article 18(5), point (ac)				
6	254c		(iii) where appropriate, to provide remediation proportionate to the infringement and necessary to bring it to an end;	<u>(iii) where appropriate, to provide remediation proportionate to the infringement and necessary to bring it to an end;</u> Text Origin: Council Mandate
Article 18(5), point (b)				
6	255	(b) to impose pecuniary sanctions in accordance with Article 20;	(b) to impose pecuniary sanctions in accordance with Article 20; and	(b) to impose pecuniary sanctions <u>penalties</u> in accordance with Article 20; <u>and</u> Text Origin: Council Mandate
Article 18(5), point (c)				
6	256	(c) to adopt interim measures to avoid the risk of severe and irreparable harm.	(c) to adopt interim measures to avoid the risk of severe and/or irreparable harm.	(c) to adopt interim measures to <u>avoid the</u> in case of imminent risk of severe and irreparable harm.

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	Article 18(5), point (ca)			
6	256a	<u>(ca) to assess the validity of prioritisation strategies as foreseen under Article 8b and order a review if the requirements for such strategies have not been met.</u>		deleted Text Origin: EP Mandate
	Article 18(6)			
6	257	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.	6. Where the legal system of the Member State does not provide for administrative sanctions, Supervisory authorities shall exercise the powers referred to in 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 in accordance with the national courts, while ensuring that those legal remedies are effective and have an equivalent effect to the administrative sanctions imposed by supervisory authorities. law:	6. Where the legal system of the Member State does not provide for administrative sanctions, <u>Supervisory authorities shall exercise the powers referred to in</u> 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 <u>in accordance with the</u> national courts, while ensuring that those legal remedies are effective and have an equivalent effect to the administrative sanctions imposed by supervisory authorities. <u>law:</u> Text Origin: Council Mandate
	Article 18(6), point (a)			
6	257a		(a) directly;	<u>(a) directly;</u> Text Origin: Council Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 18(6), point (b)				
257b			(b) in cooperation with other authorities; or	<u>(b) in cooperation with other authorities; or</u> Text Origin: Council Mandate
Article 18(6), point (c)				
257c			(c) by application to the competent judicial authorities.	<u>(c) by application to the competent judicial authorities, which shall ensure that legal remedies are effective and have an equivalent effect to the fines imposed directly by supervisory authorities.</u> Text Origin: Council Mandate
Article 18(7)				
258	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.	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, <u>in accordance with national law and without prejudice to Member State rules on companies' right to court appeal and other relevant safeguards.</u>	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.	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, <u>in accordance with national law.</u> Text Origin: EP Mandate
Article 18(7a)				
258a		<u>7a. Supervisory authorities shall publish and regularly update a list</u>		<u>Deleted</u>

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		<i><u>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.</u></i>		
Article 18(7b)				
258b		<i><u>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.</u></i>		<i><u>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 enforcement action issued under paragraph 5.</u></i>
Article 18(7c)				
258c		<i><u>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</u></i>		<i><u>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.</u></i> Text Origin: EP Mandate

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		<i>which the proceedings brought under Article 22 are to be heard.</i>		
Article 19				
259	Article 19 Substantiated concerns	Article 19 Substantiated concerns	Article 19 Substantiated concerns	Article 19 Substantiated concerns Text Origin: Commission Proposal
Article 19(1)				
260	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').	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').	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').	1. Member States shall ensure that natural and legal persons are entitled to submit substantiated concerns, <i>through easily accessible channels</i> , 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'). RECITAL 53: "They should be entitled to carry out investigations, including, where appropriate, on-site inspections and hearing of relevant stakeholders, on their own initiative or based on substantiated concerns raised under this Directive. Member States should establish an accessible mechanism for receiving substantiated concerns, free of charge or with a fee limited to covering administrative costs only, and

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				<p>ensure that practical information is made available to the public on how to exercise this right .</p> <p>Text Origin: Commission Proposal</p>
Article 19(1a)				
260a		<p><u>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.</u></p>		<p><u>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.</u></p>
Article 19(2)				
261	<p>2. Where the substantiated concern falls under the competence of another supervisory authority, the authority receiving the concern shall transmit it to that authority.</p>	<p>2. Where the substantiated concern falls under the competence of another supervisory authority, the authority receiving the concern shall transmit it to that authority <u>and inform the person that has submitted a substantiated concern as provided for in paragraph 1.</u></p>	<p>2. Where the substantiated concern falls under the competence of another supervisory authority, the authority receiving the concern shall transmit it to that authority.</p>	<p>2. Where the substantiated concern falls under the competence of another supervisory authority, the authority receiving the concern shall transmit it to that authority.</p> <p>Text Origin: EP Mandate</p>
Article 19(3)				
262	<p>3. Member States shall ensure that supervisory authorities assess the</p>	<p>3. Member States shall ensure that supervisory authorities assess the</p>	<p>3. Member States shall ensure that supervisory authorities assess the</p>	<p>3. Member States shall ensure that supervisory authorities assess the</p>

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	substantiated concerns and, where appropriate, exercise their powers as referred to in Article 18.	substantiated concerns and, where appropriate, exercise their powers as referred to in Article 18 <u>within a reasonable period of time</u> .	substantiated concerns in an appropriate period of time and, where appropriate, exercise their powers as referred to in Article 18.	substantiated concerns <u>in an appropriate period of time</u> and, where appropriate, exercise their powers as referred to in Article 18. Text Origin: Council Mandate
Article 19(4)				
263	4. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and shall provide the reasoning for it.	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 <u>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.</u>	4. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and shall provide the reasoning for it.	4. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and shall provide the reasoning for it. <u>The supervisory authority shall also inform the persons submitting the substantiated concern who have, in accordance with national law, a legitimate interest in the matter, its decision to accept or refuse any request for action, as well as a description of the further steps and measures, and practical information on access to administrative and judicial review procedures.</u>
Article 19(4a)				
263a		<u>4a. Member States shall ensure that supervisory authorities</u>		<i>deleted</i>

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		<u><i>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.</i></u>		Text Origin: EP Mandate
Article 19(5)				
264	5. Member States shall ensure that the persons submitting the substantiated concern according to this Article and having, in accordance with national law, a legitimate interest in the matter have access to a court or other independent and impartial public body competent to review the procedural and substantive legality of the decisions, acts or failure to act of the supervisory authority.	5. Member States shall ensure that the persons submitting the substantiated concern according to this Article and having, in accordance with national law, a legitimate interest in the matter have access to a court or other independent and impartial public body competent to review the procedural and substantive legality of the decisions, acts or failure to act of the supervisory authority.	5. Member States shall ensure that the persons submitting the substantiated concern according to this Article and having, in accordance with national law, a legitimate interest in the matter have access to a court or other independent and impartial public body competent to review the procedural and substantive legality of the decisions, acts or failure to act of the supervisory authority.	5. Member States shall ensure that the persons submitting the substantiated concern according to this Article and having, in accordance with national law, a legitimate interest in the matter, have access to a court or other independent and impartial public body competent to review the procedural and substantive legality of the decisions, acts or failure to act of the supervisory authority. Text Origin: Council Mandate
Article 20				
265	Article 20 Sanctions	Article 20 Sanctions	Article 20 Sanctions Penalties	Article 20 Sanctions Penalties In Recital 54 (Council mandate): To delete the words - "Member States"

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				<p>should have flexibility to base the penalty also on other criteria, such as the economic situation of the company."</p> <p>Text Origin: Council Mandate</p>
Article 20(1)				
266	<p>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.</p>	<p>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.</p>	<p>1. Member States shall lay down the rules on sanctionspenalties, including pecuniary penalties, applicable to infringements of national provisions adopted pursuant to this Directive, and shall take all measures necessary to ensure that they are implemented. The sanctionspenalties provided for shall be effective, proportionate and dissuasive.</p>	<p>1. Member States shall lay down the rules on sanctionspenalties, including pecuniary penalties, applicable to infringements of national provisions adopted pursuant to this Directive, and shall take all measures necessary to ensure that they are implemented. The sanctionspenalties provided for shall be effective, proportionate and dissuasive.</p>
Article 20(2)				
267	<p>2. In deciding whether to impose sanctions and, if so, in determining their nature and appropriate level, due account shall be taken of the company's efforts to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as collaboration with other entities to</p>	<p>2. In deciding whether to impose sanctions and, if so, in determining their nature and appropriate level, due account shall be taken of the company's efforts to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as collaboration with other entities to</p>	<p>2. In deciding whether to impose sanctionspenalties and, if so, in determining their nature and appropriate level, due account shall be taken in particular of the company's efforts to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as collaboration with other entities to</p>	<p>2. In deciding whether to impose sanctionspenalties and, if so, in determining their nature and appropriate level, due account shall be taken of the company's efforts to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as collaboration with other entities</p>

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	address adverse impacts in its value chains, as the case may be.	address adverse impacts in its value chains, as the case may be.;	address adverse impacts in its value chainschain of activities, as the case may be.	to address adverse impacts in its value chains, as the case may be.;
Article 20(2), point (a)				
G	267a	<u>(a) the company's efforts to comply with any remedial action required of them by a supervisory authority;</u>		<u>(a) the nature, gravity and duration of the infringement, and the severity of the impacts resulting from that infringement;</u>
Article 20(2), point (b)				
G	267b	<u>(b) any investments made and any targeted support provided pursuant to Articles 7 and 8;</u>		<u>(b) any investments made and any targeted support provided pursuant to Articles 7 and 8;</u>
Article 20(2), point (c)				
G	267c	<u>(c) any collaboration with other entities to address adverse impacts in its value chains;</u>		<u>(c) any collaboration with other entities to address the impacts concerned;</u>
Article 20(2), point (d)				
G	267d	<u>(d) the seriousness and duration of the company's infringement, or the severity of the impacts that have occurred;</u>		<u>(d) where relevant, the extent to which prioritisation decisions were made in accordance with Article 6a;</u>
Article 20(2), point (e)				
G	267e			

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		<u>(e) the extent to which prioritisation decisions were reasonable, credible and taken in good faith;</u>		<u>(e) any relevant previous infringements by the company of national provisions adopted pursuant to this Directive found by a final decision;</u>
Article 20(2), point (f)				
G	267f	<u>(f) any previous infringements by the company of national provisions adopted pursuant to this Directive;</u>		<u>(f) the extent to which the company carried out any remedial action with regard to the concerned subject-matter;</u>
Article 20(2), point (g)				
G	267g	<u>(g) the financial benefits gained or losses avoided by the company due to the infringement, if the relevant data are available;</u>		<u>(g) the financial benefits gained from or losses avoided by the company due to the infringement;</u>
Article 20(2), point (h)				
G	267h	<u>(h) penalties imposed in respect of similar infringements in other Member States;</u>		<u>Deleted</u>
Article 20(2), point (i)				
G	267i	<u>(i) whether the company has effectively dealt with complaints or proposals raised by persons or affected stakeholders, including pursuant to Article 9;</u>		<u>(i) any other aggravating or mitigating factors applicable to the circumstances of the case.</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Article 20(2), point (j)			
6	267j	<u>(j) any other aggravating or mitigating factors applicable to the circumstances of the case.</u>		<u>Deleted</u>
	Article 20(2), point (k)			
6	267k	<p><u>2a. At least the following measures and sanctions shall be provided for:</u></p> <p><u>(a) pecuniary sanctions;</u></p> <p><u>(b) a public statement indicating that a company is responsible and the nature of the infringement;</u></p> <p><u>(c) the obligation to perform an action, including to cease the conduct constituting the infringement and to desist from any repetition of that conduct;</u></p> <p><u>(d) the suspension of products from free circulation or export.</u></p>		<p><u>2a. At least the following penalties shall be provided for:</u></p> <p><u>(a) pecuniary penalties;</u></p> <p><u>(b) if the company fails to comply with the decision imposing a pecuniary penalty within the applicable time-limit, a public statement indicating the company responsible and the nature of the infringement;</u></p> <p>Points (c) and (d) are deleted.</p> <p>Text to be inserted in recital 54: "This penalties regime is without prejudice to the power to withdraw and to prohibit the placing, making available on the market and export of products under other Union legislative acts providing for more extensive or more specific due diligence obligations, such as the Deforestation Regulation."</p>

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Article 20(2a)(3)				
268	3. When pecuniary sanctions are imposed, they shall be based on the company's turnover.	3. When pecuniary sanctions are imposed, they shall be based on the company's <u>net worldwide</u> turnover. <u>The maximum limit of pecuniary sanctions shall be not less than 5% of the net worldwide turnover of the company in the business year preceding the fining decision.</u>	3. When pecuniary sanctions penalties are imposed, they shall be based on commensurate with the company's worldwide net turnover.	3. When pecuniary sanctions are imposed, they shall be based on the company's <u>net worldwide</u> turnover. <u>The maximum limit of pecuniary penalties shall be not less than 5% of the net worldwide turnover of the company in the financial year preceding the fining decision.</u>
Article 20(2a), (3) a				
268a		<u>Member States shall ensure that, with regards to companies referred to in Article 2(1), point (b) and Article 2(2), point (b), administrative pecuniary sanctions are calculated taking into account the consolidated turnover reported by that company.</u>		<u>Member States shall ensure that, with regards to companies referred to in Article 2(1), point (b) and Article 2(2), point (b), pecuniary penalties are calculated taking into account the consolidated turnover reported by the ultimate parent company.</u>
Article 20(2b)				
268b		<u>3a. Member States shall lay down rules so that companies which are formed in accordance with the legislation of a third country under Article 2(2) shall be excluded from public procurement processes if they fail to appoint an authorised representative under Article 16.</u>		<u>Deleted</u>
Article 20(4)				

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269	4. Member States shall ensure that any decision of the supervisory authorities containing sanctions related to the breach of the provisions of this directive is published.	4. Member States shall <u>keep a record of sanctions that have been imposed and</u> ensure that any decision of the supervisory authorities containing sanctions related to the breach of the provisions of this directive is published. <u>The published decision shall not contain any personal data within the meaning of Article 4(1) of Regulation (EU) 2016/679.</u>	4. Member States shall ensure that any decision of the supervisory authorities containing sanctions penalties related to the breach infringements of the national provisions of adopted pursuant to this Directive is published, publicly available for at least 3 years and sent to the European Network of Supervisory Authorities. The published decision shall not contain any personal data within the meaning of Article 4(1) of Regulation (EU) 2016/679.	4. Member States shall ensure that any decision of the supervisory authorities containing sanctions penalties related to the breach infringements of the national provisions of adopted pursuant to this Directive is published, <u>publicly available for at least 5 years and sent to the European Network of Supervisory Authorities. The published decision shall not contain any personal data within the meaning of Article 4(1) of Regulation (EU) 2016/679.</u> Number of years is contingent on Art 22
Article 21				
270	Article 21 European Network of Supervisory Authorities	Article 21 European Network of Supervisory Authorities	Article 21 European Network of Supervisory Authorities	Article 21 European Network of Supervisory Authorities Text Origin: Commission Proposal
Article 21(1), first subparagraph				
271	1. The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall	1. The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall	1. The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall	1. The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.	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, <u>as well as ensuring regular public communication on the activities of the Network.</u>	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.	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. Text Origin: Commission Proposal
Article 21(1), second subparagraph				
272	The Commission may invite Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.	The Commission may <u>shall</u> invite <u>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</u> Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.	The Commission may invite Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.	The Commission may invite Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities. Text Origin: Commission Proposal
Article 21(1), second subparagraph a				
272a			1a. The Commission shall set up a secured system of exchange of information regarding the net turnover generated in the Union by a company referred to in	<u>1a. Member States shall cooperate with the Network in order to identify the companies within their jurisdiction, in particular by providing all necessary</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>Article 2(2), that does not have a branch in any Member State or has branches located in different Member States. Member States shall regularly communicate information they have regarding the net turnover generated by those companies. The Commission shall analyse this information within a reasonable period of time and notify the Member State where the company generated most of its net turnover in the Union in the financial year preceding the last financial year, that the company is a company within the meaning of Article 2(2) and the supervisory authority of the Member State is competent in accordance with Article 17(3).</p>	<p><u>information in order to assess whether a non-European company fulfils the criteria set in Article 2. The Commission shall set up a secured system of exchange of information regarding the net turnover generated in the Union by a company referred to in Article 2(2), that does not have a branch in any Member State or has branches located in different Member States where Member States shall regularly communicate information they have regarding the net turnover generated by those companies. The Commission shall analyse this information within a reasonable period of time and notify the Member State where the company generated most of its net turnover in the Union in the financial year preceding the last financial year, that the company is a company within the meaning of Article 2(2) and the supervisory authority of the Member State is competent in accordance with Article 17(3).</u></p>
Article 21(2)				
6	273	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	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	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

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.	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.	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.	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. Text Origin: Commission Proposal
Article 21(2a)				
273a		<u>2a. Member States shall cooperate with the Network in order to identify the companies within their jurisdiction , in particular by providing all necessary information in order to assess whether a non-European company fulfils the criteria set in Article 2.</u>		<u>Deleted</u>
Article 21(3)				
274	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.	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.	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. When it is necessary due to the circumstances of the case, the period may be extended by a maximum of two months based on a proper justification. Such steps	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. <u>When it is necessary due to the circumstances of the case, the period may be extended by a maximum of two months based on a proper justification.</u> Such steps

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			may include, in particular, the transmission of relevant information on the conduct of an investigation.	may include, in particular, the transmission of relevant information on the conduct of an investigation. Text Origin: Council Mandate
Article 21(4)				
275	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.	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.	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.	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. Text Origin: Commission Proposal
Article 21(5)				
276	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.	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.	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.	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. Text Origin: Commission Proposal
Article 21(6), first subparagraph				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
277	6. Supervisory authorities shall not charge each other fees for actions and measures taken pursuant to a request for assistance.	6. Supervisory authorities shall not charge each other fees for actions and measures taken pursuant to a request for assistance.	6. Supervisory authorities shall not charge each other fees for actions and measures taken pursuant to a request for assistance.	6. Supervisory authorities shall not charge each other fees for actions and measures taken pursuant to a request for assistance. Text Origin: Commission Proposal
Article 21(6), second subparagraph				
278	However, supervisory authorities may agree on rules to indemnify each other for specific expenditure arising from the provision of assistance in exceptional cases.	However, supervisory authorities may agree on rules to indemnify each other for specific expenditure arising from the provision of assistance in exceptional cases.	However, supervisory authorities may agree on rules to indemnify each other for specific expenditure arising from the provision of assistance in exceptional cases.	However, supervisory authorities may agree on rules to indemnify each other for specific expenditure arising from the provision of assistance in exceptional cases. Text Origin: Commission Proposal
Article 21(7)				
279	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.	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.	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.	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. Text Origin: Commission Proposal
Article 21(8)				
280				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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. 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. 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. 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. Text Origin: Commission Proposal
Article 21(8a)				
280a			9. The European Network of Supervisory Authorities shall publish the decisions of the supervisory authorities containing penalties as referred to in Article 20(4).	<u>9. The European Network of Supervisory Authorities shall publish:</u> <u>(i) the decisions of the supervisory authorities containing penalties as referred to in Article 20(4); and</u> <u>(ii) an indicative list of non-EU companies subject to this Directive.</u>
Article 21(8b)				
280b		<u>8a. The European Network of Supervisory Authorities shall publish a register of non-EU companies and their compliance.</u>		<u>Deleted</u>
Article 22				
281	Article 22 Civil liability	Article 22 Civil liability	Article 22 Civil liability of companies and a right to full compensation	Article 22 Civil liability <u>of companies and a right to full compensation</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				Recitals to reflect the final text of this provision.
Article 22(-1)(1)				
282	1. Member States shall ensure that companies are liable for damages if:	1. Member States shall ensure that companies are liable for damages if:	-1. Member States shall ensure that companies are a company can be held liable for damages if a damage caused to a natural or legal person, provided that:	1. Member States shall ensure that companies are a company can be held liable for damages if a damage caused to a natural or legal person, provided that: Text Origin: Council Mandate
Article 22(-1)(1), point (a)				
283	(a) they failed to comply with the obligations laid down in Articles 7 and 8 and;	(a) they failed to comply with the obligations laid down in Articles 7 and 8 this Directive and;	(a) they the company intentionally or negligently failed to comply with the obligations laid down in Articles 7 and 8, when the right, prohibition or obligation listed in Annex I is aimed to protect the natural or legal person and; and	(a) they the company intentionally or negligently failed to comply with the obligations laid down in Articles 7 and 8, when the right, prohibition or obligation listed in Annex I is aimed to protect the natural or legal person and; and Text Origin: Council Mandate
Article 22(-1)(1), point (b)				
284	(b) as a result of this failure an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures laid down in	(b) as a result of this failure the company caused or contributed to an actual an adverse impact that should have been identified, prioritised, prevented, mitigated, brought to an end, remediated or its extent minimised through the	(b) as a result of this a failure an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures laid down in Articles 7 and 8 occurred and led to	(b) as a result of this a failure an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures laid down in Articles 7 and 8 occurred and led to

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	Articles 7 and 8 occurred and led to damage.	appropriate measures laid down in Articles 7 and 8 occurred <u>this Directive</u> and led to damage.	damages referred to in point (a), a damage to the natural or legal person's legal interest protected under national law was caused.	damages referred to in point (a), a <u>damage to the natural or legal person's legal interest protected under national law was caused.</u> Text Origin: Council Mandate
Article 22(-1), (1) a				
284a			A company cannot be held liable if the damage was caused only by its business partners in its chain of activities.	<u>A company cannot be held liable if the damage was caused only by its business partners in its chain of activities.</u> Text Origin: Council Mandate
Article 22(2), first subparagraph				
285	2. Notwithstanding paragraph 1, Member States shall ensure that where a company has taken the actions referred to in Article 7(2), point (b) and Article 7(4), or Article 8(3), point (c), and Article 8(5), it shall not be liable for damages caused by an adverse impact arising as a result of the activities of an indirect partner with whom it has an established business relationship, unless it was unreasonable, in the circumstances of the case, to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or	<i>deleted</i>	2. Notwithstanding paragraph 1, Member States shall ensure that Where at the company has taken the actions referred to in Article 7(2), point (b) and Article 7(4), or Article 8(3), point (e), and Article 8(5), it <u>was held liable in accordance with paragraph 1, a natural or legal person</u> shall not be liable for damages caused by an adverse impact arising as a result of the activities of an indirect partner with whom it has an established business relationship, unless it was unreasonable, in the circumstances of the case, to expect that the action actually taken, including as regards verifying compliance, would be	2. Notwithstanding paragraph 1, Member States shall ensure that Where at the company has taken the actions referred to in Article 7(2), point (b) and Article 7(4), or Article 8(3), point (c), and Article 8(5), <u>it was held liable in accordance with paragraph 1, a natural or legal person</u> shall not be liable for damages caused by an adverse impact arising as a result of the activities of an indirect partner with whom it has an established business relationship, unless it was unreasonable, in the circumstances of the case, to expect that the action actually taken, including as regards verifying compliance, would be

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	minimise the extent of the adverse impact.		adequate to prevent, mitigate, bring to an end or minimise the extent of the adverse impact have the right to full compensation for the damage occurred in accordance with national law. Full compensation under this Directive shall not lead to overcompensation, whether by means of punitive, multiple or other types of damages.	adequate to prevent, mitigate, bring to an end or minimise the extent of the adverse impact <u>have the right to full compensation for the damage occurred in accordance with national law. Full compensation under this Directive shall not lead to overcompensation, whether by means of punitive, multiple or other types of damages.</u> Text Origin: Council Mandate
Article 22(2), second subparagraph				
286	In the assessment of the existence and extent of liability under this paragraph, due account shall be taken of the company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as any collaboration with other entities to address adverse impacts in its value chains.	In the assessment of the existence and extent of liability under this paragraph , due account shall be taken of the <u>extent of the</u> company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action <u>take remedial action, including that</u> 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 <u>and affected stakeholders</u> to address adverse impacts in its value chains.	<i>deleted</i>	In the assessment of the existence and extent of liability under this paragraph, due account shall be taken of the company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as any collaboration with other entities to address adverse impacts in its value chains. <u>Deleted</u>
Article 22(2), second subparagraph a				
286a				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>2a. Member States shall ensure that:</u></p> <p><u>(a) the limitation period for bringing actions for damages is at least ten years and measures are in place to ensure that costs of the proceedings are not prohibitively expensive for claimants to seek justice;</u></p> <p><u>(b) claimants are able to seek injunctive measures, including summary proceedings. These shall be in the form of a definitive or provisional measure to cease an action which may be in breach of this Directive, or to comply with a measure under this Directive;</u></p> <p><u>(c) measures are in place to ensure that mandated trade unions, civil society organisations, or other relevant actors acting in the public interest can bring actions before a court on behalf of a victim or a group of victims of adverse impacts, and that these entities have the rights and obligations of a claimant party in the proceedings, without prejudice to existing national law;</u></p> <p><u>(d) when a claim is brought, that a claimant provides elements substantiating the likelihood of a company's liability under this</u></p>		<p><u>2a. Member States shall ensure that:</u></p> <p><u>(a) national rules on the beginning, duration, suspension or interruption of limitation periods shall not unduly hamper the bringing of actions for damages and, in any case, shall not be less than the rules on general civil liability national regimes.</u></p> <p><u>The limitation period for bringing actions for damages under this Directive shall be at least 5 years and, in any case, not lower than the limitation period laid down under general civil liability national regimes.</u></p> <p><u>Limitation periods shall not begin to run before the infringement has ceased and the claimant knows, or can reasonably be expected to know:</u></p> <p><u>(i) of the behaviour and the fact that it constitutes an infringement;</u></p> <p><u>(ii) of the fact that the infringement caused harm to it;</u></p> <p><u>and</u></p> <p><u>(iii) the identity of the infringer.</u></p> <p><u>(b) cost of proceedings are not prohibitively expensive for claimants to seek justice.</u></p>

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		<p><u>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.</u></p>		<p><u>(c) claimants are able to seek injunctive measures, including summary proceedings. These shall be in the form of a definitive or provisional measure to cease infringements of the national provisions adopted pursuant to this Directive by performing an action or ceasing a conduct;</u></p> <p><u>(d) Member States shall provide for the reasonable conditions under which any person claiming to have been violated in a legal position pursuant to this Directive to authorise a trade union, non-governmental human rights or environmental organisation or other non-governmental organisation, and, according to national law, national human rights' institutions, based in an EU member state to bring actions to enforce victim's rights in its own capacity, without prejudice to national rules of civil procedure.</u></p> <p><u>A trade union or non-governmental organisation may be authorised under paragraph (1) if it complies with the requirements laid down in national law. In particular, it may be authorised if it maintains a permanent presence of its own and, in accordance with its statutes, is not engaged commercially and not only</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>temporarily in the realisation of rights protected under this Directive or the corresponding rights in the national law of a state.</u></p> <p><u>(e) when a claim is brought, that a claimant presents a reasoned justification containing reasonably available facts and evidence sufficient to support the plausibility of its claim for damage 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.</u></p> <p><u>National courts shall limit the disclosure of the evidence sought to that which is necessary and proportionate to support a potential claim or a claim for damages and the preservation to that which is necessary and proportionate to support such a claim for damages. In determining whether an order for the disclosure or preservation of evidence is proportionate, national courts shall consider the extent to which the claim or defence is supported by available facts and evidence justifying the request to disclose evidence; the scope and cost of disclosure as well as the legitimate interests of all parties, including third parties</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>concerned, including preventing non-specific searches for information which is unlikely to be of relevance for the parties in the procedure; whether the evidence the disclosure of which is sought contains confidential information, especially concerning any third parties, and what arrangements are in place for protecting such confidential information.</u></p> <p><u>Member States shall ensure that national courts have the power to order the disclosure of evidence containing confidential information where they consider it relevant to the action for damages. Member States shall ensure that, when ordering the disclosure of such information, national courts have at their disposal effective measures to protect such information.</u></p> <p>Recital to reflect the text on injunctive measures.</p>
Article 22(2), fourth subparagraph				
286b		<p><u>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</u></p>		<p><u>Companies that have participated in industry or multi-stakeholder initiatives, or used third-party verification or contractual clauses to support the implementation of due diligence obligations can still</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<i>implementation of specific aspects of their due diligence obligations can still be held liable in accordance with this Article.</i>		<i>be held liable in accordance with this Article.</i>
Article 22(2a)(3)				
287	3. The civil liability of a company for damages arising under this provision shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the value chain.	3. The civil liability of a company for damages arising under this provision shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the value chain. <i>In such instances as where a subsidiary is under the scope of this Directive and has been dissolved by the parent company or has dissolved itself intentionally in order to avoid liability, the liability can be imputed to the parent company in case there is no legal successor.</i>	3 2a. 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 company's chain of activities.	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 company's chain of activities.
Article 22(2a), (3) a				
287a			When the damage was caused jointly by the company and its subsidiary, direct or indirect business partner , they shall be liable jointly and severally, without prejudice to the provisions of national law concerning the conditions of joint and several liability and the rights of recourse.	<i>When the damage was caused jointly by the company and its subsidiary, direct or indirect business partner , they shall be liable jointly and severally, without prejudice to the provisions of national law concerning the conditions of joint and several liability and the rights of recourse.</i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				Text Origin: Council Mandate
Article 22(4)				
288	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.	4. The civil liability rules under this Directive shall be without prejudice to Union or national rules on civil not limit companies' 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 under Union or national legal systems, including rules on joint and several liability than this Directive.	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.	4. The civil liability rules under this Directive shall not limit companies' liability under Union or national legal systems and 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.
Article 22(5)				
289	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.	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.	5. Member States shall ensure that the liability provided for in provisions of national law transposing this Article is are of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State.	5. Member States shall ensure that the liability provided for in provisions of national law transposing this Article is are of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State. Text Origin: Council Mandate
Article 23				
290	Article 23	Article 23	Article 23	Article 23

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Reporting of breaches and protection of reporting persons	Reporting of breaches and protection of reporting persons	Reporting of breaches and protection of reporting persons	Reporting of breaches and protection of reporting persons <small>Text Origin: Commission Proposal</small>
Article 23, first paragraph				
291	Directive (EU) 2019/1937 shall apply to the reporting of all breaches of this Directive and the protection of persons reporting such breaches.	Directive (EU) 2019/1937 shall apply to the reporting of all breaches of this Directive and the protection of persons reporting such breaches.	Directive (EU) 2019/1937 shall apply to the reporting of all breaches of this Directive and the protection of persons reporting such breaches.	<u>Member States shall take the necessary measures to ensure that</u> Directive (EU) 2019/1937 shall apply <u>applies</u> to the reporting of all breaches of <u>the national measures transposing</u> this Directive and the protection of persons reporting such breaches. <small>Text Origin: Commission Proposal</small>
Article 24				
292	Article 24 Public support	Article 24 Public support, <u>public procurement and public concessions</u>	<i>deleted</i>	Article 24 Public support, <u>public procurement and public concessions</u> <small>Text Origin: EP Mandate</small>
Article 24, first paragraph				
293	Member States shall ensure that companies applying for public support certify that no sanctions have been imposed on them for a	Member States shall ensure that companies applying for public support certify that no sanctions have been imposed on them for a <u>failure to comply (non-)compliance</u>	<i>deleted</i>	Member States shall ensure that companies applying for public support certify that no sanctions have been imposed on them for a <u>failure to comply with the</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	failure to comply with the obligations of this Directive.	<u>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</u> with the obligations of this Directive <u>rules applicable to the provision of public support or the award of public contracts and concessions.</u>		obligations of this Directive <u>compliance with the obligations resulting from the national measures transposing this Directive, or their voluntary implementation, qualifies as an environmental and/or social aspect that contracting authorities may, in accordance with Directive 2014/24/EU of the European Parliament and of the Council, Directive 2014/25/EU of the European Parliament and of the Council and Directive 2014/23/EU of the European Parliament and of the Council, take into account as part of the award criteria for public and concession contracts, and as an environmental and/or social condition that contracting authorities may, in accordance with those Directives, lay down in relation to the performance of public and concession contracts.</u>
Article 25				
294	Article 25 Directors' duty of care	Article 25 Directors' duty of care	<i>deleted</i>	Article 25 Directors' duty of care <u>Deleted</u>
Article 25(1)				
295	1. Member States shall ensure that, when fulfilling their duty to act in the best interest of the company,	1. Member States shall ensure that, when fulfilling their duty to act in the best interest of the company,	<i>deleted</i>	1. Member States shall ensure that, when fulfilling their duty to act in the best interest of the company,

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	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.	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.		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. <u>Deleted</u>
Article 25(2)				
296	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.	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.	<i>deleted</i>	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. <u>Deleted</u>
Article 26				
297	Article 26 Setting up and overseeing due diligence	Article 26 <i>deleted</i>	<i>deleted</i>	<i>deleted</i>
Article 26(1)				
298	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	<i>deleted</i>	<i>deleted</i>	<i>deleted</i>

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	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.			
<i>Article 26(2)</i>				
299	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.	<i>deleted</i>	<i>deleted</i>	<i>deleted</i>
<i>Article 27</i>				
300	Article 27 Amendment to Directive (EU) No 2019/1937	Article 27 Amendment to Directive (EU) No 2019/1937	Article 27 Amendment to Directive (EU) No 2019/1937 2019/1937	Article 27 Amendment to Directive (EU) No 2019/1937 2019/1937 <small>Text Origin: Council Mandate</small>
<i>Article 27, first paragraph</i>				
301	In Point E.2 of Part I of the Annex to Directive (EU) No 2019/1937, the following point is added:	In Point E.2 of Part I of the Annex to Directive (EU) No 2019/1937, the following point is added:	In Point E.2 of Part I of the Annex to Directive (EU) No 2019/1937 2019/1937 , the following point is added:	In Point E.2 of Part I of the Annex to Directive (EU) No 2019/1937 2019/1937 , the following point is added: <small>Text Origin: Council Mandate</small>
<i>Article 27, first paragraph, amending provision, first paragraph</i>				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
302	<p>(vi) [Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937*¹]</p> <p>1. ⁺ OJ: Please insert in the text the number and the date of the Directive contained in document ... and insert the OJ reference of that Directive in the footnote.</p>	<p>(vi) [Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937*¹]</p> <p>1. ⁺ OJ: Please insert in the text the number and the date of the Directive contained in document ... and insert the OJ reference of that Directive in the footnote.</p>	<p>(vi) {Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...) *¹}</p> <p>* Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...).</p> <p>1. ⁺⁺ OJ: Please insert in the text the number and the date of the Directive contained in document ... and insert the OJ reference of that Directive in the footnote.</p>	<p>(vi) fDirective ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (<u>OJ L ..., ...</u>) *¹f.</p> <p><u>* Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...).</u></p> <p>1. ⁺⁺ OJ: Please insert in the text the number and the date of the Directive contained in document ... and insert the OJ reference of that Directive in the footnote.</p> <p>Text Origin: Council Mandate</p>
Article 27a				
302a				<p><u>Article 27a</u> <u>Amendment to Regulation (EU) 2023/2859</u></p>
Article 27a, first subparagraph				
302b				<p><u>In Regulation (EU) 2023/2859,</u> <u>the following point is added to part B of the Annex:</u></p>
Article 27a, first paragraph, amending provision				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
302c				<p><u>"17. Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...) *1.</u></p> <p><u>* Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...) . ' ."</u></p> <p><u>1. + OJ: Please insert in the text the number and the date of the Directive contained in document ... and insert the OJ reference of that Directive in the footnote.</u></p>
Article 28				
303	Article 28 Exercise of the delegation	Article 28 Exercise of the delegation	Article 28 Exercise of the delegation	Article 28 Exercise of the delegation Text Origin: Council Mandate
Article 28(1)				
304	1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.	1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.	1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.	1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article. Text Origin: Council Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 28(2)				
305	<p>2. The power to adopt delegated acts referred to in Article 11 shall be conferred on the Commission for an indeterminate period of time.</p>	<p>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 an indeterminate period of time.</p>	<p>2. The power to adopt delegated acts referred to in Article 11 shall be conferred on the Commission for an indeterminate period of time from ... [date of entry into force of this Directive].</p>	<p>2. The power to adopt delegated acts referred to in Article 3(2) and Article 11 shall be conferred on the Commission for an indeterminate period of time from ... [date of entry into force of this Directive].</p> <p><small>Text Origin: Council Mandate</small></p>
Article 28(3)				
306	<p>3. The delegation of power referred to in Article 11 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the</p>	<p>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</p>	<p>3. The delegation of power referred to in Article 11 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the</p>	<p>3. The delegation of power referred to in Article 3(2) and Article 11 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	validity of any delegated acts already in force.	therein. It shall not affect the validity of any delegated acts already in force.	validity of any delegated acts already in force.	validity of any delegated acts already in force. <small>Text Origin: Council Mandate</small>
Article 28(4)				
307	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.	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.	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.	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. <small>Text Origin: Commission Proposal</small>
Article 28(5)				
308	5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.	5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.	5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.	5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council. <small>Text Origin: Commission Proposal</small>
Article 28(6)				
309	6. A delegated act adopted pursuant to Article 11 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a	6. A delegated act adopted pursuant to Article <u>3(2), Article 11 or Article 14(4a)</u> 11 shall enter into force only if no objection has been expressed either by the European Parliament	6. A delegated act adopted pursuant to Article 11 shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within	6. A delegated act adopted pursuant to Article <u>3(2) and Article 11</u> shall enter into force only if no objection has been expressed either by the European Parliament or by the

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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."	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."	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."	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." Text Origin: Council Mandate
Article 28a				
G	309a			<u>Article 28a</u> <u>Committee procedure</u>
Article 28a, first paragraph				
G	309b			<u>1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.</u>
Article 28a, second paragraph				
G	309c			<u>2. Where reference is made to this paragraph, Article [4 or 5] of Regulation (EU) No 182/2011 shall apply.</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 29				
310	Article 29 Review	Article 29 Review <u>and reporting</u>	Article 29 Review	Article 29 Review <u>and reporting</u> Text Origin: EP Mandate
Article 29, first paragraph -a				
310a				<p><u>1. The Commission shall submit a report to the European Parliament and to the Council on the need to amend the Directive to lay down due diligence requirements in line with the objectives pursued by this Directive for regulated financial undertakings with respect to the provision of financial services and investment activities, and the options for due diligence requirements tailored to specific financial services and their impacts in light of the objectives of the Directive.</u></p> <p><u>The report shall take into account other Union legislative acts that apply to regulated financial undertakings. It shall be published at the earliest possible opportunity after the date of entry into force of this Directive, but no later than two years after that date. It shall be accompanied, if appropriate, by a legislative proposal.</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 29, 2.				
311	No later than ... [OP please insert the date = 7 years after the date of entry into force of this Directive], the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives and assess the following issues:	<u>1.</u> No later than ... [OP please insert the date = 7 ⁶ years after the date of entry into force of this Directive], <u>and every 3 years thereafter</u> , the Commission shall submit a <u>comprehensive</u> 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, <u>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 and assess in particular</u> the following issues:	No later than ... [OP please insert the date = 7 years after the date of entry into force of this Directive ⁷ years after the date of entry into force of this Directive], the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives and assess the following issues:	<u>2.</u> No later than ... [OP please insert the date = 7 ⁶ years after the date of entry into force of this Directive,] <u>and every three years thereafter</u> , the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive <u>and its effectiveness in reaching its objectives, in particular in addressing adverse impacts</u> . The report shall evaluate the effectiveness of this Directive in reaching its objectives and be accompanied, if appropriate, by a legislative proposal. The first report shall, inter alia, assess the following issues:
Article 29, 2., point (-a)				
311a		<u>(-a) the impact of this Directive on SMEs, accompanied by an account and assessment of the effectiveness of the different measures and tools for support provided to SMEs by the Commission and the Member States;</u>		<u>(-a) the impacts of the Directive, including on SMEs, together with an assessment of the effectiveness of the different measures and tools for support provided to SMEs by the Commission and the Member States;</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 29, 2., point (g)				
311b		<u><i>1a. The Commission shall initiate and coordinate an annual Union-wide assessment of the resilience of companies to adverse scenarios related to their value chains. The Commission shall provide this assessment to the European Parliament and the Council.</i></u>		<u><i>Deleted</i></u>
Article 29, 2., point (-b)				
311c		<u><i>(-aa) an assessment of the number of small and medium-sized undertakings voluntarily applying corporate sustainability and due diligence in line with this Directive;</i></u>		<u><i>(-a) the scope of application of this Directive in terms of the companies covered, whether it ensures the effectiveness of this Directive in light of its objectives, a level playing field between entities covered and that companies cannot circumvent the application of the Directive, including:</i></u> <ul style="list-style-type: none"> - <u><i>whether Article 3(1), point (a), needs to be revised so that entities constituted as different legal forms than those listed in Annex I or Annex II of Directive 2013/34/EU are covered;</i></u> - <u><i>whether business models or forms of economic cooperation with third-party companies other than those covered by Article 2 need to be included in the scope of application;</i></u> - <u><i>whether the thresholds regarding the number of employees</i></u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>and net turnover laid down in Article 2 need to be revised;</u></p> <ul style="list-style-type: none"> - <u>whether the list of sectors in Articles 2(1), point (bb), 2(2), point (bb) needs to be changed;</u> - <u>whether the criterion of net turnover generated in the Union laid down in Article 2(2) needs to be revised;</u>
Article 29, 2., point (-b)				
311d		<p><u>(-ab) the effectiveness of this Directive in achieving its objectives, including the associated indirect costs and the economic, social and environmental benefits thereof as well as the effects on the competitiveness of European Union companies;</u></p>		<p><u>(-a) whether the definition of 'chain of activities' in Article 3(1), point (g), needs to be revised;</u></p>
Article 29, 2., point (a)				
312	<p>(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be lowered;</p>	<p>(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1)2 need to be lowered, <u>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</u></p>	<p>(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be lowered<u>revised</u>;</p>	<p>(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be lowered<u>Annex I needs to be modified, including in light of international developments, and whether it should be extended to cover additional adverse impacts, in particular adverse impacts on good governance;</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>economic operators and complex corporate structures;</u>		
Article 29, 2., point (aa)				
6	312a	<u>(aa) the effectiveness of the enforcement mechanisms put in place at national level and of the sanctions and procedures for civil liability in particular;</u>		<u>(aa) whether the rules on combatting climate change, especially as regards the adoption, design and putting into effect of the plan, as well as the powers of supervisory authorities related to these rules, need to be revised;</u>
Article 29, 2., point (ab)				
6	312b	<u>(ab) the convergence and divergence between national laws of the Member States transposing this Directive;</u>		<u>(ab) the effectiveness of the enforcement mechanisms put in place at national level, the penalties and the rules on civil liability;</u>
Article 29, 2., point (b)				
6	313	<i>deleted</i>	(b) whether the list of sectors in Article 2(1), point (b), needs to be changed, including in order to align it to guidance from the Organisation for Economic Cooperation Co-operation and Development;	(b) whether <u>changes to the level of harmonisation of this Directive are required to ensure a level-playing field for companies in the internal market</u> the list of sectors in Article 2(1), point (b), needs to be changed, including in order to align it to guidance from the Organisation for Economic Cooperation and Development; <u>the convergence and divergence between national laws</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>of the Member States transposing this Directive.</u>
Article 29, 2.,				
314	(c) whether the Annex needs to be modified, including in light of international developments	<i>deleted</i>	(c) whether the Annex I needs to be modified, including in light of international developments;	(c) whether the Annex needs to be modified, including in light of international developments <u>Deleted</u>
Article 29, 2.,				
315	(d) whether Articles 4 to 14 should be extended to adverse climate impacts.	(d) whether Articles 4 to 14 should be extended to <u>additional</u> adverse climate <u>impacts, in particular to also encompass adverse impacts on good governance;</u>	(d) whether Articles 4 to 14 should be extended to adverse climate impacts or Article 15 needs to be revised.	(d) whether Articles 4 to 14 should be extended to adverse climate impacts <u>Deleted</u>
Article 29, 2., point (a)				
315a		<u>(da) whether a broad sustainability plan, dealing with other environmental impacts than climate, shall be developed;</u>		<u>Deleted</u>
Article 29, 2., point (b)				
315b		<u>(db) whether the definition of "value chain" as regards regulated financial undertakings should be extended to a wider range of companies;</u>		<u>Deleted</u>
Article 29, 2., point (c)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	315c		(da) whether the definition of ‘chain of activities’ in Article 3, point (g), needs to be revised, including whether the provision of investment or the provision of services referred to in Article 3, point (g), by regulated financial undertakings within the meaning of Article 3, point (a)(iv), needs to be included; and	Deleted
Article 29, 2., point (d)				
6	315d		(db) whether Article 3, point (a) needs to be revised so that other legal persons constituted as different legal forms than those listed in Annex I of Directive 2013/34/EU or in a form comparable to those listed therein are covered;	Deleted
Article 29, 2., point (e)				
6	315e		(dc) whether Article 2 needs to be revised so that the number of employees and net turnover of subsidiaries of the company is included in the calculation of the number of employees and net turnover of the company;	Deleted
Article 29, 2., point (f)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	315f		(dd) whether the criterion of net turnover generated in the Union laid down in Article 2(2) and the threshold of the net turnover therein need to be revised;	Deleted
Article 29, first paragraph, point (de)				
	315g			
Article 30				
6	316	Article 30 Transposition	Article 30 Transposition	Article 30 Transposition Text Origin: Commission Proposal
Article 30(1), first subparagraph				
6	317	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 comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.	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 comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.	1. Member States shall adopt and publish, by ... [OJ to insert: 2 years from the entry into force of this Directive] <u>from the entry into force of this Directive]</u> 2 years from the entry into force of this Directive] at the latest, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions. Text Origin: Council Mandate
Article 30(1), second subparagraph				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
318	<p>They shall apply those provisions as follows:</p>	<p>They shall apply those provisions <u>from... [OJ to insert: 3 years from the entry into force of this Directive] as regards companies referred to in Article 2(1) which had more than 1000 employees on average and had a net worldwide turnover of more than EUR 150 million in the last financial year, or were the ultimate parent company of a group with such a number of employees and generating such a turnover, and Article 2(2) which generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year, or were the ultimate parent company of a group generating such a turnover.</u></p> <p><u>They shall apply those provisions from... [OJ to insert: 4 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), which had more than 500 employees on average and had a net worldwide turnover of more than EUR 150 million in the last financial year, or were the ultimate parent company of a group with such a number of employees and generating such a turnover.</u></p> <p><u>They shall apply those provisions from... [OJ to insert: 4 years from</u></p>	<p>They shall apply those provisions as follows:</p>	<p>They shall apply those provisions as follows:</p> <p>Text Origin: Commission Proposal</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>entry into force of this Directive] as regards companies referred to in Article 2(1) point (a), which had more than 250 employees on average and had a net worldwide turnover of more than EUR 40 million, and Article 2(2) which generated a net turnover of more than EUR 40 million in the Union and EUR 150 million worldwide in the financial year preceding the last financial year or were the ultimate parent company of a group generating such a turnover.</u></p> <p><u>By way of derogation from the fourth subparagraph of this paragraph, companies referred to in Article 2(1), point (a), which had more than 250 employees on average and had a net worldwide turnover of more than EUR 40 million but not more than EUR 150 million in the last financial year may decide not to fulfil the obligations under this Directive until [OJ to insert: 5 years from entry into force of this Directive]. In such cases, the company shall notify the supervisory authority, while providing a brief statement on why it is the case, as follows:</u></p>		
	Article 30(1), second subparagraph, point (a)			
6 319				6

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(a) from... [OJ to insert: 2 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (a), and Article 2(2), point (a);	<i>deleted</i>	(a) from ... [3... [OJ to insert: 2 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (a), and Article 2(2), point (a) which are formed in accordance with the legislation of the Member State and that had more than 1000 employees on average and generated a net worldwide turnover of more than EUR 300 million in the last financial year preceding ... [3 years from the entry into force of this Directive] for which annual financial statements have been or should have been adopted;	(a) from ... [3... [OJ to insert: 2 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (a), and <u>points (a) and (b), which are formed in accordance with the legislation of the Member State and that had more than 1000 employees on average and generated a net worldwide turnover of more than EUR 300 million in the last financial year preceding ... [3 years from the entry into force of this Directive] for which annual financial statements have been or should have been adopted, with the exception of the measures necessary to comply with Article 2(2), point (a) 11, which Member States shall apply to these companies for financial years starting on or after 1 January 2028;</u> Text Origin: Council Mandate
Article 30(1), second subparagraph, point (b)				
320	(b) from ... [OJ to insert: 4 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (b), and Article 2(2), point (b).	<i>deleted</i>	(b) from ... [OJ to insert: 43 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (b), and Article 2(2), point (b) which are formed in accordance with the legislation of a third country and that generated a net turnover of	(b) from ... [OJ to insert: 43 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (b), and <u>2(2), points (a) and (b), which are formed in accordance with the legislation of a third country and that generated a net turnover of</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>more than EUR 300 million in the Union, in the financial year preceding the last financial year preceding ... [3 years from the entry into force of this Directive];</p>	<p><u>more than EUR 150 million in the Union, in the financial year preceding the last financial year preceding ... [3 years from the entry into force of this Directive], with the exception of the measures necessary to comply with Article 2(2), point (b). 11, which Member States shall apply to these companies for financial years starting on or after 1 January 2028;</u></p> <p>Recital to be added to justify the different threshold for non/EU companies.</p> <p>Text Origin: Council Mandate</p>
Article 30(1), second subparagraph, point (ba)				
320a			<p>(c) from... [4 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (a), and Article 2(2), point (a);</p>	<p><u>(c) from... [4 years from the entry into force of this Directive] as regards all other companies referred to in Article 2(1), points (a) and (b), and Article 2(2), points (a) and (b), and companies referred to in Article 2(1), point (ba) and Article 2(2), point (ba), with the exception of the measures necessary to comply with Article 11, which Member States shall apply to these companies for financial years starting on or after 1 January 2029; 2(2), point (ba);</u></p> <p>Text Origin: Council Mandate</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 30(1), second subparagraph, point (bb)				
6	320b		(d) from ... [5 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (b), and Article 2(2), point (b).	<u>(d) from ... [5 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (bb), and Article 2(2), point (bb), with the exception of the measures necessary to comply with Article 11, which Member States shall apply to these companies for financial years starting on or after 1 January 2030.</u> Text Origin: Council Mandate
Article 30(1), third subparagraph				
6	321	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.	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.	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. Text Origin: Commission Proposal
Article 30(2)				
6	322	2. Member States shall communicate to the Commission	2. Member States shall communicate to the Commission	2. Member States shall communicate to the Commission

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	the text of the main provisions of national law which they adopt in the field covered by this Directive.	the text of the main provisions of national law which they adopt in the field covered by this Directive.	the text of the main provisions of national law which they adopt in the field covered by this Directive.	the text of the main provisions of national law which they adopt in the field covered by this Directive. Text Origin: Commission Proposal
Article 31				
323	Article 31 Entry into force	Article 31 Entry into force	Article 31 Entry into force	Article 31 Entry into force Text Origin: Commission Proposal
Article 31, first paragraph				
324	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. Text Origin: Commission Proposal
Article 32				
325	Article 32 Addressees	Article 32 Addressees	Article 32 Addressees	Article 32 Addressees Text Origin: Commission Proposal
Article 32, first paragraph				
326				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	This Directive is addressed to the Member States.	This Directive is addressed to the Member States.	This Directive is addressed to the Member States.	This Directive is addressed to the Member States. <small>Text Origin: Commission Proposal</small>
	Formula			
327	Done at Brussels,	Done at Brussels,	Done at Brussels,	Done at Brussels <small>Text Origin: Council Mandate</small>
	Formula			
328	For the European Parliament	For the European Parliament	For the European Parliament	For the European Parliament <small>Text Origin: Commission Proposal</small>
	Formula			
329	The President	The President	The President	The President <small>Text Origin: Commission Proposal</small>
	Formula			
330	For the Council	For the Council	For the Council	For the Council <small>Text Origin: Commission Proposal</small>
	Formula			
331				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	The President	The President	The President	The President Text Origin: Commission Proposal
Annex				
331.1	Annex	Annex	Annex ANNEX I This Annex is renumbered Annex I as the Council has added an Annex II in the text of the the Council's Mandate.	Annex ANNEX I Text Origin: Council Mandate
Annex, Part I				
332	Part I Part I	Part I Part I	Part I Part I	Part I Part I Text Origin: Commission Proposal
Annex, first paragraph				
333	Violations of rights and prohibitions included in international human rights agreements	Violations of Rights and prohibitions included in international human rights agreements	Violations of rights and prohibitions included in international human rights agreements 1. HUMAN RIGHTS AS REFERRED TO IN ARTICLE 3, POINT (C) This is the 1st subheading of Part I of the Annex.	1. Violations of Rights and prohibitions included in international human rights agreements agreements <u>instruments</u> This is the 1st subheading of Part I of the Annex. Text Origin: EP Mandate
Annex, point 1.				
334				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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;	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;	<i>deleted</i>	<i>deleted</i>
<i>Annex, point 2.</i>				
335	2. Violation of the right to life and security in accordance with Article 3 of the Universal Declaration on Human rights;	2. Violation of The right to life and security in accordance with Article 3 of the Universal Declaration on Human rights;	2. Violation of The right to life, including private or public and security guards protecting the company's resources, facilities or personnel causing death of a person due to a lack of instruction or control by the company, interpreted in line in accordance with Article 36(1) of the Universal Declaration on Human International Covenant on Civil and Political Rights;	2. Violation of The right to life, <u>interpreted in line and security in accordance</u> with Article 36(1) of the Universal Declaration on Human <u>International Covenant on Civil and Political Rights. This includes, but is not restricted to, private or public security guards protecting the company's resources, facilities or personnel causing death of a person due to a lack of instruction or control by the company;</u>
<i>Annex, point 3.</i>				
336	3. Violation of the prohibition of torture, cruel, inhuman or degrading treatment in accordance with Article 5 of the Universal Declaration of 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;	3. Violation of the prohibition of The prohibition of torture, cruel, inhuman or degrading treatment, including private or public security guards protecting the company's resources, facilities or personnel subjecting a person to torture, or cruel, inhuman or degrading treatment due to a lack	3. Violation of The prohibition of torture, cruel, inhuman or degrading treatment, <u>interpreted in line in accordance</u> with Article 57 of the Universal Declaration of Human Rights <u>International Covenant on Civil and Political Rights. This includes, but is not restricted to, private or public security guards</u>

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			of instruction or control by the company, interpreted in line in accordance with Article 57 of the Universal Declaration of Human Rights; International Covenant on Civil and Political Rights;	<u>protecting the company's resources, facilities or personnel subjecting a person to torture or cruel, inhuman or degrading treatment due to a lack of instruction or control by the company;</u>
Annex, point 4.				
337	4. Violation of the right to liberty and security in accordance with Article 9 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;	4. Violation of The right to liberty and security, interpreted in line in accordance with Article 99 (1) of the Universal Declaration of Human International Covenant on Civil and Political Rights;	4. Violation of The right to liberty and security, <u>interpreted in line in</u> accordance with Article 99 (1) of the Universal Declaration of Human International Covenant on Civil and Political Rights; Text Origin: Council Mandate
Annex, point 5.				
338	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;	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;	5. Violation of The prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and unlawful attacks on their honour or reputation, interpreted in line in accordance with Article 17 of the Universal Declaration of Human International Covenant on Civil and Political Rights;	5. Violation of The prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and <u>unlawful</u> attacks on their <u>honour or</u> reputation, <u>interpreted in line in</u> accordance with Article 17 of the Universal Declaration of Human International Covenant on Civil and Political Rights; Text Origin: Council Mandate
Annex, point 6.				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	339	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;	6. Violation of The prohibition of interference with the freedom of thought, conscience and religion, interpreted in line in accordance with Article 18 of the Universal Declaration of Human International Covenant on Civil and Political Rights;	6. Violation of The prohibition of interference with the freedom of thought, conscience and religion, interpreted in line in accordance with Article 18 of the Universal Declaration of Human International Covenant on Civil and Political Rights; Text Origin: Council Mandate
Annex, point 7.				
6	340	7. Violation of The right to enjoy just and favourable conditions of work including a fair wage , 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;	7. Violation of The right to enjoy just and favourable conditions of work, including a fair wage and an adequate living wage , a decent living, safe and healthy working conditions and reasonable limitation of working hours, interpreted in line in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;	7. Violation of The right to enjoy just and favourable conditions of work, including a fair wage and an adequate living wage for employed workers and an adequate living income for self-employed workers and smallholders, which they earn in return from their work and production , a decent living, safe and healthy working conditions and reasonable limitation of working hours, interpreted in line in accordance with Article 7 and 11 of the International Covenant on Economic, Social and Cultural Rights;
Annex, point 7a.				
6	340a			Deleted

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>7a. The right of everyone to an adequate standard of living for themselves and their family, including adequate food, clothing and housing, and to continuous improvement of living conditions in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights and Article 25 of the Universal Declaration of Human Rights;</u>		
Annex, point 8.				
341	8. Violation of the prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate food, clothing, and water and sanitation in the work place in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	8. Violation of The prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate food, clothing, and water and sanitation in the work place <u>workplace</u> in accordance with Article 11 of the International Covenant on Economic, Social and Cultural 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 work place in accordance <u>workplace</u> , interpreted in line with Article 11 of the International Covenant on Economic, Social and Cultural 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 work place in accordance <u>workplace</u> , interpreted in line with Article 11 of the International Covenant on Economic, Social and Cultural Rights; Text Origin: Council Mandate
Annex, point 9.				
342	9. Violation of the right of the child to have his or her best interests given primary consideration in all	9. Violation of The right of the child to have his or her best interests given primary consideration in all	<i>deleted</i>	9. Violation of The right of the child to have his or her best interests given primary

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	<p>decisions and actions that affect children in accordance with Article 3 of the Convention of the Rights of the Child; violation of the right of the child to develop to his or her full potential in accordance with Article 6 of the Convention of the Rights of the Child; violation of the right of the child to the highest attainable standard of health in accordance with Article 24 of the Convention on the Rights of the Child; violation of the right to social security and an adequate standard of living in accordance with Article 26 and 27 of the Convention on the Rights of the Child; violation of the right to education in accordance with Article 28 of the Convention on the Rights of the Child; violation of the right of the child to be protected from all forms of sexual exploitation and sexual abuse and to be protected from being abducted, sold or moved illegally to a different place in or outside their country for the purpose of exploitation, in accordance with Articles 34 and 35 of the Convention of the Rights of the Child;</p>	<p>decisions and actions that affect children in accordance with Article 3 of the Convention of the Rights of the Child; violation of the right of the child to develop to his or her full potential in accordance with Article 6 of the Convention of the Rights of the Child; violation of the right of the child to the highest attainable standard of health in accordance with Article 24 of the Convention on the Rights of the Child; violation of the right to social security and an adequate standard of living in accordance with Article 26 and 27 of the Convention on the Rights of the Child; violation of the right to education in accordance with Article 28 of the Convention on the Rights of the Child; violation of the right of the child to be protected from all forms of sexual exploitation and sexual abuse and to be protected from being abducted, sold or moved illegally to a different place in or outside their country for the purpose of exploitation, in accordance with Articles 34 and 35 of the Convention of the Rights of the Child;</p>		<p>consideration in all decisions and actions that affect children<u>the highest attainable standard of health</u> in accordance with Article 324 of the Convention of the Rights of the Child; violation of the right of the child to develop to his or her full potential<u>to education</u> in accordance with Article 628 of the Convention of the Rights of the Child; violation of the right of the child to the highest attainable<u>to an adequate</u> standard of health<u>living</u> in accordance with Article 2427 of the Convention on the Rights of the Child; violation<u>the right</u> 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<u>child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to</u> the child; violation of the right to education in accordance with's<u>health or physical, mental, spiritual, moral or social development, pursuant to</u> Article 2832 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</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				different place in or outside their country for the purpose of exploitation, in accordance with Articles 34 and 35 of the Convention of the Rights of the Child;
Annex, point 10.				
343	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);	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);	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 2(4) of the International Labour Organization Minimum Age Convention, 1973 (No. 138), interpreted in line with Articles 4 to 8 of the International Labour Organization Minimum Age Convention, 1973 (No. 138);	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 <u>2(4) of the International Labour Organization Minimum Age Convention, 1973 (No. 138), interpreted in line with</u> Articles 4 to 8 of the International Labour Organization Minimum Age Convention, 1973 (No. 138); Text Origin: Council Mandate
Annex, point 11.				
344	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	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	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), interpreted in line in accordance	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), <u>interpreted in line in accordance</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:	the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:	with Article 3 of the of the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:	with Article 3 of the of the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:
Annex, point 11.(a)				
345	(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,	(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,	(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;;	(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;. Text Origin: Council Mandate
Annex, point 11.(b)				
346	(b) The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances,	(b) The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances,	(b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;;	(b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;. Text Origin: Council Mandate
Annex, point 11.(c)				
347	(c) The use, procuring or offering of a child for illicit activities, in particular for the production of or trafficking in drugs,	(c) The use, procuring or offering of a child for illicit activities, in particular for the production of or trafficking in drugs,	(c) the use, procuring or offering of a child for illicit activities, in particular for the production of or trafficking in of drugs; and	(c) the use, procuring or offering of a child for illicit activities, in particular for the production of or trafficking of in of drugs; and

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				Text Origin: Council Mandate
Annex, point 11.(d)				
348	(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;	(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;	(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;	(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; Text Origin: Commission Proposal
Annex, point 12.				
349	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;	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;	12. Violation of The prohibition of forced or compulsory labour; this includes, which means 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 interpreted in line with Article 2(1) of the International Labour Organization Forced Labour Convention, 1930 (No. 29). Forced or compulsory labour are shall not mean 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	12. Violation of The prohibition of forced or compulsory labour; this includes, which means 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, interpreted in line with Article 2(1) of the International Labour Organization Forced Labour Convention, 1930 (No. 29). Forced or compulsory labour are shall not mean any work or services that comply with Article 2(2) 2(2) of International Labour Organization Forced Labour Convention, 1930 (No. 29) or with Article 8(3) 8(3)(b) and (c) of the

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			the International Covenant on Civil and Political Rights;	International Covenant on Civil and Political Rights; Text Origin: Council Mandate
Annex, point 13.				
350	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;	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;	13. Violation of The prohibition of all forms of slavery and slave-trade, including ,practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation, or human trafficking, interpreted in line with Article in accordance with Article 4 of the Universal Declaration of Human Rights and Art. 8 of the International Covenant on Civil and Political Rights;	13. Violation of The prohibition of all forms of slavery and slave-trade, including ,practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation, or human trafficking, interpreted in line with Article in accordance with Article 4 of the Universal Declaration of Human Rights and Art. 8 of the International Covenant on Civil and Political Rights; Text Origin: Council Mandate
Annex, point 14.				
351	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;	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;	<i>deleted</i>	<i>deleted</i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Annex, point 15.				
352	15. Violation of the right to freedom of association, assembly, the rights to organise and collective bargaining in accordance with Article 20 of the Universal Declaration of Human Rights, Articles 21 and 22 of the International Covenant on Civil and Political Rights Article 8 of the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the International Labour Organization Right to Organise and Collective Bargaining Convention, 1949 (No. 98), including the following rights:	15. Violation of The right to freedom of association, assembly, the rights to organise and collective bargaining in accordance with Article 20 of the Universal Declaration of Human Rights, Articles 21 and 22 of the International Covenant on Civil and Political Rights Article 8 of the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the International Labour Organization Right to Organise and Collective Bargaining Convention, 1949 (No. 98), including the following rights:	15. Violation of The right to freedom of association, assembly, the rights to organise and collective bargaining, interpreted in line with 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. This includes the following rights:	15. Violation of The right to freedom of association, assembly, the rights to organise and collective bargaining, interpreted in line with 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. This includes the following rights: Text Origin: Council Mandate
Annex, point 15.(a)				
353	(a) workers are free to form or join trade unions,	(a) workers are free to form or join trade unions,	(a) workers are free to form or join trade unions;	(a) workers are free to form or join trade unions; Text Origin: Council Mandate
Annex, point 15.(b)				
354				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation,	(b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation,	(b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation;	(b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation; Text Origin: Council Mandate
Annex, point 15.(c)				
355	(c) workers' organisations are free to operate in accordance with applicable in line with their constitutions and rules without interference from the authorities;	(c) workers' organisations are free to operate in accordance with applicable in line with their constitutions and rules without interference from the authorities;	(c) workers' organisations trade unions are free to operate in accordance with applicable in line with their constitutions and rules without interference from the authorities; and	(c) workers' organisations trade unions are free to operate in accordance with applicable in line with their constitutions and rules without interference from the authorities; and Text Origin: Council Mandate
Annex, point 15.(d)				
356	(d) the right to strike and the right to collective bargaining;	(d) the right to strike and the right to collective bargaining;	(d) the right to strike and the right to collective bargaining;	(d) the right to strike and the right to collective bargaining; Text Origin: Commission Proposal
Annex, point 16.				
357	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	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	16. Violation of The prohibition of unequal treatment in employment, unless this is justified by the requirements of the employment, interpreted in line with Articles in accordance with Article 2 and	16. Violation of The prohibition of unequal treatment in employment, unless this is justified by the requirements of the employment, interpreted in line with Articles in accordance with Article 2 and

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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;</p>	<p>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;</p>	<p>Article 3 of the International Labour Organisation Equal Remuneration Convention, 1951 (No. 100), Article Articles 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. This includes, in particular, the payment of unequal remuneration for work of equal value;</p>	<p>Article 3 of the International Labour Organisation Equal Remuneration Convention, 1951 (No. 100), Article Articles 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. This includes, in particular, the payment of unequal remuneration for work of equal value;</p> <p><small>Text Origin: Council Mandate</small></p>
Annex, point 16a.				
357a			<p>(a) the payment of unequal remuneration for work of equal value; and</p>	<p><u>(a) the payment of unequal remuneration for work of equal value; and</u></p> <p><small>Text Origin: Council Mandate</small></p>
Annex, point 16b.				
357b			<p>(b) the discrimination on grounds of national extraction or social origin, race, colour, sex, religion, political opinion;</p>	<p><u>(b) the discrimination on grounds of national extraction or social origin, race, colour, sex, religion, political opinion;</u></p> <p><small>Text Origin: Council Mandate</small></p>
Annex, point 17.				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
358	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;	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;	<i>deleted</i>	<i>deleted</i>
Annex, point 18.				
359	18. Violation of the prohibition of causing any measurable environmental degradation, such as harmful soil change, water or air pollution, harmful emissions or excessive water consumption or other impact on natural resources, that	18. Violation of The prohibition of causing any measurable environmental degradation, such as harmful soil change, water or air pollution, harmful emissions, or excessive water consumption or other impact on natural resources, that	1817a. Violation of The prohibition of causing any measurable environmental degradation, such as harmful soil change, water or air pollution, harmful emissions or excessive water consumption or other impact on natural resources, that such as deforestation, that:	18. Violation of The prohibition of causing any measurable environmental degradation, such as harmful soil change, water or air pollution, harmful emissions or , excessive water consumption, <u>degradation of land</u> , or other impact on natural resources, that <u>such as deforestation, that:</u> Council to check reference to deforestation
Annex, point 18.(a)				
360	(a) impairs the natural bases for the preservation and production of food or	(a) impairs the natural bases for the preservation and production of food <u>and feed</u> or	(a) substantially impairs the natural bases for the preservation and production of food; or	(a) <u>substantially</u> impairs the natural bases for the preservation and production of food; or
Annex, point 18.(b)				
361	(b) denies a person access to safe and clean drinking water or	(b) denies a person access to safe and clean drinking water or	(b) denies a person access to safe and clean drinking water or ;	(b) denies a person access to safe and clean drinking water or ;

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				Text Origin: Council Mandate
Annex, point 18.(c)				
362	(c) makes it difficult for a person to access sanitary facilities or destroys them or	(c) makes it difficult for a person to access sanitary facilities or destroys them or	(c) makes it difficult for a person to access sanitary facilities or destroys them or ;	(c) makes it difficult for a person to access sanitary facilities or destroys them or ; Text Origin: Council Mandate
Annex, point 18.(d)				
363	(d) harms the health, safety, the normal use of property or land or the normal conduct of economic activity of a person or	(d) harms the health, safety, the normal use of property or land or the normal conduct of economic activity of a person or	(d) harms the health, safety, the normal use of property or land or the normal conduct of economic activity of a person, or	(d) harms the health, safety, the normal use of property or land or the normal conduct of economic activity <u>lawfully acquired possessions</u> of a person; or
Annex, point 18.(da)				
363a		<u>(da) impairs health, such as causing epidemics, taking into account the One Health approach or</u>		deleted
Annex, point 18.(e)				
364	(e) affects ecological integrity, such as deforestation,	(e) affects ecological integrity, such as deforestation, <u>in accordance with Article 3 of the Universal Declaration of Human Rights, Article 5 of the International Covenant on Civil and Political</u>	deleted	(e) <u>substantially adversely</u> affects ecological integrity, such as deforestation, <u>ecosystem services through which an ecosystem contributes directly or indirectly to human wellbeing;</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		Rights and Article 12 of the International Covenant on Economic, Social and Cultural Rights.		[Add recital: “The following elements should be taken into account in order to assess whether the damage is substantial, where relevant: (a) the baseline condition of the affected environment; (b) whether the damage is long-lasting, medium term or short term; (c) spread of the damage; (d) reversibility of the damage.”]
Annex, second paragraph				
365	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;	<i>deleted</i>	interpreted in line in accordance with Article 3 of the Universal Declaration of Human Rights, Article 56(1) of the International Covenant on Civil and Political Rights and Articles 11 and 12 of the International Covenant on Economic, Social and Cultural Rights;	<i>interpreted in line</i> in accordance with Article 3 of the Universal Declaration of Human Rights, Article 56(1) of the International Covenant on Civil and Political Rights and Articles 11 and 12 of the International Covenant on Economic, Social and Cultural Rights; Text Origin: Council Mandate
Annex, point 19.				
366	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	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	19. Violation of The prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise use using land, forests and waters, including by deforestation, the use of which secures the livelihood of a person	19. Violation of The right of individuals, groups and communities to lands and resources and to not be deprived of means of subsistence, which entails the prohibition to unlawfully evict or take land, forests and waters

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	interpreted in line in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights.	when acquiring, developing or otherwise use <u>using</u> land, forests and waters, including by deforestation, the use of which secures the livelihood of a person interpreted in line in accordance with Article <u>1 and 27 of the International Covenant on Civil and Political Rights and Article 1, 2 and</u> 11 of the International Covenant on Economic, Social and Cultural Rights. Text Origin: Council Mandate
Annex, point 19a.				
366a		<u>19a. The rights of indigenous peoples to self-determination in accordance with Article 1 of the International Covenant on Civil and Political Rights, Article 1 of the International Covenant on Economic, Social and Cultural Rights, and Article 5 of the International Convention on the Elimination of All forms of Racial Discrimination, and their right to give, modify, withhold or withdraw their free, prior, and informed consent to interventions, decisions and activities that may affect their lands, territories, resources and rights, in accordance with Article 27 of the International Covenant on Civil and Political Rights and</u>		<i>deleted</i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>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;</u>		
Annex, point 20.				
367	20. Violation of the indigenous peoples' right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired in accordance with Article 25, 26 (1) and (2), 27, and 29 (2) of the United Nations Declaration on the Rights of Indigenous Peoples;	20. Violation of The indigenous peoples' right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired in accordance with Article 25, 26 (1) and (2), 27, and 29 (2) <u>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 United Nations Declaration on the Rights of Indigenous Peoples; Elimination of All Forms of Racial Discrimination</u>	<i>deleted</i>	<i>deleted</i>
Annex, point 21.				
368	21. Violation of a prohibition or right not covered by points 1 to 20 above but included in the human rights agreements listed in Section 2 of this Part, which directly impairs a	21. Violation of A prohibition or right not covered by points 1 to 20 above but included in the human rights agreements listed in Section 2 of this Part, which directly impairs a	<i>deleted</i>	<i>deleted</i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.	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 <u>where there is a foreseeable risk that such a prohibition or right may be affected.</u>		
Annex, third paragraph				
369	Human rights and fundamental freedoms conventions	<u>2. Human rights and fundamental freedoms conventions and instruments</u>	Human rights and fundamental freedoms conventions 2. HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS INSTRUMENTS This is the 2nd subheading of Part I of the Annex.	<u>2. Human rights and fundamental freedoms conventions instruments</u> This is the 2nd subheading of Part I of the Annex. Text Origin: EP Mandate
Annex, fourth paragraph				
370	- The Universal Declaration of Human Rights;	- The Universal Declaration of Human Rights;	<i>deleted</i>	<i>deleted</i>
Annex, fifth paragraph				
371				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	- The International Covenant on Civil and Political Rights;	- The International Covenant on Civil and Political Rights;	- The International Covenant on Civil and Political Rights;	- The International Covenant on Civil and Political Rights; Text Origin: Commission Proposal
Annex, sixth paragraph				
372	- The International Covenant on Economic, Social and Cultural Rights;	- The International Covenant on Economic, Social and Cultural Rights;	- The International Covenant on Economic, Social and Cultural Rights;	- The International Covenant on Economic, Social and Cultural Rights; Text Origin: Commission Proposal
Annex, seventh paragraph				
373	- The Convention on the Prevention and Punishment of the Crime of Genocide;	- The Convention on the Prevention and Punishment of the Crime of Genocide;	<i>deleted</i>	<i>deleted</i>
Annex, eighth paragraph				
374	- The Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment;	- The Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment;	<i>deleted</i>	<i>deleted</i>
Annex, ninth paragraph				
375	- The International Convention on the Elimination of All Forms of Racial Discrimination;	- The International Convention on the Elimination of All Forms of Racial Discrimination;	<i>deleted</i>	<i>deleted</i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
<i>Annex, tenth paragraph</i>				
376	- The Convention on the Elimination of All Forms of Discrimination Against Women;	- The Convention on the Elimination of All Forms of Discrimination Against Women;	<i>deleted</i>	<i>deleted</i>
<i>Annex, eleventh paragraph</i>				
377	- The Convention on the Rights of the Child;	- The Convention on the Rights of the Child;	<i>deleted</i>	- The Convention on the Rights of the Child; <small>Text Origin: EP Mandate</small>
<i>Annex, twelfth paragraph</i>				
378	- The Convention on the Rights of Persons with Disabilities;	- The Convention on the Rights of Persons with Disabilities;	<i>deleted</i>	<i>deleted</i>
<i>Annex, thirteenth paragraph</i>				
379	- The United Nations Declaration on the Rights of Indigenous Peoples;	- The United Nations Declaration on the Rights of Indigenous Peoples;	<i>deleted</i>	<i>deleted</i>
<i>Annex, fourteenth paragraph</i>				
380	- The Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;	- The <u>United Nations</u> Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;	<i>deleted</i>	<i>deleted</i>
<i>Annex, fourteenth paragraph a</i>				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	380a	- The United Nations Declaration on the Rights of Peasants and Other People Working in Rural Areas;		deleted
Annex, fifteenth paragraph				
6	381	- 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 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;	deleted
Annex, fifteenth paragraph a				
6	381a	- United Nations Convention against Corruption, 2003;		deleted <i>Recital to be discussed.</i>
Annex, sixteenth paragraph				
6	381b	- OECD Anti-Bribery Convention, 1997;		deleted
Annex, sixteenth paragraph				
6	382			

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work;	- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work;	<i>deleted</i>	<i>deleted</i>
<i>Annex, seventeenth paragraph</i>				
383	- The International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;	- The International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;	<i>deleted</i>	<i>deleted</i>
<i>Annex, seventeenth paragraph a</i>				
383a		<u>- <i>The International Labour Organisation's Indigenous and Tribal Peoples' Convention, 1989 (No. 169)</i></u> ;		<i>deleted</i>
<i>Annex, eighteenth paragraph</i>				
384	- The International Labour Organization's core/fundamental conventions:	- The International Labour Organization's core/fundamental conventions:	- The International Labour Organization's core/fundamental conventions:	- The International Labour Organization's core/fundamental conventions: Text Origin: Commission Proposal
<i>Annex, nineteenth paragraph</i>				
385				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87);	- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Text Origin: Council Mandate
Annex, twentieth paragraph				
386	- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	- Right to Organise and Collective Bargaining Convention, 1949 (No. 98);	- Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Text Origin: Council Mandate
Annex, twenty-first paragraph				
387	- Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol;	- Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol;	- Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol;	- Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol; Text Origin: Commission Proposal
Annex, -a paragraph				
388	- Abolition of Forced Labour Convention, 1957 (No. 105)	- Abolition of Forced Labour Convention, 1957 (No. 105)	- Abolition of Forced Labour Convention, 1957 (No. 105);	- Abolition of Forced Labour Convention, 1957 (No. 105); Text Origin: Council Mandate
Annex, -a paragraph				
389	- Minimum Age Convention, 1973 (No. 138)	- Minimum Age Convention, 1973 (No. 138)	- Minimum Age Convention, 1973 (No. 138);	- Minimum Age Convention, 1973 (No. 138); Text Origin: Council Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Annex, -a paragraph a			
389a		- ILO Occupational Safety and Health Convention, 1981 (No. 155)		deleted
	Annex, -a paragraph b			
389b		- ILO Promotional Framework for Occupational Safety and Health, 2006 (No 187)		deleted
	Annex, -a paragraph			
390	- Worst Forms of Child Labour Convention, 1999 (No. 182)	- Worst Forms of Child Labour Convention, 1999 (No. 182)	- Worst Forms of Child Labour Convention, 1999 (No. 182);	- Worst Forms of Child Labour Convention, 1999 (No. 182); Text Origin: Council Mandate
	Annex, -a paragraph			
391	- Equal Remuneration Convention, 1951 (No. 100)	- Equal Remuneration Convention, 1951 (No. 100)	- Equal Remuneration Convention, 1951 (No. 100);	- Equal Remuneration Convention, 1951 (No. 100); Text Origin: Council Mandate
	Annex, -a paragraph			
392	- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	- Discrimination (Employment and Occupation) Convention, 1958 (No. 111).	- Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Text Origin: Council Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Annex, -a paragraph a			
6	392a	<u>- The International humanitarian law instruments as laid out in the Geneva Conventions and additional protocols</u>		deleted Recital to be discussed
	Annex, -a paragraph b			
6	392b	<u>- Council of Europe Convention on preventing and combating violence against women and domestic violence.</u>		<u>Deleted</u>
	Annex, Part II			
6	393 Part II Part II	Part II Part II	Part II Part II	Part II Part II Text Origin: Commission Proposal
	Annex, -a paragraph			
6	394 violations of internationally recognized objectives and prohibitions included in environmental conventions	violations of <u>Union and</u> internationally recognized objectives and prohibitions included in environmental <u>and climate</u> conventions <u>and Union legislation</u>	violations of internationally recognized objectives and prohibitions included in environmental conventions PROHIBITIONS AND OBLIGATIONS RELATED TO THE PROTECTION OF THE ENVIRONMENT AS	violations of internationally recognized objectives and prohibitions <u>Prohibitions and obligations</u> included in environmental conventions <u>instruments</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			REFERRED TO IN ARTICLE 3, POINT (B)	
Annex, -a paragraph a				
394a		<p><u>-1. The obligation to identify and prevent, mitigate or bring to an end an adverse impact on one of the following environmental categories:</u></p> <p><u>a) climate change;</u></p> <p><u>b) biodiversity loss;</u></p> <p><u>c) air, water and soil pollution;</u></p> <p><u>d) degradation of land, marine and freshwater ecosystems;</u></p> <p><u>e) deforestation;</u></p> <p><u>f) overconsumption of material, water, energy and other natural resources;</u></p> <p><u>g) harmful generation and mismanagement of waste, including hazardous substances;</u></p>		deleted
Annex, point 22.				
395	22. 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	deleted	221. 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, interpreted in line with Article 10 (b) of the 1992 Convention on Biological Diversity and [taking into account possible	221. Violation of The obligation to take the necessary measures related to the use of biological resources in order to avoid or minimize minimise adverse impacts on biological diversity, interpreted in line with Article 10 (b) 10(b) of the 1992 Convention on Biological Diversity and [taking into account possible

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	2020 UN Convention on Biological Diversity], including the obligations of the Cartagena Protocol on the development, handling, transport, use, transfer and release of living modified organisms and of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity of 12 October 2014;		<p>amendments following the post 2020 UN Convention on Biological Diversity] applicable law in the relevant jurisdiction, 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;</p> <p>The numbering of the numbered paragraphs in Part II of the Annex appears wrong in the Commission's column, as in the Commission's proposal the points under this section start with point 1. The numbering has been corrected in the Council's Mandate column.</p>	<p>amendments following the post 2020 UN Convention on Biological Diversity] applicable law in the relevant jurisdiction, 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;</p>
	Annex, point 23.			
396	23. 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;	<p>232. 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;</p>	<p>232. Violation of The prohibition to import, export, re-export or introduce from the sea or export any specimen included in an Appendix the Appendices I to III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March 1973 without a permit,</p>	<p>232. Violation of The prohibition to import, export, re-export or introduce from the sea or export any specimen included in an Appendix the Appendices I to III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March 1973 without a permit,</p>

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			pursuant to interpreted in line with Articles III, IV and V of the Convention ;	pursuant to interpreted in line with Articles III, IV and V of the Convention ; <small>Text Origin: Council Mandate</small>
Annex, point 24.				
397	24. 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);	243. 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);	243. Violation of The prohibition of the manufacture, import and export of mercury-added products pursuant to Article 4 (1) and listed in Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention), interpreted in line with Article 4(1) of the Convention ;	243. Violation of The prohibition of the manufacture, import and export of mercury-added products pursuant to Article 4 (1) and listed in Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention), interpreted in line with Article 4(1) of the Convention ; <small>Text Origin: Council Mandate</small>
Annex, point 25.				
398	25. 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;	254. 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;	254. Violation of The prohibition of the use of mercury and/or mercury compounds in the manufacturing processes within the meaning of Article 5 (2) and listed in Annex B Part I of the Minamata Convention from after the phase-out date specified in the Convention for the respective products and processes individual processes, interpreted in line with Article 5(2) of the Convention ;	254. Violation of The prohibition of the use of mercury and/or mercury compounds in the manufacturing processes within the meaning of Article 5 (2) and listed in Annex B Part I of the Minamata Convention from after the phase-out date specified in the Convention for the respective products and processes individual processes, interpreted in line with Article 5(2) of the Convention ; <small>Text Origin: Council Mandate</small>

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Annex, point 26.				
399	26. Violation of the prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;	265. Violation of The prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;	265. Violation of The prohibition of the unlawful treatment of mercury waste, interpreted in line with Article 11(3) of the Minamata Convention and Article 13 of Regulation (EU) 2017/852 contrary to the provisions of Article 11 (3) of the Minamata Convention European Parliament and of the Council¹ ; 1. Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury, and repealing Regulation (EC) No 1102/2008 (OJ L 137, 24.5.2017, p. 1).	265. Violation of The prohibition of the unlawful treatment of mercury waste, interpreted in line with Article 11(3) of the Minamata Convention and Article 13 of Regulation (EU) 2017/852 contrary to the provisions of Article 11 (3) of the Minamata Convention European Parliament and of the Council¹ ; 1. Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury, and repealing Regulation (EC) No 1102/2008 (OJ L 137, 24.5.2017, p. 1). Text Origin: Council Mandate
Annex, point 27.				
400	27. 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;	276. 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;	276. 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), interpreted in line with Article 3(1)(a), point (i) of the Convention and in the version of Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic	276. Violation of The prohibition of the production and use of chemicals pursuant to Article 3 (1) (a) (i) and listed in Annex A of the Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants (POPs Convention), interpreted in line with Article 3(1)(a), point (i) of the Convention and in the version of Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>pollutants (OJ L 169 of 25 June 2019 pp. 45-77¹;</p> <p>1. Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169, 25.6.2019, p. 45).</p>	<p><i>pollutants (OJ L 169 of 25 June 2019 pp. 45-77¹;</i></p> <p><u>1. Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169, 25.6.2019, p. 45).</u></p> <p>Text Origin: Council Mandate</p>
Annex, point 28.				
401	<p>28. 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;</p>	<p>287. 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;</p>	<p>287. Violation of The prohibition of the unlawful 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, interpreted in line with Article 6 (1) (d), points (i) and (ii) of the POPs Convention and Article 7 of Regulation (EU) 2019/1021;</p>	<p>287. Violation of The prohibition of the unlawful 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, interpreted in line with Article 6 (1) (d), points (i) and (ii) of the POPs Convention and Article 7 of Regulation (EU) 2019/1021;</p> <p>Text Origin: Council Mandate</p>
Annex, point 29.				
402	<p>29. 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</p>	<p><i>deleted</i></p>	<p>298. Violation of The prohibition of importing or exporting a chemical listed in Annex III of the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade</p>	<p>298. Violation of The prohibition of importing or exporting a chemical listed in Annex III of the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade</p>

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	September 1998, as indicated by the importing Party to the Convention in line with the Prior Informed Consent (PIC) Procedure;		(UNEP/FAO), adopted on of 10 September 1998, as indicated interpreted in line with Articles 10(1), 11(1)(b) and 11(2) of the Convention and indication by the importing or exporting Party to the Convention in line with the Prior Informed Consent (PIC) Procedure;	(UNEP/FAO), adopted on of 10 September 1998, as indicated interpreted in line with Articles 10(1), 11(1)(b) and 11(2) of the Convention and indication by the importing or exporting Party to the Convention in line with the Prior Informed Consent (PIC) Procedure; Text Origin: Council Mandate
Annex, point 30.				
403	30. 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;	309. 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;	309. Violation of The prohibition of the production and consumption unlawful import and export of controlled substances that deplete the ozone layer (i.e., CFCs, Halons, CTC, TCA, BCM, MB, HBFCs and HCFCs) after their phase-out pursuant in Annexes A, B, C and E of the Montreal Protocol on substances that deplete the Ozone Layer to the Vienna Convention for the protection of the Ozone Layer, interpreted in line with Article 4B of the and its Montreal Protocol on substances that deplete the Ozone Layer and licensing provisions under applicable law in relevant jurisdiction;	309. Violation of The prohibition of the unlawful production, consumption, import and export of controlled 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 in Annexes A, B, C and E of the Montreal Protocol on substances that deplete the Ozone Layer to the Vienna Convention for the protection of the Ozone Layer, interpreted in line with Article 4B of the and its Montreal Protocol on substances that deplete the Ozone Layer and licensing provisions under applicable law in relevant jurisdiction;
Annex, 10.				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
404	<p>31. 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)</p>	<p>31<u>10</u>. Violation ofThe 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)</p>	<p>31<u>10</u>. Violation ofThe prohibition of exports of hazardous or other waste, interpreted in line with within the meaning of Article 1 (1) and other wastes within the meaning of Article 1(1) and (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)¹:</p> <p>1. Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190, 12.7.2006, p. 1).</p>	<p>31<u>10</u>. Violation ofThe prohibition of exports of hazardous or other waste, interpreted in line with within the meaning of Article 1 (1) and other wastes within the meaning of Article 1(1) and (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)¹:</p> <p><u>1. Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190, 12.7.2006, p. 1).</u></p> <p>Text Origin: Council Mandate</p>
Annex, 10., point (a)				
405	<p>(a) to a party that has prohibited the import of such hazardous and other wastes (Article 4 (1) (b) of the Basel Convention),</p>	<p>(a) to a party that has prohibited the import of such hazardous and other wastes (Article 4 (1) (b) of the Basel Convention),</p>	<p>(a) to a party to the Convention that has prohibited the import of such hazardous and other wastes, interpreted in line with Article</p>	<p>(a) to a party <u>to the Convention</u> that has prohibited the import of such hazardous and other wastes, <u>interpreted in line with Article</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			4(1)(b) (Article 4 (1) (b) of the Basel Convention);;	4(1)(b) (Article 4 (1) (b) of the Basel Convention);; Text Origin: Council Mandate
Annex, 10., point (b)				
6	406 (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),	(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),	(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, interpreted in line with Article 4(1)(c) (Article 4 (1) (c) 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, interpreted in line with Article 4(1)(c) (Article 4 (1) (c) of the Basel Convention);; Text Origin: Council Mandate
Annex, 10., point (c)				
6	407 (c) to a non-party to the Basel Convention (Article 4 (5) of the Basel Convention),	(c) to a non-party to the Basel Convention (Article 4 (5) of the Basel Convention),	(c) to a non-party to the Basel Convention, interpreted in line with (Article 4 (5)) 4(5) of the Basel Convention);;	(c) to a non-party to the Basel Convention, interpreted in line with (Article 4 (5)) 4(5) of the Basel Convention);; Text Origin: Council Mandate
Annex, 10., point (d)				
6	408 (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)	(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)	(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, interpreted	(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, interpreted

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	sentence 1 of the Basel Convention);	sentence 1 of the Basel Convention);	in line with Article 4(8) 4(8) the first sentence 1 of the Basel Convention);	in line with Article 4(8) 4(8) the first sentence 1 of the Basel Convention); Text Origin: Council Mandate
Annex, point 32.				
409	32. 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);	32 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);	32 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 (for operations listed in Annex IV to the Basel Convention, interpreted in line with Article 4A of the Basel Convention, and Article 34 and 36 of Regulation (EC) No 1013/2006);	32 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 (for operations listed in Annex IV to the Basel Convention, interpreted in line with Article 4A of the Basel Convention, and Article 34 and 36 of Regulation (EC) No 1013/2006); Text Origin: Council Mandate
Annex, point 33.				
410	33. 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).	33 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).	33 12 . Violation of The prohibition of the import of hazardous wastes and other wastes from a non-party that has not ratified to the Basel Convention, interpreted in line with Article 4(5) (Article 4(5) of the Basel Convention);	33 12 . Violation of The prohibition of the import of hazardous wastes and other wastes from a non-party that has not ratified to the Basel Convention, interpreted in line with Article 4(5) (Article 4(5) of the Basel Convention); Text Origin: Council Mandate
Annex, point 12a.				
410a				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>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.</u>	13. 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;	deleted EP AMD deleted - point 13 in next row
Annex, point 12b.				
410b			13. 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;	<u>13. 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;</u>
Annex, point 12c.				
410c		<u>12b. The obligation to take all measures consistent with the UN Convention on the Laws of the Sea</u>	14. The obligation to avoid or minimise adverse impacts on wetlands as defined in Article 1 of	deleted

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><i>(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.</i></u>	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;	<i>EP AMD deleted - point 14 in next row</i>
Annex, point 12d.				
410d			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;	<u><i>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;</i></u>
Annex, point 12e.				
410e		<u><i>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</i></u>	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	<i>deleted</i> <i>EP AMD deleted - point 15 in next row</i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention)</u>	the Protocol of 1978 (MARPOL 73/78). This includes:	
Annex, point 12f.				
6	410f		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:	<u>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:</u> Text Origin: Council Mandate
Annex, point 12g.				
6	410g		(a) the prohibition to discharge into the sea:	<u>(a) the prohibition to discharge into the sea:</u> Text Origin: Council Mandate
Annex, point 12h.				
6	410h		(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;	<u>(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;</u> Text Origin: Council Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Annex, point 12i.			
6	410i		(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	<u>(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</u> Text Origin: Council Mandate
	Annex, point 12j.			
6	410j		(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;	<u>(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;</u> Text Origin: Council Mandate
	Annex, point 12k.			
6	410k		(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	<u>(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</u> Text Origin: Council Mandate
	Annex, point 12l.			

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	410l		(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;	<u>(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;</u> Text Origin: Council Mandate
Annex, point 12m.				
6	410m	<u>12d. The obligation to ensure that persons, groups and organizations that promote and defend human rights in environmental matters relating to a company's value chain are able to act free from threat, restriction and insecurity and are not penalized, persecuted or harassed in any way for their involvement, in accordance with Article 3 (8) of the Aarhus Convention.</u>		deleted
Annex, point 12n.				
6	410n	<u>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</u>	16. The prohibition of unlawful pollution of the marine environment by dumping as defined in Article 1(1) of the United Nations Convention on the Law of the Sea of 10 December 1982 (UNCLOS), interpreted in line with Article 210 of UNCLOS	<u>16. The obligation to prevent, reduce and control pollution of the marine environment by dumping, interpreted in line with Article 210 of the United Nations Convention on the Law of the Sea of 10 December 1982 (UNCLOS) and</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>Transboundary Watercourses and International Lakes.</u>	and applicable law in the relevant jurisdiction.	<u>applicable law in the relevant jurisdiction.</u>
Annex, point 12o.				
6	410o		ANNEX II ANNEX II	<u>ANNEX II</u> To align with Article 2 Text Origin: Council Mandate
Annex, title				
6	410p		LIST OF STATISTICAL CLASSIFICATION OF ECONOMIC ACTIVITIES DEFINED IN ANNEX IV TO REGULATION (EC) No 1893/2006 REFERRED TO IN ARTICLE 2(1), POINT (b) The Council's Mandate has introduced a new Annex II in the form of a table. As it is not technically possible to introduce a table in the TTE tool, the rows of the table have been set out in successive rows in this 4 column document.	<u>LIST OF STATISTICAL CLASSIFICATION OF ECONOMIC ACTIVITIES DEFINED IN ANNEX IV TO REGULATION (EC) No 1893/2006 REFERRED TO IN ARTICLE 2(1), POINT (b)</u> Text Origin: Council Mandate
Annex, title				
6	410q		Article - Sector - Corresponding NACE code	<u>Article - Sector - Corresponding NACE code</u> Text Origin: Council Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Annex, title			
6	410r		2(1)(b), point (i) - Manufacture of textiles, leather and related products (including footwear) - Section C, Division 13-15	2(1)(b), point (i) - Manufacture of textiles, leather and related products (including footwear) - Section C, Division 13-15 Text Origin: Council Mandate
	Annex, title			
6	410s		2(1)(b), point (i) - Wholesale trade of textiles, clothing and footwear - Section G, Division 46, Group 46.4, Class 46.41-46.42	2(1)(b), point (i) - Wholesale trade of textiles, clothing and footwear - Section G, Division 46, Group 46.4, Class 46.41-46.42 Text Origin: Council Mandate
	Annex, title			
6	410t		2(1)(b), point (ii) - Agriculture, forestry, fisheries (including aquaculture) - Section A	2(1)(b), point (ii) - Agriculture, forestry, fisheries (including aquaculture) - Section A Text Origin: Council Mandate
	Annex, title			
6	410u		2(1)(b), point (ii) -	2(1)(b), point (ii) -

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>Manufacture of food products and beverages - Section C, Division 10-11</p>	<p><u>Manufacture of food products and beverages - Section C, Division 10-11</u></p> <p>Text Origin: Council Mandate</p>
Annex, title				
	410v		<p>2(1)(b), point (ii) - Wholesale trade of agricultural raw materials, live animals, wood, food and beverages - Section G, Division 46, Group 46.1, Class 46.11-46.13 and 46.16-46.17 - Section G, Division 46, Group 46.2 - Section G, Division 46, Group 46.3</p>	<p><u>2(1)(b), point (ii) - Wholesale trade of agricultural raw materials, live animals, wood, food and beverages - Section G, Division 46, Group 46.1, Class 46.11-46.13 and 46.16-46.17 - Section G, Division 46, Group 46.2 - Section G, Division 46, Group 46.3</u></p> <p>Text Origin: Council Mandate</p>
Annex, title				
	410w		<p>2(1)(b), point (iii) - The extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products) - Section B</p>	<p><u>2(1)(b), point (iii) - The extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products) - Section B</u></p> <p>Text Origin: Council Mandate</p>
Annex, title				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	410x		<p>2(1)(b), point (iii) - The manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment) - Section C, Division 23-25</p>	<p><u>2(1)(b), point (iii) - The manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment) - Section C, Division 23-25</u></p> <p>Text Origin: Council Mandate</p>
Annex, title				
6	410y		<p>2(1)(b), point (iii) - The wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products) - Section G, Division 46, Group 46.7, Class 46.71-73 and 46.75-76</p>	<p><u>2(1)(b), point (iii) - The wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products) - Section G, Division 46, Group 46.7, Class 46.71-73 and 46.75-76</u></p> <p>Text Origin: Council Mandate</p>
Annex, Title XI				
6	410z			<p><u>2(1)(b), point (iiia) - Construction - Section F</u></p>