

Gleiss Lutz

# **SYNOPSIS ZUR CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE (CS3D)**

Vergleich des „Draft Agreement (final)“ vom 24. Januar 2024  
zum ursprünglichen Richtlinienentwurf der Europäischen  
Kommission vom 23. Februar 2022

Stand 8. Februar

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## Gleiss Lutz Synopse zur Corporate Sustainability Due Diligence Directive (CS3D)

Vergleich des „Draft Agreement (final)“ vom 24. Januar 2024<sup>1</sup> zum ursprünglichen Richtlinien-vorschlag der Europäischen Kommission vom 23. Februar 2022<sup>2</sup>

### Article 1

#### Subject matter

1. This Directive lays down rules on

(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 their business partners in companies' chains of activities;

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

(c) obligation to adopt and put into effect a transition plan for climate change mitigation which aims to ensure, through best efforts, 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.

(Article 1(1), second subparagraph) deleted

2. This Directive shall not constitute grounds for reducing the level of protection of human, employment and social rights, or of protection of the environment or the protection of the climate provided for by the law of Member States, or applicable collective agreements at the time of the adoption of this Directive.

3. This Directive shall be without prejudice to obligations in the 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 shall prevail to the extent of the conflict and shall apply to those specific obligations.

### Article 2

#### Scope

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

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<sup>1</sup> Als finales Ergebnis des Trilogverfahrens von Mitgliedern des Europäischen Parlaments veröffentlichte Fassung.

<sup>2</sup> COM (2022) 71 final.



(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**;

(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~~ **(a) but is the ultimate parent company of a group that reaches the thresholds** in the last financial year for which **consolidated** annual financial statements have been ~~prepared, provided that at least 50% of this net turnover was generated in one or more of the following sectors:~~ **or should have been adopted**;

**(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;**

**(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:**

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

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

(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).

**(iiia) construction.**

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

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

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

**(b) the company did not reach the thresholds under point (a) but is the ultimate parent company of a group that on a consolidated basis reaches the thresholds under (a) in the financial year preceding the last financial year;**

**(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 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;**

**(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).**

**2a. Where the conditions under paragraph 1, points (b) and (ba), and paragraph 2, points (b) and (ba), are met and the ultimate parent company of the group 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.**

3. For the purposes of paragraph 1, the number of part-time employees shall be calculated on a full-time equivalent basis. Temporary agency workers **and other workers in non-standard forms of employment, provided that they fulfil the criteria for determining the status of a worker established by the Court of Justice**, 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.

**3a. Where a company has met the conditions laid down in paragraphs 1 or 2, the Directive shall only apply if this occurs in 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 paragraphs 1 or 2 cease to be met for each of the last two relevant financial years.**

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.

**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.**

6. ~~Deleted~~

**7. This Directive shall not apply to AIFs as defined in point (a) of Article 4(1) of Directive 2011/61/EU<sup>1</sup> or to UCITS authorised in accordance with Article 1(2) of Directive 2009/65/EC.<sup>2</sup>**

**8.—Deleted**

## Article 3

### Definitions

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

(a) ‘company’ means any of the following:

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

(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**;

~~(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~~

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

- a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 of the European Parliament and of the Council<sup>1</sup>;
- an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU of the European Parliament and of the Council<sup>1</sup>;

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<sup>1</sup> **Directive 2011/61/EU of the European Parliament and of the Council of 8 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)**

<sup>2</sup> **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).**

<sup>1</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (OJ L 182, 29.6.2013, p. 19).

<sup>1</sup> 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).

<sup>1</sup> 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 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)~~<sup>1</sup>, including a manager of Euveca under Regulation (EU) No 345/2013 of the European Parliament and of the Council<sup>2</sup>, a manager of EuSEF under Regulation (EU) No 346/2013 of the European Parliament and of the Council<sup>3</sup> and a manager of ELTIF under Regulation (EU) 2015/760 of the European Parliament and of the Council<sup>3,4</sup>;
- an undertaking for collective investment in transferable securities (UCITS) management company as defined Article 2(1), point (b), of Directive 2009/65/EC of the European Parliament and of the Council<sup>1</sup>;
- an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council<sup>1</sup>;
- a reinsurance undertaking as defined in Article 13, point (4), of Directive 2009/138/EC;
- an institution for occupational retirement provision ~~as defined in Article 1, point (6)~~ **within the scope** of Directive **(EU) 2016/2341** of the European Parliament and of the Council<sup>1</sup> **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:**
  - ~~pension institutions operating pension schemes which are considered to be social security schemes covered by Regulation (EC) No 883/2004 of the European Parliament and of the~~

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<sup>1</sup> ~~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)~~ **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).

<sup>2</sup> 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**.

<sup>3</sup> Regulation (EU) ~~2015/760~~ **No 346/2013** of the European Parliament and of the Council of ~~29~~ **17** April ~~2015~~ **2013** on European ~~long-term investment~~ **social entrepreneurship** funds (OJ L ~~123, 19.5.2015, p. 98~~) **115, 25.4.2013, p. 18**.

<sup>4</sup> **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)**.

<sup>1</sup> 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).

<sup>1</sup> 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).

<sup>1</sup> 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).

- Council<sup>1</sup> and Regulation (EC) No 987/2009 of the European Parliament and of the Council<sup>2</sup> as well as any legal entity set up for the purpose of investment of such schemes; Deleted*
- *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*
  - *UCITS in the meaning of Article 1(2) of Directive 2009/65/EC; Deleted*
  - a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council<sup>1</sup>;
  - a central securities depository as defined in Article 2(1), point (1), of Regulation (EU) No 909/2014 of the European Parliament and of the Council<sup>1</sup>;
  - an insurance or reinsurance special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC;
  - ‘securitisation special purpose entity’ as defined in Article 2, point (2), of Regulation (EU) No 2017/2402 of the European Parliament and of the Council<sup>1</sup>;
  - **a financial holding company as defined in article 4, paragraph 1, point (21) of Regulation (EU) 575/2013**, an insurance holding company as defined in Article 212(1), point (f), of Directive 2009/138/EC or a mixed financial holding company as defined in Article 212(1), point (h), of Directive 2009/138/EC, which is part of an insurance group that is subject to supervision at the level of the group pursuant to Article 213 of that Directive and which is not exempted from group supervision pursuant to Article 214(2) of Directive 2009/138/EC;
  - a payment institution as defined in point (d) of Article 1(1) of Directive (EU) 2015/2366 of the European Parliament and of the Council<sup>1</sup>;

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<sup>1</sup> *Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems (OJ L 166, 30.4.2004, p. 1).*

<sup>2</sup> *Regulation (EC) No 987/2009 of the European Parliament and of the Council of 16 September 2009 laying down the procedure for implementing Regulation (EC) No 883/2004 on the coordination of social security systems (OJ L 284, 30.10.2009, p. 1).*

<sup>1</sup> 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).

<sup>1</sup> 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).

<sup>1</sup> 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).

<sup>1</sup> 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).

- an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council<sup>1</sup>;
- 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<sup>1</sup>;
- a crypto-asset service provider as defined in Article 3(1), point (8), of [the proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937<sup>1</sup>] 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];

~~**(aa) Deleted**~~

~~**(ab) Deleted**~~

~~**(ae) Deleted**~~

(b) -'adverse environmental impact' means an adverse impact on the environment resulting from the ~~violation of one~~**breach** of the prohibitions and obligations **listed in Part I, points 18 and 19, and Part II of pursuant to the international environmental conventions listed in the Annex I, taking into account national legislation linked to the provisions of the instruments listed therein, Part II;**

(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;~~

**(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;**

**(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:**

- **the human right can be abused by a company or legal entity;**
- **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**
- **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**

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<sup>1</sup> 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).

<sup>1</sup> 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).

<sup>1</sup> COM/2020/593 final.



**and extent of the company's business operations and its chain of activities, characteristics of the economic sector and geographical and operational context;**

(ca) 'adverse impact' means adverse environmental impact and adverse human rights impact;

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

(e) 'business ~~relationship~~**partner**' means ~~a relationship with a contractor, subcontractor or any other legal entities ('partner')~~**an entity**

(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 ~~financing, insurance or reinsurance services pursuant to point (g) ('direct business partner')~~, or

(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')**;

~~(f)~~ **Deleted**

~~(g) 'value chain' means activities related to the production of goods or the provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related of 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:**

**(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**

**(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 war materials, after the export of the product is authorised.**

~~(ga)~~ **Deleted**

~~(i)-(iv)~~ **Deleted**

<sup>1</sup> Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).

(h) ‘independent third-party verification’ means verification of the compliance by a company, or parts of its ~~value chain~~**chain of activities**, with human rights and environmental requirements resulting from the provisions of this Directive by an ~~auditor~~**expert** which is **objective, completely** independent from the company, free from any conflicts of interests **and from external influence**, has experience and competence in environmental ~~and~~ **or** human rights matters, **according to the nature of the adverse impact**, and is accountable for the quality and reliability of the ~~audit~~**verification**;

(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;

(j) ‘industry ~~or multi-stakeholder~~ 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 organisations, including civil society organisations**, or groupings **or combinations thereof, that companies may participate in in order to support the implementation of due diligence obligations of interested organisations**;

(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;

(l) ‘severe adverse impact’ means an adverse ~~environmental~~ impact ~~or an adverse human rights~~**that is especially significant by its nature, such as an** impact that ~~is especially significant~~**entails harm to human life, health and liberty, or** by its ~~nature, or affects a large scale, scope and irremediable character, taking into account its gravity, including the~~ number of ~~persons or a large area of the environment, or individuals that are or may be affected, the extent to~~ which ~~is irreversible, or is particularly difficult to remedy as a result of the measures necessary~~**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** the situation ~~prevailing~~**equivalent to their situation** prior to the impact **within a reasonable period of time**;

(m) ‘net turnover’ means:

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

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

(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 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**;

~~(na)~~ **Deleted**

(o) ‘director’ means: **Deleted**

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

<sup>1</sup> 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).

~~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~~

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

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

~~(q) 'appropriate ~~measure~~ **measures**' means ~~a measure that is~~ **measures that are** capable of achieving the objectives of due diligence, **by effectively addressing adverse impacts in a manner** commensurate ~~with~~ **to** 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~~ **adverse impact and relevant risk factors**.~~

~~(ga) 'business relationship' means a relationship of the company with its business partner;~~

~~(r) 'parent company' means a company which controls one or more subsidiaries within the meaning of point (d);~~

~~(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 (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;~~

~~(s) 'group of companies' means a parent company and all its subsidiaries;~~

~~(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 applicable, reimbursement of the costs incurred by public authorities for any necessary remedial measures;~~

~~(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;~~

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

~~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:~~

~~(a) Adding the reference to articles of international instruments ratified by all Member States and falling within the scope of a specific right, prohibition or obligation related to the protection of human rights, fundamental freedoms and of the environment listed in Annex I;~~

~~(b) Modifying, as appropriate, the reference to international instruments referred to in Annex I, in view of the modification, supersession or abrogation of such instruments;~~

**(c) In accordance with developments within the relevant international fora concerning the instruments listed in Annex I, Part 1, Section 2,**

**(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**

**(ii) adding the reference to new instruments covering the same subject matter as the listed instruments and ratified by all Member States.**

## **Article 3a**

### **Level of harmonisation**

- 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 6(1), 6(1a), 7(1) and 8(1), without prejudice to Article 1(2) and (3).**
- 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.**

## Article 4

### Due Diligence

1. Member States shall ensure that companies conduct **risk-based** human rights and environmental due diligence as laid down in Articles 5 to 11 ('due diligence') by carrying out the following actions:
  - (a) integrating due diligence into their policies **and risk management systems** in accordance with Article 5;
  - (b) identifying **and assessing** actual or potential adverse impacts in accordance with Article 6 **and, where necessary, prioritising potential and actual adverse impacts in accordance with Article 6a;**
  - (c) preventing and mitigating potential adverse impacts, and bringing actual adverse impacts to an end and minimising their extent in accordance with Articles 7 and 8;
  - ~~(ca) Deleted~~
  - (cb) providing remediation to actual adverse impacts in accordance with Article 8c;**
  - (cc) carrying out meaningful engagement with stakeholders in accordance with Article 8d;**
  - (d) establishing and maintaining a **notification mechanism and** complaints procedure in accordance with Article 9;



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

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

~~(fa)~~ Deleted

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*.

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 trade secret as defined in Article 2(1) of Directive (EU) 2016/943 of the European Parliament and of the Council, 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 the essential interests of a state's security.

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.

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.

## Article 4a

### Due diligence support at a group level

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.

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:

(a) the subsidiary and parent company provide each other with all the necessary information and cooperate to fulfil the obligations resulting from this Directive;

(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;

(c) the subsidiary integrates due diligence into all its policies and risk management systems in accordance with Article 5, clearly describing which obligations are to be fulfilled by the parent company, and, where necessary, communicating so to relevant stakeholders;

(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;

(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);

~~(f) Deleted~~

~~(g) Deleted~~

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 transition plan for climate change mitigation accordingly adapted to its business model and strategy.

## Article 5

Integrating due diligence into ~~companies'~~ company's policies and risk management systems

1. Member States shall ensure that companies integrate due diligence into all their ~~corporate~~ relevant policies and risk management systems and have in place a due diligence policy. ~~The due diligence policy shall contain all of the following:~~ that ensures a risk-based due diligence.
  - ~~(a) a description of the company's approach, including in the long term, to due diligence;~~ Deleted
  - ~~(b) a code of conduct describing rules and principles to be followed by the company's employees and subsidiaries;~~ Deleted
  - ~~(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
- 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:
  - (a) a description of the company's approach, including in the long term, to due diligence;
  - (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
  - (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 conduct and to extend its application to business partners.
2. Member States shall ensure that the companies update their due diligence policy ~~annually~~ without undue delay after a significant change occurs, and review and, where necessary, update it at least every 24 months.

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.

~~2a.— Deleted~~

~~2b.— Deleted~~

~~3.— Deleted~~

Article 6

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

1. Member States shall ensure that companies take appropriate measures to identify **and assess** 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~~ **chains of activities, those of their** business ~~relationships~~ **partners**, in accordance with ~~paragraph 2, 3 and 4~~ **this Article**.

**1a. As part of the obligation in paragraph 1, taking into account relevant risk factors, companies shall take appropriate measures to:**

**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;**

**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.**

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

~~(a)~~ **Deleted**

~~(b)~~ **Deleted**

~~(c)~~ **Deleted**

~~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**

4. Member States shall ensure that, for the purposes of identifying **and assessing** 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 **notification mechanism and** complaints procedure provided for in Article 9. ~~Companies shall, where relevant, also carry out consultations with potentially affected groups including workers and other relevant stakeholders to gather information on actual or potential adverse impacts.~~

~~4a.— Deleted~~

**4b. Where information necessary for the in-depth assessment according to paragraph (1a), point (b) can be obtained from business partners at different levels of the chain of activities, the company shall prioritise requesting such information, where reasonable, directly from business partners where the adverse impacts are most likely to occur.**

## Article 6a

### Prioritisation of identified actual and potential adverse impacts

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.
2. The prioritisation shall be based on the severity and likelihood of the adverse impacts.
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 severe and less likely adverse impacts.

## Article 7

### Preventing potential adverse impacts

1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, 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~~ Article 6a and with this Article.
  - 1a. To determine the appropriate measures referred to in the first subparagraph, due account shall be taken of:
    - (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;
    - (b) whether the potential adverse impact may occur in the operations of the subsidiary, direct business partner or indirect business partner; and
    - (c) the ability of the company to influence the business partner causing or jointly causing the potential adverse impact.
    - ~~(d) Deleted~~
    - ~~(e) Deleted~~
2. Companies shall be required to take the following ~~actions~~ appropriate measures, where relevant:
  - (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~~ the implementation of appropriate measures and qualitative and quantitative indicators for measuring improvement. Companies may develop their action plans in cooperation with industry or multi-stakeholder initiatives. The prevention action plan shall be ~~developed in consultation with affected stakeholders~~ adapted to companies' operations and chain of activities;
  - (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 nec-



essary, a prevention action plan, including by ~~seeking~~**establishing** corresponding contractual assurances from its partners, to the extent that their activities are part of the company's ~~value~~ chain (~~contractual cascading~~)**of activities**. When such contractual assurances are obtained, paragraph 4 shall apply;

(c) make necessary **financial or non-financial** investments, **adjustments or upgrades**, such as into ~~management or production~~**facilities, production or other operational** processes and infrastructures, ~~to comply with paragraph 1;~~

**(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;**

(d) provide targeted and proportionate support for an SME ~~with~~ **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** ~~has an established business relationship~~, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME; **providing targeted and proportionate financial support, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing.**

~~(da)~~ **Deleted**

(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.

~~(ea)~~ **Deleted**

**(2a) Companies may take, 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.**

3. As regards potential adverse impacts that could not be prevented or adequately mitigated by the **appropriate** measures **listed** in paragraph 2, 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 prevention action plan. When such ~~a contract is concluded~~**contractual assurances are sought**, paragraph 4 shall apply.
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~~**independent third-party verification, including through industry or multi-stakeholder initiatives.**

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. **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).** Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.

**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 results of verifications with other companies.**

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, **as a last resort**, the company shall be required to refrain from entering into new or extending existing relations with ~~the~~ **business** partner in connection with or in the ~~value chain~~ **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, **as a last resort**:

(a) ~~temporarily suspend commercial relations with the partner in question~~ **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 there is reasonable expectation that these efforts 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 in the short term;**

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

**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.**

(c) **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.**

**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.**

~~(d)~~ **Deleted**

Member States shall provide for the availability of an option to **temporarily suspend or** 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.**

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**

7. — **Deleted**

~~(a)~~ **Deleted**

~~(b)~~ Deleted

## Article 8

### Bringing actual adverse impacts to an end

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

**To determine the appropriate measures referred to in the first subparagraph, due account shall be taken of:**

**(a) whether the actual adverse impact is caused only by the 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;**

**(b) whether the actual adverse impact occurred in the operations of the subsidiary, direct business partner or indirect business partner; and**

**(c) the ability of the company to influence the business partner causing or jointly causing the actual adverse impact.**

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

~~2a.~~ Deleted

~~2b.~~ Deleted

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

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

(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. ~~Where relevant,~~ **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;**

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

(d) make necessary **financial or non-financial** investments, **adjustments or upgrades**, such as into ~~management or production~~ **facilities, production or other operational** processes and infrastructures ~~to comply with paragraphs 1, 2 and 3;~~

(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;

(e) provide targeted and proportionate support for an SME ~~with~~ 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 has an established business relationship, where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME, providing targeted and proportionate financial support, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing.

~~(ea)~~ Deleted

(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 or minimise the extent of such impact, in particular where no other ~~action~~ measure is suitable or effective.

~~(fa)~~ Deleted

(g) provide remediation in accordance with Article 8c.

3a. Companies may carry out, where relevant, appropriate measures in addition to the 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.

4. As regards actual adverse impacts that could not be brought to an end or the extent of which could not be 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.

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~~ independent third-party verification, including through industry ~~initiatives or independent third-party verification~~ or multi-stakeholder initiatives.

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. 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). Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.

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 results of verifications with other companies.

~~5a.~~ Deleted

~~5b.~~ Deleted



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, **as a last resort**, the company shall **be required to** refrain from entering into new or extending existing relations with ~~the~~ **business partner** in connection ~~to~~ **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 ~~one of~~ the following actions, **as a last resort**:

(a) ~~temporarily suspend commercial~~ **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 relationships with respect to the activities concerned, as long as there is reasonable expectation that these the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, or 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;**

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

**(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 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.**

Member States shall provide for the availability of an option to **temporarily suspend or** 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.**

6a. ~~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. Deleted~~

6b. ~~Deleted~~

6c. **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.**

**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.**

6d. ~~Deleted~~

7. ~~Deleted~~

8. ~~Deleted~~

~~(a) Deleted~~

~~(b) Deleted~~

9. ~~Deleted~~

## Article 8a

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

## Article 8b

*Prioritising actual and potential adverse impacts Deleted*

## Article 8c

### Remediation of actual adverse impacts

1. Member States shall ensure that where a company has caused or jointly caused an actual adverse impact, that company shall provide remediation.
2. Deleted
3. Deleted
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 the adverse impact to enable remediation.

## Article 8d

### Carrying out meaningful engagement with stakeholders

1. Member States shall ensure that companies take appropriate measures to carry out effective engagement with stakeholders, in accordance with this article.
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 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.
- 2a. Consultation of stakeholders shall take place, in the following steps of the due diligence process:
  - (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;
  - (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);
  - (c) the decision to terminate a business relationship pursuant to Article 7(5) and Article 8(6);
  - (d) the adoption of appropriate measures to remediate adverse impacts pursuant to Article 8c.
  - (e) as appropriate, when developing qualitative and quantitative indicators for the monitoring pursuant to Article 10.
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.
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.
  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.
  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.
  7. ~~Deleted~~

## Article 9

### Notification mechanism and complaints procedure

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~~ these persons or organisations have legitimate concerns regarding actual or potential adverse ~~human rights impacts and adverse environmental~~ impacts with respect to ~~their~~ the companies' own operations, the operations of their subsidiaries ~~and~~ the operations of their ~~value~~ business partners in the companies' chains of activities.
2. Member States shall ensure that the complaints may be submitted by:
  - (a) natural or legal persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact, and the legitimate representatives of such persons on behalf of them, such as civil society organisations and human rights defenders;
  - (b) trade unions and other workers' representatives representing individuals working in the ~~value chain~~ chain of activities concerned; and
  - (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~~.

### 2a. ~~Deleted~~

3. Member States shall ensure that ~~the~~ companies establish a fair, publicly available, accessible, predictable 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 representatives and trade unions of ~~those procedures~~. Member States that procedure. Companies shall ensure that where the complaint is well-founded, the adverse impact that is the subject matter of 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 shared, it shall be in a manner that does not endanger the complainant's safety, including by not disclosing their identity.

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.

### 3b. ~~Deleted~~

~~3e.~~ Deleted

4. Member States shall ensure that complainants are entitled:
  - (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
  - (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, and potential remediation in line with Article 8c;  
(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.
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.  
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 national law. The company may inform the persons submitting notifications about steps and actions taken or to be taken, where relevant.
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.
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.

## Article 10

### Monitoring

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~~chains of activities of the company, those of their ~~established~~ business ~~relationships, to~~ partners, to assess the implementation and to monitor the adequacy and 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~~ new risks of the occurrence of those adverse impacts may arise. Where appropriate, the due diligence policy, the identified adverse impacts and the derived appropriate measures shall be updated in accordance with the outcome of those assessments and with due consideration of relevant information from stakeholders.
2. Deleted



## Article 11

### Communicating

1. *Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a and 29a of Directive 2013/34/EU Without prejudice to the exemption in paragraph 2 of this Article, Member States shall ensure that companies report on the matters covered by this Directive by publishing on their website an annual statement. This annual statement shall be published:*

*(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;*

*(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 Directive 2013/34/EU, by the date of publication of the annual financial statements.*

*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.*

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.*
3. *No later than 31 March 2027, the Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for ~~such~~the reporting under paragraph 1, specifying, in particular, sufficiently detailed information on the description of due diligence, potential and actual adverse impacts identified and appropriate measures and ~~actions~~ taken ~~on~~with respect to those 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.*  
*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.*

### Article 11a

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

1. *From 1 January 2029, 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 Council<sup>1</sup>.*

<sup>1</sup> *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).*

**Member States shall ensure that the information complies with the following requirements:**  
**(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;**

**(b) be accompanied by the following metadata:**

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

**(ii) the legal entity identifier of the company, as specified pursuant to Article 7(4), point (b), of Regulation (EU) 2023/2859;**

**(iii) the size of the company by category, as specified pursuant to Article 7(4), point (d), of that Regulation;**

**(iv) the industry sector(s) of the economic activities of the company, as specified pursuant to Article 7(4), point (e), of that Regulation;**

**(v) the type of information, as classified pursuant to Article 7(4), point (c), of that Regulation;**

**(vi) an indication of whether the information includes personal data.**

**2. For the purposes of paragraph 1(b)(ii), Member States shall ensure that companies obtain a legal entity identifier.**

**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.**

**4. For the purposes of ensuring the efficient collection and management of information submitted in accordance with paragraph 1, the Commission shall be empowered to adopt implementing measures to specify:**

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

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

**(c) for which information a machine-readable format is required and, in such cases, which machine-readable format is to be used.**

## Article 12

### Model contractual clauses

In order to provide support to companies to facilitate their compliance with Article 7(2), point (b), and Article 8(3), point (c), the Commission, **in consultation with Member States and stakeholders,** shall adopt guidance about voluntary model ~~contract~~**contractual** clauses, **no later than after 30 months from the entry into force of this Directive.**

~~(a)~~ **Deleted**

~~(b)~~ **Deleted**

## Article 13

### Guidelines

**1.** In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations **in a practical manner, and to provide support to stakeholders,** the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, **the European Labour Authority,** and where appropriate with international **organisations and other** bodies

having expertise in due diligence, ~~may~~**shall** issue guidelines, including **general guidelines and** for specific sectors or specific adverse impacts.

**1a. These guidelines shall include:**

**(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), responsible disengagement pursuant to Articles 7(5) and 8(6), 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;**

**(b) practical guidance on plans pursuant to Article 15;**

**(c) sector specific guidance, in particular for the sectors listed in Article 2, paragraph 1, point (bb) and associated with the applicable statistical classification of economic activities established by Regulation (EC) No 1893/2006 and listed in Annex II;**

**(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;**

**(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;**

**(f) information on how to share resources and information among companies and other legal entities for the purpose of compliance with national provisions adopted pursuant to 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;**

**(g) information for stakeholders and their representatives on how to engage throughout the due diligence process.**

**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 (c) shall be made available no later than 54 months after the entry into force of this Directive.**

**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.**

## Article 14

### Accompanying measures

1. Member States shall, in order to provide information and support to companies, **their business 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 and stakeholders**, 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. **These websites, platforms or portals shall, in particular, give access to:**
  - (a) the content and criteria for reporting as defined by the Commission under Article 11;**
  - (b) the Commission's guidance about voluntary model contractual clauses regulated in Article 12 and guidelines regulated in Article 13;**

(c) the single helpdesk regulated in Article 14a; and  
(d) information for stakeholders and their representatives on how to engage throughout the due diligence process.

~~1a.~~ Deleted

~~1b.~~ Deleted

2. Without prejudice to applicable State aid rules, Member States may financially support SMEs. Member States may also provide support to stakeholders for the purpose of facilitating the exercise of the rights laid down in this Directive.

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.

~~3a.~~ Deleted

4. Without prejudice to Articles 18, 19 and 22, companies may ~~rely on~~ participate in 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. **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 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.**

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~~ shall issue guidance **setting out fitness criteria and a methodology for companies to assess** ~~for assessing~~ the fitness of industry schemes and multi-stakeholder initiatives.

~~(a)~~ Deleted

~~(b)~~ Deleted

~~(c)~~ Deleted

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.**

**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.**

~~4b.~~ Deleted



## Article 14a

### Single helpdesk

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.
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.
3. Deleted

## Article 15

### Combating climate change

1. Member States shall ensure that companies referred to in Article 2(1), ~~point (a)~~ **points (a), (b) and (ba)**, and Article 2(2), ~~point (a) shall~~ **points (a), (b) and (ba)**, adopt and put into effect a transition plan for climate change mitigation which aims ~~a plan~~ to ensure, through best efforts, 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 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.  
The design of the transition plan referred to in the first subparagraph shall contain:
  - (a) time-bound targets related to climate change is a risk for, or an impact of, the company's operations 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;
  - (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;
  - (c) an explanation and quantification of the investments and funding supporting the implementation of the transition plan;
  - (d) a description of the role of the administrative, management and supervisory bodies with regard to the plan.
  - (e) Deleted
  - (f) Deleted
  - (g) Deleted
- ~~2. Member States shall ensure that, in case climate change is or should have been identified as a principal risk for, or a principal impact of, the company's operations, the company includes emission reduction objectives in its plan. Deleted~~
3. Member States shall ensure that companies duly take into account the fulfilment 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 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~~ Council shall be deemed to have complied with the adoption obligation set out in paragraph 1 of this Article.

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.

- 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).
- 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.  
The first subparagraph is without prejudice to Directive 2007/36/EC of the European Parliament and of the Council.

## Article 16

### 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.
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 that the authorised representative is obliged to provide, upon request, a copy of the designation in an official language of a Member State to any of the supervisory authorities~~ and, where it is different, the competent supervisory authority within the meaning of Article 17(3).
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, the competent ~~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~~ within the meaning of Article 17 (3) that the company is a company within the meaning of Article 2(2).
4. Member States shall ~~ensure~~ lay down rules to require that each company empowers its authorised representative to receive communications from supervisory authorities on all matters necessary for compliance with and enforcement of national provisions transposing this Directive. Companies shall be required to provide their authorised representative with the necessary powers and resources to cooperate with supervisory authorities.
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.

## Article 17

### Supervisory Authorities

1. Each Member State shall designate one or more supervisory authorities to supervise compliance with the obligations laid down in national provisions adopted pursuant to Articles ~~6~~5 to 11 and Article ~~15(1) and (2)~~15 ('supervisory authority').
2. As regards the companies referred to in Article 2(1), the competent supervisory authority shall be that of the Member State in which the company has its registered office.
3. As regards companies referred to in Article 2(2), the competent supervisory authority shall be that of the Member State in which the company has a branch. If the company does not have a branch in any Member State, or has branches located in different Member States, the competent supervisory authority shall be the supervisory authority of the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year before the date indicated in Article 30 or the date on which the company first fulfils the criteria laid down in Article 2(2), whichever comes last.  
Companies referred to in Article 2(2) may, on the basis of a change in circumstances leading to it generating most of its turnover in the Union in a different Member State, make a duly reasoned request to change the supervisory authority that is competent to regulate matters covered in this Directive in respect of that company.
- 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.**
4. Where a Member State designates more than one supervisory authority, it shall ensure that the respective competences of those authorities are clearly defined and that they cooperate closely and effectively with each other.
5. Member States may designate the authorities for the supervision of regulated financial undertakings also as supervisory authorities for the purposes of this Directive.
6. By the date indicated in Article 30(1), point (a), Member States shall inform the Commission of the names and contact details of the supervisory authorities designated pursuant to this Article, as well as of their respective competence where there are several designated supervisory authorities. They shall inform the Commission of any changes thereto.
7. The Commission shall make publicly available, including on its website, a list of the supervisory authorities, **and, when a Member State has several supervisory authorities, the respective competences of those authorities in relation to this Directive.** The Commission shall regularly update the list on the basis of the information received from the Member States.
8. Member States shall guarantee the independence of the supervisory authorities and ~~shall~~ ensure that they, and all persons working for or who have worked for them and auditors, **experts and any other person** ~~or experts~~ acting on their behalf, exercise their powers impartially, transparently and with due respect for obligations of professional secrecy. In particular, Member States shall ensure that the authority is legally and functionally independent, **free from external influence whether direct or indirect, including** 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.

**8a. Member States shall ensure that supervisory authorities publish and make accessible online an annual report on their activities under this Directive.**

~~8b.~~ **Deleted**

## Article 18

### Powers of supervisory authorities

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~~ **require companies to provide** information and carry out investigations related to compliance with the obligations set out in ~~this Directive~~ **Articles 5 to 11. As 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).**
2. A supervisory authority may initiate an investigation on its own motion or as a result of substantiated concerns communicated to it pursuant to Article 19, where it considers that it has sufficient information indicating a possible breach by a company of the obligations provided for in the national provisions adopted pursuant to this Directive.
3. Inspections shall be conducted in compliance with the national law of the Member State in which the inspection is carried out and with prior warning to the company, except where prior notification hinders the effectiveness of the inspection. Where, as part of its investigation, a supervisory authority wishes to carry out an inspection on the territory of a Member State other than its own, it shall seek assistance from the supervisory authority in that Member State pursuant to Article 21(2).
4. If, as a result of the actions taken pursuant to paragraphs 1 and 2, a supervisory authority identifies a failure to comply with national provisions adopted pursuant to this Directive, it shall grant the company concerned an appropriate period of time to take remedial action, if such action is possible.

Taking remedial action does not preclude the imposition of ~~administrative sanctions~~ **penalties** or the triggering of civil liability in case of damages, in accordance with Articles 20 and 22, respectively.
5. When carrying out their tasks, supervisory authorities shall have at least the following powers:
  - (a) to order ~~the cessation of infringements of the national provisions adopted pursuant to this Directive, abstention from any repetition of the relevant conduct and, where appropriate, remedial action proportionate to the infringement and necessary to bring it to an end;~~
    - (i) the cessation of infringements of the national provisions adopted pursuant to this Directive by performing an action or ceasing a conduct;**
    - (ii) the abstention from any repetition of the relevant conduct; and**
    - (iii) where appropriate, to provide remediation proportionate to the infringement and necessary to bring it to an end;**
  - (b) to impose ~~pecuniary sanctions~~ **penalties** in accordance with Article 20; **and**
  - (c) to adopt interim measures ~~to avoid the~~ **in case of imminent** risk of severe and irreparable harm.

~~(ea)~~ **Deleted**



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:~~~~
- (a) directly;**
- (b) in cooperation with other authorities; or**
- (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.**
7. Member States shall ensure that each natural or legal person has the right to an effective judicial remedy against a legally binding decision by a supervisory authority concerning them, **in accordance with national law.**
- ~~7a. — Deleted~~
- 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.**
- 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.**

## Article 19

### Substantiated concerns

1. Member States shall ensure that natural and legal persons are entitled to submit substantiated concerns, **through easily accessible channels,** to any supervisory authority when they have reasons to believe, on the basis of objective circumstances, that a company is failing to comply with the national provisions adopted pursuant to this Directive ('substantiated concerns').
- 1a. Member States shall ensure that, where persons submitting substantiated concerns so request, the supervisory authority takes the necessary measures for the appropriate protection of the identity of that person and their personal information, which, if disclosed, would be harmful to that person.**
2. Where the substantiated concern falls under the competence of another supervisory authority, the authority receiving the concern shall transmit it to that authority.
3. Member States shall ensure that supervisory authorities assess the substantiated concerns **in an appropriate period of time** and, where appropriate, exercise their powers as referred to in Article 18.
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. **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.**
- ~~4a. — Deleted~~
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.

## Article 20

### ~~Sanctions~~**Penalties**

1. Member States shall lay down the rules on ~~sanctions~~**penalties, 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 ~~sanctions~~**penalties** provided for shall be effective, proportionate and dissuasive.
2. In deciding whether to impose ~~sanctions~~**penalties** and, if so, in determining their nature and appropriate level, due account shall be taken of ~~the company's efforts to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as collaboration with other entities to address adverse impacts in its value chains, as the case may be.:~~
  - (a) the nature, gravity and duration of the infringement, and the severity of the impacts resulting from that infringement;**
  - (b) any investments made and any targeted support provided pursuant to Articles 7 and 8;**
  - (c) any collaboration with other entities to address the impacts concerned;**
  - (d) where relevant, the extent to which prioritisation decisions were made in accordance with Article 6a;**
  - (e) any relevant previous infringements by the company of national provisions adopted pursuant to this Directive found by a final decision;**
  - (f) the extent to which the company carried out any remedial action with regard to the concerned subject-matter;**
  - (g) the financial benefits gained from or losses avoided by the company due to the infringement;**
  - ~~(h) Deleted~~
  - (i) any other aggravating or mitigating factors applicable to the circumstances of the case.**
  - ~~(j) Deleted~~
- 2a. **At least the following penalties shall be provided for:**
  - (a) pecuniary penalties;**
  - (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;**
3. When pecuniary sanctions are imposed, they shall be based on the company's **net worldwide turnover**. **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.**

**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.**

3a.—**Deleted**

4. Member States shall ensure that any decision of the supervisory authorities containing ~~sanction-~~**penalties** related to the ~~breach~~**infringements** of the **national** provisions ~~of~~**adopted pursuant to** this Directive is published, **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.**

## Article 21

### European Network of Supervisory Authorities

1. The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall facilitate the cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of the supervisory authorities and, as appropriate, sharing of information among them.

The Commission may invite Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.

**1a. 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. 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).**

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

2a.—**Deleted**

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 may include, in particular, the transmission of relevant information on the conduct of an investigation.
4. Requests for assistance shall contain all the necessary information, including the purpose of and reasons for the request. Supervisory authorities shall only use the information received through a request for assistance for the purpose for which it was requested.

5. The requested supervisory authority shall inform the requesting supervisory authority of the results or, as the case may be, of the progress regarding the measures to be taken in order to respond to the request for assistance.
6. Supervisory authorities shall not charge each other fees for actions and measures taken pursuant to a request for assistance.

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

7. The supervisory authority that is competent pursuant to Article 17(3) shall inform the European Network of Supervisory Authorities of that fact and of any request to change the competent supervisory authority.
8. When doubts exist as to the attribution of competence, the information on which that attribution is based will be shared with the European Network of Supervisory Authorities, which may coordinate efforts to find a solution.

~~8a.~~ **Deleted**

**9. The European Network of Supervisory Authorities shall publish:**

**(i) the decisions of the supervisory authorities containing penalties as referred to in Article 20(4); and**

**(ii) an indicative list of non-EU companies subject to this Directive.**

Article 22

Civil liability **of companies and a right to full compensation**

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:**
  - (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**
  - (b) as a result ~~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 damages referred to in point (a), a~~ **damage to the natural or legal person's legal interest protected under national law was caused.**

**A company cannot be held liable if the damage was caused only by its business partners in its chain of activities.**
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~~ **was held liable in accordance with paragraph 1, a natural or legal person** shall ~~not be liable for damages caused by an adverse impact arising as a result of the activities of an indirect partner with whom it has an established business relationship, unless it was unreasonable, in the circumstances of the case, to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the extent of the adverse impact~~ **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.**



*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. Deleted*

**2a. Member States shall ensure that:**

**(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 more restrictive than the rules on general civil liability national regimes.**

**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.**

**Limitation periods shall not begin to run before the infringement has ceased and the claimant knows, or can reasonably be expected to know:**

**(i) of the behaviour and the fact that it constitutes an infringement;**

**(ii) of the fact that the infringement caused harm to it; and**

**(iii) the identity of the infringer.**

**(b) cost of proceedings are not prohibitively expensive for claimants to seek justice.**

**(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;**

**(d) Member States shall provide for the reasonable conditions under which any alleged injured party may 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 Member State to bring actions to enforce victim's rights in its own capacity, without prejudice to national rules of civil procedure.**

**A trade union or non-governmental organisation may be authorised under paragraph (1) if it complies with the requirements as laid down in national law. These requirements may include maintaining a permanent presence of its own and, in accordance with its statutes, not engaging commercially and not only temporarily in the realisation of rights protected under this Directive or the corresponding rights in national law.**

**(e) when a claim is brought, and 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.**

**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 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.

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.

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 be held liable in accordance with this Article.

3. The civil liability of a company for damages arising under this provision shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the ~~value~~ company's chain of activities.

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.

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.
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.

## Article 23

Reporting of breaches and protection of reporting persons

Member States shall take the necessary measures to ensure that Directive (EU) 2019/1937 ~~shall apply~~ applies to the reporting of ~~all~~ breaches of the national measures transposing this Directive and the protection of persons reporting such breaches.

## Article 24

Public support, public procurement and public concessions

Member States shall ensure that ~~companies applying for public support certify that no sanctions have been imposed on them for a failure to comply with the obligations of this Directive~~ 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.

## Article 25

### *Directors' duty of care Deleted*

1. ~~Member States shall ensure that, when fulfilling their duty to act in the best interest of the company, directors of companies referred to in Article 2(1) take into account the consequences of their decisions for sustainability matters, including, where applicable, human rights, climate change and environmental consequences, including in the short, medium and long term. Deleted~~
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. Deleted~~

## Article 26

### *Setting up and overseeing due diligence Deleted*

1. ~~Member States shall ensure that directors of companies referred to in Article 2(1) are responsible for putting in place and overseeing the due diligence actions referred to in Article 4 and in particular the due diligence policy referred to in Article 5, with due consideration for relevant input from stakeholders and civil society organisations. The directors shall report to the board of directors in that respect. Deleted~~
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. Deleted~~

## Article 27

### *Amendment to Directive (EU) No 2019/1937 2019/1937*

In Point E.2 of Part I of the Annex to Directive (EU) No 2019/1937 2019/1937, the following point is added:

‘ (vi) ~~Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...) <sup>\*1</sup>.~~

\* Directive ... of the European Parliament and of the Council of... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...).’.

## Article 27a

### Amendment to Regulation (EU) 2023/2859

In Regulation (EU) 2023/2859, the following point is added to part B of the Annex:

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<sup>1</sup> 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.

**"17. Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...) \*<sup>1</sup>.**

**\* Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...) \*<sup>1</sup>.**

## Article 28

### Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Article **3(2) and Article** 11 shall be conferred on the Commission for an indeterminate period of time **from ... [date of entry into force of this Directive].**
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 validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Article **3(2) and Article** 11 shall enter into force only if no objection has been expressed either by the European Parliament or **by** 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."

## **Article 28a**

### **Committee Procedure**

- 1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.**
- 2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.**

## Article 29

### Review **and reporting**

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**<sup>1</sup> 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.**

- 1. The Commission shall submit a report to the European Parliament and to the Council on the necessity to lay down additional sustainability due diligence requirements tailored to regulated financial undertakings with respect to the provision of financial services and investment activities, and the options for such due diligence requirements as well as their impacts, in line with the objectives of the Directive.**

**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.**

- 2. No later than ~~...~~[OP please insert the date = 76 years after the date of entry into force of this Directive,] and every three years thereafter, the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive **and its effectiveness in reaching its objectives, in particular in addressing adverse impacts.** 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:**

**(-a) the impacts of the Directive 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.**

~~(-b) Deleted~~

**(-c) 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:**

- 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;**
- 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;**
- whether the thresholds regarding the number of employees and net turnover laid down in Article 2 need to be revised;**
- whether the list of sectors in Articles 2(1), point (bb), 2(2), point (bb) needs to be changed;**
- whether the criterion of net turnover generated in the Union laid down in Article 2(2) needs to be revised;**

**(-d) whether the definition of ‘chain of activities’ in Article 3(1), point (g), needs to be revised;**

**(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be lowered 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;**



(aa) whether the rules on combatting climate change, especially as regards the design of transition plans, their adoption and their putting into effect by companies, as well as the powers of supervisory authorities related to these rules, need to be revised;

(ab) the effectiveness of the enforcement mechanisms put in place at national level, of the penalties and the rules on civil liability;

(b) whether changes to the level of harmonisation of this Directive are required to ensure a level-playing field for companies in the internal market 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; the convergence and divergence between national laws of the Member States transposing this Directive.

(c) whether the Annex needs to be modified, including in light of international developments Deleted

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

~~(da)~~ Deleted

~~(db)~~ Deleted

~~(de)~~ Deleted

~~(dd)~~ Deleted

## Article 30

### Transposition

1. Member States shall adopt and publish, by ... ~~[OJ to insert: 2 years from the entry into force of this Directive]~~ 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.

They shall apply those provisions as follows:

(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 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;

(b) from ... ~~[OJ to insert: 4] 3 years from the entry into force of this Directive~~ as regards companies referred to in Article 2(1), ~~point (b), and 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 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;

(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;

(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.

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

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

## Article 31

### Entry into force

This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

## Article 32

### Addressees

This Directive is addressed to the Member States.

Done at *Brussels*...

For the European Parliament

The President

For the Council

The President

## ~~Annex~~ ANNEX I

### Part I

1. ~~Violations of~~ Rights and prohibitions included in international human rights ~~agreements~~ instruments
2. ~~Violation of~~ The right to life, interpreted in line and security in accordance with Article ~~36(1)~~ of the ~~Universal Declaration on Human~~ 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;

3. ~~Violation of~~ The prohibition of torture, cruel, inhuman or degrading treatment, **interpreted in line in accordance** with Article 57 of the ~~Universal Declaration of Human Rights~~ **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 subjecting a person to torture or cruel, inhuman or degrading treatment due to a lack of instruction or control by the company;**
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;
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;
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;
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;
- 7a.—**Deleted**
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~~ **workplace, interpreted in line** with Article 11 of the International Covenant on Economic, Social and Cultural Rights;
9. ~~Violation of~~ The right of the child to ~~have his or her best interests given primary consideration in all decisions and actions that affect children in accordance with Article 3 of the Convention of the Rights of the Child;~~ ~~violation of the right of the child to develop to his or her full potential in accordance~~ **the highest attainable standard of health in line** with Article 324 of the Convention ~~of~~ the Rights of the Child; ~~violation of the right of the child develop to his or her full potential in accordance~~ **to education in line** with Article 628 of the Convention ~~of~~ the Rights of the Child; ~~violation of the right of the child to the highest attainable~~ **to an adequate** standard of ~~health in accordance~~ **living in line** with Article 2427 of the Convention on the Rights of the Child; ~~violation~~ **the right** 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~~ **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 the child; ~~violation of the right to education in accordance with~~ 's health or physical, mental, spiritual, moral or social development, pursuant to Article ~~28~~32 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~~line with Articles 34 and 35 of the Convention of the Rights of the Child;

10. ~~Violation of~~ The prohibition of the employment of a child under the age at which compulsory schooling is completed and, in any case, is not less than 15 years, except where the law of the place of employment so provides in ~~accordance~~line 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);
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 with Article 3 ~~of the~~ of the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:
  - (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, as well as forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflicts;;
  - (b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;;
  - (c) the use, procuring or offering of a child for illicit activities, in particular for the production ~~of~~ or trafficking ~~in~~of drugs;; and
  - (d) Work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children;
12. ~~Violation of~~ The prohibition of forced 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) (b)~~8(3)(b) and (c) 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;~~

~~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;*  
**Deleted**~~

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:

(a) workers are free to form or join trade unions;

(b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation;

(c) ~~*workers' organisations*~~ ***trade unions*** are free to operate in ~~*accordance with applicable*~~ ***in-line*** with their constitutions and rules without interference from the authorities; ***and***

(d) the right to strike and the right to collective bargaining;

16. ~~*Violation of*~~ The prohibition of unequal treatment in employment, unless this is justified by the requirements of the employment, ***interpreted in line with Articles*** ~~*in accordance with Article 2 and Article 3 of the International Labour Organisation Equal Remuneration Convention, 1951 (No. 100), Article 1 and Article 2 of the International Labour Organisation Discrimination (Employment and Occupation) Convention, 1958 (No. 111), and Article 7 of the International Covenant on Economic, Social and Cultural Rights;*~~ ***unequal treatment. This*** includes, in particular, ~~*the payment of unequal remuneration for work of equal value;*~~

***(a) the payment of unequal remuneration for work of equal value; and***

***(b) the discrimination on grounds of national extraction or social origin, race, colour, sex, religion, political opinion;***

~~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;* **Deleted**~~

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, ***degradation of land***, or other impact on natural resources, ~~*that*~~ ***such as deforestation, that:***



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

~~(da)~~ deleted

(e) substantially adversely affects ~~ecological integrity, such as deforestation,~~ ecosystem services through which an ecosystem contributes directly or indirectly to human well-being;

interpreted in line ~~in accordance~~ with Article 3 of the Universal Declaration of Human Rights ~~56(1)~~ of the International Covenant on Civil and Political Rights and ~~Article~~ Articles 11 and 12 of the International Covenant on Economic, Social and Cultural Rights;

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 when acquiring, developing or otherwise ~~use~~ using land, forests and waters, including by deforestation, the use of which secures the livelihood of a person interpreted in line ~~in accordance~~ with Article 1 and 27 of the International Covenant on Civil and Political Rights and Article 1, 2 and 11 of the International Covenant on Economic, Social and Cultural Rights;

~~19a.~~ Deleted

~~20.~~ Deleted

~~21.~~ Deleted

2. Human rights and fundamental freedom ~~conventions~~ instruments

- ~~The Universal Declaration of Human Rights;~~ Deleted
- The International Covenant on Civil and Political Rights;
- The International Covenant on Economic, Social and Cultural Rights;
- ~~The Convention on the Prevention and Punishment of the Crime of Genocide;~~ Deleted
- ~~The Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment;~~ Deleted
- ~~The International Convention on the Elimination of All Forms of Racial Discrimination;~~ Deleted

- ~~*The Convention on the Elimination of All Forms of Discrimination Against Women;*~~ **Deleted**
- The Convention on the Rights of the Child;
- ~~*The Convention on the Rights of Persons with Disabilities;*~~ **Deleted**
- ~~*The United Nations Declaration on the Rights of Indigenous Peoples;*~~ **Deleted**
- ~~*The Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;*~~ **Deleted**
- **Deleted** (No. 380a)
- ~~*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**
- **Deleted** (No. 381a)
- **Deleted** (No. 381b)
- ~~*The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work;*~~ **Deleted**
- ~~*The International Labour Organization’s Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;*~~ **Deleted**
- **Deleted** (No. 383a)
- The International Labour Organization’s core/fundamental conventions:
  - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87);
  - Right to Organise and Collective Bargaining Convention, 1949 (No. 98);
  - Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol;
  - Abolition of Forced Labour Convention, 1957 (No. 105);
  - Minimum Age Convention, 1973 (No. 138);
  - **Deleted** (No. 389a)
  - **Deleted** (No. 389b)
  - Worst Forms of Child Labour Convention, 1999 (No. 182);

- Equal Remuneration Convention, 1951 (No. 100);
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111);
- Deleted (No. 392a)
- Deleted (No. 392b)

## Part II

~~violations of internationally recognized objectives and prohibitions~~ **Prohibitions and obligations** included in environmental ~~conventions~~ **instruments**

### Deleted (No. 394a)

- ~~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 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;
- ~~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, ~~pursuant to~~ **interpreted in line with** Articles III, IV and V **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**;
- ~~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**;
- ~~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 Council**<sup>1</sup>;
- ~~276.~~ *Violation of* The prohibition of the production and use of chemicals ~~pursuant to Article 3 (1) (a)~~

<sup>1</sup> **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).**

~~(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 pollutants (OJ L 169 of 25 June 2019 pp. 45-77***<sup>1</sup>;

~~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) 6(1)(d), points*** (i) and (ii) of the POPs Convention ***and Article 7 of Regulation (EU) 2019/1021***;

~~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 (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;

~~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***;

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<sup>1</sup> ***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).***

- ~~3110.~~ *Violation of* The 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)*<sup>31</sup>:
- (a) to a party ***to the Convention*** that has prohibited the import of such hazardous and other wastes, ***interpreted in line with Article 4(1)(b)*** (*Article 4(1)(b)*) of the Basel Convention);
  - (b) to a state of import *as defined in Article 2 no. 11 of the Basel Convention* that does not consent in writing to the specific import, in the case where that state of import has not prohibited the import of such hazardous wastes, ***interpreted in line with Article 4(1)(c)*** (*Article 4(1)(c)*) 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);
  - (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 in line with*** (*Article 4(8)4(8) the first sentence 1*) of the Basel Convention);
- ~~3211.~~ *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;
- ~~3312.~~ *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);
- ~~12a.~~ Deleted
- ~~12b.~~ Deleted
- ~~12c.~~ Deleted
- ~~12d.~~ Deleted
- 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;**
- 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;**
- 15. The obligation to prevent the pollution from ships, interpreted in line with the International Convention for the Prevention of Pollution from Ships of 2 November 1973, as amended by the Protocol of 1978 (MARPOL 73/78). This includes:**
- (a) the prohibition to discharge into the sea:**
    - (i) oil or oily mixtures as defined in Regulation 1 of Annex I of MARPOL 73/78, interpreted in line with Regulations 9 to 11 of Annex I of MARPOL 73/78;**
    - (ii) noxious liquid substances as defined in Regulation 1(6) of Annex II of MARPOL 73/78, interpreted in line with Regulations 5 and 6 of Annex II of MARPOL 73/78; and**
    - (iii) sewage as defined in Regulation 1(3) of Annex IV of MARPOL 73/78, interpreted in line with Regulations 8 and 9 of Annex IV of MARPOL 73/78;**

<sup>31</sup> **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).**



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

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

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 applicable law in the relevant jurisdiction.

## ANNEX II

### 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)

Article - Sector – Corresponding NACE code

2(1)(b), point (i) - Manufacture of textiles, leather and related products (including footwear) - Section C, Division 13-15

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 (ii) - Agriculture, forestry, fisheries (including aquaculture) - Section A

2(1)(b), point (ii) - Manufacture of food products and beverages - Section C, Division 10-11

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

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

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

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

2(1)(b), point (iiia) - Construction - Section F

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