



CS3D, other EU sustainability initiatives and international trade: where are we now?

FIBS and Enact, BHR group 13/2/24

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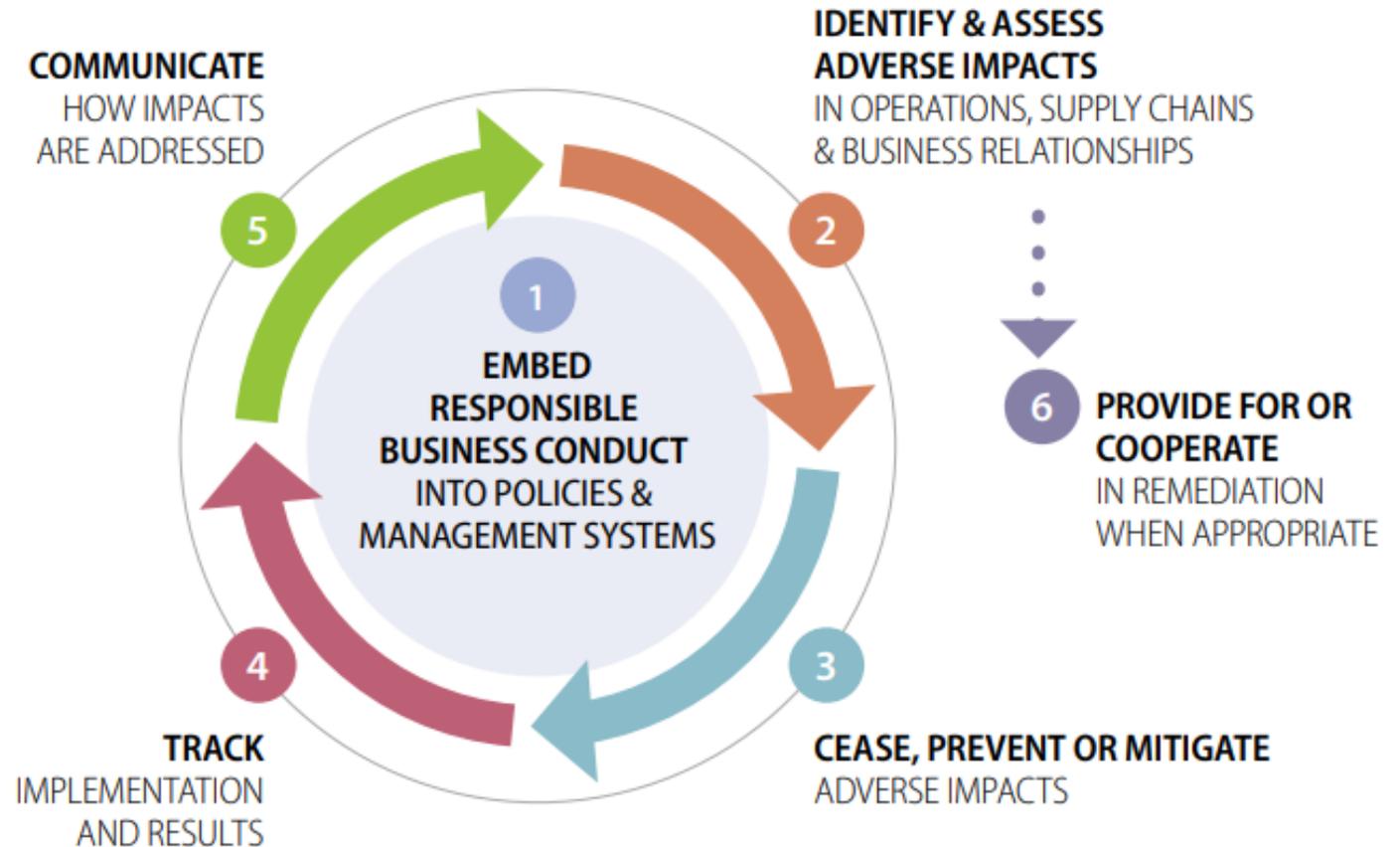


EU legislation is based on due diligence

Due diligence = process, where a business identifies, prevents, mitigates, and ceases potential and actual adverse impacts in its own operations, supply chains, and other business relationships.



Adverse impact = action or omission that removes or reduces the ability of an individual to enjoy their human rights.



Source: OECD Due Diligence Guidance for Responsible Business Conduct (2018)

EU directive on corporate sustainability due diligence in a nutshell



- Aim: respect for human rights and environment in global value chains
- Proposed duties:
 - For companies: policy integration, identifying adverse impacts, prevention (incl. prevention plan), mitigation, bringing actual adverse impacts to an end (incl. corrective action plan), contractual assurances, civil liability (inc. class-action and reversed burden of proof), public communication, complaints procedure, support to SMEs, collaboration
 - For Member States: implementation + Supervisory Authorities
 - Application differs based on company size.
 - Objects of legal protection (human rights, environment) defined in Annex 1.

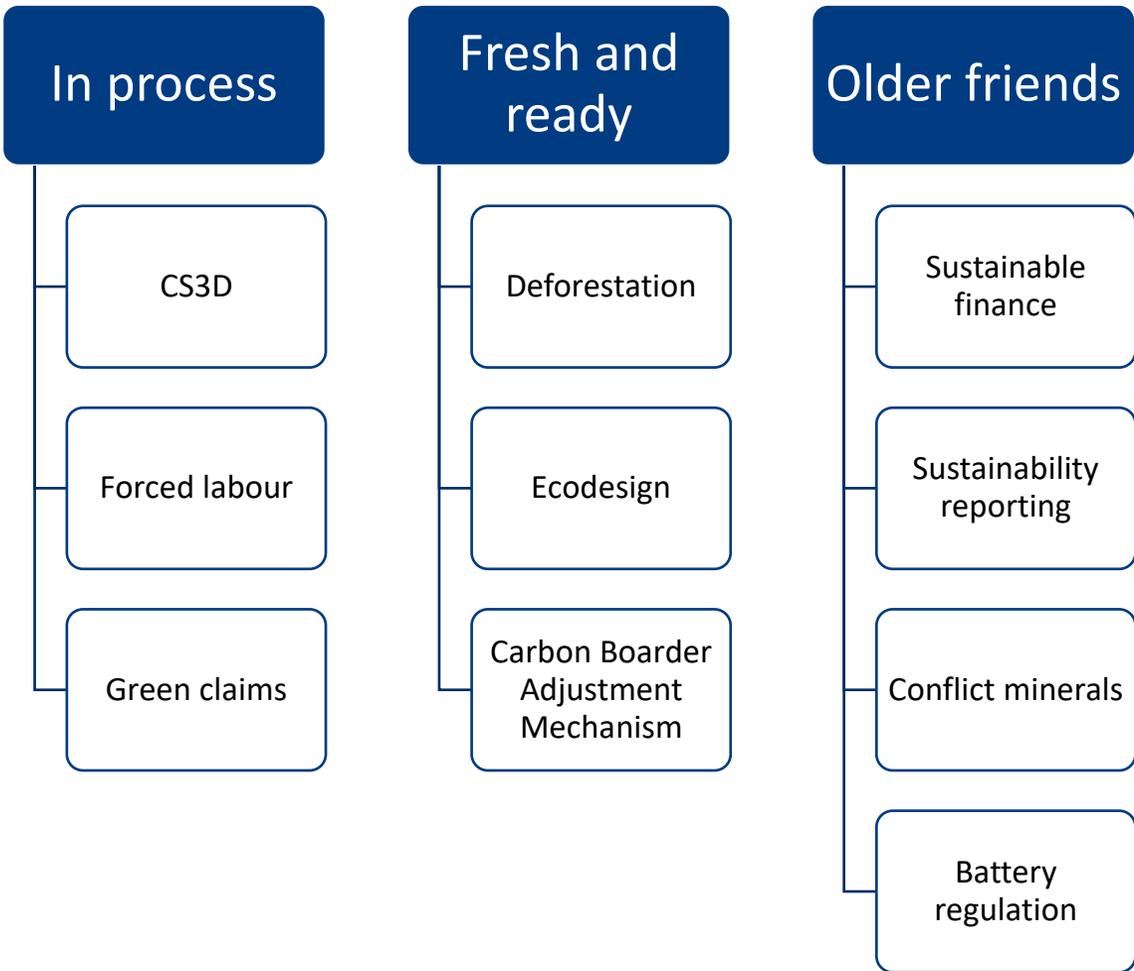
Where are we now?

- Political agreement 14/12/24
- Political turn in many Member States
- Vote 9/2 canceled
- Next steps?



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Plenty of EU legislation on business and sustainability

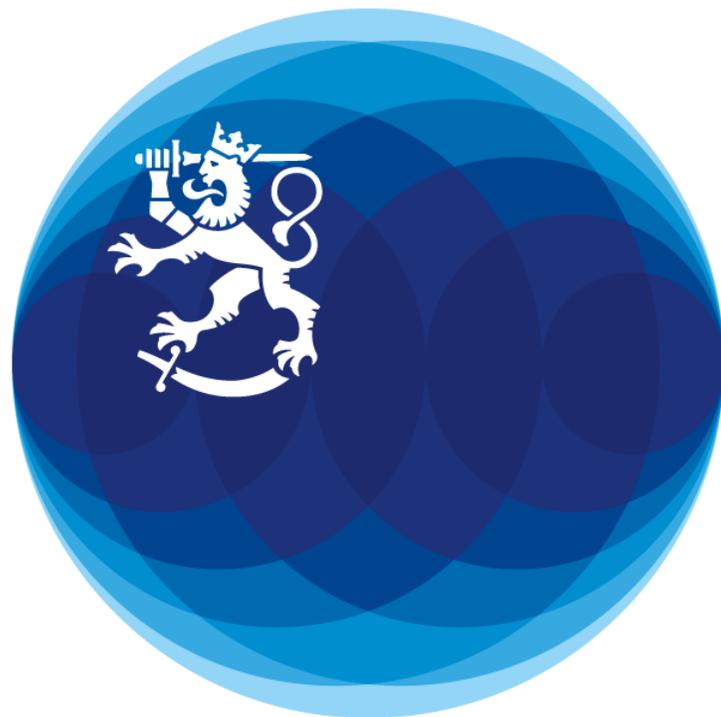


How many of these are due diligence related?

International trade and trade policy

- How is EU sustainability legislation related to EU trade policy?
- Need to diversify supply chains + geopolitical reality
- Need for critical materials
- Acceptance for sustainability clauses?





Thank you!

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