

EU Sustainability Due Diligence Directive



17,000 EU & non-EU companies in scope

On 23 February 2022, a proposal for an EU corporate sustainability directive was published with new environmental and human rights due diligence duties and obligations for corporates and their directors, enforceable through a combination of sanctions and civil liability measures. The proposal leverages existing international measures such as the OECD RBC Due Diligence Guidance.



New Corporate Duties

- Identify, prevent, mitigate, end, minimise potential or actual negative human rights and environmental impacts of internal operations, its subsidiaries and across value chains (upstream & downstream)
- Align business model & strategy with EU emission reduction objectives
- Link directors' remuneration to emission reduction plan



New Director Duties for EU companies

- Establish & oversee implementation of due diligence framework
- Integrate due diligence in corporate strategy
- Fiduciary duty to include human rights, climate and environmental consequences of decisions

SCOPE	Large EU Companies	Non-EU Companies	SME
Group 1	500+ employees >€150m worldwide turnover	>€150m EU-wide turnover	SMEs not in direct scope but likely indirectly affected by large companies' actions across value chains
Group 2 - companies in high impact areas e.g. textiles, agriculture, minerals	250+ employees >€40m worldwide turnover	>€40m EU-wide turnover	