



**STATEMENT REGARDING THE PROPOSED
CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE**

March 2023

Eumedion - representing the interests of institutional investors with a long-term investment horizon and with more than € 8 trillion assets under management - calls for ambitious European legislation in the area of corporate sustainability due diligence. Eumedion considers ambitious legislation key to fostering responsible business conduct throughout the whole value chain and to integrating various international standards into European law. Eumedion considers the following elements key to a sufficient level of ambition.

1) Maximum harmonisation

Eumedion is in favour of maximum harmonisation within the EU with respect to due diligence requirements. This would bring the highest level of legal certainty and a level playing field for EU companies.

2) Alignment with CSRD as regards the companies in scope

Eumedion calls for an optimal alignment between the European sustainable finance legislative initiatives and the interlinked requirements stemming from these initiatives. We therefore propose the thresholds (in terms of number of employees and turnover) for application of the due diligence legislation to be aligned with the CSRD. Additionally, Eumedion recognises that a lower threshold specifically for high-risk sectors is preferred.

3) Regulatory overlap for the financial sector should be avoided

Eumedion considers that the financial sector should not be exempt from due diligence obligations. At the same time, unnecessary administrative burden should be avoided. Currently there are certain financial market participants already subject to existing European comprehensive due diligence obligations regarding principle adverse impact of investment decisions (art 4 SFDR, art 23 UCITS Delegated Directive, art 18 AIFMD Delegated Regulation). We are of the opinion that these financial market participants must continue to comply with those rules and that the CSDDD should not apply to those institutions for their investee companies to avoid delineated regulatory overlap.

4) Due diligence should at least cover the direct and indirect supply chains, with an extension to the wider value chain subject to review in due time

While Eumedion prefers the consideration of the entire value chain for due diligence obligations, it is also aware of the many additional challenges that that would bring. A major real world impact can already be expected when first targeting the supply chain (both direct and indirect business relationships) – leaving extension to the wider value chain to be considered at a later stage. Additionally, Eumedion prefers to introduce the concept of prioritisation with respect to addressing adverse impacts in the supply chain.

5) Directors' duties should be covered by the legislation

Eumedion is of the opinion that directors of companies when fulfilling their duty to act in the best interest of the company, should take into account the consequences of their decisions for sustainability matters. This includes, where applicable, human rights, climate change and environmental consequences, in the short, medium and long term. Additionally, Eumedion considers that the directors of the company should be responsible for setting up and overseeing due diligence.

6) Adverse climate impacts should be included from the outset

Adverse climate impacts pose an immediate issue that requires a firm focus. Eumedion therefore prefers to have these impacts included in the due diligence requirements from the outset rather than leaving this subject to review in only seven years' time.

For more information:

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Eumedion's registration number with the European Commission and Parliament is: 65641341034-11.