To:
The Honourable Ambassadors,
Deputy Permanent Representatives to COREPER I

Subject: COREPER I meeting of 15 November - Ensuring an effective Corporate Sustainability Due Diligence Directive (CSDDD)

Honourable Ambassadors,

On 15 November you will discuss the Corporate Sustainability Due Diligence Directive (CSDDD) to update the Council’s negotiation mandate for the next political trialogue. We would like to draw your attention to five issues that are key to aligning the legislation with international standards and ensuring real-world improvements for people and the planet.

1. Climate transition plans

Climate transition plans should be embedded within the general due diligence duty. The CSDDD must clarify the key components of the climate transition plan, including short, medium, and long-term absolute emission reduction targets for scope 1, 2, and 3 emissions. Companies must be required to not only develop, but also to effectively implement their climate transition plans. These obligations should be enforceable in the same way as other due diligence obligations under the directive.

2. Civil liability & access to justice

Restrictions on civil liability to harm that has been ‘caused to a natural or legal person’ and only for cases where there is an aim ‘to protect the natural or legal person’ must be removed. These risk excluding the rights that are collectively enjoyed, like the rights of workers, trade unions and Indigenous Peoples. Moreover, civil liability should apply to breaches of all obligations under the directive. To ensure that victim-claimants are not faced with insurmountable procedural barriers, all access to justice measures listed in the European Parliament’s report must be incorporated, including the possibility of reversal of the burden of proof at the national level. Without adopting these common sense procedural measures, victim-claimants will continue to have rights on paper but not in practice.

3. Inclusion of the financial sector

We urge you to include meaningful due diligence obligations that would apply to key financial sector activities within the CSDDD, including lending, investing and insurance, enabling a level playing field for sustainability due diligence across the EU. Financial institutions are crucial to shaping sustainable economic systems, exerting leverage over a broad range of
other economic sectors and business activities, and have a key role in upholding the protection of human rights, the environment and climate globally. At the same time, EU banks, insurers, investors and asset managers are involved in severe adverse impacts on human rights and the environment and climate. The CSDDD provides an unprecedented opportunity to support and foster responsible investment and financing practices; and to fill the regulatory gap in the EU’s Action Plan on Financing Sustainable Growth, with many investors having voiced their support for an ambitious legislation.

4. Value chain

The value chain must cover both upstream and downstream activities and business partners or entities, including those related to composition, design, sale, waste management, and impacts arising from reasonably foreseeable use or unintended use. This would allow for alignment with international standards, which explicitly require due diligence across the entire value chain. Including ‘use’ would ensure that companies address serious impacts resulting from the foreseeable use and misuse of their products. The CSDDD value chain definition should also include (direct and indirect) business partners as well as non-legal entities. Excluding non-legal entities from the scope will incentivise companies to do more business with ‘non-legal entities’, which is generally riskier, without the obligation to conduct due diligence. In a company’s value chain, various types of non-legal entities exist that can generate serious adverse impacts, such as informal economy actors, paramilitary and terrorist groups and State actors.

5. Normative scope

A clear and sufficiently comprehensive understanding of human rights and the environment potentially impacted is required for a risk-based approach due diligence to work across sectors. Limitations through the definition of adverse human rights impact under article 3c and through limiting the Annex I Part I Section 1 and 2 must be removed. These conditions make the due diligence process convoluted and complex for companies that will have to analyze each potential impact to see if it meets these confusing criteria. All additional instruments included in the European Parliament’s position, including the UN Declaration on the Rights of Indigenous Peoples and the body of international humanitarian law, must be added. In particular, the rights of Indigenous Peoples and human rights defenders must be added and explicitly protected as they are among the most and worst affected by corporate harm, regularly facing illegal land grabbing, threats, intimidations and murder.

Defining environmental impacts based on environmental categories, as proposed by the European Parliament, would promote alignment with EU legislation (CSRD, and EU Taxonomy and Batteries Regulations) and the OECD Guidelines, as well as enable an effective risk-based approach. Using a limited list of international environmental agreements would be overly restrictive, as the international environmental legal framework is fragmented and does not adequately reflect the range of adverse environmental impacts that companies can be involved in. Climate impacts should be explicitly included in the Annexes to the CSDDD. Given the role of EU fossil fuel companies and financial institutions in the climate crisis, as well
as the disproportionate impacts of climate change on human rights and the environment, the CSDDD should require companies to conduct due diligence on their climate impacts, in line with the Paris Agreement’s objective of limiting global warming to 1.5ºC.

**Signatory Organisations & Networks**

1. ACT Alliance EU
2. ActionAid International
3. Alianza por la Solidaridad/Action Aid
4. Amnesty International
5. Anti-Slavery International
6. Association of Ethical Shareholders Germany
7. BankTrack
8. Business & Human Rights Resource Centre
9. Buy Responsibly Foundation
10. CCFD-Terre Solidaire
11. Centre for Research on Multinational Corporations (SOMO)
12. Centre national de coopération au développement (CNCD-11.11.11)
13. Clean Clothes Campaign
14. Climate Action Network Europe
15. CorA Netzwerk für Unternehmensverantwortung
16. Danish 92 Group
17. ECONOMY FOR THE COMMON GOOD
18. EDUCO
19. Estonian Green Movement
20. European Coalition for Corporate Justice
21. European Constitutional Center for Human Rights
22. Facing Finance e.V.
23. Fair Finance International
24. Fairtrade International
25. FIAN Austria
26. FIAN Germany
27. FIDH - International Federation for Human Rights
28. Finnwatch
29. Focus Association for Sustainable Development
30. Forest Peoples Programme
31. Frank Bold
32. Friends of the Earth Europe
33. Germanwatch
34. GLOBAL 2000 - Friends of the Earth Austria
35. Global Witness
36. Human Rights Watch
37. Impresa 2030
38. Initiative Liferkettengesetze
39. Irish Coalition for Business and Human Rights
40. Les Amis de la Terre France
41. Miljøbevægelsen NOAH Friends of the Earth Denmark
42. NeSoVe
43. Notre Affaire à Tous
44. OECD Watch
45. Oxfam
46. Plataforma por Empresas Responsables
47. Polish Institute for Human Rights and Business
48. Proyecto de Derechos Económicos Sociales y Culturales (ProDESC)
49. Rainforest Alliance
50. Reclaim Finance
51. ShareAction
52. Sherpa
53. Solidaridad
54. Südwind, Austria
55. Swedish Society for Nature Conservation
56. Swedwatch
57. Transport & Environment
58. Trócaire
59. Urgewald
60. Vredesactie
61. WWF European Policy Office