

Addressing disinformation on the **CSDDD**. Separating fact from fiction

1 **FICTION: Business is unified against the CSDDD.**

FACT: There has been an overwhelming show of support from businesses for the directive, including from major industry associations such as the [Responsible Business Alliance](#), [AMFORI](#) and [European Brands Association \(AIM\)](#), representing thousands of EU companies, calling for immediate adoption of the CSDDD. [German](#) and [Nordic](#) businesses respectively have come out calling for the passage of the trilogue deal.

2 **FICTION: The CSDDD would impose considerable liability risks on companies for any breaches of obligations in the supply chain.**

FACT: Heavily influenced by the German Federal Ministry of Justice, the drafting of the current content of the civil liability regime under Article 22 does NOT apply liability automatically. A company can be held liable only if several strict conditions are cumulatively met. The civil liability provision is in line with German liability law, and The CSDDD provides that the procedural rules applying to actions in liability will very largely depend on Member States' national laws.

3 **FICTION: The CSDDD would create an indirect threat to the survival of small and medium-sized enterprises.**

FACT: While SMEs are excluded from the scope of CSDDD, it recognises the possibility that SMEs will be indirectly impacted as contractors or subcontractors to in-scope companies, and provides several measures to mitigate negative impacts and protect SMEs from the adverse effects of the due diligence obligations imposed on the large companies with which they conduct business, notably (among other things) targeted support to SMEs (incl. capacity-building, training, or management system upgrades) as well as targeted financial support. The CSDDD also contributes to rebalancing the roles and responsibilities of large companies and SMEs in addressing significant human rights issues throughout the value chain. Also, the list of appropriate measures foresees an adaptation of business practices, which can help empower SMEs in the value chain to take the necessary compliance actions.

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FICTION: The CSDDD hurts the competitiveness of EU business and places a bureaucratic burden on companies.

FACT: Within the context of growing innovative litigation and increasing national and international regulation to hold companies accountable for environmental and human rights impacts, the CSDDD gives Corporations an important tool and legal clarity, and sets a level playing field across the EU. OECD and European Commission studies have continued to show that companies which undertake due diligence are more economically resilient and prepared to get ahead of potential risks, such as the war in Ukraine, which can have serious legal, financial and reputational implications. Empirical studies on a large sample of 2,000 companies confirmed that companies undertaking due diligence outperform their peers and are more competitive.

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FICTION: The CSDDD will place higher costs on consumers at a moment of inflation and supply chain disruptions.

FACT: Polling from 9 EU countries has shown that over 85% of citizens are in favour of rules to hold corporations responsible for their adverse human rights and environmental impacts. During the EU legislative process over 100,000 EU citizens have signed a petition demanding a strong and ambitious EU CSDD Directive. Suppliers are starting to call for harmonised Due Diligence laws as compliance with different due diligence laws is starting to cause production costs to rise. National legislative initiatives are multiplying and a fragmented legislative landscape could exacerbate the costs on suppliers and their legal certainty.