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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Proposal for a Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 - 4 column-table

Delegations will find attached the first 4-column table on the Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 issued with a view to the first trilogue meeting on 08 June 2023.

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance)

2022/0051(COD)

DRAFT [Consolidated mandates EP-Council]

06-06-2023 at 10h22

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Formula				
1	2022/0051 (COD)	2022/0051 (COD)	2022/0051 (COD)	
Proposal Title				
2	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance)	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance)	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (Text with EEA relevance)	
Formula				
3	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	
Citation 1				
4	Having regard to the Treaty on the Functioning of the European Union,	Having regard to the Treaty on the Functioning of the European Union,	Having regard to the Treaty on the Functioning of the European Union,	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	and in particular Article 50(1) and (2)(g) and Article 114 thereof,	and in particular Article 50(1) and (2)(g) and Article 114 thereof,	and in particular Article 50(1) and ~~(2)(g)~~**(2), point (g),** and Article 114 thereof,	
Citation 2				
5	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	
Citation 3				
6	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	
Citation 4				
7	Having regard to the opinion of the European Economic and Social Committee[1], _____ 1. OJ C , , p. .	Having regard to the opinion of the European Economic and Social Committee[1], _____ 1. OJ C , , p. .	Having regard to the opinion of the European Economic and Social Committee[1], _____ 1. OJ C , , p. .	
Citation 5				
8	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,	
Formula				
9	Whereas:	Whereas:	Whereas:	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Recital 1				
10	(1) The Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights. Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action includes fostering the sustainable economic, social and environmental development of developing countries.	(1) The Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights ***and in Article 2 of the Treaty on the European Union***. Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human ***and environmental*** rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action includes fostering the sustainable economic, social and environmental development of developing countries.	(1) The Union is founded on the respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights as enshrined in the EU Charter of Fundamental Rights. Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human rights, and respect for the principles of the United Nations Charter and international law, should guide the Union's action on the international scene. Such action includes fostering the sustainable economic, social and environmental development of developing countries.	
Recital 2				
11	(2) A high level of protection and improvement of the quality of the environment and promoting European core values are among the priorities of the Union, as set out in the Commission's Communication on A European Green Deal[1]. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies.	(2) A high level of protection and improvement of the quality of the environment and promoting European core values are among the priorities of the Union, as set out in the Commission's Communication on A European Green Deal[1]. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies. ***Article 191 of the Treaty***	(2) A high level of protection and improvement of the quality of the environment and promoting European core values are among the priorities of the Union, as set out in the Commission's Communication on A European Green Deal[1]. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies.	

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	_____ 1. Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region "The European Green Deal" (COM/2019/640 final).	***on the Functioning of the European Union (TFEU) states that Union policy on the environment shall contribute to preserving, protecting and improving the quality of the environment, protecting human health, prudent and rational utilisation of natural resources and promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change.*** _____ 1. Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region "The European Green Deal" (COM/2019/640 final).	_____ 1. Communication from the Commission to the European Parliament the European Council, the Council, the European Economic and Social Committee and the Committee of the Region "The European Green Deal" (COM/2019/640 final).	
Recital 3				
12	(3) In its Communication on a Strong Social Europe for Just Transition[1], the Commission committed to upgrading Europe's social market economy to achieve a just transition to sustainability. This Directive will also contribute to the European Pillar of Social Rights, which promotes rights ensuring fair working conditions. It forms part of the EU policies and strategies relating to the promotion of decent	(3) In its Communication on a Strong Social Europe for Just Transition[1], the Commission committed to upgrading Europe's social market economy to achieve a just transition to sustainability***, ensuring that no-one is left behind***. This Directive will also contribute to the European Pillar of Social Rights, which promotes rights ensuring fair working conditions. It ***will also create greater visibility for, and***	(3) In its Communication on a Strong Social Europe for Just Transition[1], the Commission committed to upgrading Europe's social market economy to achieve a just transition to sustainability. This Directive will also contribute to the European Pillar of Social Rights, which promotes rights ensuring fair working conditions. It forms part of the EU policies and strategies relating to the promotion of decent	

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	work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide[2]. _____ 1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Strong Social Europe for Just Transitions (COM/2020/14 final). 2. Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on decent work worldwide for a global just transition and a sustainable recovery, COM(2022) 66 final.	***ownership of, the Pillar among companies, whose involvement is essential for its effective implementation. It*** forms part of the EU policies and strategies relating to the promotion of ***fair and*** decent work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide[2]. _____ 1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Strong Social Europe for Just Transitions (COM/2020/14 final). 2. Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on decent work worldwide for a global just transition and a sustainable recovery, COM(2022) 66 final.	work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide[2]. _____ 1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Strong Social Europe for Just Transitions (COM/2020/14 final). 2. Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on decent work worldwide for a global just transition and a sustainable recovery, COM(2022) 66 final.	
Recital 4				
13	(4) The behaviour of companies across all sectors of the economy is key to success in the Union's sustainability objectives as Union companies, especially large ones, rely on global value chains. It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering	(4) The behaviour of companies across all sectors of the economy is key to success in the Union's sustainability objectives as ***many*** Union companies~~, especially large ones,~~ rely on global value chains. It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering	(4) The behaviour of companies across all sectors of the economy is key to success in the Union's sustainability objectives as Union companies, especially large ones, rely on global value chains. It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics. Several initiatives fostering	

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	enterprises which support value-oriented transformation already exist on Union[1], as well as national[2] level. _____ 1. 'Enterprise Models and the EU agenda', CEPS Policy Insights, No PI2021-02/ January 2021. 2. E.g. https://www.economie.gouv.fr/entreprises/societe-mission	enterprises which support value-oriented transformation already exist on Union[1], as well as national[2] level***, including binding legislation in several Member States such as France and Germany, which gives rise to the need for a level playing field for companies in order to avoid fragmentation and to provide legal certainty for businesses operating in the single market. It is moreover essential to establish a European framework for a responsible and sustainable approach to global value chains, given the importance of companies as a pillar in the construction of a sustainable society and economy***. _____ 1. 'Enterprise Models and the EU agenda', CEPS Policy Insights, No PI2021-02/ January 2021. 2. E.g. https://www.economie.gouv.fr/entreprises/societe-mission	enterprises which support value-oriented transformation already exist on Union[1], as well as national[2] level. _____ 1. 'Enterprise Models and the EU agenda', CEPS Policy Insights, No PI2021-02/ January 2021. 2. E.g. https://www.economie.gouv.fr/entreprises/societe-mission	
Recital 5				
14	(5) Existing international standards on responsible business conduct specify that companies should protect human rights and set out how they should address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights[1]	(5) ***Well-established*** existing international standards on responsible business conduct ***such as the United Nations Guiding Principles on Business and Human Rights[1] and the OECD Guidelines for Multinational Enterprises [1a] clarified in the OECD Due Diligence Guidance for Responsible***	(5) Existing international standards on responsible business conduct specify that companies should protect human rights and set out how they should address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights[1]	

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	recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through their direct and indirect business relationships. _____ 1. United Nations' "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework", 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.	***Business Conduct*** [1b] specify that companies should protect human rights and set out how they should ***respect and*** address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights[1] recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through their direct and indirect business relationships. _____ 1. United Nations' "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework", 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf. ***1a. OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/.https://mneguidelines.oecd.org/mneguidelines/*** ***1b. OECD Guidance on Responsible Business Conduct, 2018, and sector-specific***	recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address those impacts. Those Guiding Principles state that businesses should avoid infringing human rights and should address adverse human rights impacts that they have caused, contributed to or are linked with in their own operations, subsidiaries and through their direct and indirect business relationships. _____ 1. United Nations' "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework", 2011, available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm.		
Recital 6				
15	(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises[1] which extended the application of due diligence to environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance[2] are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual and potential impacts in their operations, value chains and other business relationships. The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.[3] _____ 1. OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/.https://mneguidelines.oecd.org/mneguidelines/ 2. OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance,	(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises[~~1~~] which extended the application of due diligence to environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance[~~2~~] are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual and potential impacts in their operations, value chains and other business relationships. ***National Contact Points (NCPs) created by adherents to the OECD Guidelines for Multinational Enterprises play an important role in promoting due diligence by companies through their roles in promoting the Guidelines and acting as non-judicial grievance mechanisms.*** The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite	(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises[1] which extended the application of due diligence to environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance[2] are internationally recognised frameworks setting out practical due diligence steps to help companies identify, prevent, mitigate and account for how they address actual and potential impacts in their operations, ~~value~~**supply** chains and other business relationships. The concept of due diligence is also embedded in the recommendations of the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.[3] _____ 1. OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/.https://mneguidelines.oecd.org/mneguidelines/ 2. OECD Guidance on Responsible Business	

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	available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm. 3. The International Labour Organisation's "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.	Declaration of Principles concerning Multinational Enterprises and Social Policy[1] ~~[3]~~. _____ 1. ~~OECD Guidelines for~~***The International Labour Organisation's "Tripartite Declaration of Principles concerning*** Multinational Enterprises***and Social Policy, Fifth Edition, 2017~~, 2011 updated edition~~***, available at***: https://www.ilo*** ~~http://mneguidelines.oecd.org/guidelines/~~***org/empent/Publications/WCMS_094386/lang-en/index***.~~https://mneguidelines.oecd~~***htm***.~~org/mneguidelines/~~ ~~2~~. ~~OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm.~~ ~~3~~. ~~The International Labour Organisation's "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.~~	Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm. 3. The International Labour Organisation's "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Fifth Edition, 2017, available at: https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.	
15a		***(6a) All companies should respect human rights, as enshrined in the international conventions and instruments listed in the Annex, Part I, Section 2, and those under the scope of this Directive should be required to conduct due diligence and should take appropriate measures to identify and address***		

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		adverse human rights impacts along their value chain. The extent and nature of due diligence can vary according to the size, sector, operating context, and risk profile of the company.		
Recital 7				
16	(7) The United Nations' Sustainable Development Goals[1], adopted by all United Nations Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself the objective to deliver on the UN Sustainable Development Goals. The private sector contributes to those aims. _____ 1. https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.	(7) The United Nations' Sustainable Development Goals[1] ~~1~~, adopted by all United Nations Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself the objective to deliver on the UN Sustainable Development Goals. The private sector contributes to those aims. ***In the current geopolitical situation arising from Russian aggression in Ukraine, the energy crisis, the continuing fallout from COVID-19 and attempts to maintain and strengthen the security of the agri-food chain, the private sector could help promote sustained, inclusive and sustainable economic growth, while avoiding the creation of imbalances on the internal market.*** _____ 1. https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&~~amp;~~Lang=E.	(7) The United Nations' Sustainable Development Goals[1], adopted by all United Nations Member States in 2015, include the objectives to promote sustained, inclusive and sustainable economic growth. The Union has set itself the objective to deliver on the UN Sustainable Development Goals. The private sector contributes to those aims. _____ 1. https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.	
Recital 8				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
17	(8) International agreements under the United Nations Framework Convention on Climate Change, to which the Union and the Member States are parties, such as the Paris Agreement[1] and the recent Glasgow Climate Pact[2], set out precise avenues to address climate change and keep global warming within 1.5 C degrees. Besides specific actions being expected from all signatory Parties, the role of the private sector, in particular its investment strategies, is considered central to achieve these objectives. _____ 1. https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf. 2. Glasgow Climate Pact, adopted on 13 November 2021 at COP26 in Glasgow, https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.	(8) International agreements under the United Nations Framework Convention on Climate Change, to which the Union and the Member States are parties, such as the Paris Agreement [1] and the recent Glasgow Climate Pact [2] ~~2~~, set out precise avenues to address climate change and keep global warming within 1.5 C degrees. Besides specific actions being expected from all signatory Parties, the role of the private sector, in particular its investment strategies~~, is~~ ***is also*** considered central to achieve these objectives. ***While just 100 companies have been the source of more than 70% of the world's greenhouse gas emissions since 1988, there is a fundamental mismatch between corporate climate commitments and their actual investments to fight against climate change. This Directive is therefore an important legislative tool to avoid any misleading climate neutrality claims and to stop greenwashing and fossil fuels expansion worldwide in order to achieve international and European climate objectives, also recommended by the latest scientific reports [2a].*** _____ 1. https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agr	(8) International agreements under the United Nations Framework Convention on Climate Change, to which the Union and the Member States are parties, such as the Paris Agreement **under the United Nations Framework Convention on Climate Change adopted on 12 December 2015 (the 'Paris Agreement')**[1] and the recent Glasgow Climate Pact[2], set out precise avenues to address climate change and keep global warming within 1.5 °C degrees. Besides specific actions being expected from all signatory Parties, the role of the private sector, in particular its investment strategies, is considered central to achieve these objectives. _____ 1. **OJ L 282, 19.10.2016, p. 4.** https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf. 2. Glasgow Climate Pact, adopted on 13 November 2021 at COP26 in Glasgow, https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.	

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		eement.pdf. 2. Glasgow Climate Pact, adopted on 13 November 2021 at COP26 in Glasgow, https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf. ***2a. CDP Carbon Majors Report, 2017 Influence Map Report, Big Oil's Real Agenda on Climate Change 2022, September 2022, https://influencemap.org/report/Big-Oil-s-Agenda-on-Climate-Change-2022-19585 IEA, Net Zero by 2050, A Roadmap for the Global Energy Sector, p. 51.***		
Recital 9				
18	(9) In the European Climate Law[1], the Union also legally committed to becoming climate-neutral by 2050 and to reducing emissions by at least 55% by 2030. Both these commitments require changing the way in which companies produce and procure. The Commission's 2030 Climate Target Plan[2] models various degrees of emission reductions required from different economic sectors, though all need to see considerable reductions under all scenarios for the Union to meet its climate objectives. The Plan also underlines that "changes in corporate governance rules and practices, including on sustainable finance, will make company owners and managers prioritise sustainability	(9) In the European Climate Law[1] ~~1~~, the Union also legally committed to becoming climate-neutral by 2050 and to reducing emissions by at least 55% by 2030. Both these commitments require changing the way in which companies produce and procure. The Commission's 2030 Climate Target Plan[2] models various degrees of emission reductions required from different economic sectors, though all need to see considerable reductions under all scenarios for the Union to meet its climate objectives. The Plan also underlines that "changes in corporate governance rules and practices, including on sustainable finance, will make company owners and managers prioritise sustainability	(9) In **Regulation (EU) 2021/1119 of** the European ~~Climate Law~~**Parliament and of the Council**[1], the Union also legally committed to becoming climate-neutral by 2050 and to reducing emissions by at least 55% by 2030. Both these commitments require changing the way in which companies produce and procure. The Commission's 2030 Climate Target Plan[2] models various degrees of emission reductions required from different economic sectors, though all need to see considerable reductions under all scenarios for the Union to meet its climate objectives. The Plan also underlines that "changes in corporate governance rules and practices, including on	

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	objectives in their actions and strategies." The 2019 Communication on the European Green Deal[3] sets out that all Union actions and policies should pull together to help the Union achieve a successful and just transition towards a sustainable future. It also sets out that sustainability should be further embedded into the corporate governance framework. _____ 1. Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') PE/27/2021/REV/1 (OJ L 243, 9.7.2021, p. 1). 2. SWD/2020/176 final. 3. COM/2019/640 final.	objectives in their actions and strategies." The ***General Union Environmental Action Programme to 2030*** [2a] ***('8th EAP'), the framework for Union action in the field of the environment and climate, aims to accelerate the green transition to a climate-neutral, sustainable, non-toxic, resource-efficient, renewable energy-based, resilient and competitive circular economy in a just, equitable and inclusive way, and to protect, restore and improve the state of the environment by, inter alia, halting and reversing biodiversity loss. The*** 2019 Communication on the European Green Deal[3] sets out that all Union actions and policies should pull together to help the Union achieve a successful and just transition towards a sustainable future ***in which no one is left behind***. It also sets out that sustainability should be further embedded into the corporate governance framework. _____ 1. Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') PE/27/2021/REV/1 (OJ L 243, 9.7.2021, p. 1). 2. SWD/2020/176 final. ***2a. General Union Environment Action Programme to 2030.***	sustainable finance, will make company owners and managers prioritise sustainability objectives in their actions and strategies." The 2019 Communication on the European Green Deal[3] sets out that all Union actions and policies should pull together to help the Union achieve a successful and just transition towards a sustainable future. It also sets out that sustainability should be further embedded into the corporate governance framework. _____ 1. Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') ~~PE/27/2021/REV/1~~ (OJ L 243, 9.7.2021, p. 1). 2. SWD/2020/176 final. 3. COM/2019/640 final.	

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		3. COM/2019/640 final.		
Recital 10				
19	(10) According to the Commission Communication on forging a climate-resilient Europe[1] presenting the Union Strategy on Adaptation to climate change, new investment and policy decisions should be climate-informed and future-proof, including for larger businesses managing value chains. This Directive should be consistent with that Strategy. Similarly, there should be consistency with the Commission Directive […] amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (Capital Requirements Directive)[2], which sets out clear requirements for banks' governance rules including knowledge about environmental, social and governance risks at board of directors level. _____ 1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Forging a climate-resilient Europe – the new EU Strategy on Adaptation to Climate Change (COM/2021/82 final), available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2021:82:FIN. 2. OJ C […], […], p. […].	(10) According to the Commission Communication on forging a climate-resilient Europe[1] presenting the Union Strategy on Adaptation to climate change, new investment and policy decisions should be climate-informed and future-proof, including for larger businesses managing value chains. This Directive should be consistent with that Strategy. Similarly, there should be consistency with the Commission Directive […] amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (Capital Requirements Directive)[2], which sets out clear requirements for banks' governance rules including knowledge about environmental, social and governance risks at board of directors level. _____ 1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Forging a climate-resilient Europe – the new EU Strategy on Adaptation to Climate Change (COM/2021/82 final), available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2021:82:FIN. 2. OJ C […], […], p. […].	(10) According to the Commission Communication on forging a climate-resilient Europe[1] presenting the Union Strategy on Adaptation to climate change, new investment and policy decisions should be climate-informed and future-proof, including for larger businesses managing value chains. This Directive should be consistent with that Strategy. Similarly, there should be consistency with the Commission Directive […] amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (Capital Requirements Directive)[2], which sets out clear requirements for banks' governance rules including knowledge about environmental, social and governance risks at board of directors level. _____ 1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Forging a climate-resilient Europe – the new EU Strategy on Adaptation to Climate Change (COM/2021/82 final), available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2021:82:FIN. 2. OJ C […], […], p. […].	

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Recital 11				
20	(11) The Action Plan on a Circular Economy[1], the Biodiversity strategy[2], the Farm to Fork strategy[3] and the Chemicals strategy[4] and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery[5], Industry 5.0[6] and the European Pillar of Social Rights Action Plan[7] and the 2021 Trade Policy Review[8] list an initiative on sustainable corporate governance among their elements. _____ 1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final). 2. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Biodiversity Strategy for 2030 Bringing nature back into our lives (COM/2020/380 final). 3. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system (COM/2020/381 final). 4. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee	(11) The Action Plan on a Circular Economy[1], the Biodiversity strategy[2], the Farm to Fork strategy[3] and the Chemicals strategy[4]***, the Pharmaceutical Strategy, the 2021 EU Action Plan Towards Zero Pollution for Air, Water and Soil*** and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery[5], Industry 5.0[6] and the European Pillar of Social Rights Action Plan[7] and the 2021 Trade Policy Review[8] list an initiative on sustainable corporate governance among their elements.***Due diligence requirements under this Directive should therefore contribute to preserving and restoring biodiversity and by improving the state of the environment, in particular air, water and soil. They should also contribute towards accelerating the transition to a non-toxic circular economy. Due diligence requirements under this Directive should also contribute to the objectives of the Zero Pollution Action Plan of creating a toxic-free environment and protecting the health and well-being of people, animals and ecosystems from environment-related risks and***	(11) The Action Plan on a Circular Economy[1], the Biodiversity strategy[2], the Farm to Fork strategy[3] and the Chemicals strategy[4] and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery[5], Industry 5.0[6] and the European Pillar of Social Rights Action Plan[7] and the 2021 Trade Policy Review[8] list an initiative on sustainable corporate governance among their elements. _____ 1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final). 2. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Biodiversity Strategy for 2030 Bringing nature back into our lives (COM/2020/380 final). 3. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system (COM/2020/381 final). 4. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee	

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	and the Committee of the Regions on the Chemicals Strategy for Sustainability Towards a Toxic-Free Environment (COM/2020/667 final). 5. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery (COM/2021/350 final). 6. Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en 7. https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/ 8. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy (COM/2021/66/final).	***negative impacts.*** _____ 1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A new Circular Economy Action Plan For a cleaner and more competitive Europe (COM/2020/98 final). 2. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Biodiversity Strategy for 2030 Bringing nature back into our lives (COM/2020/380 final). 3. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system (COM/2020/381 final). 4. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Chemicals Strategy for Sustainability Towards a Toxic-Free Environment (COM/2020/667 final). 5. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery (COM/2021/350 final). 6. Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en 7. https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/	and the Committee of the Regions on the Chemicals Strategy for Sustainability Towards a Toxic-Free Environment (COM/2020/667 final). 5. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery (COM/2021/350 final). 6. Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en 7. https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/ 8. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy (COM/2021/66/final).	

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		8. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy (COM/2021/66/final).		
Recital 12				
21	(12) This Directive is in coherence with the EU Action Plan on Human Rights and Democracy 2020-2024[1]. This Action Plan defines as a priority to strengthen the Union's engagement to actively promote the global implementation of the United Nations Guiding Principles on Business and Human Rights and other relevant international guidelines such as the OECD Guidelines for Multinational Enterprises, including by advancing relevant due diligence standards. _____ 1. Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 (JOIN/2020/5 final).	(12) This Directive is in coherence with the EU Action Plan on Human Rights and Democracy 2020-2024 [1]. This Action Plan defines as a priority to strengthen the Union's engagement to actively promote the global implementation of the United Nations Guiding Principles on Business and Human Rights and ~~other relevant international guidelines such as~~ ***the OECD Guidelines for Multinational Enterprises as clarified in*** the OECD ~~Guidelines for Multinational Enterprises~~***Due Diligence Guidance for Responsible Business Conduct as the relevant guidelines***, including by advancing relevant due diligence standards. _____ 1. Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 (JOIN/2020/5 final).	(12) This Directive is in coherence with the EU Action Plan on Human Rights and Democracy 2020-2024[1]. This Action Plan defines as a priority to strengthen the Union's engagement to actively promote the global implementation of the United Nations Guiding Principles on Business and Human Rights and other relevant international guidelines such as the OECD Guidelines for Multinational Enterprises, including by advancing relevant due diligence standards. _____ 1. Joint Communication to the European Parliament and the Council on the EU Action Plan on Human Rights and Democracy 2020-2024 (JOIN/2020/5 final).	
Recital 13				
22				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(13) The European Parliament, in its resolution of 10 March 2021 calls upon the Commission to propose Union rules for a comprehensive corporate due diligence obligation[1]. The Council Conclusions on Human Rights and Decent Work in Global Supply Chains of 1 December 2020 called upon the Commission to table a proposal for a Union legal framework on sustainable corporate governance, including cross-sector corporate due diligence obligations along global supply chains.[2] The European Parliament also calls for clarifying directors` duties in its own initiative report adopted on 2 December 2020 on sustainable corporate governance. In their Joint Declaration on EU Legislative Priorities for 2022[3], the European Parliament, the Council of the European Union and the Commission have committed, to deliver on an economy that works for people, and to improve the regulatory framework on sustainable corporate governance. _____ 1. European Parliament resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129(INL)), P9_TA(2021)0073, available at https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2020/2129(INL). 2. Council Conclusions on Human Rights	(13) The European Parliament, in its resolution of 10 March 2021 calls upon the Commission to propose Union rules for a comprehensive corporate due diligence ~~obligation~~***obligations, with consequences including civil liability for those companies that cause or contribute to harm by failing to carry out due diligence*** [1]. The Council Conclusions on Human Rights and Decent Work in Global Supply Chains of 1 December 2020 called upon the Commission to table a proposal for a Union legal framework on sustainable corporate governance, including cross-sector corporate due diligence obligations along global supply chains.[2] The European Parliament also calls for clarifying directors' duties in its own initiative report adopted on 2 December 2020 on sustainable corporate governance. In their Joint Declaration on EU Legislative Priorities for 2022[3], the European Parliament, the Council of the European Union and the Commission have committed, to deliver on an economy that works for people, and to improve the regulatory framework on sustainable corporate governance. _____ 1. European Parliament resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and	(13) The European Parliament, in its resolution of 10 March 2021 calls upon the Commission to propose Union rules for a comprehensive corporate due diligence obligation[1]. The Council Conclusions on Human Rights and Decent Work in Global Supply Chains of 1 December 2020 called upon the Commission to table a proposal for a Union legal framework on sustainable corporate governance, including cross-sector corporate due diligence obligations along global supply chains.[2] The European Parliament also calls for clarifying directors` duties in its own initiative report adopted on 2 December 2020 on sustainable corporate governance. In their Joint Declaration on EU Legislative Priorities for 2022[3], the European Parliament, the Council of the European Union and the Commission have committed, to deliver on an economy that works for people, and to improve the regulatory framework on sustainable corporate governance. _____ 1. European Parliament resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129(INL)), P9_TA(2021)0073, available at https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2020/2129(INL). 2. Council Conclusions on Human Rights	

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	and Decent Work in Global Supply Chains, 1 December 2020 (13512/20). 3. Joint declaration of the European Parliament, the Council of the European Union and the European Commission on EU Legislative Priorities for 2022, available at https://ec.europa.eu/info/sites/default/files/joint_declaration_2022.pdf.	corporate accountability (2020/2129(INL)), P9_TA(2021)0073, available at https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2020/2129(INL). 2. Council Conclusions on Human Rights and Decent Work in Global Supply Chains, 1 December 2020 (13512/20). 3. Joint declaration of the European Parliament, the Council of the European Union and the European Commission on EU Legislative Priorities for 2022, available at https://ec.europa.eu/info/sites/default/files/joint_declaration_2022.pdf.	and Decent Work in Global Supply Chains, 1 December 2020 (13512/20). 3. Joint declaration of the European Parliament, the Council of the European Union and the European Commission on EU Legislative Priorities for 2022, available at https://ec.europa.eu/info/sites/default/files/joint_declaration_2022.pdf.	
Recital 14				
23	(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies through the identification, prevention and mitigation, bringing to an end and minimisation of potential or actual adverse human rights and environmental impacts connected with companies' own operations, subsidiaries and value chains.	(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies ***by respecting human rights and the environment,*** through the identification, prevention and mitigation, bringing to an end ***remediation*** and minimisation***, and where necessary, prioritisation,*** of potential or actual adverse human rights and environmental impacts connected with companies' own operations, subsidiaries and value chains***, and ensuring that those affected by a failure to respect this duty have access to justice and legal remedies. This Directive should be without prejudice to the responsibility of Member States to***	(14) This Directive aims to ensure that companies active in the internal market contribute to sustainable development and the sustainability transition of economies and societies through the identification, prevention and mitigation, bringing to an end and minimisation of potential or actual adverse human rights and environmental impacts connected with companies' own operations, **operations of their** subsidiaries and ~~value~~**their business partners in the companies'** chains **of activities. This Directive is without prejudice to the responsibility of Member States to respect and protect human rights and the environment under international law**.	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		respect and the duty to protect human rights and the environment under international law.		
Recital 14a				
23a			**(14a) This Directive is without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and should apply to those specific obligations. Examples of these obligations in Union legislative acts include obligations in the Regulation (EU) 2017/821 of the European Parliament and of the Council (Conflict Minerals Regulation)[1], [the proposal for a Batteries Regulation[2]] or [the proposal for a Regulation on deforestation-free supply chains[3]].** _____ **1. Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten,**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			their ores, and gold originating from conflict-affected and high-risk areas (OJ L 130, 19.5.2017, p. 1). **2. Proposal for a Regulation of the European Parliament and of the Council concerning batteries and waste batteries, repealing Directive 2006/66/EC and amending Regulation (EU) No 2019/1020 (COM/2020/798 final).** **3. Proposal for a Regulation of the European Parliament and of the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (COM(2021) 706 final).**	
Recital 14b				
23b			**(14b) In order to accommodate for the specificities of pension and social security schemes in different Member States, Member States should decide whether to apply this Directive to their pension institutions operating social security systems under applicable Union law.**	
Recital 15				
24	(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their established direct and indirect	(15) Companies should take appropriate steps ***within their means*** to set up and carry out due diligence measures, with respect to their own operations, ***those of*** their subsidiaries, as well as their	(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, their subsidiaries, as well as their ~~established~~ direct and indirect	

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	business relationships throughout their value chains in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. Account should be taken of the specificities of the company's value chain, sector or geographical area in which its value chain partners operate, the company's power to influence its direct and indirect business relationships, and whether the company could increase its power of influence.	~~*established*~~ direct and indirect business relationships ~~*throughout*~~***in*** their value chains in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example with respect to business relationships where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case***, proportionate and commensurate to the degree of severity and the likelihood of the adverse impact and the size, resources, and capacities of the company***. Account should be taken of the specificities of the company's value chain, sector or geographical area in which its value chain partners operate, the company's power to influence its ~~*direct and indirect*~~ business relationships, and whether the company could increase its power of influence.	business ~~relationships~~**partners** throughout their ~~value~~ chains **of activities** in accordance with the provisions of this Directive. This Directive should not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped. For example**,** with respect to business ~~relationships~~**partners** where the adverse impact results from State intervention, the company might not be in a position to arrive at such results. Therefore, the main obligations in this Directive should be 'obligations of means'. The company should take the appropriate measures which can reasonably be expected to result in prevention or minimisation of the adverse impact under the circumstances of the specific case. Account should be taken of the specificities of the company's ~~value~~**business operations and its** chain **of activities**, sector or geographical area in which its ~~value chain~~**business** partners operate, the company's power to influence its direct and indirect business ~~relationships~~**partners**, and whether the company could increase its power of influence.	
Recital 16				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
25	(16) The due diligence process set out in this Directive should cover the six steps defined by the OECD Due Diligence Guidance for Responsible Business Conduct, which include due diligence measures for companies to identify and address adverse human rights and environmental impacts. This encompasses the following steps: (1) integrating due diligence into policies and management systems, (2) identifying and assessing adverse human rights and environmental impacts, (3) preventing, ceasing or minimising actual and potential adverse human rights, and environmental impacts, (4) assessing the effectiveness of measures, (5) communicating, (6) providing remediation.	(16) The due diligence process set out in this Directive should cover the six steps defined by the OECD Due Diligence Guidance for Responsible Business Conduct, which include due diligence measures for companies to identify and address adverse human rights and environmental impacts. This encompasses the following steps: (1) integrating due diligence into policies and management systems, (2) identifying and assessing adverse human rights– and environmental impacts, (3) preventing, ceasing or minimising actual and potential adverse human rights, and environmental impacts, (4) ***verifying, monitoring and*** assessing the effectiveness of measures, (5) communicating, (6) providing remediation.	(16) The due diligence process set out in this Directive should cover the six steps defined by the OECD Due Diligence Guidance for Responsible Business Conduct, which include due diligence measures for companies to identify and address adverse human rights and environmental impacts. This encompasses the following steps: (1) integrating due diligence into policies and management systems, (2) identifying and assessing adverse human rights and environmental impacts, (3) preventing, ceasing or minimising actual and potential adverse human rights, and environmental impacts, (4) assessing the effectiveness of measures, (5) communicating, (6) providing remediation.	
Recital 16a				
25a			**(16a) In order to make due diligence more effective and reduce the burden on companies, they should be entitled to share resources and information within their respective groups of companies and with other legal entities, in compliance with existing national and Union law. In addition, the parent company**	

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			falling under the scope of this Directive should be allowed to fulfil some of the due diligence obligations also on behalf of its subsidiaries that are falling under the scope of this Directive. Since the parent company would be fulfilling these due diligence obligations on behalf of subsidiaries, the subsidiaries should only be required to fulfil the obligations that need to be performed at subsidiary level due to their nature. The possibility to fulfil the obligations at a group level should be limited to parent companies and subsidiaries both falling under the scope of this Directive. This limitation is necessary for the purposes of administrative enforcement where, apart from the obligations staying with the subsidiaries, the parent company should be responsible for fulfilling the due diligence obligations. The supervisory authority of the parent company should be competent to monitor and assess the fulfilment of due diligence obligations of the whole group, apart from the obligations staying with the subsidiaries where the competent supervisory authority should be the one of the relevant subsidiary. If the subsidiary does not fall under the scope of this	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			Directive, the parent company cannot fulfil due diligence on behalf of the subsidiary since the subsidiary is not obliged to carry out due diligence. In that case, the parent company should cover operations of the subsidiary as part of its own due diligence obligations. If the subsidiaries fall under the scope of this Directive, but the parent company does not, they still should be allowed to share resources and information within the group of companies. Nevertheless, the subsidiaries would be responsible for fulfilling due diligence obligations under this Directive.	
Recital 16b				
25b			**(16b) The fulfilment of due diligence obligations at a group level should be without prejudice to the civil liability of subsidiaries in respect to victims to whom the damage is caused. If the conditions for civil liability are met, the subsidiary might be held liable for damage occurred, irrespective of whether the due diligence obligations were carried out by the subsidiary or by the parent company on behalf of the subsidiary.**	

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Recital 16c				
25c			**(16c) In line with existing Union law, when sharing information to comply with the obligations resulting from this Directive, companies or legal entities should not be required to disclose to its business partner information that is deemed to be a trade secret as defined in the Directive 2016/943/EU of the European Parliament and of the Council[1].** _____ **1. Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (OJ L 157, 15.6.2016, p. 1).**	
Recital 17				
26	(17) Adverse human rights and environmental impact occur in companies' own operations, subsidiaries, products, and in their value chains, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover human rights and environmental adverse impacts generated throughout the life-cycle of	(17) Adverse human rights, and environmental ~~*impact*~~***impacts*** occur in companies' own operations, subsidiaries, products, ***services,*** and in their value chains, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover human rights, and environmental adverse impacts generated throughout the life-cycle of	(17) Adverse human rights and environmental ~~impact~~**impacts might** occur in companies' own operations, ~~subsidiaries, products, and~~ **operations of their subsidiaries, and their business partners** in their ~~value~~ chains **of activities**, in particular at the level of raw material sourcing, manufacturing, or at the level of product or waste disposal. In order for the due diligence to have a meaningful impact, it should cover human rights and environmental	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	production and use and disposal of product or provision of services, at the level of own operations, subsidiaries and in value chains.	production and ~~use and disposal~~***sale and waste management*** of product or provision of services, at the level of own operations, subsidiaries and in value chains.	adverse impacts generated throughout **majority of the life cycle**~~the life cycle~~ of production and use and disposal of product or provision of services, at the level of **companies'** own operations, **operations of their** subsidiaries and **their business partners in their**~~in value~~ chains **of activities**.	
26a		***(17a) Global value chains in particular critical raw materials value chains, are impacted by detrimental effects of natural or man-made hazards. The risks in critical value chains have been made apparent by the COVID-19 crisis while the frequency and impact of those shocks are likely to increase in the future, constituting a driver for inflation and leading to a subsequent increase of macroeconomic volatility as well as market and trade uncertainty. To address this, the EU should initiate an annual Union-wide assessment of the resilience of companies to adverse scenarios related to their value chains, that would map, assess and provide potential responses to their value chain risks, including externalities as well as social, environmental and political risks.***		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Recital 18				
27	(18) The value chain should cover activities related to the production of a good or provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of established business relationships of the company. It should encompass upstream established direct and indirect business relationships that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company that are necessary to carry out the company's activities, and also downstream relationships, including established direct and indirect business relationships, that use or receive products, parts of products or services from the company up to the end of life of the product, including inter alia the distribution of the product to retailers, the transport and storage of the product, dismantling of the product, its recycling, composting or landfilling.	(18) The value chain should cover activities related to the production***, distribution and sale*** of a good or provision of services by a company, including the development of the product or the service and ~~*the use and disposal*~~***waste management*** of the product as well as the related activities of ~~*established*~~ business relationships of the company. It should encompass ~~*upstream established direct and indirect*~~***the activities of a company's*** business relationships ~~*that*~~***related to the*** design, ~~*extract*~~***extraction***, manufacture, transport, ~~*store*~~***storage*** and supply ***of*** raw material, products, parts of products, ~~*or provide services to the company that are necessary to carry out the company's activities, and also downstream relationships, including established direct and indirect business relationships, that use or receive products, parts of products or services from the company up to the end of life of the product*~~***as well as the sale or distribution of goods or the provision or development of services***, including ~~*inter alia the distribution of the product to retailers, the*~~ ***waste management,*** transport and storage***, excluding the***	(18) The ~~value chain~~**chain of activities** should cover activities related to the production **and supply of goods**~~of a good~~ or provision of services by a company, ~~including the development of the product or the service and the use and disposal of the product as well as the related~~**which should encompass** activities of ~~established business relationships of the company. It should encompass upstream established~~ direct and indirect business ~~relationships~~**partners** that design, extract, manufacture, transport, store and supply raw material, products, parts of products, or provide services to the company that are necessary to carry out the company's activities**. Also, the chain of activities should cover activities of**~~, and also downstream relationships, including established~~ direct and indirect business ~~relationships, that use or receive products, parts of products or services from~~**partners that distribute, transport, store and dispose of the product, including inter alia the dismantling of the product, its recycling, composting or landfilling, where those activities are carried out for** the	

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		waste management ~~*of the product, dismantling*~~ of the product~~*, its recycling, composting or landfilling*~~ ***by individual consumers***.	company ~~up to the end of life~~**or on behalf of the company. The disposal** of the product **by consumers should be excluded in order to ensure the feasibility of due diligence obligations. Also, the chain of activities should not encompass**~~, including inter alia~~ the distribution**, transport, storage and disposal of a**~~ of the~~ product **that is subject to export control of a Member State**~~to retailers~~, **meaning either the export control under the Regulation (EU) 2021/821**~~ the transport and storage~~ of the ~~product, dismantling~~**European Parliament and** of the ~~product, its recycling, composting or landfilling~~**Council[1] or the export control of weapons, munition or war material under national export controls, after the export of the product is authorised**. **1. Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (OJ L 206, 11.6.2021, p. 1).**	
27a		***(18a) In some situations once products are sold or distributed by a business relationship, companies***		

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		may have diminished ability to monitor impacts in order to take reasonable steps to prevent or mitigate them. In such situations, identifying actual and potential impacts and taking preventive or mitigating actions will be important prior to and at the point of initial sale or distribution, and in follow up or ongoing interactions with those business relationships when such impacts are reasonably foreseeable or when notified of significant impacts through the notification procedure.		
27b		***(18b) When a company sources products containing recycled material, it may be difficult to verify the origins of the secondary raw materials. In such situations the company should take appropriate measures to trace secondary raw materials to the relevant supplier and evaluate whether there is adequate information to demonstrate that the material is recycled.***		
Recital 19				
28	(19) As regards regulated financial undertakings providing loan, credit,	(19) As regards regulated financial undertakings providing ~~*loan, credit,*~~	(19) ~~As regards~~**For** regulated financial undertakings**, the**	

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	or other financial services, “value chain” with respect to the provision of such services should be limited to the activities of the clients receiving such services, and the subsidiaries thereof whose activities are linked to the contract in question. Clients that are households and natural persons not acting in a professional or business capacity, as well as small and medium sized undertakings, should not be considered to be part of the value chain. The activities of the companies or other legal entities that are included in the value chain of that client should not be covered.	~~*or other financial services, "value chain" with respect to*~~***financial services, linked to the conclusion of a contract within a value chain,*** the provision of such services should ~~*be limited to*~~***include*** the activities of the clients ~~*receiving such services*~~***directly receiving them***, and the subsidiaries thereof whose activities are linked to the contract in question. ***In order to avoid an overlap of due diligence exercises of regulated financial undertaking, activities of companies or other legal entities that are part of the value chain of that client are excluded from the scope of this Directive if due diligence obligations are set elsewhere under EU law.*** Clients that are households and natural persons not acting in a professional or business capacity, as well as small and medium sized undertakings, should not be considered to be part of the value chain~~*. The activities of the companies or other legal entities that are included in the value chain of that client should not be covered*~~ ***of regulated financial undertakings***.	**definition of the term ‘chain of activities’ should also include the provision of financial services within the meaning of this Directive if the Member State decides to apply this Directive also to the provision of such services. In such case, the definition of the term ‘chain of activities’ should be adapted to cater for their specificities with a view to capture activities that allocate capital and provide insurance coverage to the real economy. Therefore, it is appropriate not to include in the definition of the term ‘chain of activities’ financial services** ~~providing loan, credit, or~~ other **than those services that directly result in an allocation of capital or in the coverage of risk through insurance or reinsurance. As regards regulated financial undertakings providing** financial services, ~~"value chain"~~**‘chain of activities’** with respect to the provision of such services should be limited to the activities of the ~~clients~~**counterparts** receiving such services, and ~~the~~**their** subsidiaries ~~thereof~~**benefiting from the service** whose activities are linked to the ~~contract~~**service** in question. ~~Clients~~**The activities of the business partners in the chains of activities of those counterparts should not be covered. Counterparts** that are households	

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			~~and~~**or** natural persons not acting in a professional or business capacity, as well as small and medium sized ~~undertakings~~**enterprises**, should not be considered to be part of the ~~value~~ chain~~. The~~ **of** activities of the ~~companies or other legal entities that are included in the value chain of that client should not be covered~~**financial undertaking**.	
28a		***(19a) Regulated financial undertakings as well as other companies should use information beyond the information derived from credit rating agencies, sustainability rating agencies or benchmark administrators.***		
Recital 20				
29	(20) In order to allow companies to properly identify the adverse impacts in their value chain and to make it possible for them to exercise appropriate leverage, the due diligence obligations should be limited in this Directive to established business relationships. For the purpose of this Directive, established business relationships should mean such direct and indirect business relationships which are, or	*deleted*	*deleted*	

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	which are expected to be lasting, in view of their intensity and duration and which do not represent a negligible or ancillary part of the value chain. The nature of business relationships as "established" should be reassessed periodically, and at least every 12 months. If the direct business relationship of a company is established, then all linked indirect business relationships should also be considered as established regarding that company.			
Recital 21				
30	*(21)* Under this Directive, EU companies with more than 500 employees on average and a worldwide net turnover exceeding EUR 150 million in the financial year preceding the last financial year should be required to comply with due diligence. As regards companies which do not fulfil those criteria, but which had more than 250 employees on average and more than EUR 40 million worldwide net turnover in the financial year preceding the last financial year and which operate in one or more high-impact sectors, due diligence should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden,	(21) Under this Directive, EU companies with more than ~~500~~***250*** employees on average and a worldwide net turnover exceeding EUR ~~150~~***40*** million in the financial year preceding the last financial year ~~*should be required to comply with due diligence. As regards companies which do not fulfil those criteria, but which had more than 250 employees on average and*~~***or companies which are the ultimate parent company of a group that had 500 employees and a net worldwide turnover of*** more than ~~*EUR 40*~~***150*** million ~~*worldwide net turnover*~~ in the ***last*** financial year ~~*preceding the last*~~***for which annual*** financial ~~*year and which operate in one or more high-impact sectors,*~~***statements have been***	(21) Under this Directive, ~~EU companies~~**companies established in the Union** with more than 500 employees on average and a ~~worldwide net~~**net worldwide** turnover exceeding EUR 150 million in the **last** financial year ~~preceding the last~~**for which annual** financial ~~year~~**statements have been or should have been adopted** should be required to comply with due diligence**, provided that they fulfil those criteria for two consecutive financial years**. As regards companies which do not fulfil those criteria, but which had more than 250 employees on average and more than EUR 40 million ~~worldwide~~ net **worldwide** turnover in the financial year preceding the last financial year	

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	companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive 2018/957/EU of the European Parliament and of the Council[1], should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company. _____ 1. Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).	***prepared should be required to comply with*** due diligence***. The calculation of the thresholds should include the number of employees and turnover of a company's branches, which are places of business other than the head office that are legally dependent on it, and therefore considered as part of the company, in accordance with EU and national legislation. Temporary agency workers and other workers in non-standard forms of employment*** ~~should apply 2 years after the end of the transposition period of this directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence focusing on severe adverse impacts. Temporary agency workers~~, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive ~~2018/957/EU~~***(EU) 2018/957*** of the European Parliament and of the Council***[1]***~~[1]~~, should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the	and which operate in one or more high-impact sectors, **provided that they fulfil those criteria for two consecutive financial years,** due diligence should apply ~~2~~**3** years after the end of the transposition period of this Directive, in order to provide for a longer adaptation period. In order to ensure a proportionate burden, companies operating in such high-impact sectors should be required to comply with more targeted due diligence ~~focusing on severe adverse impacts~~. Temporary agency workers, including those posted under Article 1(3), point (c), of Directive 96/71/EC **of the European Parliament and of the Council[1]**, as amended by Directive 2018/957/EU of the European Parliament and of the Council~~[1]~~**[2]**, should be included in the calculation of the number of employees in the user company. Posted workers under Article 1(3), points (a) and (b), of Directive 96/71/EC, as amended by Directive 2018/957/EU, should only be included in the calculation of the number of employees of the sending company. **Seasonal workers should be included in the calculation of the number of employees proportionally to the number of months that they are employed for.** _____ 1. Directive ~~(EU) 2018/957~~**96/71/EC** of the	

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		number of employees of the sending company. _____ 1. Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).	European Parliament and of the Council of ~~28 June 2018 amending Directive 96/71/EC~~**16 December 1996** concerning the posting of workers in the framework of the provision of services (OJ L ~~173, 9.7.2018, p. 16)~~**18, 21.1.1997, p. 1)**. **2. Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).**	
Recital 22				
31	(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the selection of high-impact sectors for the purposes of this Directive should be based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this Directive: the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; the extraction of mineral resources regardless of where they are extracted from (including crude petroleum, natural	(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the ~~selection of high-impact sectors~~***Commission should develop sector-specific guidelines, including*** for the ~~purposes of this Directive should be~~***following sectors,*** based on existing sectoral OECD due diligence guidance~~. The following sectors should be regarded as high-impact for the purposes of this Directive~~: the manufacture of textiles, ***wearing apparel,*** leather and related products (including footwear), and the wholesale trade ***and retail*** of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, ***marketing and advertising of food and beverages,*** and the wholesale	(22) In order to reflect the priority areas of international action aimed at tackling human rights and environmental issues, the selection of high-impact sectors for the purposes of this Directive should be based on existing sectoral OECD due diligence guidance. The following sectors should be regarded as high-impact for the purposes of this Directive: the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products **and beverages**, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; the extraction of mineral resources regardless of where they are extracted from (including crude	

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	gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products). As regards the financial sector, due to its specificities, in particular as regards the value chain and the services offered, even if it is covered by sector-specific OECD guidance, it should not form part of the high-impact sectors covered by this Directive. At the same time, in this sector, the broader coverage of actual and potential adverse impacts should be ensured by also including very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited liability.	trade of agricultural raw materials, live animals, ***animal products,*** wood, food, and beverages; ***energy,*** the extraction***, transport and handling*** of mineral resources regardless of where they are extracted from (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products)~~. *As regards the financial sector, due to its specificities, in particular as regards the value chain and the*~~***, construction and related activities, the provision of financial*** services ~~*offered, even if it is covered by sector-specific OECD guidance, it should not form part of the high-impact sectors covered by this Directive. At the same time, in this sector, the broader coverage of actual and potential adverse impacts should be ensured by also*~~***,, investment services and activities and other financial services; and the production, provision and***	petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products). **These sectors should be understood as covering the related sectors of economic activities associated with the applicable statistical classification of economic activities established by Regulation (EC) No 1893/2006 of the European Parliament and the Council[1].** As regards the financial sector, due to its specificities, in particular as regards the ~~value~~ chain **of activities** and the services offered, even if it is covered by sector-specific OECD guidance, it should not form part of the high-impact sectors covered by this Directive. At the same time, in this sector, the broader coverage of actual and potential adverse impacts should be ensured by also including very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited	

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		distribution of information and communication technologies or related services, including hardware, software solutions, including artificial intelligence, surveillance, facial recognition, data storage or processing, telecommunication services, web-based and cloud-based services, including ~~*very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited liability*~~***social media and networking, messaging, e-commerce, delivery, mobility, and other platform services***.	liability. _____ **1. Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains, OJ L 393, 30.12.2006, p. 1).**	
Recital 23				
32	(23) In order to achieve fully the objectives of this Directive addressing human rights and adverse environmental impacts with respect to companies' operations, subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR 150 million in the Union in the financial year preceding the last financial year or a net turnover of more than EUR 40 million but less than EUR 150	(23) In order to achieve fully the objectives of this Directive addressing human rights and ***environmental*** adverse ~~*environmental*~~ impacts with respect to companies' operations, ***and those of its*** subsidiaries and value chains, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR ~~*150*~~***40*** million in the Union in the financial year preceding the last financial year or	(23) In order to achieve fully the objectives of this Directive addressing human rights and adverse environmental impacts with respect to companies' operations, **operations of their** subsidiaries and ~~value~~**their business partners in companies'** chains **of operations**, third-country companies with significant operations in the EU should also be covered. More specifically, the Directive should apply to third-country companies which generated a net turnover of at least EUR 150 million in the Union in the financial year preceding the	

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	million in the financial year preceding the last financial year in one or more of the high-impact sectors, as of 2 years after the end of the transposition period of this Directive.	***companies which are the ultimate parent company of a group that had 500 employees and*** a net ***worldwide*** turnover of more than ~~*EUR*~~***150 million and at least*** 40 million ~~*but less than EUR 150 million*~~***was generated in the Union*** in the ***last*** financial year ~~*preceding the last*~~***for which annual*** financial ~~*year in one or more of the high-impact sectors, as of 2 years after the end of the transposition period of this Directive*~~***statements have been prepared. The calculation of net turnover should include turnover generated by third party companies with whom the company and/or its subsidiaries has entered into a vertical agreement in the Union in return for royalties***.	last financial year**,** or a net turnover of more than EUR 40 million but less than EUR 150 million **generated in the Union** in the financial year preceding the last financial year**, provided that at least EUR 20 million was generated** in one or more of the high-impact sectors~~, as of 2 years after the end of the transposition period of this Directive~~**. The companies need to fulfil those criteria for two consecutive financial years**.	
Recital 24				
33	(24) For defining the scope of application in relation to non-EU companies the described turnover criterion should be chosen as it creates a territorial connection between the third-country companies and the Union territory. Turnover is a proxy for the effects that the activities of those companies could have on the internal market. In accordance with international law, such effects justify the application of Union law to third-country	(24) For defining the scope of application in relation to non-EU companies the described turnover criterion should be chosen as it creates a territorial connection between the third-country companies and the Union territory. Turnover is a proxy for the effects that the activities of those companies could have on the internal market. In accordance with international law, such effects justify the application of Union law to third-country	(24) For defining the scope of application in relation to ~~non-EU~~**third-country** companies**,** the described turnover criterion should be chosen as it creates a territorial connection between the third-country companies and the Union territory. Turnover is a proxy for the effects that the activities of those companies could have on the internal market. In accordance with international law, such effects justify the application of Union law to	

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	companies. To ensure identification of the relevant turnover of companies concerned, the methods for calculating net turnover for non-EU companies as laid down in Directive (EU) 2013/34 as amended by Directive (EU) 2021/2101 should be used. To ensure effective enforcement of this Directive, an employee threshold should, in turn, not be applied to determine which third-country companies fall under this Directive, as the notion of "employees" retained for the purposes of this Directive is based on Union law and could not be easily transposed outside of the Union. In the absence of a clear and consistent methodology, including in accounting frameworks, to determine the employees of third-country companies, such employee threshold would therefore create legal uncertainty and would be difficult to apply for supervisory authorities. The definition of turnover should be based on Directive 2013/34/EU which has already established the methods for calculating net turnover for non-Union companies, as turnover and revenue definitions are similar in international accounting frameworks too. With a view to ensuring that the supervisory authority knows which third country companies generate the required turnover in the Union to fall	companies. To ensure identification of the relevant turnover of companies concerned, the methods for calculating net turnover for non-EU companies as laid down in Directive (EU) 2013/34 as amended by Directive (EU) 2021/2101 should be used. To ensure effective enforcement of this Directive, an employee threshold should, in turn, not be applied to determine which third-country companies fall under this Directive, as the notion of "employees" retained for the purposes of this Directive is based on Union law and could not be easily transposed outside of the Union. In the absence of a clear and consistent methodology, including in accounting frameworks, to determine the employees of third-country companies, such employee threshold would therefore create legal uncertainty and would be difficult to apply for supervisory authorities. The definition of turnover should be based on Directive 2013/34/EU which has already established the methods for calculating net turnover for non-Union companies, as turnover and revenue definitions are similar in international accounting frameworks too. With a view to ensuring that the supervisory authority knows which third country companies generate the required turnover in the Union to fall	third-country companies. To ensure identification of the relevant turnover of companies concerned, the methods for calculating net turnover for ~~non-EU~~**third-country** companies as laid down in Directive (EU) 2013/34 ~~as amended by Directive (EU) 2021/2101~~**of the European Parliament and of the Council**[1] should be used. To ensure effective enforcement of this Directive, an employee threshold should, in turn, not be applied to determine which third-country companies fall under this Directive, as the notion of "employees" retained for the purposes of this Directive is based on Union law and could not be easily transposed outside of the Union. In the absence of a clear and consistent methodology, including in accounting frameworks, to determine the employees of third-country companies, such employee threshold would therefore create legal uncertainty and would be difficult to apply for supervisory authorities. The definition of turnover should be based on Directive 2013/34/EU which has already established the methods for calculating net turnover for non-Union companies, as turnover and revenue definitions are similar in international accounting frameworks too. With a view to ensuring that the	

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	under the scope of this Directive, this Directive should require that a supervisory authority in the Member State where the third country company's authorised representative is domiciled or established and, where it is different, a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year are informed that the company is a company falling under the scope of this Directive.	under the scope of this Directive, this Directive should require that a supervisory authority in the Member State where the third country company's authorised representative is domiciled or established and, where it is different, a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year are informed that the company is a company falling under the scope of this Directive.	supervisory authority knows which third country companies generate the required turnover in the Union to fall under the scope of this Directive, this Directive should require that **the third-country company's authorised representative or the company itself informs** a supervisory authority in the Member State where the third country company's authorised representative is domiciled or established and, where it is different, a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year ~~are informed~~ that the company is a company falling under the scope of this Directive. **If necessary for determination in which Member State the third-country company generated most of its net turnover in the Union, the Member State can request the Commission to inform the Member State about the net turnover of the third-country company generated in the Union. The Commission should set up a system to ensure such an exchange of information.** _____ **1. Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of**	

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			undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).	
Recital 25				
34	(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on protected persons resulting from the violation of one of the rights and prohibitions as enshrined in the international conventions as listed in the Annex to this Directive. In order to ensure a comprehensive coverage of human rights, a violation of a prohibition or right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions should also form part of the adverse human rights impact covered by this Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational	(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights impact on protected persons resulting from ***any action which removes or reduces the ability of an individual or group to enjoy***~~the violation of one of~~ the rights ~~and prohibitions as~~***or to be protected by prohibitions*** enshrined in the international conventions ~~as~~***and instruments*** listed in the Annex to this Directive***, and subsequent case law and the work of treaty bodies related to these conventions, which include trade union, workers' and social rights***. In order to ensure a comprehensive coverage of human rights, a ~~violation of a prohibition or~~ ***negative impact on the enjoyment of a*** right not specifically listed in that Annex which directly impairs a legal interest protected in those conventions ***and instruments*** should also form part of the adverse human rights impact covered by this	(25) In order to achieve a meaningful contribution to the sustainability transition, due diligence under this Directive should be carried out with respect to adverse human rights ~~impact on protected~~**impacts on** persons resulting from the ~~violation~~**abuse** of one of the rights ~~and prohibitions~~ as enshrined in the international ~~conventions as~~**instruments** listed in the Annex **I, Part I Section 1** to this Directive. In order to ensure a comprehensive coverage of human rights, ~~a violation of a prohibition or~~**an abuse of a human** right not specifically listed in ~~that~~ Annex **I, Part I Section 1 which can be abused by a company, its subsidiary or business partner and** which directly impairs a legal interest protected in ~~those conventions~~**the human rights instruments listed in Annex I, Part I Section 2** should also form part of the adverse human rights ~~impact~~**impacts** covered by this Directive, provided that the company concerned could have	

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	context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the Annex to this Directive.	Directive, provided that the company concerned could have reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive, taking into account all relevant circumstances of their operations, such as the sector and operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations ~~*pursuant to the international environmental conventions*~~ listed in the Annex to this Directive.	reasonably ~~established the risk of such impairment and any appropriate measures to be taken in order to comply with the due diligence obligations under this Directive~~**identified such human right abuse in its own operations, the operations of its subsidiary and the operations of its business partners**, taking into account all relevant circumstances of ~~their operations~~**the specific case**, such as the **nature and extent of the company's business operations and its chain of activities, economic** sector and **geographical and** operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations ~~pursuant to the international environmental conventions listed in the Annex~~**listed in the Annex I, Part II** to this Directive.	
34a		***(25a) This Directive should provide for specific measures in case of adverse systemic state-sponsored impacts resulting from actions, policies, regulations or institutionalised practices decided, implemented and enforced by, or carried out with the active support***		

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		of States' national or local authorities.		
34b		*(25b) Companies should also be responsible for using their influence to contribute to an adequate standard of living in value chains. This is understood as a living wage for employees and a living income for self-employed workers and smallholders, which they earn from their work and production and must meet their needs and those of their family.*		
34c		*(25c) This Directive acknowledges the 'One Health' approach as recognised by the World Health Organization, an integrated and unifying approach that aims to sustainably balance and optimise the health of people, animals and ecosystems. The 'One Health' approach recognises that the health of humans, domestic and wild animals, plants, and the wider environment, including ecosystems, are closely interlinked and interdependent. It is therefore appropriate to lay down that environmental due diligence should*		

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		encompass avoiding environmental degradation that results in adverse health effects such as epidemics, and to respect the right to a clean, healthy and sustainable environment. In respect to the G7 commitment to acknowledge the rapid rise in antimicrobial resistance (AMR) at the global scale, it is necessary to promote the prudent and responsible use of antibiotics in human and veterinary medicines.		
34d		***(25d) Adverse human rights and environmental impacts can be intertwined or underpinned by factors such as corruption and bribery, hence their inclusion in the OECD Guidelines for Multinational Enterprises. It therefore may be necessary for companies to take into account these factors when carrying out human rights and environmental due diligence.***		
Recital 26				
35	(26) Companies have guidance at their disposal that illustrates how their activities may impact human rights and which corporate	(26) Companies ***should*** have guidance at their disposal that illustrates how their activities may impact human rights and which	(26) **When assessing the adverse human rights impacts,** companies have guidance at their disposal that illustrates how their activities may	

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	behaviour is prohibited in accordance with internationally recognised human rights. Such guidance is included for instance in The United Nations Guiding Principles Reporting Framework[1] and the United Nations Guiding Principles Interpretative Guide[2]. Using relevant international guidelines and standards as a reference, the Commission should be able to issue additional guidance that will serve as a practical tool for companies. _____ 1. https://www.ungpreporting.org/wp-content/uploads/UNGPReportingFramework_withguidance2017.pdf. 2. https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.	corporate behaviour is prohibited in accordance with internationally recognised human rights. Such guidance is included for instance in The United Nations Guiding Principles Reporting Framework[1] and the United Nations Guiding Principles Interpretative Guide[2] ***and should be made easily accessible to companies***[2]. ***Therefore,*** using relevant international guidelines and standards as a reference, the Commission should be able to issue additional guidance that will serve as a practical tool for companies. _____ 1. https://www.ungpreporting.org/wp-content/uploads/UNGPReportingFramework_withguidance2017.pdf. 2. https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.	impact human rights and which corporate behaviour is prohibited in accordance with internationally recognised human rights. Such guidance is included for instance in the United Nations Guiding Principles Reporting Framework[1] ~~and~~**,** the United Nations Guiding Principles Interpretative Guide[2]~~.~~ ~~Using relevant international guidelines and standards as a~~ **or Human Rights Translated 2.0: A Business** Reference~~, the Commission should be able to issue additional guidance that will serve as a practical tool for companies.~~ **Guide[3].** _____ 1. https://www.ungpreporting.org/wp-content/uploads/UNGPReportingFramework_withguidance2017.pdf. 2. https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.~~pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.~~pdf. **3. https://www.ohchr.org/sites/default/files/Documents/Publications/HRT_2_0_EN.pdf**	
Recital 26a				
35a			**(26a) In order to conduct meaningful human rights and environmental due diligence, companies should consult with stakeholders throughout the process of carrying out the due**	

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			diligence actions. Stakeholders of the company should encompass the company's employees, employees of the company's subsidiaries, trade unions and workers' representatives, consumers and other individuals, groups, communities or entities whose rights or interests are or could be affected by the products, services and operations of the company, its subsidiaries or business partners. The possibly affected individuals could mean, for example, human rights and environmental defenders as understood under the United Nations Declaration on Human Rights Defenders. The possibly affected groups or communities could mean, for example, indigenous peoples as protected under the United Nations Declaration on the Rights of Indigenous Peoples. The possibly affected entities could mean, for example, civil society organisations, national human rights institutions or environmental institutions.	
Recital 27				
36	(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their	(27) In order to conduct appropriate human rights~~,~~ and environmental due diligence with respect to their	(27) In order to conduct appropriate human rights~~,~~ and environmental due diligence with respect to their	

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	operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish and maintain a complaints procedure, monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts should be clearly distinguished in this Directive.	operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, ~~*prevent and*~~***where necessary, prioritise, prevent,*** mitigate***, remediate*** as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish ~~*and maintain a complaints procedure*~~***or participate in a notification and non-judicial grievance mechanism***, monitor ***and verify*** the effectiveness of ~~*the*~~***their actions*** taken ~~*measures*~~ in accordance with the requirements that are set up in this Directive ~~*and*~~**,** communicate publicly on their due diligence***, and engage with affected stakeholders throughout this entire process***. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising ***the extent of*** actual adverse impacts should be clearly distinguished in this Directive.	operations, **operations of** their subsidiaries, and **operations of** their ~~value~~**business partners in companies'** chains **of activities**, companies covered by this Directive should integrate due diligence into ~~corporate~~**company's** policies **and risk management systems**, identify, prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, establish and maintain a complaints procedure, monitor the effectiveness of the taken measures in accordance with the requirements that are set up in this Directive and communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising actual adverse impacts**,** should be clearly distinguished in this Directive.	
Recital 28				
37	(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework,	(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework,	(28) In order to ensure that due diligence forms part of companies' ~~corporate policies~~**policies and risk management systems**, and in line	

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	companies should integrate due diligence into all their corporate policies and have in place a due diligence policy. The due diligence policy should contain a description of the company's approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed by the company's employees and subsidiaries; a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to established business relationships. The code of conduct should apply in all relevant corporate functions and operations, including procurement and purchasing decisions. Companies should also update their due diligence policy annually.	companies should integrate due diligence into ~~all~~ their ***relevant*** corporate policies and ***at all levels of operation and*** have in place a due diligence policy ***with short-, medium- and long-term measures and targets***. The due diligence policy should contain a description of the company's approach~~, including in the long term,~~ to due diligence, a code of conduct ~~describing~~***defining*** the rules***, principles and measures*** ~~and principles~~ to be followed ~~by~~***and implemented where relevant throughout*** the company~~'s employees~~ and ***its*** subsidiaries ***across all corporate operations***; a description of the processes put in place ***and appropriate measures taken*** to implement due diligence ***in line with Articles 7 and 8 in the value chain***, including the ***relevant*** measures taken to ~~verify compliance with the code of conduct and to extend its application to established~~***incorporate due diligence into its own business model, employment and purchasing practices with entities with which the company has a business relationship and measures taken to monitor and verify due diligence activities, and adequate policies to avoid passing on the costs of the due diligence process to*** business ~~relationships~~***partners in a weaker***	with the relevant international framework, companies should integrate due diligence into ~~all~~ their ~~corporate~~ policies and **risk management systems, and** have in place a due diligence policy. The due diligence policy should contain a description of the company's approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed by the company's employees and subsidiaries~~;~~**, and, where relevant, the company's direct or indirect business partners, and** a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to ~~established~~ business ~~relationships~~**partners**. The code of conduct should apply in all relevant corporate functions and operations, including procurement and purchasing decisions. Companies should also update their due diligence policy ~~annually~~**without undue delay after a significant change occurs, but at least every 24 months. A significant change should be understood as such a change to the *status quo* of the company's own operations, the operations of its subsidiaries or business partners, the legal or business environment**	

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		position. The code of conduct should apply in all relevant corporate functions and operations, including ~~*procurement*~~***pricing practices*** and purchasing decisions***, for instance on trading and procurement***. Companies should also update their due diligence policy ~~*annually*~~***when significant changes occur***.	**or any other substantial shift from the situation of the company that the company could be reasonably expected to react to it and update the policy. Examples of a significant change could be the cases when the company operates in a new economic sector or geographical area, starts producing new products or changes the way of producing the existing products using technology with potentially higher adverse impacts, or changes its corporate structure via restructuring or mergers or acquisitions. Incorporating due diligence into risk management systems should be understood in line with the relevant international framework to ensure that the due diligence obligations are put in place and being overseen. In order to fulfil this obligation, companies should be allowed to internally organise according to their needs, for example by using existing management systems, setting up a risk management system of the company or creating a human rights and environment officer.**	
37a		***(28a) Parent companies should be able to perform actions which can***		

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		contribute to the due diligence of their subsidiaries, where the subsidiary provides all the relevant and necessary information to and cooperates with its parent company, abides by its parent company's due diligence policy, the parent accordingly adapts its due diligence policy to ensure that the obligations laid down in Article 5(1) are fulfilled with respect to the subsidiary, the subsidiary integrates due diligence into all its policies and risk management systems in accordance with Article 5, where necessary, the subsidiary continues to take appropriate measures in accordance with Articles 7 and 8, as well as continues to perform its obligations under Articles 8a, 8b and 8d, where the parent company performs specific actions on behalf of the subsidiary, both the parent company and subsidiary clearly and transparently communicate so towards relevant stakeholders and the public domain, and the subsidiary integrates climate in its policies and risk management systems in accordance with Article 15. In order to hold subsidiaries accountable, the liability provided for in Article 22 of this Directive should remain at entity level without prejudice to Members States' legislation on joint and several liability.		

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37b		***(28b) In conflict-affected and high-risk areas, companies run an increased risk to be involved in severe human rights' abuses. In these areas, companies should therefore undertake heightened, conflict-sensitive due diligence, in order to address these heightened risks and to ensure that they do not facilitate, finance, exacerbate or otherwise negatively impact the conflict or contribute to violations of international human rights law or international humanitarian law in conflict-affected or high-risk areas. Heightened due diligence includes complementing the standard due diligence with a thorough conflict analysis, based on meaningful and conflict-sensitive stakeholder engagement and aimed at ensuring an understanding of the root causes, triggers and parties driving the conflict and the impact of the company's business activities on the conflict. In situations of armed conflict and/or military occupation, companies should respect the obligations and standards identified in International Humanitarian Law (IHL) and International Criminal Law (ICL) standards. Companies***		

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		should follow guidance provided by relevant international bodies, including the International Committee of the Red Cross and the UNDP.		
37c		***(28c) The way a company can be involved in an adverse impact varies. A company can cause an adverse impact where its activities on their own are sufficient to result in an adverse impact. A company can contribute to an adverse impact where its own activities, in combination with the activities of other entities, cause an impact, or that the activities of the company cause, facilitate or incentivise another entity to cause an adverse impact. The contribution must be substantial, meaning that it does not include minor or trivial contributions. Assessing the substantial nature of the contribution and understanding when the actions of the company may have caused, facilitated or incentivised another entity to cause an adverse impact can involve the consideration of multiple factors. Several factors can be taken into account, including the extent to which a company may encourage or motivate an adverse impact by***		

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		another entity, i.e. the degree to which the activity increased the risk of the impact occurring, the extent to which a company could or should have known about the adverse impact or potential for adverse impact, i.e. the degree of foreseeability, and the degree to which any of the company's activities actually mitigated the adverse impact or decreased the risk of the impact occurring. The mere existence of a business relationship or activities which create the general conditions in which it is possible for adverse impacts to occur should not in itself constitute a relationship of contribution. The activity in question should substantially increase the risk of adverse impact. Lastly, a company can be directly linked to an impact, where there is a relationship between the adverse impact and the company's products, services or operations through another business relationship and where the company has neither caused nor contributed to the impact. Directly linked is not defined by a direct business relationship. Also, a direct linkage should not imply that the responsibility shifts from the business relationship causing an adverse impact to the company with which it has a linkage.		

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Recital 29				
38	(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts. An 'appropriate measure' should mean a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action. In this context, in line with international frameworks, the company's influence over a business relationship should include, on the one hand its ability to persuade the business relationship to take action to bring to an end or prevent adverse impacts (for example through ownership or factual control, market power, pre-qualification requirements, linking business incentives to human rights and environmental performance, etc.) and, on the other hand, the degree of	(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts~~.~~ ~~*An*~~ ***that they caused, contributed or are directly linked to.*** 'Appropriate ~~*measure*~~***measures***' should mean ~~*a measure that is*~~***measures that are*** capable of achieving the objectives of due diligence~~,~~ ***and effectively addressing the adverse impact identified pursuant to Article 6 in a manner proportionate and*** commensurate ~~*with*~~***to*** the degree of severity and the likelihood of the adverse impact~~*, and reasonably available*~~ ***and proportionate and commensurate*** to the ***size, resources and capacities of the*** company, taking into account the circumstances of the specific case, including ~~*characteristics*~~***the nature*** of the ~~*economic sector and*~~***adverse impact, characteristics*** of the ~~*specific business relationship and*~~***economic sector, the nature of*** the company's ~~*influence thereof, and the need to ensure prioritisation of action. In this context, in line with international frameworks, the company's influence over a business relationship should include, on the*~~	(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to identification, prevention and bringing to an end adverse impacts. An 'appropriate measure' should mean a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including ~~characteristics of the economic sector and of the specific business relationship and~~**the nature and extent of** the company's ~~influence thereof, and the need to ensure prioritisation of action. In this context, in line with international frameworks, the company's influence over a~~**business operations and characteristics of the economic sector and of the specific** business ~~relationship should include, on the one hand its ability to persuade the business relationship to take action to bring to an end or prevent adverse impacts (for example through ownership or factual control, market power, pre-qualification requirements,~~	

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	influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business relationship associated with adverse impact.	~~one hand its ability to persuade the business relationship to take action to bring~~***specific activities, products, services, the specific business relationship. For the purposes of Articles 7 and 8, in cases where a company has caused or may have caused an impact, appropriate measures should be understood as measures which aim to prevent or mitigate an impact, and remediate any damage caused by an impact. For the purposes of Articles 7 and 8, in cases where a company has contributed to or may have contributed*** to an ~~end or prevent adverse impacts (for example through ownership or factual control, market power, pre-qualification requirements, linking business incentives to human rights and environmental performance, etc~~***impact, appropriate measures should be understood as measures which aim to prevent or mitigate the contribution to the impact, using or increasing the company's leverage with other responsible parties to prevent or mitigate the impact, and contributing to remediating any damage caused by an impact, to the extent of the contribution***.~~) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question~~	~~linking~~**partner. If necessary information cannot be obtained due to factual or legal obstacles, for instance because a** business ~~incentives to human rights and environmental performance, etc.) and, on the other hand, the degree of influence or leverage that~~**partner refuses to provide information and there are no legal grounds to enforce this, such circumstances cannot be held against** the company ~~could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business relationship associated with adverse impact~~.	

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		~~or engagement with another company which is the direct business partner of the business relationship associated with adverse~~ ***For the purposes of Articles 7 and 8, in cases where a company's operations, products or services are or may be directly linked to an impact through its relationships with other entities, appropriate measures should be understood as measures which aim at using or increasing the company's leverage with responsible parties to seek to prevent or mitigate the impact, and considering using its leverage with responsible parties to enable the remediation of any damage caused by an*** impact.		
Recital 30				
39	(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights and environmental impacts. In order to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in value chains.	(30) Under the due diligence obligations set out by this Directive, a company should identify ***and assess*** actual or potential adverse human rights and environmental impacts. In order to allow for a comprehensive identification ***and assessment*** of adverse impacts, such identification ***and assessment*** should be based on ***meaningful stakeholder engagement and*** quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain	(30) Under the due diligence obligations set out by this Directive, a company should identify actual or potential adverse human rights and environmental impacts. In order to allow for a comprehensive identification of adverse impacts, such identification should be based on quantitative and qualitative information. For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher risk sites or facilities in ~~value~~**its**	

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	Identification of adverse impacts should include assessing the human rights, and environmental context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment; and periodically, at least every 12 months, throughout the life of an activity or relationship. Regulated financial undertakings providing loan, credit, or other financial services should identify the adverse impacts only at the inception of the contract. When identifying adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances.	information about baseline conditions at higher risk sites or facilities in value chains. Identification ***and assessment*** of adverse impacts should include assessing the human rights~~,~~ and environmental context in a dynamic way and ~~*in regular intervals:*~~***continuously, including*** prior to a new activity or relationship, prior to major decisions or changes in the operation; in response to or anticipation of changes in the operating environment~~*; and periodically, at least every 12 months, throughout the life of an activity or relationship. Regulated*~~***. Regulated financial undertakings providing financial services should identify the adverse impacts at the inception of the contract and before subsequent*** financial ~~*undertakings providing loan, credit, or other financial services should identify the adverse impacts only at the inception*~~***operations, and if notified of possible risks via the procedures in Art.9, during the provision*** of the ~~*contract*~~***service***. When identifying ***and assessing*** adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including ~~*trading, procurement and pricing*~~***purchasing*** practices. ~~*Where the company*~~	chains **of activities. When identifying**~~. Identification of~~ adverse impacts**, the company** should ~~include assessing the human rights, and environmental context in a dynamic way and in regular intervals: prior to a new activity or relationship, prior to major~~**be able to first map all areas of their operations, the operations of their subsidiaries and, where related to their chains of activities, their business partners, and based on the results, carry out an in-depth assessment focusing on the areas where the adverse impacts are most likely to be present or most significant. When identifying the adverse impacts, the company should take into account possible risk factors, such as whether the subsidiary or the business partner is a company that has infringed the national provisions adopted pursuant to this Directive. The company can obtain the necessary information from** decisions ~~or changes in the operation; in response to or anticipation of changes in the operating environment; and periodically~~**of the supervisory authorities containing penalties that should be published by supervisory authorities as well as by the European Network of Supervisory Authorities so that one single source of information is**	

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		~~*cannot prevent, bring to an end or minimize all its adverse impacts at the same time, it should be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances.*~~	**available to companies. Identification of adverse impacts should include assessing the human rights, and environmental context in a dynamic way and in regular intervals: without undue delay after a significant change occurs**, **but** at least every ~~12~~**24** months, throughout the life of an activity or relationship. ~~Regulated financial undertakings providing loan, credit, or~~ **A significant change should be understood as such a change to the *status quo* of the company's own operations, operations of its subsidiaries or business partners, the legal or business environment or any** other ~~financial services should identify~~**substantial shift from the situation of the company, including learning about** the adverse ~~impacts only at the inception of the contract. When identifying~~**impact from publicly available information or through consultation with the stakeholders, that the company could be reasonably expected to react to it and identify the** adverse impacts, ~~companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing practices. Where the company cannot prevent, bring to an end or minimize all~~	

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			~~its~~**possibly prioritise them and prevent or mitigate them or bring them to an end or minimise their extent. Examples of a significant change could be the cases when the company operates in a new economic sector or geographical area, starts producing new products or changes the way of producing the existing products using technology with potentially higher adverse impact, or changes its corporate structure via restructuring or mergers or acquisitions. Regulated financial undertakings providing financial services should identify the** adverse impacts **only** at the ~~same time, it~~**inception of the service and they** should **not be required to assess the adverse impacts in a dynamic way or at regular intervals. When identifying adverse impacts, companies should also identify and assess the impact of a business partner's business model and strategies, including trading, procurement and pricing practices** ~~be able to prioritize its action, provided it takes the measures reasonably available to the company, taking into account the specific circumstances~~.	
39a				

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		(30a) Where the company cannot prevent, bring to an end or mitigate all the identified and assessed adverse impacts simultaneously, it should be allowed to prioritise the order in which it takes appropriate measures based on the severity and likelihood of the adverse impact and taking into account risk factors, by developing, implementing and regularly reviewing a prioritisation strategy. In line with the relevant international framework, the severity of an adverse impact should be assessed based on the scale, scope and irremediable character of the adverse impact, taking into account the gravity of an adverse impact, including the number of individuals that are or will be affected, the extent to which the environment is or may be damaged or otherwise affected, its irreversibility and the limits on the ability to restore affected individuals or the environment to a situation equivalent to their situation prior to the impact. Once the most severe and adverse impacts are addressed, the company should address less severe and less likely adverse impacts.		
39b				

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		(30b) Companies should prioritise impacts on the basis of severity and likelihood. The degree of leverage a company has over a business relationship is not relevant to its prioritisation decisions or processes. However, the degree of leverage can influence the appropriate measures that a company chooses to adopt in order to effectively mitigate and/or prevent impacts associated with business partners.		
Recital 31				
40	(31) In order to avoid undue burden on the smaller companies operating in high-impact sectors which are covered by this Directive, those companies should only be obliged to identify those actual or potential severe adverse impacts that are relevant to the respective sector.	*deleted*	(31) In order to avoid undue burden on the smaller companies operating in high-impact sectors which are covered by this Directive, those companies should only be obliged to identify those actual or potential ~~severe~~ adverse impacts that are relevant to the respective sector.	
Recital 32				
41	(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner	(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of adverse impacts should take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner	(32) ~~In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of~~**Where the company cannot prevent, mitigate, bring to an end or minimise all the identified actual and potential** adverse impacts **at the same time to**	

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	instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action, in line with the Union`s policy of zero-tolerance on child labour. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. This should therefore be taken into account when deciding on the appropriate action to take.	instead of termination of business relations (disengagement) and possibly exacerbating adverse impacts, this Directive should ensure that disengagement is a last-resort action, in line with the Union's policy of zero-tolerance on child labour***, the Union's strategy on rights of the Child and the target date of 2025 proclaimed by the United Nations for the full elimination of child labour worldwide***. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. ***In the same line, women in precarious labour conditions could face more severe adverse human rights impacts thus increasing their vulnerability.*** This should therefore be taken into account when deciding on the appropriate action to take***, and disengagement should be avoided where the impact of disengagement would be greater than the adverse impact the company is seeking to prevent or mitigate. In situations of state-imposed forced labour, where the adverse impact is organised by political authorities, unhindered engagement with those adversely impacted and mitigation are not possible. This Directive should ensure that companies terminate a business relationship where state-***	**the full extent, it** should ~~take into account the interests of those adversely impacted. In order to enable continuous engagement with the value chain business partner instead of termination of business relations (disengagement~~**prioritise them based on the severity and likelihood of the adverse impact. In line with the relevant international framework, the severity of an adverse impact should be assessed based on its gravity (scale of the adverse impact), the number of persons or the extent of the environment affected (scope of the adverse impact), and difficulty to restore the situation prevailing prior to the impact (irremediable character of the** ~~and possibly exacerbating~~ adverse ~~impacts, this Directive should ensure that disengagement is a last-resort action, in line with the Union's policy of zero-tolerance on child labour. Terminating a~~**impact). On the other hand, actual or potential influence of the company on its business partners, the level of involvement of the company in the adverse impact, the proximity to the subsidiary or the** business ~~relationship in which child labour was found could expose the child to even more severe~~**partner, or its potential liability are not relevant**	

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		imposed forced labour is occurring. Moreover, responsible disengagement should also take into account the possible negative impacts on companies depending on the product or affected by disruptions of supply chains.	**factors in the prioritisation of adverse impacts. As a result of the prioritisation, after addressing the most significant** adverse ~~human rights~~**impacts in reasonable time, the company should be obliged to address less significant adverse** impacts. ~~This should therefore~~**When assessing reasonable time, due account should** be taken ~~into account when deciding on the appropriate action to take~~**of the circumstances of the specific case, including the company's resources and the economic sector in which the company operates, the severity of the prioritised adverse impact that the company addresses in a given time, and the scale of the prioritised adverse impact at one point in time**.	
Recital 33				
42	(33) Under the due diligence obligations set out by this Directive, if a company identifies potential adverse human rights or environmental impacts, it should take appropriate measures to prevent and adequately mitigate them. To provide companies with legal clarity and certainty, this Directive should set out the actions companies should be expected to take for prevention and mitigation of potential adverse	(33) Under the due diligence obligations set out by this Directive, if a company identifies potential adverse human rights or environmental impacts, it should take appropriate measures to prevent and adequately mitigate them. To provide companies with legal clarity and certainty, this Directive should set out the actions companies should be expected to take for prevention and mitigation of potential adverse	(33) Under the due diligence obligations set out by this Directive, if a company identifies potential adverse human rights or environmental impacts, it should take appropriate measures to prevent ~~and~~**or** adequately mitigate them. To provide companies with legal clarity and certainty, this Directive should set out **all** the actions companies should be expected to take for prevention and mitigation of	

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	impacts where relevant depending on the circumstances.	impacts where relevant depending on the circumstances.	potential adverse impacts**,** where relevant depending on the circumstances. **When assessing the appropriate measures to prevent or adequately mitigate adverse impacts, due account shall be taken of the so-called 'level of involvement of the company in an adverse impact' in line with the international frameworks and the company's ability to influence the business partner causing the adverse impact. Companies should be obliged to prevent or mitigate the adverse impacts that they cause by themselves (so called 'causing' the adverse impact as referred to in the international framework) or jointly with their subsidiaries or business partners (so called 'contributing' to the adverse impact as referred to in the international framework). Jointly causing the adverse impact is not limited to equal implication of the company and its subsidiary or business partner in the adverse impact, but should cover all cases of the company's acts or omissions causing the adverse impact in combination with the acts or omissions of subsidiaries or business partners. When companies are not causing the adverse impacts occurring in their chain of activities themselves or jointly with other legal entities,**	

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			but the adverse impact is caused by their business partner in the companies' chains of activities (so called 'being directly linked to' the adverse impact as referred to in the international framework), they should be obliged to use their influence to prevent or mitigate the adverse impact caused by their business partners or to increase their influence to do so. Using only the notion of 'causing' the adverse impact instead of the aforementioned terms used in the international frameworks avoids confusion with existing legal terms in national legal systems while covering the same causal relations as described in these frameworks. In this context, in line with the international frameworks, the company's influence on a business partner should include on the one hand its ability to persuade the business partner to prevent adverse impacts (for example through market power, pre-qualification requirements or linking business incentives to human rights and environmental performance) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another	

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			company which is the direct business partner of the business partner associated with the adverse impact.	
Recital 34				
43	(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions, where relevant. Where necessary due to the complexity of prevention measures, companies should develop and implement a prevention action plan. Companies should seek to obtain contractual assurances from a direct partner with whom they have an established business relationship that it will ensure compliance with the code of conduct or the prevention action plan, including by seeking corresponding contractual assurances from its partners to the extent that their activities are part of the companies' value chain. The contractual assurances should be accompanied by appropriate measures to verify compliance. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate support for an	(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following ~~actions~~***appropriate measures***, where relevant. Where necessary due to the complexity of prevention measures, companies should develop and implement a prevention action plan. Companies should ~~seek to obtain~~***consider establishing through*** contractual ~~assurances from a direct~~ ***provisions with a*** partner with whom they have ~~an established~~***a*** business relationship that it will ensure compliance with the code of conduct ~~or the~~***and, as necessary, a*** prevention action plan~~, including by seeking~~***. Partners with whom the company has a business relationship could be asked to seek*** corresponding contractual ~~assurances~~***provisions*** from its partners to the extent that their activities are part of the companies' value chain. ~~The contractual assurances should be accompanied by appropriate measures to verify compliance. To ensure~~	(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take **all** the following actions, where relevant **depending on the circumstances**. Where necessary due to the complexity of prevention measures, companies should develop and implement a prevention action plan. Companies should seek to obtain contractual assurances from a direct ~~partner with whom they have an established~~ business ~~relationship~~**partner** that it will ensure compliance with the code of conduct or the prevention action plan, including by seeking corresponding contractual assurances from its partners to the extent that their activities are part of the companies' ~~value~~ chain **of activities**. The contractual assurances should be accompanied by appropriate measures to verify compliance. **However, the company should only be obliged to seek the contractual assurances, as obtaining them may depend on the**	

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	SME with which they have an established business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.	~~*comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate support for an SME with which they have an established business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.*~~	**circumstances.** To ensure comprehensive prevention of ~~actual and~~ potential adverse impacts, companies should also make **financial or non-financial** investments which aim to prevent adverse impacts, **and collaborate with other companies. Companies should also** provide targeted and proportionate support for an SME ~~with which they have an established business relationship~~**which is an business partner of the company, where the viability of the SME could be jeopardised,** such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading**. Jeopardising the viability of an SME should be interpreted as possibly causing a bankruptcy of the SME or putting the SME in a situation where bankruptcy is imminent. Financial undertakings, when providing financial services within the meaning of this Directive, should not be required to provide targeted and proportionate support for an SME as their chain of activities does not cover SMEs**~~, and collaborate with other~~	

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			~~companies~~.	
43a		***(34a) The contractual provisions should not be such as to result in the transfer of responsibility for carrying out due diligence in accordance with this Directive and the liability for failing to do so. Moreover, the contractual provisions should be fair, reasonable and non-discriminatory under the circumstances, and should reflect the joint tasks of parties to conduct due diligence in ongoing cooperation. Companies should also assess whether the business partner can reasonably be expected to comply with those provisions. Often contractual terms are unilaterally imposed on a supplier by a buyer, and any breach thereof is likely to result in unilateral action by the buyer, such as termination or disengagement. Such unilateral action is not appropriate in the context of due diligence and would probably itself result in adverse impacts. In cases where the breach of such contractual provisions gives rise to a potential adverse impact, the company should first take appropriate measures to prevent or adequately mitigate such impacts,***		

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		rather than considering ending or suspending the contract, in accordance with applicable law. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also make investments which aim to prevent adverse impacts, provide targeted and proportionate financial and administrative support for an SME with which they have a business relationship such as financing, for example, through direct financing, low-interest loans, guarantees of continued sourcing, and assistance in securing financing, to help implement the code of conduct or prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.		
Recital 35				
44	(35) In order to reflect the full range of options for the company in cases where potential impacts could not be addressed by the described prevention or minimisation measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving	*deleted*	(35) In order to reflect the full range of options for the company in cases where potential impacts could not be addressed by the described prevention or minimisation measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving	

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	compliance with the company's code of conduct or a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.		compliance with the company's code of conduct or a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business ~~relationship~~**partner** with the contract.	
Recital 35a				
44a			**(35a) It is possible that prevention of adverse impacts requires collaboration with another company, for example, at the level of indirect business partner with a company, which has a direct contractual relationship with the indirect business partner in question. In some instances, a collaboration with other entities could be the only realistic way of preventing adverse impacts caused even by direct business partners if the influence of the company is not sufficient. The company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts solely or in jointly with the company, or other legal entities, while respecting applicable law, in particular competition law.**	
Recital 36				
45				

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	(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and minimisation efforts, if there is reasonable expectation that these efforts are to succeed in the short-term; or to terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws. It is possible that	(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should ~~*prioritize*~~***prioritise*** engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse potential impacts without success. However, the Directive should also, for cases where potential adverse impacts ***that a company caused or contributed to and that*** could not be addressed by the described prevention or mitigation measures, ***and there is no reasonable prospect of change,*** refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, ***as a last resort, in line with responsible disengagement,*** to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and ~~*minimisation efforts, if there is reasonable expectation that these*~~***mitigation*** efforts~~*are to succeed in the short-term*~~; or to terminate the business relationship with respect to the activities concerned ~~*if*~~***on account of the severity of*** the potential adverse	(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business ~~relationships~~**partners** in the ~~value chain~~**chain of activities**, instead of terminating the business relationship, as a last resort action after attempting ~~at preventing and mitigating adverse~~**to prevent and mitigate** potential **adverse** impacts without success. **Termination of the business relationship as a last resort action should mean that no less drastic possibilities are available and there appears to be little prospect to increase the influence of the company on business partners causing the adverse impact.** However, the Directive should also, for cases where potential adverse impacts could not be addressed by the described prevention or mitigation measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the **business** partner in question and, where the law governing their relations so entitles them to, to either temporarily suspend ~~commercial~~**business** relationships with ~~the partner in question~~**respect to the activities concerned**, while pursuing prevention ~~and minimisation~~**or**	

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	prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition law.	impact***, or if the conditions for temporary suspension are not met*** ~~*is severe*~~. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate ***or suspend*** the business relationship in contracts governed by their laws***. In deciding to terminate or suspend a business relationship, the company should assess whether the adverse impacts of that decision would be greater than the adverse impact which is intended to be prevented or mitigated. Where companies do temporarily suspend commercial relations or terminate the business relationship, they should take steps to prevent, mitigate, or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep that decision under review***. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the	**mitigation** efforts, if there is reasonable expectation that these efforts are to succeed in the short-term; or to terminate the business relationship with respect to the activities concerned~~ if the potential adverse impact is severe~~. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to **temporarily suspend and** terminate the business relationship in contracts governed by their laws~~. It is possible that prevention of adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual relationship with the supplier. In some instances, such collaboration could be the only realistic way of preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these instances, the company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect~~ **, except for cases where the parties are obliged by law to enter into them, such as is the case of mandatory insurance. The mere fact that a third country has not ratified or implemented in its national law one of the instruments listed in the**	

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		company should collaborate with the entity which can most effectively prevent or mitigate adverse impacts at the level of the indirect business relationship while respecting competition law.	**Annex I to this Directive, does not entail any obligation to temporarily suspend or terminate the** business relationship~~ while respecting competition law~~.	
Recital 36a				
45a			**(36a) In some cases companies should not be obliged to terminate the business relationship. Companies should not be required to terminate the business relationship if there is a reasonable expectation that the termination could result in a more severe adverse impact. This is in line with the international framework, the interests of those adversely impacted should be taken into account. For example, terminating a business relationship in which potential adverse impact due to child labour was found could expose the child to even more severe adverse human rights impacts. Similarly, a more severe adverse impact could occur if workers are deprived of living wage by the termination of the business relationship with their employer in order to bring to an end a potential adverse impact consisting of breaching the right to collective bargaining. Lastly, the**	

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			company should not be required to terminate the business relationship with its crucial business partner that provides raw material, product or service essential to the company's business, if the termination would cause substantial prejudice to the company. Substantial prejudice should be interpreted as a negative and significant effect on the company's legal, financial or economic situation or its production capacity, including in the long-term perspective, such as an effect giving rise to the likelihood of insolvency. In order not to undermine the aims of this Directive, the decision not to terminate the business relationship should be subject to subsequent conditions. The company should be required to report itself to the supervisory authority and duly justify the reasons for not terminating the business relationship and keep monitoring the potential adverse impact with potential actions to be taken to prevent or mitigate the adverse impact, periodically reassess the decision not to terminate the business relationship and seek alternative business relationships. To enhance legal certainty, the provisions of this Directive on terminating the	

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			business relationship should apply only to commercial agreements concluded by the company after the expiry of the transposition period for implementing this Directive.	
Recital 36b				
45b			**(36b) As it is highlighted also in the OECD Guidelines for Multinational Enterprises, the specificities of financial services need to be acknowledged. Regulated financial undertakings are expected to consider adverse impacts throughout their financing and insurance process and to use their so-called 'leverage' to influence companies they provide financing or insurance to, to prevent or mitigate the companies' potential adverse impacts. In some circumstances immediate termination or suspension of financial services might be difficult or even impossible (for instance mandatory insurance). In other cases, where a regulated financial undertaking exerts leverage, it may be inappropriate to suspend or terminate the financial services as voting and engagement, in particular collective engagement with**	

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			investors or creditors, may have better chances of preventing or mitigating the adverse impact. For these reasons, the Directive does not require regulated financial undertakings, when providing financial services within the meaning of this Directive, to temporarily suspend or terminate the business relationship. In those cases, the regulated financial undertakings should be required to continue monitoring the adverse impact and continue with the efforts to prevent or mitigate the adverse impact.	
Recital 37				
46	(37) As regards direct and indirect business relationships, industry cooperation, industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to rely on such initiatives to support the implementation of their due diligence obligations laid down in this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. Companies could assess, at their own initiative, the alignment of these schemes and	(37) ~~*As regards direct and indirect business relationships, industry cooperation,*~~ Industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to ~~*rely on*~~***participate in*** such initiatives to support ~~*the implementation*~~***aspects*** of their due diligence***, including to coordinate joint leverage, achieve efficiencies, scale up best practices, and seek expertise relevant to specific sectors, geographies, commodities or risk issues. The meaning of initiatives is broad and***	(37) As regards direct and indirect business ~~relationships~~**partners**, industry cooperation, industry schemes and multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to rely on such initiatives to support the implementation of their due diligence obligations laid down in this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. Companies could assess, at their own initiative, the alignment of these schemes and	

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	initiatives with the obligations under this Directive. In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.	***includes*** ~~*obligations laid down in this Directive to the extent that such schemes and*~~ initiatives ~~*are appropriate to support the fulfilment of those obligations. Companies could assess, at their own initiative, the alignment of these schemes*~~***that support, monitor, evaluate, certify and/or verify aspects of a company's due diligence, or the due diligence conducted by its subsidiaries and/or business relationships. Such initiatives may be developed and overseen by governments, industry associations, groupings of interested organisations, social partners or civil society organisations, and include monitoring organisations, global framework agreements, sector dialogues*** and initiatives ~~*with the obligations under this Directive*~~***that certify aspects of due diligence***. In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, ~~*may*~~***the OECD and relevant stakeholders, should*** issue guidance for assessing the ~~*fitness*~~***precise scope, alignment with this Directive, and credibility*** of industry	initiatives with the obligations under this Directive. In order to ensure full information on such initiatives, the Directive should also refer to the possibility for the Commission and the Member States to facilitate the dissemination of information on such schemes or initiatives and their outcomes. The Commission, in collaboration with Member States, ~~may~~**should** issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.	

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		schemes and multi-stakeholder initiatives. ***Companies participating in industry or multi-stakeholder initiatives or using third party verification for aspects of their due diligence should still be able to be sanctioned or found liable for violations of this Directive and damage suffered by victims as a result. The minimum standards for third-party verifiers to be adopted via delegated acts under this Directive should be developed in close consultation with all relevant stakeholders and reviewed in light of their appropriateness in accordance with the objectives of this Directive. Third-party verifiers should be subject to oversight by the relevant authorities and, where necessary, be subject to sanctions, in accordance with national and EU legislation.***		
Recital 38				
47	(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights or environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries.	(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights ~~or~~***and*** environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in their own operations and in subsidiaries.	(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights or environmental adverse impacts, it should take appropriate measures to bring those to an end. It can be expected that a company is able to bring to an end actual adverse impacts in ~~their~~**its** own operations and ~~in~~**those of its**	

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	However, it should be clarified that, as regards established business relationships, where adverse impacts cannot be brought to an end, companies should minimise the extent of such impacts. Minimisation of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights and environmental adverse impacts to an end and minimisation of their extent, where relevant depending on the circumstances.	However, it should be clarified that~~, *as regards established business relationships,*~~ where adverse impacts cannot be brought to an end, companies should ~~*minimise*~~***mitigate*** the extent of such impacts***, whilst pursuing efforts to bring the adverse impact to an end, and implementing a corrective action plan, developed in consultation with affected stakeholders***. Minimisation of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights and environmental adverse impacts to an end and minimisation of their extent, where relevant depending on the circumstances.	subsidiaries. However, it should be clarified that, as regards~~ established~~ business ~~relationships~~**partners**, where adverse impacts cannot be brought to an end, companies should minimise the extent of such impacts. Minimisation of the extent of adverse impacts should require an outcome that is the closest possible to bringing the adverse impact to an end. To provide companies with legal clarity and certainty, this Directive should define which actions companies should be required to take for bringing actual human rights and environmental adverse impacts to an end and minimisation of their extent, where relevant depending on the circumstances. **When assessing the appropriate measures to bring to an end or minimise the extent of the adverse impacts, due account shall be taken of the so-called 'level of involvement of the company in an adverse impact' in line with the international frameworks and the company's ability to influence the business partner causing the adverse impact. Companies should be obliged to bring to an end or minimise the extent of the adverse impacts that they cause by themselves (so called 'causing' the adverse impact as referred to in the international framework) or**	

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			jointly with their subsidiaries or business partners (so called 'contributing' to the adverse impact as referred to in the international framework). Jointly causing the adverse impact is not limited to equal implication of the company and its subsidiary or business partner in the adverse impact, but should cover all cases of the company's acts or omissions causing the adverse impact in combination with the acts or omissions of subsidiaries or business partners. When companies are not causing the adverse impacts occurring in their chain of activities themselves or jointly with other legal entities, but the adverse impact is caused by their business partner in the companies' chains of activities (so called 'being directly linked to' the adverse impact as referred to in the international framework), they should be obliged to use their influence to bring to an end or minimise the extent of the adverse impact caused by their business partners or to increase their influence to do so. Using only the notion of 'causing' the adverse impact instead of the aforementioned terms used in the international frameworks avoids confusion with existing legal terms in national legal systems while	

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			covering the same causal relations as described in these frameworks. In this context, in line with the international frameworks, the company's influence on a business partner should include, on the one hand its ability to persuade the business partner to prevent adverse impacts (for example through market power, pre-qualification requirements or linking business incentives to human rights and environmental performance) and, on the other hand, the degree of influence or leverage that the company could reasonably exercise, for example through cooperation with the business partner in question or engagement with another company which is the direct business partner of the business partner associated with the adverse impact.	
Recital 39				
48	(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or minimise its extent, with an action proportionate	(39) So as to comply with the obligation of bringing to an end and ~~minimising~~***mitigating*** the extent of actual adverse impacts under this Directive, companies should be required to take the following actions, where relevant. They should neutralise the adverse impact or ~~minimise~~***adequately mitigate*** its	(39) So as to comply with the obligation of bringing to an end and minimising the extent of actual adverse impacts under this Directive, companies should be required to take **all** the following actions, where relevant **depending on the circumstances**. They should neutralise the adverse impact or	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain contractual assurances from a direct business partner with whom they have an established business relationship that they will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain. The contractual assurances should be accompanied by the appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or minimising the extent of adverse impact, provide targeted and proportionate support for an SMEs with which they have an established business relationship and collaborate with other entities, including, where relevant, to increase the company's	extent~~, with an action proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct~~ ***by restoring the affected persons, groups and communities and/or the environment back to a situation equivalent or as close as possible to their situation prior*** to the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for ***the implementation of appropriate measures and*** action and qualitative and quantitative indicators for measuring improvement. Companies ~~should also seek to obtain~~***could also establish through*** contractual ~~assurances from a direct business~~ ***provisions with a*** partner with whom they have ~~an established~~***a*** business relationship that they will ensure compliance with the ~~company's~~ code of conduct and, as necessary, a ~~prevention~~***corrective*** action plan~~, including by seeking~~***. Partners with whom the company has a business relationship could be asked to establish*** corresponding ***reasonable, non-discriminatory and fair*** contractual ~~assurances from its~~***provisions with their*** partners, to the extent that their activities are part	minimise its extent, with an action proportionate to the significance and ~~scale~~**scope** of the adverse impact and to the ~~contribution of the~~ company's ~~conduct to~~**involvement in** the adverse impact. Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, companies should develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain contractual assurances from a direct business partner ~~with whom they have an established business relationship~~ that they will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's ~~value chain~~**chain of activities**. The contractual assurances should be accompanied by the appropriate measures to verify compliance. ~~Finally,~~ **However, the company should only be obliged to seek the contractual assurances, as obtaining them may depend on the circumstances.** Companies should also make **financial or non-financial** investments aiming at	

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	ability to bring the adverse impact to an end.	of the company's value chain. The contractual ~~assurances~~***provisions*** should be accompanied by ***measures to support carrying out due diligence as outlined in this Directive. Moreover, contractual provisions should be fair, reasonable and non-discriminatory, and reflect the joint tasks of parties to conduct due diligence in ongoing cooperation, with an emphasis on taking*** ~~the~~ appropriate measures to ~~verify compliance~~***bring adverse impacts to an end. Companies should also assess whether the business partner can reasonably be expected to comply with those provisions. Often contractual terms are unilaterally imposed on a supplier by a buyer, and any breach thereof is likely to result in unilateral action by the buyer such as termination or disengagement. Such unilateral action is not appropriate in the context of due diligence and would probably itself result in adverse impacts. In cases where the breach of such contractual provisions gives rise to a potential adverse impact, the company should first take appropriate measures to prevent or adequately mitigate such impacts, rather than consider ending or suspending the contract, in accordance with applicable law***. Finally, companies should also make	ceasing or minimising the extent of **the** adverse impact, provide targeted and proportionate support for ~~an SMEs with~~**SMEs** which ~~they have an established business relationship~~**are business partners of the company, where the viability of the SME could be jeopardised,** and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end. **Jeopardising the viability of an SME should be interpreted as possibly causing a bankruptcy of the SME or putting the SME in a situation where bankruptcy is imminent. Financial undertakings, when providing financial services within the meaning of this Directive, should not be required to provide targeted and proportionate support for an SME as their chain of activities does not cover SMEs. Finally, companies should provide remediation to the affected persons and communities that should consist of financial or non-financial compensation that should be proportionate to the significance (scale of the adverse impact, the gravity) and scope (number of persons or the extent of the environment affected) of the adverse impact and the company's involvement in the adverse impact. The financial or non-financial**	

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		investments aiming at ceasing or ~~*minimising*~~***mitigating*** the extent of ***an*** adverse impact, provide targeted and proportionate support for an SMEs with which they have ~~*an established*~~***a*** business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.	**compensation might consist of restitution of the affected person or persons to the situation in which they would have been if the actual adverse impact had not occurred.**	
Recital 40				
49	(40) In order to reflect the full range of options for the company in cases where actual impacts could not be addressed by the described measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a corrective action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.	*deleted*	(40) In order to reflect the full range of options for the company in cases where actual impacts could not be addressed by the described measures, this Directive should also refer to the possibility for the company to seek to conclude a contract with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a corrective action plan, and conduct appropriate measures to verify compliance of the indirect business ~~relationship~~**partner** with the contract.	
Recital 41				
50	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective,	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective,	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them is effective,	

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	companies should prioritize engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success. However, this Directive should also, for cases where actual adverse impacts could not be brought to an end or adequately mitigated by the described measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, to either temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, or terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate the business relationship in contracts governed by their laws.	companies should ~~*prioritize*~~***prioritise*** engagement with business relationships in the value chain, instead of terminating the business relationship, as a last resort action after attempting at bringing actual adverse impacts to an end or minimising them without success. However, this Directive should also, for cases where actual adverse impacts ***that a company caused or contributed to*** could not be brought to an end or adequately mitigated by the described ~~*measures*~~***measure, and there is no reasonable prospect of change***, refer to the obligation for companies to refrain from entering into new or extending existing relations with the partner in question and, where the law governing their relations so entitles them to, ***as a last resort, in line with responsible disengagement,*** to either~~———~~ temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or ~~*minimise the extent of*~~***mitigate*** the adverse impact, or~~———~~ terminate the business relationship with respect to the activities concerned, ~~*if the*~~ ***on account of the severity of the actual*** adverse impact ~~*is considered severe*~~***or if the conditions for temporary suspension are not met***. In order to allow companies to fulfil that obligation, Member States	companies should prioritize engagement with business ~~relationships~~**partners** in the ~~value chain~~**chain of activities**, instead of terminating the business relationship, as a last resort action after attempting ~~at bringing~~**to bring** actual adverse impacts to an end or ~~minimising~~**minimise** them without success. **Termination of the business relationship as a last resort action should mean that no less drastic possibilities are available and there appears to be little prospect to increase the influence of the company on business partners causing the adverse impact.** However, this Directive should also, for cases where actual adverse impacts could not be brought to an end or **the extent** adequately ~~mitigated~~**minimised** by the described measures, refer to the obligation for companies to refrain from entering into new or extending existing relations with the **business** partner in question and, where the law governing their relations so entitles them to, to either~~———~~ temporarily suspend ~~commercial~~**business** relationships with **respect to the activities concerned**~~the partner in question~~, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, **if there is**	

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		should provide for the availability of an option to terminate ***or suspend*** the business relationship in contracts governed by their laws. ***In deciding to terminate or suspend a business relationship, the company should assess whether the adverse impacts of that decision would be greater than the adverse impact which is intended to be brought to an end or mitigated. Where companies do temporarily suspend commercial relations or terminate the business relationship, they should take steps to prevent, mitigate, or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep the decision under review.***	**reasonable expectation that these efforts are to succeed in the short-term, or** ~~or~~ terminate the business relationship with respect to the activities concerned~~, if the adverse impact is considered severe~~. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to **temporarily suspend and** terminate the business relationship in contracts governed by their laws**, except for cases where the parties are obliged by law to enter into them, such as is the case of mandatory insurance. The mere fact that a third country has not ratified or implemented in its national law one of the instruments listed in the Annex I to this Directive, does not entail any obligation to temporarily suspend or terminate the business relationship**.	
Recital 41a				
50a			**(41a) In some cases companies should not be obliged to terminate the business relationship. Companies should not be required to terminate the business relationship if there is a reasonable expectation that the termination could result in a more severe adverse impact. This is in**	

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			line with the international framework, the interests of those adversely impacted should be taken into account. For example, terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. Similarly, a more severe adverse impact could occur if workers are deprived of living wage by the termination of the business relationship with their employer in order to bring to an end an adverse impact consisting of breaching the right to collective bargaining. Lastly, the company should not be required to terminate the business relationship with its crucial business partner that provides raw material, product or service essential to the company's business, if the termination would cause substantial prejudice to the company. Substantial prejudice should be interpreted as a negative and significant effect on the company's legal, financial or economic situation or its production capacity, including in the long-term perspective, such as an effect giving rise to the likelihood of insolvency. In order not to undermine the aims of this Directive, the decision not to terminate the business	

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			relationship, should be subject to subsequent conditions. The company should be required to report itself to the supervisory authority and duly justify the reasons for not terminating the business relationship and keep monitoring the actual adverse impact with potential actions to be taken to bring to an end or minimise the extent of the adverse impact, periodically reassess the decision not to terminate the business relationship and seek alternative business relationships. To enhance legal certainty, the provisions of this Directive on terminating the business relationship, should apply only to commercial agreements concluded by the company after the expiry of the transposition period for implementing this Directive.	
50b		***(41a) Where a company has caused or contributed to an actual adverse impact, the company should take appropriate measures to remediate that impact. Remedial measures should aim to restore the affected persons and groups or communities and/or the environment to a situation equivalent or as close as possible to their situation prior to***		

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		the impact, and be developed taking into account the needs and views expressed by affected stakeholders. They may include, but are not limited to, compensation, restitution, rehabilitation, public apologies, reinstatement or cooperation in good faith with investigations. In certain situations, financial compensation may be a necessary way to provide such restoration. Where a company is directly linked to an adverse impact, it should be allowed to voluntarily participate in any remedial measures, where appropriate, and consider using its leverage with responsible parties to enable the remediation of any damage caused by an impact. Member States should ensure that stakeholders affected by an adverse impact should not be required to seek remediation prior to filing claims in court.		
Recital 41b				
50c			**(41b) As it is highlighted also in the OECD Guidelines for Multinational Enterprises, the specificities of financial services need to be acknowledged. Regulated financial undertakings are expected to consider adverse impacts throughout their**	

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			financing and insurance process and to use their so-called 'leverage' to influence companies they provide financing or insurance to, to bring to an end or minimise the extent of the companies' adverse impacts. In some circumstances immediate termination or suspension of financial services might be difficult or even impossible (e. g. mandatory insurance). In other cases, where a regulated financial undertaking exerts leverage, it may be inappropriate to suspend or terminate the financial services as voting and engagement, in particular collective engagement with investors or creditors, may have better chances of bringing to an end or minimising the extent of the adverse impact. For these reasons, the Directive does not require regulated financial undertakings, when providing financial services within the meaning of this Directive, to temporarily suspend or terminate the business relationship. In those cases, the regulated financial undertakings should be required to continue monitoring the adverse impact and continue with the efforts to bring to an end and minimise the extent of the adverse impact.	

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Recital 42				
51	(42) Companies should provide the possibility for persons and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential human rights and environmental adverse impacts. Organisations who could submit such complaints should include trade unions and other workers' representatives representing individuals working in the value chain concerned and civil society organisations active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact. Companies should establish a procedure for dealing with those complaints and inform workers, trade unions and other workers' representatives, where relevant, about such processes. Recourse to the complaints and remediation mechanism should not prevent the complainant from having recourse to judicial remedies. In accordance with international standards, complaints should be entitled to request from the company appropriate follow-up on the complaint and to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that	(42) Companies should provide ~~the possibility for~~***a publicly available and effective notification and non-judicial grievance mechanisms at operational level, that can be used by*** persons and organisations to ~~submit complaints directly to them~~***notify them of or raise grievances and request remediation*** in case of legitimate concerns regarding actual or potential human rights~~ and~~***,*** environmental adverse impacts ***in the value chain. Persons and*** ~~-~~organisations who could submit such ~~complaints~~***grievances*** should include ***persons who are affected or have reasonable grounds to believe that they might be affected and their legitimate representatives,*** trade unions and other workers' representatives representing individuals working in the value chain concerned and ***credible and experienced organisations the purpose of which includes the protection of the environment. Notifications may be submitted by the aforementioned persons and organisations as well as*** civil society organisations active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact***, and legal and natural persons defending human***	(42) Companies should provide the possibility for persons and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential human rights and environmental adverse impacts. **In order to reduce the burden on companies, they should be able to participate in a collaborative complaints procedure, such as those established jointly by companies (for example, by a group of companies), through industry associations or multi-stakeholders' initiatives, instead of setting up the complaints procedure on their own.** Organisations who could submit such complaints should include trade unions and other workers' representatives representing individuals working in the ~~value chain~~**chain of activities** concerned and civil society organisations active in the areas related to the ~~value chain~~**adverse impact** concerned where they have knowledge about a potential or actual adverse impact. Companies should establish a **fair, accessible and transparent** procedure for dealing with those complaints and inform workers, trade unions and other workers' representatives, where relevant,	

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	are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.	***rights and the environment***. Companies should establish a procedure for dealing with those ~~*complaints*~~***notifications and grievances*** and inform workers, trade unions and other workers' representatives, where relevant, about such processes. ~~*Recourse to the complaints and remediation mechanism*~~***Companies should provide the possibility of submitting notifications and grievances through collaborative arrangements , including industry initiatives, with other companies or organisations, by participating in multi-stakeholder grievance mechanisms or joining a global framework agreement. The submission of a notification or grievance*** should not ~~*prevent the complainant*~~***be a prerequisite nor preclude the person submitting them*** from having ~~*recourse*~~***access to the substantiated concerns procedure nor*** to judicial ~~*remedies*~~***or other non-judicial mechanisms, such as the OECD national contact points where they exist***. In accordance with international standards, ~~*complaints*~~***persons submitting grievances or notifications , where they do not submit them anonymously,*** should be entitled to ~~*request*~~***receive*** from the company ***timely and*** appropriate follow-up ~~*on the complaint and to meet*~~***and***	about such ~~processes~~**procedures. The term 'fair, accessible and transparent' should be understood in line with principle 31 of the United Nations Guiding Principles on Business and Human Rights requiring procedures to be legitimate, accessible, predictable, equitable, transparent, rights-compatible and a source of continuous learning. The procedure should ensure the confidentiality of the identity of the complainant, and the necessary measures to prevent any form of retaliation from the company and its subsidiaries. Retaliation should be understood as any direct or indirect act or omission which is prompted by the submission of a complaint and which causes or may cause unjustified detriment to the complainant**. Recourse to the complaints and remediation mechanism should not prevent the complainant from having recourse to judicial remedies **or submitting substantiated concerns to supervisory authorities**. In accordance with international standards, ~~complaints~~**complainants** should be entitled to request from the company appropriate follow-up on the complaint and to meet with the company's representatives at an appropriate level to discuss potential	

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		persons submitting grievances should be additionally entitled to engage with the company's representatives at an appropriate level to discuss potential or actual ~~*severe*~~ adverse impacts that are the subject matter of the complaint***, to be provided with the reasoning as to whether a grievance has been considered founded or unfounded and provided with information on the steps and actions taken, and to request remediation or contribution to remediation***. This access should not lead to unreasonable solicitations of companies. ***Companies should also be responsible for ensuring that any persons submitting grievances or notifications are protected from potential retaliation and retribution, including by ensuring anonymity or confidentiality in the notification and grievance process, in accordance with national law. The notification and non-judicial grievance procedure should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, gender- and culturally responsive, based on engagement and dialogue, and adaptable as set out in the effectiveness criteria for non-judicial grievance mechanisms in Principle 31 of the United Nations Guiding Principles on Business and Human Rights and***	or actual severe adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.	

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		the United Nations Committee on the Rights of the Child General Comment No 16. Companies should raise awareness among affected stakeholders of the existence, objectives and processes of notifications and grievance mechanisms, in the official language(s) of the state where they are operating, including on how to access them, decisions and remedies relating to a company and how the company is implementing them. Workers and their representatives should also be properly protected, and any non-judicial remediation efforts should be without prejudice to encouraging collective bargaining and recognition of trade unions and should by no means undermine the role of legitimate trade unions or workers' representatives in addressing labour-related disputes.		
Recital 42a				
51a			**(42a) Due to a broader list of persons or organisations entitled to submit a complaint and a broader scope of subject-matters of complaints, the complaints procedure is legally understood as a separate mechanism to the internal reporting procedure set up by companies in accordance**	

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			with the Directive (EU) 2019/1937 of the European Parliament and of the Council[1]. If the breach of Union or national law included in the material scope of that Directive can be considered as an adverse impact and the reporting person is a company's employee that is directly affected by the adverse impact, then the person could use both procedures – complaints mechanism in accordance with this Directive or an internal reporting procedure set out in accordance with that Directive. Nevertheless, if one of the conditions above is not met, then the person could proceed only via one of the procedures. _____ **1. Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).**	
Recital 43				
52	(43) Companies should monitor the implementation and effectiveness of their due diligence measures. They should carry out periodic assessments of their own operations, those of their subsidiaries and, where related to the value chains of the company, those of their established business relationships, to monitor	(43) Companies should ~~monitor~~***continuously verify*** the implementation and ***monitor the adequacy and*** effectiveness of their ~~due diligence measures~~***actions taken in accordance with this Directive***. They should carry out ~~periodic~~ assessments of their own operations, ***products and services,*** those of their	(43) Companies should monitor the implementation and effectiveness of their due diligence measures**, with due consideration of relevant information from stakeholders**. They should carry out periodic assessments of their own operations, those of their subsidiaries and, where related to the ~~value chains~~**chains of**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	the effectiveness of the identification, prevention, minimisation, bringing to an end and mitigation of human rights and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are up-to-date, they should be carried out at least every 12 months and be revised in-between if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen.	subsidiaries and~~*, where related to the value chains of the company,*~~ those of their ~~*established*~~ business relationships, to monitor the effectiveness of the identification, prevention, minimisation, bringing to an end***, mitigation and remediation*** ~~*and mitigation*~~ of human rights~~–~~ and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are up-to-date, they should be carried out ~~*at least every 12 months*~~***continuously and after a significant change occurs,*** and be revised ~~*in-between*~~***continuously*** if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen. ***Companies should retain documentation demonstrating their compliance with this requirement for 10 years.***	**activities** of the company, those of their ~~established~~ business ~~relationships~~**partners**, to monitor the effectiveness of the identification, prevention, ~~minimisation~~**mitigation**, bringing to an end and ~~mitigation~~**minimisation of the extent** of human rights~~–~~ and environmental adverse impacts. Such assessments should verify that adverse impacts are properly identified, due diligence measures are implemented and adverse impacts have actually been prevented or brought to an end. In order to ensure that such assessments are ~~up-to-date~~**up to date**, they should be carried out **without undue delay after a significant change occurs, but** at least every ~~12~~**24** months and be revised in-between if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen. **A significant change should be understood as such a change to the *status quo* of the company's own operations, operations of its subsidiaries or business partners, the legal or business environment or any other substantial shift from the situation of the company, including learning about the adverse impact from publicly available information or through consultation with the stakeholders,**	

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			that the company could be reasonably expected to react to it and assess. Examples of a significant change could be the cases when the company operates in a new economic sector or geographical area, starts producing new products or changes the way of producing the existing products using technology with potentially higher adverse impact, or changes its corporate structure via restructuring or mergers or acquisitions. Financial undertakings should carry out periodic assessment only of their own operations, those of their subsidiaries and, when they provide financial services within the meaning of this Directive to their business partners, of the effectiveness of measures taken to prevent or mitigate the potential adverse impact or bring to an end or minimise the extent of the actual adverse impact that was identified before providing the financial service to the business partner in question. No further assessments should be required from financial undertakings as regards their business partners to which they provide financial services within the meaning of this Directive throughout the existence of the relationship with the business partner.	

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Recital 44				
53	(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. The proposal to amend Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it. As regards companies that are within the scope of this Directive, but do not fall under Directive 2013/34/EU, in order to comply with their obligation of communicating as part of the due diligence under this Directive, they	(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. ~~*The proposal to amend*~~ Directive 2013/34/EU as regards corporate sustainability reporting sets out relevant reporting obligations for the companies covered by this directive ***as well as Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, for financial undertakings***. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it***, nor should it introduce any new reporting obligations in addition to those under Regulation***	(44) Like in the existing international standards set by the United Nations Guiding Principles on Business and Human Rights and the OECD framework, it forms part of the due diligence requirement to communicate externally relevant information on due diligence policies, processes and activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. The ~~proposal to amend~~ Directive 2013/34/EU ~~as regards corporate sustainability reporting~~ sets out relevant reporting obligations **as regards corporate sustainability** for the companies covered by this Directive. In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it. As regards companies that are within the scope of this Directive, but do not fall under Directive 2013/34/EU, in order to comply with their obligation of communicating as part of the due	

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	should publish on their website an annual statement in a language customary in the sphere of international business.	***(EU) 2019/2088***. As regards companies that are within the scope of this Directive, but do not fall under Directive 2013/34/EU, in order to comply with their obligation of communicating as part of the due diligence under this Directive, they should publish on their website an annual statement ~~*in a language customary in the sphere of international business*~~***that is consistent with those requirements in at least one of the official languages of the Union***.	diligence under this Directive, they should publish on their website an annual statement **on the financial year** in a language customary in the sphere of international business.	
53a		***(44a) Requirements on companies which are under the scope of this Directive and at the same time are subject to reporting requirements under Articles 19a, 29a and 40a of Directive 2013/34/EU and therefore should report on their due diligence process as stipulated in Articles 19a, 29a and 40a of Directive 2013/34/EU should be understood as a requirement for companies to describe how they implement due diligence as provided for in this Directive. When fulfilling the requirements of Directive 2013/34/EU to report on actions taken to identify potential or actual adverse impacts, companies should explain whether they prioritised the***		

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		order in which they took appropriate measures, how that approach was applied, and why it was necessary to prioritise. When fulfilling the requirements of Directive 2013/34/EU to report on any actions taken by the undertaking to prevent, mitigate, remediate or bring an end to actual or potential adverse impacts, and the result of such actions, the company should also disclose the number of instances where it decided to disengage, the reason for this disengagement and the location of the concerned business relationships without disclosing their identity.		
53b		***(44b) It is not the objective of this Directive to require companies to publicly disclose intellectual capital, intellectual property, know-how or the results of innovation that would qualify as trade secrets as defined in Directive (EU) 2016/943 of the European Parliament and of the Council. Reporting requirements provided for in this Directive should therefore be without prejudice to Directive (EU) 2016/943. This Directive should also apply without prejudice to Regulation (EU) No 596/2014 of the European***		

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		Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.		
53c		***(44c) Companies should take appropriate measures to carry out meaningful engagement with affected stakeholders allowing for genuine interaction and dialogue in their due diligence process. Engagement should cover information and consultation of affected stakeholders and should be comprehensive, structural, effective, timely and culturally and gender responsive. There are situations in which it will not be possible to carry out meaningful engagement with affected stakeholders, or where engagement with additional expert perspectives is useful to allow the company to comply fully with the requirements of this Directive, in particular in the context of scoping and prioritisation decisions. . In these cases companies should engage in meaningful engagement with other relevant stakeholders, such as civil***		

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		society organisations or legal or natural persons defending human rights or the environment in order to gain credible insights into potential or actual adverse impacts. Consultation should be ongoing and companies should provide comprehensive, targeted and relevant information to affected stakeholders. Affected stakeholders should have the right to request additional written information, which should be provided by the company within a reasonable amount of time and in an appropriate and comprehensive format. Where such a request is refused, affected stakeholders should have the right to a written justification for such refusal. The information and consultation of affected stakeholders should take due account of barriers to engagement , ensure that stakeholders are free from retaliation and retribution, including by maintaining confidentiality and anonymity, and particular attention should be paid to the needs of vulnerable stakeholders, and to overlapping vulnerabilities and intersecting factors, including by ensuring a gender-responsive approach, and fully respecting the United Nations Declaration on the Rights of Indigenous Peoples. Workers		

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		representatives should be informed by their company about its due diligence strategy and its implementation, in accordance with existing EU law and without prejudice to their applicable rights to information, consultation and participation, and in particular those covered by relevant EU legislation in the field of employment and social rights, including Directive 2002/14/EC of the European Parliament and of the Council [1], Directive 2009/38/EC of the European Parliament and of the Council [2], and Council Directive 2001/86/EC of the European Parliament and of the Council [3]. Consultation with stakeholders should be considered relevant in situations where the potential and actual impacts or the actions provided under Article 4 to 10 can be reasonably foreseen to affect the rights or interest of stakeholders or when affected stakeholders have requested for information, consultation or dialogue. _____ ***1. Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community - Joint declaration of the European Parliament, the Council and the Commission on employee representation (OJ L 80, 23.3.2002, p. 29).***		

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		2. Directive 2009/38/EC of the European Parliament and of the Council of 6 May 2009 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees (OJ L 122, 16.5.2009, p. 28). *3. Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees (OJ L 294, 10.11.2001, p. 22).*		
53d		*(44d) Strategic lawsuits against public participation are a particular form of harassment brought against natural or legal persons to prevent or penalise speaking up on issues of public interest. Member States should provide necessary safeguards to address those manifestly unfounded claims or abusive court proceedings against public participation in accordance with national and EU legislation.*		
Recital 45				
54	(45) In order to facilitate companies' compliance with their due diligence requirements through their value chain and limiting shifting compliance burden on SME	(45) In order to ~~*facilitate*~~*give* companies~~*' compliance*~~ *tools to help them comply* with their due diligence requirements through their value chain*, the Commission, in*	(45) In order to facilitate companies' compliance with their due diligence requirements through their ~~value chain~~**chain of activities** and limiting shifting compliance	

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	business partners, the Commission should provide guidance on model contractual clauses.	***consultation with Member States and relevant stakeholders, should provide guidance on model contractual clauses, which can be used voluntarily by companies as a tool to help fulfil their obligations in Articles 7 and 8. Such contractual clauses should stipulate, as a minimum, a clear allocation of tasks between contracting parties in ongoing cooperation, that they can not result in the transfer of responsibility for carrying out due diligence, and that, when such clauses are breached, companies*** ~~*and limiting shifting compliance burden on SME business partners, the Commission*~~ should ~~*provide*~~***avoid terminating such clauses by first taking appropriate measures in line with Articles 7 and 8 of this Directive. The*** guidance ~~*on model*~~***should further clarify that the simple inclusion of*** contractual ~~*clauses*~~***assurances cannot, on its own, satisfy the due diligence standards of this Directive. Such standards should only be satisfied if due diligence obligations are assigned to others in a diligent manner that ensures the effective performance of those obligations and includes measures appropriate to the circumstances, such as monitoring, financial and non-financial assistance, and***	burden on SME business partners, the Commission should provide guidance on model contractual clauses**, after having consulted with Member States and relevant stakeholders**.	

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		responsible purchasing practices.		
Recital 46				
55	(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, should have the possibility to issue guidelines, including for specific sectors or specific adverse impacts.	(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States***, the European cross-industry and sectoral social partners and other relevant*** ~~and~~ stakeholders, ***including civil society organisations,*** the European Union Agency for Fundamental Rights, the European Environment Agency, ***the European Labour Authority, the European External Action Service, the European Innovation Council and the Small and Medium-Sized Enterprises Executive Agency (EISMEA), the European Food Safety Authority,*** and where appropriate ~~with~~***the OECD and other*** international bodies having expertise in due diligence, should ~~have the possibility to issue~~***issue clear and easily understandable*** guidelines, including ~~for~~***general and sector*** specific ~~sectors or specific adverse impacts~~***guidance, in order to facilitate compliance in a***	(46) In order to provide support and practical tools to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the Commission, using relevant international guidelines and standards as a reference, and in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, should ~~have the possibility to~~ issue guidelines, including for specific sectors or specific adverse impacts **or the interplay of this Directive and other Union legislative acts pursuing the same objectives and providing for more extensive or more specific obligations**.	

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		practical manner.		
55a		***(46a) In order to support companies fulfilling their due diligence obligations along their value chain, the European Commission should conduct further research on digital tools and promote them.***		
Recital 47				
56	(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis. In order to support SMEs, Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms, and Member States could also financially support SMEs and help them build capacity. Such support should also be made accessible, and where necessary adapted and extended to upstream	(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis. In order to support SMEs, Member States***, with the support of the Commission,*** should set up and operate, either individually or jointly, dedicated ***user-friendly*** websites, portals or platforms, and Member States ~~could~~***should*** also financially support SMEs and help them build capacity. Such support should also be made accessible, and	(47) Although SMEs are not included in the scope of this Directive, they could be impacted by its provisions as contractors or subcontractors **(direct or indirect business partners)** to the companies which are in the scope. The aim is nevertheless to mitigate financial or administrative burden on SMEs, many of which are already struggling in the context of the global economic and sanitary crisis. In order to support SMEs, Member States should set up and operate, either individually or jointly, dedicated websites, portals or platforms, **to provide information and support to companies,** and Member States could also financially support SMEs and help them build capacity. ~~Such support should also~~	

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	economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures, in case such requirements would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.	where necessary adapted and extended to upstream economic operators in third countries. Companies whose business partner is an SME, are also encouraged to support them to comply with due diligence measures ***and use fair, reasonable, non-discriminatory and proportionate***~~, in case such~~ requirements ~~*would jeopardize the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs*~~***vis-a-vis the SMEs. SMEs should also have the possibility to apply this Directive on a voluntary basis and should for that purpose be supported through adequate measures and tools, and be incentivised***.	~~be made accessible, and where necessary adapted and extended to upstream economic operators in third countries.~~ Companies whose business partner is an SME~~,~~ are also encouraged to support them to comply with due diligence measures, in case such requirements would ~~jeopardize~~**jeopardise** the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.	
Recital 48				
57	(48) In order to complement Member State support to SMEs, the Commission may build on existing EU tools, projects and other actions helping with the due diligence implementation in the EU and in third countries. It may set up new support measures that provide help to companies, including SMEs on due diligence requirements, including an observatory for value chain transparency and the facilitation of joint stakeholder	(48) In order to complement Member State support to ***companies in their implementation, including*** SMEs, the Commission ~~*may*~~***should*** build on existing EU tools, projects and other actions helping with the due diligence implementation in the EU and in third countries. It ~~*may*~~***should*** set up new support measures that provide help to companies, including SMEs on due diligence requirements, including an observatory for value chain	(48) In order to complement Member State support to SMEs, the Commission may build on existing ~~EU~~**Union** tools, projects and other actions helping with the due diligence implementation in the ~~EU~~**Union** and in third countries. It may set up new support measures that provide help to companies, including SMEs on due diligence requirements, including an observatory for ~~value chain~~**chain of activities** transparency and the	

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	initiatives.	transparency and the facilitation of joint stakeholder initiatives.	facilitation of joint stakeholder initiatives.	
Recital 49				
58	(49) The Commission and Member States should continue to work in partnership with third countries to support upstream economic operators build the capacity to effectively prevent and mitigate adverse human rights and environmental impacts of their operations and business relationships, paying specific attention to the challenges faced by smallholders. They should use their neighbourhood, development and international cooperation instruments to support third country governments and upstream economic operators in third countries addressing adverse human rights and environmental impacts of their operations and upstream business relationships. This could include working with partner country governments, the local private sector and stakeholders on addressing the root causes of adverse human rights and environmental impacts.	(49) The Commission and Member States should continue to work in partnership with third countries to support upstream economic operators build the capacity to effectively prevent and mitigate adverse human rights and environmental impacts of their operations and business relationships, paying specific attention to the challenges faced by smallholders. They should use their neighbourhood, development and international cooperation instruments***, including Free Trade Agreements,*** to support third country governments and upstream economic operators in third countries addressing adverse human rights and environmental impacts of their operations and upstream business relationships. This could include working with partner country governments, the local private sector and stakeholders on addressing the root causes of adverse human rights and environmental impacts.	(49) The Commission ~~and~~**could complement** Member States~~ should continue to work in partnership with third countries~~**' support measures building on existing Union action** to support upstream economic operators build the capacity to effectively prevent and mitigate adverse human rights and environmental impacts of their operations and business relationships, paying specific attention to the challenges faced by smallholders. ~~They should~~**The Union and Member States within their respective competences are encouraged to** use their neighbourhood, development and international cooperation instruments to support third country governments and upstream economic operators in third countries addressing adverse human rights and environmental impacts of their operations and upstream business relationships. This could include working with partner country governments, the local private sector and stakeholders on addressing the root causes of adverse human rights and environmental	

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			impacts.	
Recital 50				
59	(50) In order to ensure that this Directive effectively contributes to combating climate change, companies should adopt a plan to ensure that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. In case climate is or should have been identified as a principal risk for or a principal impact of the company's operations, the company should include emissions reduction objectives in its plan.	(50) In order to~~–~~ ensure that this Directive effectively contributes to combating climate change, companies should ***in consultation with stakeholders*** adopt ***and implement a transition plan in line with the reporting requirements in Article 19a of Directive (EU) 2022/2464 (CSRD)*** ~~*a plan*~~ to ensure that the business model and strategy of the company are ~~*compatible*~~***aligned*** with the ***objectives of the*** transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement~~. *In case*~~***, as well as the objective of achieving climate neutrality by 2050 as established in Regulation (EU) 2021/1119 (European Climate Law), and the 2030*** climate ~~*is or*~~***target. The plan*** should ~~*have been identified as a principal risk for or a principal impact of*~~***take into account the value chain and include time-bound targets related to their climate objectives for scope 1, 2 and, where relevant, 3 emissions, including, where appropriate, absolute emission reduction targets for greenhouse gas including, where relevant, methane emissions,***	(50) In order to– ensure that this Directive effectively contributes to combating climate change, companies should adopt a plan to ensure that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. In case climate is or should have been identified as a principal risk for or a principal impact of the company's operations, the company should include **greenhouse gas** emissions reduction objectives in its plan.	

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		for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence, except where a company can demonstrate that its operations and value chain do not cause greenhouse gas emissions and that such emission reduction targets would therefore not be appropriate. The plans should develop implementing actions to achieve the company's ~~*operations, the company should include emissions reduction objectives in its plan*~~***climate targets and be based on conclusive scientific evidence, meaning evidence with independent scientific validation that is consistent with the limiting of global warming to 1.5°C as defined by the Intergovernmental Panel on Climate Change (IPCC) and taking into account the recommendations of the European Scientific Advisory Board on Climate Change***.		
Recital 51				
60	(51) With a view to ensure that such emission reduction plan is properly implemented and embedded in the financial incentives of directors, the plan should be duly taken into account when setting directors' variable remuneration, if variable remuneration is linked to the contribution of a director to the	(51) ~~*With a view*~~***Transition plans should include clear obligations for directors and board members*** to ensure that ~~*such emission reduction plan is properly implemented and embedded*~~***environmental and climate risks and impacts are addressed*** in the ***company's strategy. With a view to increasing***	*deleted*	

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	company's business strategy and long-term interests and sustainability.	***the*** financial incentives of directors, ~~*the plan*~~***companies with more than 1000 employees on average*** should ~~*be duly taken into account when setting directors' variable remuneration, if*~~***have a relevant and effective policy in place to ensure that a part of the directors'*** variable remuneration is linked to the ~~*contribution of a director to*~~***achievement of the targets of*** the company's ~~*business strategy and long-term interests and sustainability*~~***transition plan for combating climate change***.		
Recital 52				
61	*(52)* In order to allow for the effective oversight of and, where necessary, enforcement of this Directive in relation to those companies that are not governed by the law of a Member State, those companies should designate a sufficiently mandated authorised representative in the Union and provide information relating to their authorised representatives. It should be possible for the authorised representative to also function as point of contact, provided the relevant requirements of this Directive are complied with.	(52) In order to allow for the effective oversight of and, where necessary, enforcement of this Directive in relation to those companies that are not governed by the law of a Member State, those companies should designate a sufficiently mandated authorised representative in the Union and provide information relating to their authorised representatives. It should be possible for the authorised representative to also function as point of contact, provided the relevant requirements of this Directive are complied with.	(52) In order to allow for the effective oversight of and, where necessary, enforcement of this Directive in relation to ~~those~~**third-country** companies ~~that are not governed by the law of a Member State~~, those companies should designate a sufficiently mandated authorised representative in the Union and provide information relating to their authorised representatives. It should be possible for the authorised representative to also function as **a** point of contact, provided the relevant requirements of this Directive are complied with. **If the third-country company does not designate the authorised**	

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			representative, all Member States in which the company operates should be competent to enforce the fulfilment of this obligation, especially to designate a legal or natural person in one of the Member States where it operates, in accordance with the enforcement framework set in national law. The Member States initiating such an enforcement should inform supervisory authorities of other Member States through the European Network of Supervisory Authorities so that other Member States do not enforce them.	
Recital 53				
62	(53) In order to ensure the monitoring of the correct implementation of companies' due diligence obligations and ensure the proper enforcement of this Directive, Member States should designate one or more national supervisory authorities. These supervisory authorities should be of a public nature, independent from the companies falling within the scope of this Directive or other market interests, and free of conflicts of interest. In accordance with national law, Member States should ensure appropriate financing of the	(53) In order to ensure the monitoring of the correct implementation of companies' due diligence obligations and ensure the proper enforcement of this Directive, Member States should designate one or more national supervisory authorities. These supervisory authorities should be of a public nature, independent from the companies falling within the scope of this Directive or other market interests, and free of conflicts of interest. In accordance with national law, Member States should ensure appropriate financing of the	(53) In order to ensure the monitoring of the correct implementation of companies' due diligence obligations and ensure the proper enforcement of this Directive, Member States should designate one or more national supervisory authorities. These supervisory authorities should be of a public nature, independent from the companies falling within the scope of this Directive or other market interests, and free of conflicts of interest. In accordance with national law, Member States should ensure appropriate financing of the	

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	competent authority. They should be entitled to carry out investigations, on their own initiative or based on complaints or substantiated concerns raised under this Directive. Where competent authorities under sectoral legislation exist, Member States could identify those as responsible for the application of this Directive in their areas of competence. They could designate authorities for the supervision of regulated financial undertaking also as supervisory authorities for the purposes of this Directive.	competent authority. They should be entitled to carry out investigations, ***including, where appropriate, on-site inspections and hearing of relevant stakeholders,*** on their own initiative or based on ~~complaints~~***grievances*** or substantiated concerns raised under this Directive. Where competent authorities under sectoral legislation exist, Member States could identify those as responsible for the application of this Directive in their areas of competence. They could designate authorities for the supervision of regulated financial undertaking also as supervisory authorities for the purposes of this Directive. ***Member States, when designating supervisory authorities and defining the procedures by which they operate, should ensure coordination and complementarity with other processes available under other international instruments, such as the non-judicial grievance mechanism operated by National Contact Points.***	competent authority. They should be entitled to carry out investigations, on their own initiative or based on ~~complaints or~~ substantiated concerns raised under this Directive. Where competent authorities under sectoral legislation exist, Member States could identify those as responsible for the application of this Directive in their areas of competence. They could designate authorities for the supervision of regulated financial undertaking also as supervisory authorities for the purposes of this Directive.	
Recital 54				
63	(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for	(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for	(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for	

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	dissuasive, proportionate and effective sanctions for infringements of those measures. In order for such sanction regime to be effective, administrative sanctions to be imposed by the national supervisory authorities should include pecuniary sanctions. Where the legal system of a Member State does not provide for administrative sanctions as foreseen in this Directive, the rules on administrative sanctions should be applied in such a way that the sanction is initiated by the competent supervisory authority and imposed by the judicial authority. Therefore, it is necessary that those Member States ensure that the application of the rules and sanctions has an equivalent effect to the administrative sanctions imposed by the competent supervisory authorities.	dissuasive, proportionate and effective sanctions for infringements of those measures. In order for such sanction regime to be effective, administrative sanctions to be imposed by the national supervisory authorities should include pecuniary sanctions***, a public statement indicating that the company is responsible and the nature of the infringement, obligations to perform an action including ceasing the conduct constituting the infringement and desisting from any repetition of that conduct, and suspension of products from free circulation or export***. Where the legal system of a Member State does not provide for administrative sanctions as foreseen in this Directive, the rules on administrative sanctions should be applied in such a way that the sanction is initiated by the competent supervisory authority and imposed by the judicial authority. Therefore, it is necessary that those Member States ensure that the application of the rules and sanctions has an equivalent effect to the administrative sanctions imposed by the competent supervisory authorities.	dissuasive, proportionate and effective ~~sanctions~~**penalties** for infringements of those measures. In order for such ~~sanction~~**penalties** regime to be effective, ~~administrative sanctions~~**penalties** to be imposed by the national supervisory authorities should include pecuniary ~~sanctions. Where the legal system of a~~**penalties. Member States should ensure that the pecuniary penalty is commensurate to the company's worldwide net turnover when being imposed. However, this should not oblige the Member States to base the pecuniary penalty solely on the net turnover of the company in every case.** Member ~~State does not provide for administrative sanctions as foreseen in this Directive, the rules on administrative sanctions~~**States should have flexibility to base the penalty also on other criteria, such as the economic situation of the company. The Member States should decide in accordance with the national law, whether the penalties** should be ~~applied in such a way that the sanction is initiated by the competent~~**imposed directly by supervisory authorities, in collaboration with other authorities or by application to the competent judicial authorities. In order to ensure public oversight of**	

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			the application of the rules set out in this Directive, the decisions of the supervisory ~~authority and~~**authorities containing penalties** imposed ~~by the judicial authority. Therefore, it is necessary that those Member States ensure that the application~~**on companies due to failure to comply with the provisions of national law implementing this Directive should be published, sent to the European Network of Supervisory Authorities and remain publicly available for at least 3 years. The published decision should not contain any personal data in accordance with the Regulation (EU) 2016/679** of the ~~rules and sanctions has an equivalent effect to the administrative sanctions imposed by the competent supervisory authorities~~**European Parliament and of the Council[1]. The publication of the company's name is allowed even if it contains a name of a natural person**. _____ **1. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).**	

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63a		***(54a) In order to prevent an artificial reduction of potential administrative fines resulting from an ultimate parent company shifting its net worldwide turnover to third entities, Member States should ensure that, with regards to companies referred to in Articles 2(1)(b) and 2(2)(b), administrative pecuniary sanctions are calculated taking into account the consolidated turnover reported by that company.***		
63b		***(54b) Under Article 18(2) of Directive 2014/24/EU, Article 36(2) of Directive 2014/25/EU and Article 30(3) of Directive 2014/23/EU, Member States are required to take appropriate measures to ensure compliance with obligations under Union law with regards to procurement and concession contracts. Therefore the Commission should assess whether it is relevant to review these directives to further specify the requirements and measures Member States are to adopt to ensure compliance with the sustainability and due diligence obligations under this Directive***		

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		throughout procurement and concession processes, from selection to performance of the contract.		
Recital 55				
64	(55) In order to ensure consistent application and enforcement of national provisions adopted pursuant to this Directive, national supervisory authorities should cooperate and coordinate their action. For that purpose a European Network of Supervisory Authorities should be set up by the Commission and the supervisory authorities should assist each other in performing their tasks and provide mutual assistance.	(55) In order to ensure consistent application and enforcement of national provisions adopted pursuant to this Directive, national supervisory authorities should cooperate and coordinate their action. For that purpose a European Network of Supervisory Authorities should be set up by the Commission and the supervisory authorities should assist each other in performing their tasks and provide mutual assistance.	(55) In order to ensure consistent application and enforcement of national provisions adopted pursuant to this Directive,——— national supervisory authorities should cooperate and coordinate their action. For that purpose a European Network of Supervisory Authorities should be set up by the Commission and the supervisory authorities should assist each other in performing their tasks and provide mutual assistance.	
Recital 56				
65	(56) In order to ensure effective compensation of victims of adverse impacts, Member States should be required to lay down rules governing the civil liability of companies for damages arising due to its failure to comply with the due diligence process. The company should be liable for damages if they failed to comply with the obligations to prevent and mitigate potential adverse impacts or to bring actual	(56) In order to ensure effective compensation of victims of adverse impacts, Member States should be required to lay down rules governing the civil liability of companies for damages arising due to its failure to comply with the due diligence process. The company should be liable for damages if they failed to comply with the obligations to prevent and mitigate potential adverse impacts or to bring actual	(56) In order to ensure effective compensation of victims of adverse impacts, Member States should be required to lay down rules governing the civil liability of companies for ~~damages arising due to its failure to comply with the due diligence process.~~**damage caused to a natural or legal person, under the condition that** the company ~~should be liable for damages if they~~**intentionally or negligently**	

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	impacts to an end and minimise their extent, and as a result of this failure an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures occurred and led to damage.	impacts to an end and ~~*minimise their extent*~~***mitigate them , or provide remediation***, and as a result of this failure ***the company caused or contributed to*** an adverse impact that should have been identified, ***prioritised,*** prevented, mitigated***,***, brought to an end***, remediated*** or its extent minimised through the appropriate measures~~ *occurred*~~***,*** and led to damage. ***Member States should also make sure that , in case there is no legal successor, the mother companies can be held liable for their subsidiary where the subsidiary is under the scope of this Directive or was at the time of the impact and has been dissolved by the parent company or has dissolved itself intentionally in order to avoid liability, irrespective of any cooperation with the parent company in conducting due diligence.***	failed to ~~comply with the obligations to~~ prevent and mitigate potential adverse impacts or to bring actual impacts to an end and minimise their extent~~,~~ and as a result of ~~this~~**such a** failure ~~an~~**a damage was caused to the natural or legal person. Damage caused to a person's protected legal interests should be understood in line with the national law, for example death, physical or psychological injury, deprivation of personal liberty, loss of human dignity, or damage to a person's property. The condition that the damage has to be caused to a person as a result of the company's failure to comply with the obligation to address the adverse impact, when the right, prohibition or obligation listed in Annex I, the abuse or violation of which is resulting in the** adverse impact that should have been ~~identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures occurred and led to~~ **addressed, is aimed to protect the natural or legal person to which the damage is caused, should be understood as that a derivative damage (caused indirectly to other persons who are not the victims of adverse impacts and who are not protected by the rights, prohibitions or obligations listed**	

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			in Annex I) is not covered. For example, if an employee of a company suffered damage due to the company's violation of safety standards in the workplace, the landlord of such an employee should not be allowed to bring a claim against the company for an economic loss caused by the employee not being able to pay the rent. Causality is not regulated by this Directive, with the exception that the companies should not be held liable if the damage **is caused only by the business partners in the companies' chains of activities (so called 'being directly linked to'). The victims should have the right to full compensation for the damage occurred in accordance with national law and in line with such common principle. Deterrence through damages (i. e. punitive damages) or any other form of overcompensation should be prohibited.**	
Recital 57				
66	(57) As regards damages occurring at the level of established indirect business relationships, the liability of the company should be subject to specific conditions. The company should not be liable if it carried out specific due diligence measures.	(57) ~~*As regards damages occurring at the level of established indirect business relationships, the liability of the company should be subject to specific conditions. The company should not be liable if it carried out specific due diligence measures.*~~	(57) ~~As regards damages occurring at the level of established indirect business relationships, the liability of~~**A company should not be liable for the damage that would have occurred to the same extent even if** the company ~~should be subject to~~	

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	However, it should not be exonerated from liability through implementing such measures in case it was unreasonable to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the adverse impact. In addition, in the assessment of the existence and extent of liability, due account is to be taken of the company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with other entities to address adverse impacts in its value chains.	~~*However, it should not be exonerated from liability through implementing such measures in case it was unreasonable to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the adverse impact. In addition,*~~ In the assessment of the existence and extent of liability, due account ~~*is to*~~***should*** be taken of the company's efforts, insofar as they relate directly to the damage in question, to ~~*comply with any*~~***take*** remedial action***, including that*** required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with ***affected stakeholders and*** other entities to address adverse impacts in its value chains.	~~specific conditions. The company~~**had taken action in accordance with this Directive. Also, as the adverse impacts** should ~~not be liable if it carried out specific due diligence measures. However~~ **be prioritised according to their severity and likelihood and addressed gradually**, **if it is not possible to address all identified adverse impacts at the same time to the full extent, a company should not be liable for any damage stemming from any less significant**~~it should not be exonerated from liability through implementing such measures in case it was unreasonable to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the~~ adverse ~~impact. In addition, in the assessment of the existence and extent of liability, due account is to be taken~~**impacts that were not yet addressed. The correctness** of the company's ~~efforts, insofar as they relate directly to the damage in question, to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with other entities to address~~**prioritisation of adverse impacts should, however, be**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			assessed when determining whether the conditions for company's liability were met as part of the assessment of whether the company breached its obligation to adequately address the identified adverse impacts ~~in its value chains.~~**.**	
66a		***(57a) Moreover, the possibility for a company to prioritise, when necessary, should be taken into consideration for its potential liability under Article 22. Provided that the prioritisation was done faithfully with regard to the severity and likelihood of the adverse impact, a company should not be held liable if an adverse impact arises from an activity or operation that was legitimately not prioritised.***		
Recital 58				
67	(58) The liability regime does not regulate who should prove that the company's action was reasonably adequate under the circumstances of the case, therefore this question is left to national law.	(58) The liability regime does not regulate who should prove that the company's action was reasonably adequate under the circumstances of the case, ~~*therefore this question is left to*~~***however Member States may foresee in their*** national law ***that where a claimant provides prima facie elements substantiating the***	(58) The liability regime does not regulate who should prove that the company's action was reasonably adequate under the circumstances of the case, therefore this question is left to national law. **Also, this Directive does not regulate who can bring a claim before national courts and under which conditions**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		likelihood of the defendant's liability, the defendant is held liable, unless it can prove that it has complied with its obligations under this Directive.	**the civil proceeding can be initiated, therefore this question is left to national law. For example, Member States can decide that it is only the victim who can bring the claim before national courts or that a civil society organisation, trade union or other legal entity can bring the claim on behalf of the victim.**	
Recital 59				
68	(59) As regards civil liability rules, the civil liability of a company for damages arising due to its failure to carry out adequate due diligence should be without prejudice to civil liability of its subsidiaries or the respective civil liability of direct and indirect business partners in the value chain. Also, the civil liability rules under this Directive should be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive.	(59) As regards civil liability rules, the civil liability of a company for damages ***that it has caused or contributed to*** arising due to its failure to carry out adequate due diligence should be without prejudice to civil liability of its subsidiaries or the respective civil liability of direct and indirect business partners in the value chain. Also, the civil liability rules under this Directive should ~~*be without prejudice to Union or national rules on civil*~~***not limit companies'*** liability ~~*related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter*~~***under Union or national legal systems, including rules on joint and several*** liability ~~*than this Directive*~~.	(59) As regards civil liability rules, the civil liability of a company for damages arising due to its failure to carry out adequate due diligence should be without prejudice to civil liability of its subsidiaries or the respective civil liability of direct and indirect business partners in the ~~value~~ chain **of activities. When the company caused the damage jointly with its subsidiary or business partner, it**~~. Also, the civil liability rules under this Directive~~ should be ~~without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive~~**jointly and severally liable with this respective subsidiary or business partner.**	

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			This is without prejudice to any national law on the conditions of joint and several liability and on rights of recourse for the full compensation paid by one jointly and severally liable party.	
Recital 59a				
68a		***(59a) The right to an effective remedy is an internationally recognised human right, enshrined in Article 8 of the Universal Declaration of Human Rights, Article 9(3) of the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters and Article 2(3)of the International Covenant on Civil and Political Rights, and is also a fundamental right of the Union within the meaning of Article 47 of the Charter. Delays and difficulties in accessing evidence, as well as gender disparity, geographical location, vulnerabilities and marginalisation can constitute major practical and procedural obstacles for the persons concerned, hindering their access to an effective remedy without fear of reprisals. Member States should thus ensure that victims have access to an effective remedy and that the***	**(59a) The civil liability rules under this Directive should be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive. A stricter liability regime should also be understood as a national civil liability regime that does not provide for exemptions as provided by this Directive, such as the prioritisation of adverse impacts.**	

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		costs and the length of the proceedings do not prevent them from access to courts. These measures may, for example, take the form of public funding, including structural support for victims of actual and potential adverse impacts, limitation of applicable court or administrative fees, or access to legal aid.		
68b		***(59b) Mandated trade unions, civil society organisations or other relevant actors acting in the public interest, such as National Human Rights Institutions or an Ombudsman, should be able to bring actions before their courts on behalf of a victim or group of victims of adverse impacts, and should have the rights and obligations of a claimant party in the proceedings, without prejudice to existing national law.***		
68c		***(59c) Limitation periods for bringing civil liability claims for damages should be at least ten years. When setting the starting point of such limitation periods, Member States should consider***		

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		taking into account the moment the impact causing the damage has ceased and when the victim concerned knew or could be reasonable expected to have known that the damage they suffered was caused by the adverse impact.		
Recital 60				
69	(60) As regards civil liability arising from adverse environmental impacts, persons who suffer damage can claim compensation under this Directive even where they overlap with human rights claims.	(60) As regards civil liability arising from adverse environmental impacts, persons who suffer damage can claim compensation under this Directive even where they overlap with human rights claims.	(60) As regards civil liability arising from adverse environmental impacts, persons who suffer damage can claim compensation under this Directive even where they overlap with human rights claims.	
Recital 61				
70	(61) In order to ensure that victims of human rights and environmental harms can bring an action for damages and claim compensation for damages arising due to a company's failure to comply with the due diligence obligations stemming from this Directive, even where the law applicable to such claims is not the law of a Member State, as could be for instance be the case in accordance with international private law rules when the damage occurs in a third country, this Directive should require Member States to ensure that the liability provided for in	(61) In order to ensure that victims of human rights and environmental harms can bring an action for damages and claim compensation for damages arising due to a company's failure to comply with the due diligence obligations stemming from this Directive, even where the law applicable to such claims is not the law of a Member State, as could be for instance be the case in accordance with international private law rules when the damage occurs in a third country, this Directive should require Member States to ensure that the liability provided for in	(61) In order to ensure that victims of human rights and environmental harms can bring an action for damages and claim compensation for ~~damages arising due to a~~**damage caused when the** company~~'s failure~~ **intentionally or negligently failed** to comply with the due diligence obligations stemming from this Directive, ~~even~~**this Directive should require Member States to ensure that the provisions of national law transposing the civil liability regime provided for in this Directive are of overriding mandatory application in cases**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	provisions of national law transposing this Article is of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State.	provisions of national law transposing this Article is of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State.	where the law applicable to~~ such~~ claims **to that effect** is not the law of a Member State, as could~~ be~~ for instance be the case in accordance with international private law rules when the damage occurs in a third country~~, this Directive should require~~**. This means that the** Member States~~ to ensure that the~~ **, when transposing the civil** liability **regime** provided for in ~~provisions of~~**this Directive and choosing the methods to achieve such result, can also take into account all related** national ~~law transposing this Article is of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a~~**rules including the requirements as regards which natural or legal person can bring the claim, the statute of limitations, objections and defences, and calculation of compensation, to the extent they are necessary to ensure the protection of victims and crucial for safeguarding the** Member ~~State~~**States' public interests, such as its political, social or economic organisation**.	
Recital 62				
71	(62) The civil liability regime under this Directive should be without	(62) The civil liability regime under this Directive should be without	(62) The civil liability regime under this Directive should be without	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	prejudice to the Environmental Liability Directive 2004/35/EC. This Directive should not prevent Member States from imposing further, more stringent obligations on companies or from otherwise taking further measures having the same objectives as that Directive.	prejudice to the Environmental Liability Directive 2004/35/EC. This Directive should not prevent Member States from imposing further, more stringent obligations on companies or from otherwise taking further measures having the same objectives as that Directive.	prejudice to the ~~Environmental Liability Directive 2004/35/EC~~**Directive 2004/35/EC of the European Parliament and of the Council**[1]. This Directive should not prevent Member States from imposing further, more stringent obligations on companies or from otherwise taking further measures having the same objectives as ~~that~~ Directive **2004/35/EC**. _____ **1. Directive 2004/35/EC of the European Parliament and of the Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage (OJ L 143; 30.4.2004, p. 56).**	
Recital 63				
72	(63) In all Member States' national laws, directors owe a duty of care to the company. In order to ensure that this general duty is understood and applied in a manner which is coherent and consistent with the due diligence obligations introduced by this Directive and that directors systematically take into account sustainability matters in their decisions, this Directive should clarify, in a harmonised manner, the general duty of care of directors to act in the best interest of the company, by laying down that directors take into account the	(63) In all Member States' national laws, directors owe a duty of care to the company. In order to ensure that this general duty is understood and applied in a manner which is coherent and consistent with the due diligence obligations introduced by this Directive and that directors systematically take into account sustainability matters in their decisions, this Directive should clarify, in a harmonised manner, the general duty of care of directors to act in the best interest of the company, by laying down that directors take into account the	(63) ~~In all Member States' national laws, directors owe a duty of care to the company. In order to ensure that this general duty is understood and applied in a manner which is coherent and consistent with the due diligence obligations introduced by this Directive and that directors systematically take into account sustainability matters in their decisions, this Directive should clarify, in a harmonised manner, the general duty of care of directors to act in the best interest of the company, by laying down that directors take into account the~~	

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	sustainability matters as referred to in Directive 2013/34/EU, including, where applicable, human rights, climate change and environmental consequences, including in the short, medium and long term horizons. Such clarification does not require changing existing national corporate structures.	sustainability matters as referred to in Directive 2013/34/EU, including, where applicable, human rights, climate change and environmental consequences, including in the short, medium and long term horizons. Such clarification does not require changing existing national corporate structures.	~~sustainability matters as referred to in Directive 2013/34/EU~~**This Directive is without prejudice to Directive 2014/24/EU of the European Parliament and of the Council[1], Directive 2014/25/EU of the European Parliament and of the Council[2] and Directive 2014/23/EU of the European Parliament and of the Council[3]. In particular, pursuant to those Directives, contracting authorities and contracting entities may exclude or may be required by Member States to exclude from participation in a procurement procedure or in a concession award procedure, where applicable, any economic operator where they can demonstrate by any appropriate means a violation of applicable obligations in the fields of environmental, social and labour law**, including~~, where applicable, human rights, climate change and environmental consequences, including in the short, medium and long term horizons. Such clarification does not require changing existing national corporate structures~~ **those stemming from certain international agreements ratified by all Member States and listed in those Directives, or that the economic operator is guilty of grave professional misconduct, which renders its integrity**	

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			questionable. _____ **1. Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).** **2. Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, p. 243).** **3. Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28.3.2014, p. 1).**	
Recital 64				
73	(64) Responsibility for due diligence should be assigned to the company's directors, in line with the international due diligence frameworks. Directors should therefore be responsible for putting in place and overseeing the due diligence actions as laid down in this Directive and for adopting the company's due diligence policy, taking into account the input of stakeholders and civil society organisations and integrating due diligence into corporate management systems. Directors should also adapt the corporate strategy to actual and potential impacts identified and any due diligence measures taken.	(64) Responsibility for due diligence should be assigned to the company's directors, in line with the international due diligence frameworks. Directors should therefore be responsible for putting in place and overseeing the due diligence actions as laid down in this Directive and for adopting the company's due diligence policy, taking into account the input of stakeholders and civil society organisations and integrating due diligence into corporate management systems. Directors should also adapt the corporate strategy to actual and potential impacts identified and any due diligence measures taken.	*deleted*	

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Recital 65				
74	*(65)* Persons who work for companies subject to due diligence obligations under this Directive or who are in contact with such companies in the context of their work-related activities can play a key role in exposing breaches of the rules of this Directive. They can thus contribute to preventing and deterring such breaches and strengthening the enforcement of this Directive. Directive (EU) 2019/1937 of the European Parliament and of the Council[1] should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches. _____ 1. Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).	(65) Persons who work for companies subject to due diligence obligations under this Directive or who are in contact with such companies in the context of their work-related activities can play a key role in exposing breaches of the rules of this Directive. They can thus contribute to preventing and deterring such breaches and strengthening the enforcement of this Directive. Directive (EU) 2019/1937 of the European Parliament and of the Council[1] should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches. _____ 1. Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).	(65) Persons who work for companies subject to due diligence obligations under this Directive or who are in contact with such companies in the context of their work-related activities can play a key role in exposing breaches of the rules of this Directive. They can thus contribute to preventing and deterring such breaches and strengthening the enforcement of this Directive. Directive (EU) 2019/1937 ~~of the European Parliament and of the Council[1]~~ should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches. _____ ~~1. Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).~~	
74a		***(65a) Human rights and environmental rights defenders are on the front line of the consequences of adverse environmental and human rights impacts worldwide and in the EU,***		

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		and have been threatened, intimidated, persecuted, harassed or even murdered. Companies should therefore not expose them to any kind of violence.		
Recital 66				
75	(66) In order to specify the information that companies not subject to reporting requirements under the provisions on corporate sustainability reporting under Directive 2013/34/EU should be communicating on the matters covered by this Directive, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of determining additional rules concerning the content and criteria of such reporting, specifying information on the description of due diligence, potential and actual impacts and actions taken on those. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making[1].	(66) In order to specify the information that companies not subject to reporting requirements under the provisions on corporate sustainability reporting under Directive 2013/34/EU should be communicating on the matters covered by this Directive, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of determining additional rules concerning the content and criteria of such reporting, specifying information on the description of due diligence, potential and actual impacts and actions taken on those. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making[1].	(66) In order to specify the information that companies not subject to reporting requirements under the provisions on corporate sustainability reporting under Directive 2013/34/EU should be communicating on the matters covered by this Directive, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of determining additional rules concerning the content and criteria of such reporting, specifying information on the description of due diligence, potential and actual impacts and actions taken ~~on~~**with respect to** those **impacts**. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13	

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	In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. _____ 1. OJ L 123, 12.5.2016, p. 1.	In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. _____ 1. OJ L 123, 12.5.2016, p. 1.	April 2016 on Better Law-Making[1]. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. _____ 1. **[1]** OJ L 123, 12.5.2016, p. 1.	
Recital 67				
76	(67) This Directive should be applied in compliance with Union data protection law and the right to the protection of privacy and personal data as enshrined in Articles 7 and 8 of the Charter of Fundamental Rights of the European Union. Any processing of personal data under this Directive is to be undertaken in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council[1], including the requirements of purpose limitation, data minimisation and storage limitation. _____ 1. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of	(67) This Directive should be applied in compliance with Union data protection law and the right to the protection of privacy and personal data as enshrined in Articles 7 and 8 of the Charter of Fundamental Rights of the European Union. Any processing of personal data under this Directive is to be undertaken in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council[1], including the requirements of purpose limitation, data minimisation and storage limitation. _____ 1. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of	(67) This Directive should be applied in compliance with Union data protection law and the right to the protection of privacy and personal data as enshrined in Articles 7 and 8 of the Charter of Fundamental Rights of the European Union. Any processing of personal data under this Directive is to be undertaken in accordance with Regulation (EU) 2016/679 ~~of the European Parliament and of the Council~~[~~1~~], including the requirements of purpose limitation, data minimisation and storage limitation. _____ ~~1. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of~~	

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	personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) OJ L 119, 4.5.2016, p. 1–88.	personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) OJ L 119, 4.5.2016, p. 1–88.	~~personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) OJ L 119, 4.5.2016, p. 1–88.~~	
Recital 68				
77	(68) The European Data Protection Supervisor was consulted in accordance with Article 28(2) of Regulation (EU) 2018/1725 of the European Parliament and of the Council[1] and delivered an opinion on … 2022. _____ 1. Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data (OJ L 295, 21.11.2018, p. 39).	(68) The European Data Protection Supervisor was consulted in accordance with Article 28(2) of Regulation (EU) 2018/1725 of the European Parliament and of the Council[1] and delivered an opinion on … 2022. _____ 1. Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data (OJ L 295, 21.11.2018, p. 39).	(68) The European Data Protection Supervisor was consulted in accordance with Article 28(2) of Regulation (EU) 2018/1725 of the European Parliament and of the Council[1] and delivered an opinion on … 2022. _____ 1. **[1]** Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data**, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC** (OJ L 295, 21.11.2018, p. 39).	
Recital 69				
78	(69) This Directive is without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the same objectives and providing for	(69) This Directive is without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the same objectives and providing for	*deleted*	

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	more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and shall apply to those specific obligations.	more extensive or more specific obligations, the provisions of the other Union legislative act should prevail to the extent of the conflict and shall apply to those specific obligations***, in those cases where the obligations set out in another legislative act apply to a more specific sector or subject matter. Such acts include, but are not limited to existing as well as future EU legislation regarding timber and deforestation, posting of workers and forced labour***.		
Recital 70				
79	*(70)* The Commission should assess and report whether new sectors should be added to the list of high-impact sectors covered by this Directive, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear evidence on labour exploitation, human rights violations or newly emerging environmental threats, whether the list of relevant international conventions referred to in this Directive should be amended, in particular in the light of international developments, or whether the provisions on due diligence under this Directive should be extended to adverse climate	(70) The Commission should assess and report whether ~~*new sectors*~~***the scope of the Directive*** should be ~~*added to the list of high-impact*~~***lowered, in particular for certain*** sectors~~ *covered by this Directive*~~, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear ***data or*** evidence on labour exploitation, human rights violations or newly emerging environmental threats, ~~*whether the list of relevant international conventions referred to in this Directive should be amended, in particular in the light of international developments, or whether the provisions on due*~~	(70) The Commission should assess and report whether new sectors should be added to the list of high-impact sectors covered by this Directive, in order to align it to guidance from the Organisation for Economic Cooperation and Development or in light of clear evidence on labour exploitation, human rights violations or newly emerging environmental threats, whether the list of relevant international conventions referred to in this Directive should be amended, in particular in the light of international developments, or whether the provisions on due diligence under this Directive should be extended to adverse climate	

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	impacts.	~~*diligence under this Directive should be extended to adverse climate impacts*~~***including data from the EBRD, ILO or FRA***.	impacts. **The Commission should further assess whether the criteria and thresholds used for defining the scope of this Directive need to be revised, whether other legal persons should be covered or whether the definition of the 'chain of activities', including the provision of investment by regulated financial undertakings or the provision of financial services within the meaning of this Directive by regulated financial undertakings, irrespective of the decision of a Member State to apply this Directive to the provision of financial services by regulated financial undertakings, needs to be revised.**	
Recital 71				
80	(71) The objective of this Directive, namely better exploiting the potential of the single market to contribute to the transition to a sustainable economy and contributing to sustainable development through the prevention and mitigation of potential or actual human rights and environmental adverse impacts in companies' value chains, cannot be sufficiently achieved by the Member States acting individually or in an uncoordinated manner, but can	(71) The objective of this Directive, namely better exploiting the potential of the single market to contribute to the transition to a sustainable economy and contributing to sustainable development through the prevention and mitigation of potential or actual human rights and environmental adverse impacts in companies' value chains, cannot be sufficiently achieved by the Member States acting individually or in an uncoordinated manner, but can	(71) **Since** the objective of this Directive, namely better exploiting the potential of the single market to contribute to the transition to a sustainable economy and contributing to sustainable development through the prevention and mitigation of potential or actual human rights and environmental adverse impacts in companies'~~ value~~ chains **of activities**, cannot be sufficiently achieved by the Member States acting individually or in an uncoordinated manner, but can	

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	rather, by reason of the scale and effects of the actions, be better achieved at Union level. In particular, addressed problems and their causes are of a transnational dimension, as many companies are operating Union wide or globally and value chains expand to other Member States and to third countries. Moreover, individual Member States' measures risk being ineffective and lead to fragmentation of the internal market. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.	rather, by reason of the scale and effects of the actions, be better achieved at Union level. In particular, addressed problems and their causes are of a transnational dimension, as many companies are operating Union wide or globally and value chains expand to other Member States and to third countries. Moreover, individual Member States' measures risk being ineffective and lead to fragmentation of the internal market. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.	rather, by reason of the scale and effects of the actions, be better achieved at Union level. In particular, addressed problems and their causes are of a transnational dimension, as many companies are operating Union wide or globally and value chains expand to other Member States and to third countries. Moreover, individual Member States' measures risk being ineffective and lead to fragmentation of the internal market. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.	
Formula				
81	HAVE ADOPTED THIS DIRECTIVE:		HAVE ADOPTED THIS DIRECTIVE:	
Article 1				
82	Article 1 Subject matter	Article 1 Subject matter	Article 1 Subject matter	
Article 1(1), first subparagraph				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
83	1. This Directive lays down rules	1. This Directive lays down rules	1. This Directive lays down rules **on**	
Article 1(1), first subparagraph, point (a)				
84	(a) on obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the value chain operations carried out by entities with whom the company has an established business relationship and	(a) on obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts ***that they caused, contributed to or are directly linked to***, with respect to their own operations, ~~*the operations*~~***and those*** of their subsidiaries, and the ~~*value chain*~~ operations carried out by entities ***in their value chain*** with whom the company has ~~*an established*~~***a*** business relationship and	(a) ~~on~~ obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the ~~value chain~~ operations carried out by ~~entities with whom the company has an established business relationship and~~**their business partners in companies' chains of activities;**	
Article 1(1), first subparagraph, point (b)				
85	(b) on liability for violations of the obligations mentioned above.	(b) on liability for violations of the obligations mentioned above~~.~~ ***which led to damage;***	(b) ~~on~~ liability for violations of the obligations mentioned above~~.~~**; and**	
Article 1(1), first subparagraph, point (ba)				
85a			**(c) obligation to adopt a plan to ensure compatibility of business model and strategy of the company with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C.**	

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Article 1(1), second subparagraph				
86	The nature of business relationships as 'established' shall be reassessed periodically, and at least every 12 months.	*deleted*	*deleted*	
Article 1(2)				
87	*2.* This Directive shall not constitute grounds for reducing the level of protection of human rights or of protection of the environment or the protection of the climate provided for by the law of Member States at the time of the adoption of this Directive.	2. This Directive shall not constitute grounds for reducing the level of protection of human rights***, including employment and social rights as stipulated in existing Union and national legislation, the environment or*** ~~*or of protection of the environment or the protection of*~~ the climate provided for by the ~~*law of Member States*~~***Member States or by applicable collective agreements,*** at the time of the adoption of this Directive.	2. This Directive shall not constitute grounds for reducing the level of protection of human rights or of protection of the environment or the protection of the climate provided for by the law of Member States at the time of the adoption of this Directive.	
Article 1(3)				
88	3. This Directive shall be without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the	3. This Directive shall be without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the	3. This Directive shall be without prejudice to obligations in the areas of human rights, protection of the environment and climate change under other Union legislative acts. If the provisions of this Directive conflict with a provision of another Union legislative act pursuing the	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act shall prevail to the extent of the conflict and shall apply to those specific obligations.	same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act shall prevail to the extent of the conflict and shall apply to those specific obligations.	same objectives and providing for more extensive or more specific obligations, the provisions of the other Union legislative act shall prevail to the extent of the conflict and shall apply to those specific obligations.	
Article 2				
89	Article 2 Scope	Article 2 Scope	Article 2 Scope	
Article 2(1)				
90	1. This Directive shall apply to companies which are formed in accordance with the legislation of a Member State and which fulfil one of the following conditions:	1. This Directive shall apply to companies which are formed in accordance with the legislation of a Member State and which fulfil one of the following conditions:	1. This Directive shall apply to companies which are formed in accordance with the legislation of a Member State and which fulfil one of the following conditions:	
Article 2(1), point (a)				
91	(a) the company had more than 500 employees on average and had a net worldwide turnover of more than EUR 150 million in the last financial year for which annual financial statements have been prepared;	(a) The company had more than ~~500~~***250*** employees on average and had a net worldwide turnover of more than EUR ~~150~~***40*** million in the last financial year for which annual financial statements have been prepared;	(a) the company had more than 500 employees on average and had a net worldwide turnover of more than EUR 150 million in the last financial year for which annual financial statements have been ~~prepared~~**or should have been adopted**;	
Article 2(1), point (b)				
92				

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	(b) the company did not reach the thresholds under point (a), but had more than 250 employees on average and had a net worldwide turnover of more than EUR 40 million in the last financial year for which annual financial statements have been prepared, provided that at least 50% of this net turnover was generated in one or more of the following sectors:	(b) the company did not reach the thresholds under ~~point (a), but had more than 250 employees on average and had~~***(a) but is the ultimate parent company of a group that had 500 employees and*** a net worldwide turnover of more than ~~EUR 40~~***150*** million in the last financial year for which annual financial statements have been prepared~~, provided that at least 50% of this net turnover was generated in one or more of the following sectors:~~.	(b) the company did not reach the thresholds under point (a), but had more than 250 employees on average and had a net worldwide turnover of more than EUR 40 million in the last financial year for which annual financial statements have been ~~prepared~~**or should have been adopted**, provided that at least ~~50% of this net turnover~~**EUR 20 million** was generated in one or more of the following sectors **associated with the applicable statistical classification of economic activities established by Regulation (EC) No 1893/2006 and listed in Annex II**:	
Article 2(1), point (b)(i)				
93	(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear;	*deleted*	*(i)* the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear;	
Article 2(1), point (b)(ii)				
94	(ii) agriculture, forestry, fisheries (including aquaculture), the manufacture of food products, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages;	*deleted*	(ii) agriculture, forestry, fisheries (including aquaculture), the manufacture of food products **and beverages**, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; **or**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 2(1), point (b)(iii)				
95	(iii) the extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products).	*deleted*	*(iii)* the extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products).	
Article 2(2)				
96	2. This Directive shall also apply to companies which are formed in accordance with the legislation of a third country, and fulfil one of the following conditions:	2. This Directive shall also apply to companies which are formed in accordance with the legislation of a third country, and fulfil one of the following conditions:	2. This Directive shall also apply to companies which are formed in accordance with the legislation of a third country, and fulfil one of the following conditions:	
Article 2(2), point (a)				
97	(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the	(a) ***the company*** generated a net ***worldwide*** turnover of more than EUR 150 million***, provided that at***	(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the	

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	last financial year;	***least EUR 40 million was generated*** in the Union in the financial year preceding the last financial year***, including turnover generated by third party companies with whom the company and/or its subsidiaries has entered into a vertical agreement in the Union in return for royalties***;	last financial year; **or**	
Article 2(2), point (b)				
98	(b) generated a net turnover of more than EUR 40 million but not more than EUR 150 million in the Union in the financial year preceding the last financial year, provided that at least 50% of its net worldwide turnover was generated in one or more of the sectors listed in paragraph 1, point (b).	(b) ~~generated~~***the company did not reach the thresholds under (a) but is the ultimate parent company of a group that had 500 employees and*** a net ***worldwide*** turnover of more than ~~EUR 40~~***150*** million ~~but not more than EUR 150 million~~***and at least 40 million was generated*** in the Union in the ***last*** financial year ~~preceding the last~~***for which annual*** financial ~~year, provided that at least 50% of its net worldwide turnover was generated in one or more of the sectors listed in paragraph 1, point (b)~~***statements have been prepared, including turnover generated by third party companies with whom the company and/or its subsidiaries has entered into a vertical agreement in the Union in return for royalties***.	(b) generated a net turnover of more than EUR 40 million but not more than EUR 150 million in the Union in the financial year preceding the last financial year, provided that at least ~~50% of its net worldwide turnover~~**EUR 20 million** was generated in one or more of the sectors listed in paragraph 1, point (b).	
Article 2(3)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
99	3. For the purposes of paragraph 1, the number of part-time employees shall be calculated on a full-time equivalent basis. Temporary agency workers shall be included in the calculation of the number of employees in the same way as if they were workers employed directly for the same period of time by the company.	3. For the purposes of paragraph 1, the number of part-time employees shall be calculated on a full-time equivalent basis. Temporary agency workers ***and other workers in non-standard forms of employment*** shall be included in the calculation of the number of employees in the same way as if they were workers employed directly for the same period of time by the company.	3. For the purposes of paragraph 1, the number of part-time employees shall be calculated on a full-time equivalent basis. Temporary agency workers shall be included in the calculation of the number of employees in the same way as if they were workers employed directly for the same period of time by the company.	
Article 2(3a)				
99a			**3a. This Directive shall apply to a company if the company has met the conditions laid down in paragraph 1 or 2 during two consecutive financial years.**	
Article 2(4)				
100	4. As regards the companies referred to in paragraph 1, the Member State competent to regulate matters covered in this Directive shall be the Member State in which the company has its registered office.	4. As regards the companies referred to in paragraph 1, the Member State competent to regulate matters covered in this Directive shall be the Member State in which the company has its registered office.	4. As regards the companies referred to in paragraph 1, the Member State competent to regulate matters covered in this Directive shall be the Member State in which the company has its registered office.	
Article 2(5)				
100a			**5. As regards the companies**	

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			referred to in paragraph 2, the Member State competent to regulate matters covered in this Directive shall be the Member State in which the company has a branch. If the company does not have a branch in any Member State, or has branches located in different Member States, the Member State competent to regulate matters covered in this Directive shall be that in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year.	
Article 2(6)				
100b			**6. Member States may decide to apply this Directive to pension institutions which are considered to be social security schemes under the Regulation (EC) No 883/2004 of the European Parliament and of the Council[1] and Regulation (EC) No 987/2009 of the European Parliament and of the Council[2]. If a Member State decides to apply this Directive to such pension institutions, those pension institutions shall be considered regulated financial undertakings within the meaning of Article 3, point (a)(iv).** _____	

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			1. Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems (OJ L 166, 30.4.2004, p. 1). **2. Regulation (EC) No 987/2009 of the European Parliament and of the Council of 16 September 2009 laying down the procedure for implementing Regulation (EC) No 883/2004 on the coordination of social security systems (OJ L 284, 30.10.2009, p. 1).**	
Article 2(7)				
100c			**7. This Directive shall not apply to financial products listed in points (b) and (f) of point (12) of Article 2 of Regulation (EU) 2019/2088 of the European Parliament and of the Council[1].** _____ **1. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).**	
Article 2(8)				
100d			**8. Member States may decide to apply this Directive to regulated financial undertakings within the meaning of Article 3, point (a)(iv), also with respect to their business partners to which such regulated financial undertakings provide the services referred to in Article 3,**	

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			point (g).	
Article 3				
101	Article 3 Definitions		Article 3 Definitions	
Article 3, first paragraph				
102	For the purpose of this Directive, the following definitions shall apply:	***1.*** For the purpose of this Directive, the following definitions shall apply:	For the purpose of this Directive, the following definitions shall apply:	
Article 3, first paragraph, point (a)				
103	(a) 'company' means any of the following:	(a) 'company' means any of the following:	(a) 'company' means any of the following:	
Article 3, first paragraph, point (a)(i)				
104	(i) a legal person constituted as one of the legal forms listed in Annex I to Directive 2013/34/EU of the European Parliament and of the Council[1]; _____ 1. Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (OJ L 182, 29.6.2013, p. 19).	(i) a legal person constituted as one of the legal forms listed in Annex I ***and Annex II*** to Directive 2013/34/EU of the European Parliament and of the Council[1]; _____ 1. Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (OJ L 182, 29.6.2013, p. 19).	(i) a legal person constituted as one of the legal forms listed in Annex I to Directive 2013/34/EU~~ of the European Parliament and of the Council[1]~~; _____ ~~1. Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (OJ L 182, 29.6.2013, p. 19).~~	
Article 3, first paragraph, point (a)(ii)				

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105	(ii) a legal person constituted in accordance with the law of a third country in a form comparable to those listed in Annex I and II of that Directive;	(ii) a legal person constituted in accordance with the law of a third country in a form comparable to those listed in Annex I and II of that Directive;	(ii) a legal person constituted in accordance with the law of a third country in a form comparable to those listed in Annex I ~~and II of that~~ **of** Directive **2013/34/EU**;	
Article 3, first paragraph, point (a)(iii)				
106	(iii) a legal person constituted as one of the legal forms listed in Annex II to Directive 2013/34/EU composed entirely of undertakings organised in one of the legal forms falling within points (i) and (ii);	*deleted*	(iii) a legal person constituted as one of the legal forms listed in Annex II to Directive 2013/34/EU **or in accordance with the law of a third country in a form comparable to those listed in Annex II of that Directive, when such a legal person is** composed entirely of undertakings organised in one of the legal forms falling within points (i) and (ii);	
Article 3, first paragraph, point (a)(iv)				
107	(iv) a regulated financial undertaking, regardless of its legal form, which is	(iv) a regulated financial undertaking, regardless of its legal form, which is	(iv) a regulated financial undertaking, regardless of its legal form, which is**:**	
Article 3, first paragraph, point (a)(iv), first indent				
108	- a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 the European Parliament and of the Council[1]; _____	- a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 the European Parliament and of the Council[1]; _____	- a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 the European Parliament and of the Council[1];**an investment firm as defined in**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	1. Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).	1. Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).	**Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council[2];** _____ 1. Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1). **2. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).**	
Article 3, first paragraph, point (a)(iv), second indent				
109	- an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council[1]; _____ 1. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).	- an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council[1]; _____ 1. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).	- an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council[1]; _____ 1. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349). In the text of the Council's General Approach, this indent was put together with the previous one due to a clerical error.	
Article 3, first paragraph, point (a)(iv), third indent				
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	- an alternative investment fund manager (AIFM) as defined in Article 4(1), point (b), of Directive 2011/61/EU of the European Parliament and of the Council (2), including a manager of Euveca under Regulation (EU) No 345/2013 of the European Parliament and of the Council[1], a manager of EuSEF under Regulation (EU) No 346/2013 of the European Parliament and of the Council[2] and a manager of ELTIF under Regulation (EU) 2015/760 of the European Parliament and of the Council[3]; 1. Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds (OJ L 115, 25.4.2013, p. 1). 2. Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds (OJ L 115, 25.4.2013, p. 18). 3. Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (OJ L 123, 19.5.2015, p. 98).	- an alternative investment fund manager (AIFM) as defined in Article 4(1), point (b), of Directive 2011/61/EU of the European Parliament and of the Council (2), including a manager of Euveca under Regulation (EU) No 345/2013 of the European Parliament and of the Council[1], a manager of EuSEF under Regulation (EU) No 346/2013 of the European Parliament and of the Council[2] and a manager of ELTIF under Regulation (EU) 2015/760 of the European Parliament and of the Council[3]; 1. Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds (OJ L 115, 25.4.2013, p. 1). 2. Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds (OJ L 115, 25.4.2013, p. 18). 3. Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (OJ L 123, 19.5.2015, p. 98).	- an alternative investment fund manager (AIFM) as defined in Article 4(1), point (b), of Directive 2011/61/EU of the European Parliament and of the Council ~~(2)~~[1], including a manager of Euveca under Regulation (EU) No 345/2013 of the European Parliament and of the Council~~[1]~~[2], a manager of EuSEF under Regulation (EU) No 346/2013 of the European Parliament and of the Council~~[2]~~[3] and a manager of ELTIF under Regulation (EU) 2015/760 of the European Parliament and of the Council~~[3]~~[4]; 1. ~~Regulation (EU) No 345/2013~~**Directive 2011/61/EU** of the European Parliament and of the Council of ~~17 April 2013 on European venture capital funds (OJ L 115, 25.4.2013~~**8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011**, p. 1). 2. **[2]** Regulation (EU) ~~No 346/2013~~**No 345/2013** of the European Parliament and of the Council of 17 April 2013 on European ~~social entrepreneurship~~**venture capital** funds (OJ L 115, 25.4.2013, p. ~~18)~~ **1)**. 3. **[3]** Regulation (EU) ~~2015/760~~**No 346/2013** of the European Parliament and of the Council of ~~29~~**17** April ~~2015~~**2013** on European ~~long-term investment~~**social entrepreneurship** funds (OJ L ~~123, 19.5.2015, p. 98~~**115, 25.4.2013, p. 18**). **4. [4] Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (OJ L 123,**	

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			19.5.2015, p. 98).	
Article 3, first paragraph, point (a)(iv), fourth indent				
111	- an undertaking for collective investment in transferable securities (UCITS) management company as defined Article 2(1), point (b), of Directive 2009/65/EC of the European Parliament and of the Council[1]; _____ 1. Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32).	- an undertaking for collective investment in transferable securities (UCITS) management company as defined Article 2(1), point (b), of Directive 2009/65/EC of the European Parliament and of the Council[1]; _____ 1. Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32).	- an undertaking for collective investment in transferable securities (UCITS) management company as defined Article 2(1), point (b), of Directive 2009/65/EC of the European Parliament and of the Council[1]; _____ 1. Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32).	
Article 3, first paragraph, point (a)(iv), fifth indent				
112	- an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council[1]; _____ 1. Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1).	- an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council[1]; _____ 1. Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1).	- an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council[1]; _____ 1. Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1).	
Article 3, first paragraph, point (a)(iv), sixth indent				
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	- a reinsurance undertaking as defined in Article 13, point (4), of Directive 2009/138/EC;	- a reinsurance undertaking as defined in Article 13, point (4), of Directive 2009/138/EC;	- a reinsurance undertaking as defined in Article 13, point (4), of Directive 2009/138/EC;	
Article 3, first paragraph, point (a)(iv), seventh indent				
114	- an institution for occupational retirement provision as defined in Article 1, point (6) of Directive 2016/2341 of the European Parliament and of the Council[1]; _____ 1. Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) (OJ L 354, 23.12.2016, p. 37).	- an institution for occupational retirement provision as defined in Article 1, point (6) of Directive 2016/2341 of the European Parliament and of the Council[1]; _____ 1. Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) (OJ L 354, 23.12.2016, p. 37).	- an institution for occupational retirement provision ~~as defined in Article 1, point (6)~~**within the scope** of Directive **(EU)** 2016/2341 of the European Parliament and of the Council[1] **in accordance with Article 2 thereof, unless a Member State has chosen not to apply that Directive in whole or in parts to that institution in accordance with Article 5 of that Directive**; _____ 1. Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) (OJ L 354, 23.12.2016, p. 37).	
Article 3, first paragraph, point (a)(iv), eighth indent				
115	- pension institutions operating pension schemes which are considered to be social security schemes covered by Regulation (EC) No 883/2004 of the European Parliament and of the Council[1] and Regulation (EC) No 987/2009 of the European Parliament and of the Council[2] as well as any legal entity	*deleted*	*deleted*	

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	set up for the purpose of investment of such schemes; _____ 1. Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems (OJ L 166, 30.4.2004, p. 1). 2. Regulation (EC) No 987/2009 of the European Parliament and of the Council of 16 September 2009 laying down the procedure for implementing Regulation (EC) No 883/2004 on the coordination of social security systems (OJ L 284, 30.10.2009, p. 1).			
Article 3, first paragraph, point (a)(iv), ninth indent				
116	- an alternative investment fund (AIF) managed by an AIFM as defined in Article 4(1), point (b), of Directive 2011/61/EU or an AIF supervised under the applicable national law;	*deleted*	*deleted*	
Article 3, first paragraph, point (a)(iv), tenth indent				
117	- UCITS in the meaning of Article 1(2) of Directive 2009/65/EC;	*deleted*	*deleted*	
Article 3, first paragraph, point (a)(iv), eleventh indent				
118	- a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council[1]; _____	- a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council[1]; _____	- a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council[1]; _____	

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	1. Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1).	1. Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1).	1. Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1).	
Article 3, first paragraph, point (a)(iv), twelfth indent				
119	- a central securities depository as defined in Article 2(1), point (1), of Regulation (EU) No 909/2014 of the European Parliament and of the Council[1]; _____ 1. Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).	- a central securities depository as defined in Article 2(1), point (1), of Regulation (EU) No 909/2014 of the European Parliament and of the Council[1]; _____ 1. Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).	- a central securities depository as defined in Article 2(1), point (1), of Regulation (EU) No 909/2014 of the European Parliament and of the Council[1]; _____ 1. Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).	
Article 3, first paragraph, point (a)(iv), thirteenth indent				
120	- an insurance or reinsurance special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC;	- an insurance or reinsurance special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC;	- an insurance or reinsurance special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC;	
Article 3, first paragraph, point (a)(iv), fourteenth indent				
121	- ‘securitisation special purpose entity’ as defined in Article 2, point (2), of Regulation (EU) No 2017/2402 of the European	- ‘securitisation special purpose entity’ as defined in Article 2, point (2), of Regulation (EU) No 2017/2402 of the European	- ‘securitisation special purpose entity’ as defined in Article 2, point (2), of Regulation (EU) No 2017/2402 of the European	

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	Parliament and of the Council[1]; 1. Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35).	Parliament and of the Council[1]; 1. Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35).	Parliament and of the Council[1]; 1. Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35).	
Article 3, first paragraph, point (a)(iv), fifteenth indent				
122	- an insurance holding company as defined in Article 212(1), point (f), of Directive 2009/138/EC or a mixed financial holding company as defined in Article 212(1), point (h), of Directive 2009/138/EC, which is part of an insurance group that is subject to supervision at the level of the group pursuant to Article 213 of that Directive and which is not exempted from group supervision pursuant to Article 214(2) of Directive 2009/138/EC;	- an insurance holding company as defined in Article 212(1), point (f), of Directive 2009/138/EC or a mixed financial holding company as defined in Article 212(1), point (h), of Directive 2009/138/EC, which is part of an insurance group that is subject to supervision at the level of the group pursuant to Article 213 of that Directive and which is not exempted from group supervision pursuant to Article 214(2) of Directive 2009/138/EC;	- an insurance holding company as defined in Article 212(1), point (f), of Directive 2009/138/EC or a mixed financial holding company as defined in Article 212(1), point (h), of Directive 2009/138/EC, which is part of an insurance group that is subject to supervision at the level of the group pursuant to Article 213 of that Directive and which is not exempted from group supervision pursuant to Article 214(2) of Directive 2009/138/EC;	
Article 3, first paragraph, point (a)(iv), sixteenth indent				
123	- a payment institution as defined in point (d) of Article 1(1) of Directive (EU) 2015/2366 of the European Parliament and of the Council[1]; 1. Directive (EU) 2015/2366 of the European	- a payment institution as defined in point (d) of Article 1(1) of Directive (EU) 2015/2366 of the European Parliament and of the Council[1]; 1. Directive (EU) 2015/2366 of the European	- a payment institution as defined in point (d) of Article 1(1) of Directive (EU) 2015/2366 of the European Parliament and of the Council[1]; 1. Directive (EU) 2015/2366 of the European	

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	Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).	Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).	Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).	
Article 3, first paragraph, point (a)(iv), seventeenth indent				
124	- an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council[1]; _____ 1. Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ L 267, 10.10.2009, p. 7).	- an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council[1]; _____ 1. Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ L 267, 10.10.2009, p. 7).	- an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council[1]; _____ 1. Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ L 267, 10.10.2009, p. 7).	
Article 3, first paragraph, point (a)(iv), eighteenth indent				
125	- a crowdfunding service provider as defined in point (e) Article 2(1) of Regulation (EU) 2020/1503 of the European Parliament and of the Council[1]; _____ 1. Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (OJ L 347, 20.10.2020, p.	- a crowdfunding service provider as defined in point (e) Article 2(1) of Regulation (EU) 2020/1503 of the European Parliament and of the Council[1]; _____ 1. Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (OJ L 347, 20.10.2020, p.	- a crowdfunding service provider as defined in point (e) Article 2(1) of Regulation (EU) 2020/1503 of the European Parliament and of the Council[1]; _____ 1. Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (OJ L 347, 20.10.2020, p.	

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	1).	1).	1).	
Article 3, first paragraph, point (a)(iv), nineteenth indent				
126	- a crypto-asset service provider as defined in Article 3(1), point (8), of [the proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937[1]] where performing one or more crypto-asset services as defined in Article 3(1), point (9), of [the proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937]; _____ 1. COM/2020/593 final.	- a crypto-asset service provider as defined in Article 3(1), point (8), of [the proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937[1]] where performing one or more crypto-asset services as defined in Article 3(1), point (9), of [the proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937]; _____ 1. COM/2020/593 final.	- a crypto-asset service provider as defined in Article 3(1), point (8), of [the proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937[1]] where performing one or more crypto-asset services as defined in Article 3(1), point (9), of [the proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937]; _____ 1. COM/2020/593 final.	
126a		***(aa) 'investee company' means a company in which an institutional investor or asset manager invests which cannot be considered as a controlled undertaking;***		
126b		***(ab) 'institutional investor' means an entity as defined by Article 2(e) of Directive 2007/36/EC, within the***		

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		scope of Article 2 of this Directive;		
126c		***(ac) 'asset manager' means an entity as defined by Article 2(f) of Directive 2007/36/EC, within the scope of Article 2 of this Directive;***		
Article 3, first paragraph, point (b)				
127	(b) 'adverse environmental impact' means an adverse impact on the environment resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the Annex, Part II;	(b) 'adverse environmental impact' means an adverse impact on the environment resulting from the ~~violation of one~~***failure to comply with obligations in line with the relevant provisions of the instruments listed in Part I, points 18 and 19,*** of the ~~prohibitions and obligations pursuant~~***Annex and Part II of the Annex, taking into account, where available, the national legislation and measures linked to those provisions related*** to the international ~~environmental conventions~~***texts*** listed in ***Part I, points 18 and 19, of*** the Annex~~,~~ ***and*** Part II ***of the Annex***;	(b) 'adverse environmental impact' means an ~~adverse~~ impact on the environment resulting from ~~the~~ violation of one of the prohibitions and obligations ~~pursuant to the international environmental conventions~~ listed in the Annex **I**, Part II;	
Article 3, first paragraph, point (c)				
128	(c) 'adverse human rights impact' means an adverse impact on protected persons resulting from the	(c) 'adverse human rights impact' means an adverse impact on ~~protected~~ persons resulting from ~~the~~	(c) 'adverse human rights impact' means an ~~adverse~~ impact on ~~protected~~ persons resulting from ~~the~~	

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	violation of one of the rights or prohibitions listed in the Annex, Part I Section 1, as enshrined in the international conventions listed in the Annex, Part I Section 2;	~~violation of one of the rights or prohibitions listed in the Annex, Part I Section 1, as~~***any action which removes or reduces the ability of an individual or group to enjoy the rights or to be protected by prohibitions*** enshrined in ~~the~~ international conventions ***and instruments*** listed in the Annex, Part I***, Section 1 and Annex, Part I,*** Section 2;	~~violation of one of the rights or prohibitions listed in the Annex, Part I Section 1, as enshrined in the international conventions listed in the Annex, Part I Section 2;~~	
Article 3, first paragraph, point (c)(i)				
128a			**(i) an abuse of one of the human rights listed in the Annex I, Part I Section 1, as those human rights are enshrined in the international instruments listed in the Annex I, Part I Section 2;**	
Article 3, first paragraph, point (c)(ii)				
128b			**(ii) an abuse of a human right not listed in the Annex I, Part I Section 1, but included in the human rights instruments listed in the Annex I, Part I Section 2, provided that:**	
Article 3, first paragraph, point (c)(ii), first subparagraph				
128c			**- the human right can be abused by a company or legal**	

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			entity other than a Member State or a third country or their authorities;	
Article 3, first paragraph, point (c)(ii), second subparagraph				
128d			**- the human right abuse directly impairs a legal interest protected in the human rights instruments listed in the Annex I, Part I Section 2; and**	
Article 3, first paragraph, point (c)(ii), thirds subparagraph				
128e			**- the company could have reasonably identified such human right abuse in its own operations, those of its subsidiaries or its business partners, taking into account the circumstances of the specific case, including the nature and extent of the company's business operations and its chain of activities, characteristics of the economic sector and geographical and operational context;**	
Article 3, first paragraph, point (ca)				
128f		***(ca) 'adverse impact' means any potential or actual adverse human rights or adverse environmental impact;***	**(ca) 'adverse impact' means adverse environmental impact and adverse human rights impact;**	

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Article 3, first paragraph, point (d)				
129	(d) 'subsidiary' means a legal person through which the activity of a 'controlled undertaking' as defined in Article 2(1), point (f), of Directive 2004/109/EC of the European Parliament and of the Council[1] is exercised; _____ 1. Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).	(d) 'subsidiary' means a legal person ***as defined in Article 2, point (10), of Directive 2013/34/EU and a legal person*** through which the activity of a 'controlled undertaking' as defined in Article 2(1), point (f), of Directive 2004/109/EC of the European Parliament and of the Council[1] is exercised; _____ 1. Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).	(d) 'subsidiary' means a legal person through which the activity of a 'controlled undertaking' as defined in Article 2(1), point (f), of Directive 2004/109/EC of the European Parliament and of the Council[1] is exercised; _____ 1. Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).	
Article 3, first paragraph, point (e)				
130	(e) 'business relationship' means a relationship with a contractor, subcontractor or any other legal entities ('partner')	(e) 'business relationship' means a ***direct or indirect*** relationship ***of a company*** with a contractor, subcontractor, or ~~*any*~~ other ~~*legal*~~ entities ~~*('partner')*~~***in its value chain:***	(e) 'business ~~relationship~~**partner**' means a ~~relationship with a contractor, subcontractor or any other~~ legal ~~entities ('partner')~~**entity**	
Article 3, first paragraph, point (e)(i)				
131	(i) with whom the company has a commercial agreement or to whom the company provides financing, insurance or reinsurance, or	(i) with whom the company has a commercial agreement or to whom the company provides ~~*financing, insurance or reinsurance, or*~~***financial services;***	(i) with whom the company has a commercial agreement **related to the operations, products or services of the company** or to whom the company provides	

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			~~financing, insurance or reinsurance~~**services pursuant to point (g) ('direct business partner')**, or	
Article 3, first paragraph, point (e)(ii)				
132	(ii) that performs business operations related to the products or services of the company for or on behalf of the company;	(ii) that performs ~~*business operations*~~***activities*** related to the products or services ~~*of the company for or on behalf*~~ of the company;	(ii) ~~that~~**which is not a direct business partner but which** performs business operations related to the **operations,** products or services of the company ~~for or on behalf of the company~~**('indirect business partner')**;	
Article 3, first paragraph, point (f)				
133	(f) 'established business relationship' means a business relationship, whether direct or indirect, which is, or which is expected to be lasting, in view of its intensity or duration and which does not represent a negligible or merely ancillary part of the value chain;	*deleted*	*deleted*	
Article 3, first paragraph, point (g)				
134	*(g)* 'value chain' means activities related to the production of goods or the provision of services by a company, including the development of the product or the service and the use and disposal of the product as	(g) 'value chain' means ~~*activities related to the production of goods or the provision of services by a company, including the development of the product or the service and the use and disposal of the product as*~~	(g) '~~value~~ chain'~~ means activities related to the production of goods or the provision of services by a company, including the development of the product or the service and the use and disposal of the product as~~	

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	well as the related activities of upstream and downstream established business relationships of the company. As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision of these specific services shall only include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;	~~*well as the related activities of upstream and downstream established business relationships of the company. As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision of these specific services shall only include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;*~~ **:**	~~well as the related~~ **of** activities ~~of upstream and downstream established business relationships of the company. As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision of these specific services shall only include the activities of the clients receiving such loan, credit, and other financial services and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of such regulated financial undertakings does not cover SMEs receiving loan, credit, financing, insurance or reinsurance of such entities;~~ **' means:**	
Article 3, first paragraph, point (fa), first subparagraph, point (i)				
134a		***(i) activities related to, and entities involved in, the production, design, sourcing, extraction, manufacture, transport, storage and supply of raw materials, products or parts of a company's product and the development of a company's product or the development or provision of a service, and***	**(i) activities of a company's upstream business partners related to the production of goods or the provision of services by the company, including the design, extraction, manufacture, transport, storage and supply of raw materials, products or parts of the products and development of the product or the service, and**	
Article 3, first paragraph, point (fa), first subparagraph, point (ii)				
134b		***(ii) activities related to, and entities***	**(ii) activities of a company's**	

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		involved in, the sale, distribution, transport, storage, and waste management of a company's products or the provision of services, and excluding the waste management of the product by individual consumers.	**downstream business partners related to the distribution, transport, storage and disposal of the product, including the dismantling, recycling, composting or landfilling, where the business partners carry out those activities for the company or on behalf of the company, excluding the disposal of the product by consumers and distribution, transport, storage and disposal of the product being subject to the export control under the Regulation (EU) 2021/821 of the European Parliament and of the Council or the export control relating to weapons, munition or war materials, after the export of the product is authorised.**	
Article 3, first paragraph, point (g), second subparagraph				
134c		***As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision of these specific services shall include the activities of the clients directly receiving such financial services provided by financial undertakings pursuant to point (iv) and of other companies belonging to the same group whose activities are linked to the contract in question. The value chain of regulated financial undertakings***	**Subject to Article 2(8), as regards regulated financial undertakings within the meaning of point (a)(iv), the term 'chain of activities' shall also include the activities of:**	

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		within the meaning of point (a)-(iv) does not cover households and natural persons or SMEs;		
Article 3, first paragraph, point (fa), second subparagraph, point (i)				
134d			**(i) legal entities receiving directly lending, provision of guarantees and commitments from the regulated financial undertaking;**	
Article 3, first paragraph, point (fa), second subparagraph, point (ii)				
134e			**(ii) policy-holders and insured parties under insurance contracts concluded with the regulated financial undertaking;**	
Article 3, first paragraph, point (fa), second subparagraph, point (iii)				
134f			**(iii) legal entities ceding risk under a reinsurance contract and institutions for occupational retirement provision to which coverage is provided under a reinsurance contract concluded with the regulated financial undertaking;**	
Article 3, first paragraph, point (fa), second subparagraph, point (iv)				
134g			**(iv) subsidiaries of legal entities referred to in points (i) to (iii)**	

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			benefiting from the service referred to in points (i) to (iii), whose activities are linked to the service in question.	
Article 3, first paragraph, point (fa), third subparagraph				
134h			**The chain of activities of regulated financial undertakings within the meaning of point (a)(iv) providing such services does not cover SMEs, natural persons and households receiving the services;**	
Article 3, first paragraph, point (h)				
135	(h) 'independent third-party verification' means verification of the compliance by a company, or parts of its value chain, with human rights and environmental requirements resulting from the provisions of this Directive by an auditor which is independent from the company, free from any conflicts of interests, has experience and competence in environmental and human rights matters and is accountable for the quality and reliability of the audit;	(h) 'independent third-party verification' means verification of ***aspects of the due diligence of*** ~~*the compliance by*~~ a company~~,~~ or parts of its value chain ***resulting from the provisions of this Directive either by an auditor or an audit firm that is approved in accordance with Article 3 of Directive 2006/43/EC or accredited in a Member State for conducting certifications, or by an independent assurance services provider as defined in Article 2, point (23), of Directive 2006/43/EC accredited in a Member State in accordance with Regulation (EC) No 765/2008 of the European Parliament and of the Council for the specific conformity assessment***	(h) 'independent third-party verification' means verification of the compliance by a company, or parts of its ~~value chain~~**chain of activities**, with human rights and environmental requirements resulting from the provisions of this Directive by an ~~auditor~~**expert** which is independent from the company, free from any conflicts of interests, has experience and competence in environmental and human rights matters and is accountable for the quality and reliability of the ~~audit~~**verification**;	

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		activity referred to in Article 14(4a) or~~, with human rights and environmental requirements resulting from the provisions of this Directive~~ by an ~~auditor~~***independent third party that is accredited in a Member State for conducting certifications and*** which is independent from the company, free from any conflicts of interests, has ***demonstrated*** experience***, expertise*** and competence in environmental***, climate,*** and human rights matters***,*** and is accountable for the quality and reliability of the audit ***or assessment, and meets the minimum standards set out in the delegated act as described in Article 14(4a)***;		
Article 3, first paragraph, point (i)				
136	(i) 'SME' means a micro, small or a medium-sized enterprise, irrespective of its legal form, that is not part of a large group, as those terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU;	(i) 'SME' means a micro, small or a medium-sized enterprise, irrespective of its legal form, that is not part of a large group, as those terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU;	(i) 'SME' means a micro, small or a medium-sized ~~enterprise~~**undertaking**, irrespective of its legal form, that is not part of a large group, as those terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU;	
Article 3, first paragraph, point (j)				
137	(j) 'industry initiative' means a combination of voluntary value chain due diligence procedures, tools	(j) 'industry ***or multi-stakeholder*** initiative' means ~~a combination of voluntary value chain due~~	(j) 'industry initiative' means a combination of voluntary ~~value chain~~ due diligence procedures **in**	

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	and mechanisms, including independent third-party verifications, developed and overseen by governments, industry associations or groupings of interested organisations;	~~diligence~~***an initiative that companies participate in, which provides standards,*** procedures, tools ~~and~~***and/or*** mechanisms, ~~including independent third-party verifications,~~ ***in order to support, monitor, evaluate, certify, and/or verify aspects of their due diligence, or the due diligence conducted by their subsidiaries and/or business relationships. Such initiatives may be*** developed and overseen by governments, industry associations ~~or~~***,*** groupings of interested ***organisations, or civil society*** organisations;	**the chains of activities**, tools and mechanisms, including independent third-party verifications, developed and overseen by governments, industry associations or groupings of interested organisations;	
Article 3, first paragraph, point (k)				
138	(k) 'authorised representative' means a natural or legal person resident or established in the Union who has a mandate from a company within the meaning of point (a)(ii) to act on its behalf in relation to compliance with that company's obligations pursuant to this Directive;	(k) 'authorised representative' means a natural or legal person resident or established in the Union who has a mandate from a company within the meaning of point (a)(ii) to act on its behalf in relation to compliance with that company's obligations pursuant to this Directive;	(k) 'authorised representative' means a natural or legal person resident or established in the Union who has a mandate from a company within the meaning of point (a)(ii) to act on its behalf in relation to compliance with that company's obligations pursuant to this Directive;	
Article 3, first paragraph, point (l)				
139	(l) 'severe adverse impact' means an adverse environmental impact or an adverse human rights impact that is especially significant by its nature,	*deleted*	(l) 'severe adverse impact' means an adverse ~~environmental impact or an adverse human rights~~ impact that is especially significant by its nature,	

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	or affects a large number of persons or a large area of the environment, or which is irreversible, or is particularly difficult to remedy as a result of the measures necessary to restore the situation prevailing prior to the impact;		or affects a large number of persons or a large area of the environment, or ~~which is irreversible, or~~**where it** is particularly difficult to ~~remedy as a result of the measures necessary to~~ restore the situation prevailing prior to the **adverse** impact;	
Article 3, first paragraph, point (m)				
140	(m) 'net turnover' means	(m) 'net turnover' means	(m) 'net turnover' means**:**	
Article 3, first paragraph, point (m)(i)				
141	(i) the 'net turnover' as defined in Article 2, point (5), of Directive 2013/34/EU; or,	(i) the 'net turnover' as defined in Article 2, point (5), of Directive 2013/34/EU; or,	(i) the 'net turnover' as defined in Article 2, point (5), of Directive 2013/34/EU; or~~,~~	
Article 3, first paragraph, point (m)(ii)				
142	(ii) where the company applies international accounting standards adopted on the basis of Regulation (EC) No 1606/2002 of the European Parliament and of the Council[1] or is a company within the meaning of point (a)(ii), the revenue as defined by or within the meaning of the financial reporting framework on the basis of which the financial statements of the company are prepared; _____ 1. Regulation (EC) No 1606/2002 of the	(ii) where the company applies international accounting standards adopted on the basis of Regulation (EC) No 1606/2002 of the European Parliament and of the Council[1] or is a company within the meaning of point (a)(ii), the revenue as defined by or within the meaning of the financial reporting framework on the basis of which the financial statements of the company are prepared; _____ 1. Regulation (EC) No 1606/2002 of the	(ii) where the company applies international accounting standards adopted on the basis of Regulation (EC) No 1606/2002 of the European Parliament and of the Council[1] or is a company within the meaning of point (a)(ii), the revenue as defined by or within the meaning of the financial reporting framework on the basis of which the financial statements of the company are prepared; _____ 1. Regulation (EC) No 1606/2002 of the	

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	European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11.9.2002, p.1).	European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11.9.2002, p.1).	European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11.9.2002, p.1).	
Article 3, first paragraph, point (n)				
143	(n) 'stakeholders' means the company's employees, the employees of its subsidiaries, and other individuals, groups, communities or entities whose rights or interests are or could be affected by the products, services and operations of that company, its subsidiaries and its business relationships;	(n) '***affected*** stakeholders' means ***those individuals, groups or communities that have rights or legitimate interests that are affected or could be affected by the adverse impacts stemming from a*** ~~the~~ company's ~~employees, the employees of its subsidiaries, and other~~***activities or actions or the activities or actions of entities in its value chain, and the legitimate representatives of such*** individuals ***or groups, including the workers and their representatives and the trade unions of the company, of its subsidiaries and throughout its value chain, or in cases where there are no individuals, groups or communities***~~, groups, communities or entities whose rights or interests are or could be~~ affected by ***an adverse impact on the environment, credible and experienced organisations whose purpose includes the protection of the environment***~~the products, services and operations of that company, its subsidiaries and its business relationships~~;	(n) 'stakeholders' means the company's employees, the employees of its subsidiaries, **trade unions and workers' representatives, consumers,** and other individuals, groups, communities or entities whose rights or interests are or could be affected by the products, services and operations of that company, its subsidiaries and its business ~~relationships~~**partners, including civil society organisations, national human rights and environmental institutions, and human rights and environmental defenders**;	

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143a		***(na) 'vulnerable stakeholders' means affected stakeholders that find themselves in marginalised situations and situations of vulnerability, due to specific contexts or intersecting factors, including among others, sex, gender, age, race, ethnicity, class, caste, education, indigenous peoples, migration status, disability, as well as social and economic status, and includes stakeholders living in conflict-affected and high risk areas, which are the causes of diverse and often disproportionate adverse impacts, and create discrimination and additional barriers to participation and access to justice;***		
Article 3, first paragraph, point (o)				
144	(o) 'director' means:	(o) 'director' means:	*deleted*	
Article 3, first paragraph, point (o)(i)				
145	*(i)* any member of the administrative, management or supervisory bodies of a company;	(i) any member of the administrative, management or supervisory bodies of a company;	*deleted*	

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Article 3, first paragraph, point (o)(ii)				
146	*(ii)* where they are not members of the administrative, management or supervisory bodies of a company, the chief executive officer and, if such function exists in a company, the deputy chief executive officer;	(ii) where they are not members of the administrative, management or supervisory bodies of a company, the chief executive officer and, if such function exists in a company, the deputy chief executive officer;	*deleted*	
Article 3, first paragraph, point (o)(iii)				
147	*(iii)* other persons who perform functions similar to those performed under point (i) or (ii);	(iii) other persons who perform functions similar to those performed under point (i) or (ii);	*deleted*	
Article 3, first paragraph, point (p)				
148	*(p)* 'board of directors' means the administrative or supervisory body responsible for supervising the executive management of the company, or, if no such body exists, the person or persons performing equivalent functions;	(p) 'board of directors' means the administrative or supervisory body responsible for supervising the executive management of the company, or, if no such body exists, the person or persons performing equivalent functions;	*deleted*	
Article 3, first paragraph, point (q)				
149	*(q)* 'appropriate measure' means a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into	(q) 'appropriate ~~*measure*~~***measures***' means ~~*a measure that is*~~***measures that are*** capable of achieving the objectives of due diligence~~,~~ ***and effectively addressing the adverse impact identified pursuant to Article 6 in a manner proportionate***	(q) 'appropriate measure' means a measure that is capable of achieving the objectives of due diligence, commensurate with the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into	

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	account the circumstances of the specific case, including characteristics of the economic sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action.	***and*** commensurate ~~*with*~~***to*** the degree of severity and the likelihood of the adverse impact, and ~~*reasonably available*~~***proportionate and commensurate*** to the ***size, resources and capacities of the*** company~~*,*~~ ~~*taking*~~***. This shall take*** into account the circumstances of the specific case, including ~~*characteristics*~~***the nature*** of the ~~*economic sector and*~~***adverse impact, characteristics*** of the ~~*specific business relationship and*~~***economic sector, the nature of*** the company's ~~*influence thereof, and the need to ensure prioritisation of action.*~~***specific activities, products and services, the specific business relationship;***	account the circumstances of the specific case, including ~~characteristics of the economic sector and~~ **the nature and extent** of the ~~specific~~**company's** business ~~relationship and the company's influence thereof, and the need to ensure prioritisation of action.~~**operations and characteristics of the economic sector and of the specific business partner;**	
Article 3, first paragraph, point (qa)				
149a			**(qa) 'business relationship' means a relationship of the company with its business partner;**	
149b		***(qa) 'leverage' means the ability to affect change in the practices of the entity causing or contributing to the adverse impact;***		
Article 3, first paragraph, point (r)				
149c				

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			(r) 'parent company' means a company which controls one or more subsidiaries within the meaning of point (d);	
149d		***(qb) "to cause an adverse impact' means that the company's activities on their own are sufficient to result in an adverse impact;***		
Article 3, first paragraph, point (s)				
149e			**(s) 'group of companies' means a parent company and all its subsidiaries;**	
149f		***(qc) being 'directly linked to an adverse impact' means that there is a relationship between the adverse impact and the company's products, services or operations through another business relationship and where the company has neither caused nor contributed to the impact. Directly linked is not defined by a direct business relationship. Also, a direct linkage does not imply that the responsibility shifts from the business relationship causing an***		

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		adverse impact to the company with which it has a linkage;		
Article 3, first paragraph, point (t)				
149g			**(t) 'remediation' means financial or non-financial compensation provided by the company to person or persons affected by the actual adverse impact, including restitution of the affected person or persons or environment to the situation they would be in, had the actual adverse impact not occurred, that shall be proportionate to the significance and scope of the adverse impact and the company's implication in the adverse impact.**	
149h		***(qd) 'risk-based' means proportionate to the likelihood and severity of potential adverse impacts;***		
149i		***(qe) 'risk factors' means company-level risk factors, business model risk factors, geographic risk factors, product and service risk factors and sectoral risk factors;***		

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149j		***(gf) 'severity of an adverse impact' means the scale, scope and irremediable character of the adverse impact, taking into account the gravity of an adverse impact, including the number of individuals that are or will be affected, the extent to which the environment is or may be damaged or otherwise affected, its irreversibility and the limits on the ability to restore affected individuals or the environment to a situation equivalent to their situation prior to the impact.***		
149k		***(gg) 'to contribute to an adverse impact' means that a company's own activities, in combination with the activities of other entities, cause an impact, or that the activities of the company cause, facilitate or incentivise another entity to cause an adverse impact.*** ***The contribution must be substantial, meaning that it does not include minor or trivial contributions. Assessing the substantial nature of the***		

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		contribution and understanding when the actions of the company may have caused, facilitated or incentivised another entity to cause an adverse impact can involve the consideration of multiple factors. The following factors can be taken into account: ***– the extent to which a company may encourage or motivate an adverse impact by another entity, i.e. the degree to which the activity increased the risk of the impact occurring,*** ***– the extent to which a company could or should have known about the adverse impact or potential for adverse impact, i.e. the degree of foreseeability,*** ***– the degree to which any of the company's activities actually mitigated the adverse impact or decreased the risk of the impact occurring.*** ***The mere existence of a business relationship or activities which create the general conditions in which it is possible for adverse impacts to occur does not in itself constitute a relationship of contribution. The activity in question should substantially increase the risk of adverse impact;***		
Article 3(1a)				

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149l		***1a. The Commission shall be empowered to adopt delegated acts in accordance with Article 28 to amend the Annex, in order to make sure that it remains consistent with the Union's objectives on human rights and the environment.***		
149m		***Article 3a*** ***Single market clause***		
149n		***1. The Commission and the Member States shall coordinate during the transposition of this Directive and thereafter in view of a full level of harmonisation between Member States, in order to ensure a level playing field for companies and to prevent the fragmentation of the Single Market.***		
149o		***2. The Commission shall consider, six years after the entry into force of this Directive, whether changes to the level of harmonisation of this Directive are required to ensure a level-playing field for companies in***		

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		the Single Market, including whether the provisions of this Directive could be converted into a Regulation.		
Article 4				
150	Article 4 Due diligence	Article 4 Due diligence	Article 4 Due diligence	
Article 4(1)				
151	1. Member States shall ensure that companies conduct human rights and environmental due diligence as laid down in Articles 5 to 11 ('due diligence') by carrying out the following actions:	1. Member States shall ensure that companies conduct ***risk-based*** human rights and environmental due diligence as laid down in Articles 5 to 11 ('due diligence') by carrying out the following actions:	1. Member States shall ensure that companies conduct human rights and environmental due diligence as laid down in Articles 5 to 11 ('due diligence') by carrying out the following actions:	
Article 4(1), point (a)				
152	(a) integrating due diligence into their policies in accordance with Article 5;	(a) integrating due diligence into their policies in accordance with Article 5;	(a) integrating due diligence into their policies **and risk management systems** in accordance with Article 5;	
Article 4(1), point (b)				
153	(b) identifying actual or potential adverse impacts in accordance with Article 6;	(b) identifying actual or potential adverse impacts in accordance with Article 6;	(b) identifying actual or potential adverse impacts in accordance with Article 6;	
Article 4(1), point (c)				

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154	(c) preventing and mitigating potential adverse impacts, and bringing actual adverse impacts to an end and minimising their extent in accordance with Articles 7 and 8;	(c) preventing and mitigating potential adverse impacts, and bringing actual adverse impacts to an end and minimising their extent in accordance with Articles 7 and 8;	(c) preventing and mitigating potential adverse impacts, and bringing actual adverse impacts to an end and minimising their extent in accordance with Articles 7 and 8;	
154a		***(ca) where necessary, prioritising potential and actual adverse impacts in accordance with Article 8b;***		
154b		***(cb) remedying actual adverse impacts in accordance with Article 8c;***		
Article 4(1), point (d)				
155	(d) establishing and maintaining a complaints procedure in accordance with Article 9;	(d) establishing ~~*and maintaining a complaints procedure*~~***or participating in a notification and non-judicial grievance mechanism*** in accordance with Article 9;	(d) establishing and maintaining a complaints procedure in accordance with Article 9;	
Article 4(1), point (e)				
156	(e) monitoring the effectiveness of their due diligence policy and measures in accordance with Article	(e) monitoring ***and verifying*** the effectiveness of their due diligence policy and measures in accordance	(e) monitoring the effectiveness of their due diligence policy and measures in accordance with Article	

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	10;	with Article 10;	10;	
Article 4(1), point (f)				
157	(f) publicly communicating on due diligence in accordance with Article 11.	(f) publicly communicating on due diligence in accordance with Article 11.	(f) publicly communicating on due diligence in accordance with Article 11.	
157a		***(fa) consulting and engaging with affected stakeholders in a meaningful way in accordance with Article 8d.***		
Article 4(2)				
158	2. Member States shall ensure that, for the purposes of due diligence, companies are entitled to share resources and information within their respective groups of companies and with other legal entities in compliance with applicable competition law.	2. Member States shall ensure that, for the purposes of due diligence, companies are entitled to share resources and information within their respective groups of companies and with other legal entities in compliance with applicable competition law.	2. Member States shall ensure that, for the purposes of due diligence, companies are entitled to share resources and information within their respective groups of companies and with other legal entities ~~in compliance with applicable competition law.~~**.**	
Article 4(3)				
158a			**3. Member States shall ensure that a company or other legal entity shall not be obliged to disclose to its business partner which is complying with the**	

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			obligations resulting from this Directive, information that is deemed to be a trade secret as defined in Article 2(1) of Directive (EU) 2016/943 of the European Parliament and of the Council[1]. _____ **1. Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (OJ L 157, 15.6.2016, p. 1).**	
158b		***2a. Companies shall retain documentation demonstrating their compliance with this Directive for at least 10 years.***		
Article 4a				
158c		***Article 4a*** ***Due diligence support at group level***	**Article 4a** **Due diligence at a group level**	
Article 4a(1)				
158d		***1. Member States shall ensure that parent companies may perform actions which can contribute to their subsidiaries falling under the scope of this Directive meet their***	**1. Member States shall ensure that parent companies falling under the scope of this Directive may fulfil the obligations set out in Articles 5 to 11 and Article 15 on**	

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		obligations set out in Articles 5 to 11 and Article 15. This is without prejudice to the civil liability of subsidiaries in accordance with Article 22.	**behalf of companies which are their subsidiaries falling under the scope of this Directive. This is without prejudice to civil liability of subsidiaries in accordance with Article 22.**	
Article 4a(2)				
158e		***2. The parent company may perform actions which contribute to fulfilling the due diligence obligations by the subsidiary company in accordance with paragraph 1, subject to all the following conditions:***	**2. The fulfilment of due diligence obligations by a parent company in accordance with the paragraph 1 is subject to all the following conditions:**	
Article 4a(2), point (a)				
158f			**(a) the subsidiary provides all the necessary information to and cooperates with its parent company to fulfil the obligations resulting from this Directive;**	
Article 4a(2), point (b)				
158g			**(b) the subsidiary must abide by its parent company's due diligence policy accordingly adapted to ensure that the obligations laid down in Article 5(1) are fulfilled with respect to the subsidiary;**	

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Article 4a(2), point (c)				
158h			**(c) the subsidiary integrates due diligence into all its policies and risk management systems in accordance with Article 5;**	
Article 4a(2), point (d)				
158i			**(d) where relevant, the subsidiary seeks the contractual assurances in accordance with Article 7(2), point (b), or 8(3), point (c);**	
Article 4a(2), point (e)				
158j			**(e) where relevant, the subsidiary seeks to conclude a contract with an indirect business partner in accordance with Article 7(3) or 8(4);**	
Article 4a(2), point (f)				
158k			**(f) where relevant, the subsidiary temporarily suspends or terminates the business relationship in accordance with Article 7(5) or 8(6).**	
158l		***(a) the subsidiary provides all the***		

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		relevant and necessary information to its parent company and cooperates with it;		
158m		***(b) the subsidiary abides by its parent company's due diligence policy;***		
158n		***(c) the parent company accordingly adapts its due diligence policy to ensure that the obligations laid down in Article 5(1) are fulfilled with respect to the subsidiary;***		
158o		***(d) the subsidiary integrates due diligence into all its policies and risk management systems in accordance with Article 5;***		
158p		***(e) where necessary, the subsidiary continues to take appropriate measures in accordance with Articles 7 and 8, as well as continues to perform its obligations under Articles 8a, 8b and 8d;***		

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158q		***(f) where the parent company performs specific actions on behalf of the subsidiary, both the parent company and subsidiary clearly and transparently communicate so towards relevant stakeholders and the public domain;***		
158r		***(g) the subsidiary integrates climate in its policies and risk management systems in accordance with Article 15.***		
Article 5				
159	Article 5 Integrating due diligence into companies' policies	Article 5 Integrating due diligence into companies' policies	Article 5 Integrating due diligence into ~~companies'~~**company's** policies **and risk management systems**	
Article 5(1)				
160	1. Member States shall ensure that companies integrate due diligence into all their corporate policies and have in place a due diligence policy. The due diligence policy shall contain all of the following:	1. Member States shall ensure that companies integrate due diligence into ~~*all*~~ their ***relevant*** corporate policies and have in place a due diligence policy. The due diligence policy shall contain all of the	1. Member States shall ensure that companies integrate due diligence into all their ~~corporate~~ policies and **risk management systems and** have in place a due diligence policy. ~~The due diligence policy shall~~	

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		following:	~~contain all of the following:~~	
160a		***(-a) a description of the potential or actual adverse impacts identified by the company in line with Article 6;***		
Article 5(1), point (a)				
161	(a) a description of the company's approach, including in the long term, to due diligence;	(a) a description of the company's approach ***to due diligence***, including in the ~~long term, to due diligence~~***short, medium and long term***;	*deleted* *Moved as a subpoint of paragraph 1a.*	
Article 5(1), point (b)				
162	*(b)* a code of conduct describing rules and principles to be followed by the company's employees and subsidiaries;	(b) a code of conduct ~~describing~~***defining*** rules and principles ***and measures*** to be followed ~~by~~***and implemented where relevant throughout*** the company~~'s employees and~~ ***and its*** subsidiaries ***across all operations. The code of conduct shall be designed to ensure that the company respects human rights and the environment, and it shall be aligned with the fundamental values of the Union***;	*deleted* *Moved as a subpoint of paragraph 1a and amended.*	
Article 5(1), point (c)				

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163	*(c)* a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to established business relationships.	(c) a description of the processes put in place ***and appropriate measures taken*** to implement due diligence ***in line with Articles 7 and 8 in the value chain***, including the ***relevant*** measures taken to ~~*verify compliance with the code of conduct and to extend its application to established business relationships*~~***incorporate due diligence into its own business model, employment and purchasing practices with entities with which the company has a business relationship and measures taken to monitor and verify due diligence activities***.	*deleted* *Moved as a subpoint of paragraph 1a and amended.*	
Article 5(1a)				
163a			**1a. The due diligence policy shall contain all of the following:**	
Article 5(1a), point (a)				
163b			**(a) a description of the company's approach, including in the long term, to due diligence;**	
Article 5(1a), point (b)				
163c			**(b) a code of conduct describing rules and principles to be followed**	

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			by the company's employees and subsidiaries, and the company's direct or indirect business partners, where relevant in accordance with Article 7(2), point (b), 7(3), 8(3), point (c), or 8(4); and	
Article 5(1a), point (c)				
163d			**(c) a description of the processes put in place to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to business partners.**	
Article 5(2)				
164	2. Member States shall ensure that the companies update their due diligence policy annually.	2. Member States shall ensure that the companies ~~*update*~~***continuously review*** their due diligence policy ~~*annually*~~***and update it when significant changes occur***.	2. Member States shall ensure that the companies update their due diligence policy ~~annually~~**without undue delay after a significant change occurs, but at least every 24 months**.	
Article 5(3)				
164a			**3. Member States shall ensure that companies referred to in Article 2(1) put in place and oversee the actions listed in Article 4(1).**	

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164b		***2a. Companies shall carry out a due diligence policy which is proportionate and commensurate to the likelihood and severity of their potential adverse impacts and the severity of their actual adverse impacts, as well as their specific circumstances and risk factors, particularly their sector and location of activity, the size and length of their value chain, the size of the company, its capacity, resources and leverage.***		
164c		***2b. When companies operate in areas in a state of armed conflict or fragile post-conflict, areas under occupation and/or annexation, as well as areas witnessing weak or non-existent governance and security, such as failed states, Member States shall ensure that they respect obligations under international humanitarian law and conduct heightened, conflict-sensitive due diligence on their operations and business relations through integrating into their due diligence, a conflict analysis based on meaningful and conflict-***		

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		sensitive stakeholders' engagement, of the root causes, triggers and parties driving the conflict, and of the impact of the company's activities on the conflict.		
Article 6				
165	Article 6 Identifying actual and potential adverse impacts	Article 6 Identifying ***and assessing*** actual and potential adverse impacts	Article 6 Identifying actual and potential adverse impacts	
Article 6(1)				
166	1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse human rights impacts and adverse environmental impacts arising from their own operations or those of their subsidiaries and, where related to their value chains, from their established business relationships, in accordance with paragraph 2, 3 and 4.	1. Member States shall ensure that companies take appropriate measures to ***broadly scope the impacts of their operations, subsidiaries and business relationships in order to*** identify ***and assess*** actual and potential adverse human rights~~ impacts and adverse~~ ***and*** environmental impacts arising from their own operations***, products and services*** or those of their subsidiaries and~~, where~~ ***those*** related to their value chains, ~~from their established business relationships, in accordance with paragraph 2, 3 and 4~~***and whether they cause or contribute to or are directly linked to those impacts***.	1. Member States shall ensure that companies take appropriate measures to identify actual and potential adverse ~~human rights impacts and adverse environmental~~ impacts arising from their own operations or those of their subsidiaries and, where related to their value chains **of activities, those of**~~, from~~ their ~~established~~ business ~~relationships~~**partners**, in accordance with ~~paragraph~~**paragraphs** 2, 3 and 4.	
Article 6(1a)				

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166a			**1a. For the purpose of fulfilling the obligation in paragraph 1, companies may map all areas of their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners. Based on the results of that mapping, companies may carry out an in-depth assessment of the areas where adverse impacts were identified to be most likely to be present or most significant.**	
Article 6(2)				
167	2. By way of derogation from paragraph 1, companies referred to in Article 2(1), point (b), and Article 2(2), point (b), shall only be required to identify actual and potential severe adverse impacts relevant to the respective sector mentioned in Article 2(1), point (b).	2. ~~*By way of derogation from paragraph 1, companies referred to in Article 2(1), point (b), and Article 2(2), point (b),*~~***Member States shall ensure that, as part of their due diligence process, companies*** shall ~~*only be required to identify actual and potential severe adverse impacts relevant to the respective sector mentioned in Article 2(1), point (b).*~~***:***	2. By way of derogation from paragraph 1, companies referred to in Article 2(1), point (b), and Article 2(2), point (b), shall only be required to identify actual and potential ~~severe~~ adverse impacts relevant to the respective sector mentioned in Article 2(1), point (b).	
167a		***(a) identify where adverse impacts are most likely to occur and to be severe, including by identifying individual higher risk operations, subsidiaries and business***		

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		relationships which should be prioritised taking into account relevant risk factors; and		
167b		***(b) carry out in-depth assessments of prioritised operations, subsidiaries and business relationships in order to determine the nature and extent of specific actual and potential adverse impacts.***		
167c		***2a. In identifying individual higher risk business relationships, relevant company-level risk factors shall include whether the business relationship is a company covered by this Directive.***		
Article 6(3)				
168	3. When companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, identification of actual and potential adverse human rights impacts and adverse environmental impacts shall be carried out only before providing that service..	3. When companies referred to in Article 3, point (a)(iv), provide ~~*credit, loan or other*~~ financial services, identification of actual and potential adverse human rights impacts and adverse environmental impacts shall be carried out ~~*only*~~ before providing that service~~.~~ ***and before subsequent financial***	3. When ~~companies referred to in~~**regulated financial undertakings within the meaning of** Article 3, point (a)(iv), provide ~~credit, loan or other financial services~~**the services referred to in Article 3, point (g)**, identification of actual and potential adverse ~~human rights impacts and adverse environmental~~ impacts shall	

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		operations, and, if notified of possible risks by means of the procedures referred to in Article 9, during the provision of the service.	be carried out only before providing that service.~~.~~	
Article 6(4)				
169	4. Member States shall ensure that, for the purposes of identifying the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the complaints procedure provided for in Article 9. Companies shall, where relevant, also carry out consultations with potentially affected groups including workers and other relevant stakeholders to gather information on actual or potential adverse impacts.	4. Member States shall ensure that, for the purposes of identifying ~~the~~***and assessing*** adverse impacts ~~*referred to in paragraph 1*~~ based on, where appropriate, quantitative and qualitative information, ~~*companies are entitled to*~~***including the relevant disaggregated data that can be reasonably obtained by a company, companies shall*** make use of appropriate ***methods and*** resources, including ***public reports,*** independent reports and information gathered through the ~~*complaints procedure*~~***notification and non-judicial grievance mechanism*** provided for in Article 9. Companies shall~~*, where relevant,*~~ also carry out ~~*consultations*~~***meaningful engagement in accordance with Article 8d*** with potentially affected ~~*groups*~~***stakeholders*** including workers and other relevant stakeholders to gather information on ***as well as to identify and assess*** actual or potential adverse impacts.	4. Member States shall ensure that, for the purposes of identifying the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the complaints procedure provided for in Article 9. Companies shall, where relevant, also carry out consultations with potentially affected groups including workers and other relevant stakeholders to gather information on actual or potential adverse impacts.	

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169a		***4a. In the event that not all the necessary information regarding its value chain is available, the company shall explain the efforts made to obtain the necessary information about its value chain, the reasons why not all of the necessary information could be obtained, and its plans to obtain the necessary information in the future.***		
Article 6a				
169b			**Article 6a Prioritisation of identified actual and potential adverse impacts**	
Article 6a(1)				
169c			**1. Member States shall ensure that companies prioritise adverse impacts arising from their own operations, those of their subsidiaries or those of their business partners identified pursuant to Article 6 for fulfilling the obligations laid down in Article 7 or 8, where it is not feasible to address all identified adverse impacts at the same time to the full extent.**	
Article 6a(2)				

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169d			**2. The prioritisation of adverse impacts shall be based on severity and likelihood of the adverse impact. Severity of an adverse impact shall be assessed based on its gravity, the number of persons or the extent of the environment affected, and difficulty to restore the situation prevailing prior to the impact.**	
Article 6a(3)				
169e			**3. Once the most significant adverse impacts are addressed in accordance with Article 7 or 8 in a reasonable time, the company shall address less significant adverse impacts.**	
Article 7				
170	Article 7 Preventing potential adverse impacts	Article 7 Preventing potential adverse impacts	Article 7 Preventing potential adverse impacts	
Article 7(-1), first subparagraph				
171	1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse human	1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible ***or has failed***, adequately mitigate potential	-1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate potential adverse ~~human~~	

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	rights impacts and adverse environmental impacts that have been, or should have been, identified pursuant to Article 6, in accordance with paragraphs 2, 3, 4 and 5 of this Article.	adverse human rights impacts and adverse environmental impacts, that have been, or should have been, identified pursuant to Article 6, in accordance with ~~*paragraphs 2, 3, 4 and 5 of*~~ this Article.	~~rights impacts and adverse environmental~~ impacts that have been, or should have been, identified pursuant to Article 6 **and, where necessary, prioritised pursuant to Article 6a**, in accordance with paragraphs 2, 3, 4 and 5 of this Article.	
Article 7(-1), second subparagraph				
171a			**To determine the appropriate measures referred to in the first subparagraph, due account shall be taken of:**	
Article 7(-1), second subparagraph, point (a)				
171b			**(a) whether the potential adverse impact is caused only by the company, caused jointly by the company and its subsidiary or business partner, or whether it is caused only by the company's business partner in its chain of activities;**	
Article 7(-1), second subparagraph, point (b)				
171c			**(b) whether the potential adverse impact occurred in the operations of the subsidiary, direct business partner or indirect business partner; and**	

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Article 7(-1), second subparagraph, point (c)				
171d			**(c) the ability of the company to influence the business partner causing the potential adverse impact.**	
171e		***1a. For the purposes of this Article, in cases where a company may cause a potential adverse impact, appropriate measures shall be understood as measures which aim to prevent or mitigate a potential adverse impact. In cases where a company may contribute to an adverse impact, appropriate measures shall be understood as measures which aim to prevent or mitigate the contribution to the impact, using or increasing the company's leverage with other responsible parties to prevent or mitigate the potential adverse impact. In cases where a company's operations, products or services may be directly linked to an adverse impact through its business relationships with other entities, appropriate measures shall be understood as measures which aim to use or increase the company's leverage with responsible parties to***		

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		seek to prevent or mitigate the potential adverse impact and to influence the entity causing the impact.		
171f		***1b. For the purposes of this Article, it shall be presumed that financial undertakings are directly linked to an adverse impact in their value chain without causing or contributing to it.***		
Article 7(2)				
172	2. Companies shall be required to take the following actions, where relevant:	2. Companies shall be required to take ***appropriate measures, including*** the following actions, where relevant:	2. Companies shall be required to take the following actions, where relevant:	
Article 7(2), point (a)				
173	(a) where necessary due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be developed in consultation with affected stakeholders;	(a) where necessary due to the nature or complexity of the measures required for prevention, develop and implement a prevention action plan, with ***a*** reasonable and clearly defined ~~*timelines for*~~ ***timeline for the implementation of appropriate measures and*** action***,*** and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be	(a) where necessary due to the nature or complexity of the measures required for prevention, **without undue delay** develop and implement a prevention action plan, with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be developed in consultation with	

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		~~developed in consultation with affected stakeholders~~***applicable and accurately tailored to the context of companies' operations and value chain. The development and implementation of a climate transition plan according to Article 15 shall be considered an appropriate measure to prevent environmental adverse impacts related to climate change mitigation pursuant to paragraph 1 of this Article***;	**potentially** affected stakeholders;	
Article 7(2), point (b)				
174	(b) seek contractual assurances from a business partner with whom it has a direct business relationship that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain (contractual cascading). When such contractual assurances are obtained, paragraph 4 shall apply;	(b) ~~seek~~***consider establishing through*** contractual ~~assurances from a business~~ ***provisions with a*** partner with whom it has a ~~direct~~ business relationship that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan~~, including by seeking~~***. Partners with whom the company has a business relationship could be asked to establish*** corresponding ***reasonable, non-discriminatory and fair*** contractual ~~assurances from its~~***provisions with their*** partners, to the extent that their activities are part of the company's value chain ~~(contractual cascading)~~. When such contractual assurances are obtained, paragraph 4 shall apply;	(b) seek contractual assurances from a ~~business partner with whom it has a~~ direct business ~~relationship~~**partner** that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by seeking corresponding contractual assurances from its partners, to the extent that their activities are part of the company's ~~value chain~~**chain of activities** (contractual cascading). When such contractual assurances are obtained, paragraph 4 shall apply;	

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Article 7(2), point (c)				
175	(c) make necessary investments, such as into management or production processes and infrastructures, to comply with paragraph 1;	(c) make necessary ***modifications, improvements to, withdrawals of or*** investments ***in, the company's own operations***, such as into management***, production or other operational*** ~~*or production*~~ processes***, facilities, products and product traceability, projects, services and skills*** ~~*and infrastructures, to comply with paragraph 1*~~;	(c) make necessary **financial or non-financial** investments, such as into management or production processes and infrastructures~~, to comply with paragraph 1;~~**;**	
175a		***(ca) adapt business models and strategies, including purchasing practices, including those which contribute to living wages and incomes for their suppliers, in order to prevent potential adverse impacts, and develop and use purchase policies that do not encourage potential adverse impacts on human rights or the environment;***		
Article 7(2), point (d)				
176	(d) provide targeted and proportionate support for an SME with which the company has an established business relationship,	(d) provide targeted and proportionate ***financial and administrative*** support for an SME with which the company has ~~*an*~~	(d) provide targeted and proportionate support for an SME ~~with~~ which ~~the company has an established business relationship~~**is a**	

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	where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME;	~~established~~***a*** business relationship~~, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME~~;	**business partner of the company**, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME**. The targeted and proportionate support may take the form of financing, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing, or guidance, such as training or upgrading management systems**;	
176a		***(da) engage with a business relationship about the company's expectations with regard to preventing and mitigating the potential adverse impacts, including by providing or enabling access to capacity-building, guidance, administrative and financial support such as loans or financing, taking into consideration the resources, knowledge and constraints of the business partner;***		
Article 7(2), point (e)				
177	(e) in compliance with Union law including competition law, collaborate with other entities, including, where relevant, to	(e) in compliance with Union law including competition law, collaborate with other entities, including~~, where relevant,~~ to	(e) in compliance with Union law**,** including competition law, collaborate with other entities, including, where relevant, to	

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	increase the company's ability to bring the adverse impact to an end, in particular where no other action is suitable or effective.	increase the company's ability to bring the adverse impact to an end, in particular where no other action is suitable or effective.	increase the company's ability to ~~bring~~**prevent or mitigate** the adverse impact~~ to an end~~, in particular where no other action is suitable or effective.	
177a		***(ea) when there is a direct linkage to impacts occurring in business relationships with other companies operating in the Union, appropriate measures can include notifying the relevant supervisory authority while continuing to make reasonable efforts to seek to prevent or mitigate the impact.***		
177b		***2a. When distributing or selling a product or providing a service, companies shall take appropriate measures to ensure that the composition, design and commercialisation of a product or service is in line with Union law and does not lead to adverse impacts, be it individual or collective. In this regard, particular attention shall be paid to potential adverse impact on children.***		
Article 7(3)				

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178	3. As regards potential adverse impacts that could not be prevented or adequately mitigated by the measures in paragraph 2, the company may seek to conclude a contract with a partner with whom it has an indirect relationship, with a view to achieving compliance with the company's code of conduct or a prevention action plan. When such a contract is concluded, paragraph 4 shall apply.	*deleted*	3. As regards potential adverse impacts that could not be prevented or adequately mitigated by the ~~measures~~**actions listed** in paragraph 2, the company may seek to conclude a contract with ~~a partner with whom it has~~ an indirect ~~relationship~~**business partner**, with a view to achieving compliance with the company's code of conduct or a prevention action plan. When such a contract is concluded, paragraph 4 shall apply.	
Article 7(4), first subparagraph				
179	4. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.	4. The contractual ~~*assurances or the contract*~~***provisions*** shall be accompanied by ~~*the appropriate*~~ measures to ~~*verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.*~~***support carrying out due diligence.***	4. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.	
Article 7(4), second subparagraph				
180	When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures	When ~~*contractual assurances are obtained from*~~***provisions, including contractual, are established***, or a contract is entered into, with ~~*an SME*~~***a business relationship***, the	When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures	

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	to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification. ***At the request of the SME, they shall cover the costs in full or shall share them with the company. SMEs may share the results of verifications carried out in relation to themselves with multiple companies.*** ***The contractual provisions sought in accordance with paragraph 2 shall not be such as to result in the transfer of responsibility for carrying out due diligence in accordance with this Directive and of the liability for failing to do so.*** ***In seeking such contractual provisions, companies shall assess whether the business partner can reasonably be expected to comply with those provisions.***	to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	
Article 7(5), first subparagraph				
181	5. As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated by the measures in paragraphs 2, 3 and 4, the company shall be required to	5. As regards potential adverse impacts within the meaning of paragraph 1 that ***a company caused or contributed to and that*** could not be prevented or adequately mitigated***, and where there is no***	5. As regards potential adverse impacts within the meaning of paragraph 1 that could not be prevented or adequately mitigated by the measures in paragraphs 2, 3 and 4, the company shall be required **as**	

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	refrain from entering into new or extending existing relations with the partner in connection with or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take the following actions:	***reasonable prospect of change*** ~~*by the measures in paragraphs 2, 3 and 4*~~, the company shall be required to refrain from entering into new or extending existing relations with the partner in connection with or in the value chain of which the impact has arisen**,** and shall, where the law governing their relations so entitles them to, take the following actions ***as a last resort, in line with responsible disengagement***:	**a last resort** to refrain from entering into new or extending existing relations with the **business** partner in connection with or in the~~ value~~ chain **of activities** of which the impact has arisen and shall, where the law governing their relations so entitles them to, take the following actions:	
Article 7(5), first subparagraph, point (a)				
182	(a) temporarily suspend commercial relations with the partner in question, while pursuing prevention and minimisation efforts, if there is reasonable expectation that these efforts will succeed in the short-term;	(a) temporarily suspend commercial relations with the partner in question, while pursuing prevention and ~~*minimisation*~~***mitigation*** efforts~~*, if there is reasonable expectation that these efforts will succeed in the short-term*~~;	(a) temporarily suspend ~~commercial relations with the partner in question~~**the business relationship with respect to the activities concerned**, while pursuing prevention ~~and minimisation~~**or mitigation** efforts, if there is reasonable expectation that these efforts will succeed in the ~~short-term~~**short term. If there is no such reasonable expectation or the efforts did not succeed in the short term, the company shall terminate the business relationship**;	
Article 7(5), first subparagraph, point (b)				
183	(b) terminate the business relationship with respect to the activities concerned if the potential	(b) terminate the business relationship with respect to the activities concerned***, on account of***	(b) terminate the business relationship with respect to the activities concerned if the potential	

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	adverse impact is severe.	***the severity of*** ~~*if*~~ the potential adverse impact ~~*is severe*~~***or if the conditions for temporary suspension under point (a) are not met***.	adverse impact is severe.	
183a		***Prior to temporarily suspending commercial relations or terminating the business relationship, companies shall first be required to assess whether the adverse impacts of doing so would be greater than the adverse impact which is intended to be prevented or mitigated. Should that be the case, companies may refrain from temporarily suspending commercial relations or terminating the business relationship. Where companies do temporarily suspend commercial relations or terminate the business relationship, they shall take steps to prevent, mitigate, or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep that decision under review.***		
Article 7(5), second subparagraph				
184	Member States shall provide for the availability of an option to terminate	Member States shall provide for the availability of an option to ***suspend***	Member States shall provide for the availability of an option to	

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	the business relationship in contracts governed by their laws.	***or*** terminate ~~*the*~~***a*** business relationship in contracts governed by their laws***, except for contracts where the parties are obliged by law to enter into them. Companies may refer to supervisory authorities to receive guidance on the course of action to take***.	**temporarily suspend and** terminate the business relationship in contracts governed by their laws **in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them**.	
Article 7(6), first subparagraph				
185	6. By way of derogation from paragraph 5, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, they shall not be required to terminate the credit, loan or other financial service contract when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided.	6. By way of derogation from paragraph 5, ***first subparagraph,*** point (b), when companies referred to in Article 3, point (a)(iv), provide ~~*credit, loan or other financial services*~~***financial services to entities that cause or contribute to potential adverse impacts within the meaning of paragraph 1***, they shall not be required to terminate the ~~*credit, loan or other*~~***financial service contract if this is strictly necessary to prevent bankruptcy to the entity to whom that service is being provided. In addition to paragraph 5, second subparagraph, a decision to terminate the*** financial service contract ~~*when this can be reasonably expected to cause substantial prejudice to*~~ ***in derogation from paragraph 5, first subparagraph, point (b) may only be taken, as a last resort, if the leverage efforts of companies referred to in Article 3, point (a)(iv) have ultimately failed***	6. By way of derogation from paragraph 5, ~~point (b), when companies referred to in~~**when regulated financial undertakings within the meaning of** Article 3, point (a)(iv), provide ~~credit, loan or other financial~~**the** services~~, they shall not be required to terminate the credit, loan or other financial service contract when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided~~ **as referred to in Article 3, point (g), they shall not be required to temporarily suspend or terminate the business relationship**.	

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		to influence the entity to whom that service is being provided ***to prevent or adequately mitigate adverse potential impacts***.		
Article 7(6), second subparagraph				
185a			**Where the regulated financial undertaking within the meaning of Article 3, point (a)(iv), decides not to temporarily suspend or terminate the business relationship in accordance with the first subparagraph, it shall monitor the actual adverse impact while pursuing prevention or mitigation efforts.**	
Article 7(7), first subparagraph				
185b			**7. By way of derogation from paragraph 5, the company shall not be required to terminate the business relationship in case where:**	
Article 7(7), first subparagraph, point (a)				
185c			**(a) there is a reasonable expectation that the termination would result in an adverse impact that is more severe than the potential adverse impact that could not be prevented or**	

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			adequately mitigated; or	
Article 7(7), first subparagraph, point (b)				
185d			**(b) no available alternative to that business relationship, that provides a raw material, product or service essential to the company's production of goods or provision of services, exists and the termination would cause substantial prejudice to the company.**	
Article 7(7), second subparagraph				
185e			**Where the company decides not to terminate the business relationship in accordance with the first subparagraph, it shall report to the competent supervisory authority about the duly justified reasons of such decision.**	
Article 7(7), third subparagraph				
185f			**The company shall monitor the potential adverse impact, periodically reassess its decision not to terminate the business relationship and seek alternative business relationships.**	

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Article 7(8)				
185g			**8. The obligation to temporarily suspend or terminate the business relationship pursuant to paragraph 5 shall not apply to commercial agreements concluded by the company before the expiry of the transposition period in accordance with Article 30 of this Directive.**	
Article 8				
186	Article 8 Bringing actual adverse impacts to an end	Article 8 Bringing actual adverse impacts to an end	Article 8 Bringing actual adverse impacts to an end	
Article 8(-1), first subparagraph				
187	1. Member States shall ensure that companies take appropriate measures to bring actual adverse impacts that have been, or should have been, identified pursuant to Article 6 to an end, in accordance with paragraphs 2 to 6 of this Article.	1. Member States shall ensure that companies take appropriate measures to bring actual adverse impacts that have been, or should have been, identified pursuant to Article 6 to an end, in accordance with ~~*paragraphs 2 to 6 of*~~ this Article.	-1. Member States shall ensure that companies take appropriate measures to bring actual adverse impacts that have been, or should have been, identified pursuant to Article 6 **and, where necessary, prioritised pursuant to Article 6a** to an end, in accordance with paragraphs 2 to 6 of this Article.	
Article 8(-1), second subparagraph				
187a			**To determine the appropriate measures referred to in the first**	

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			subparagraph, due account shall be taken of:	
Article 8(-1), second subparagraph, point (a)				
187b			**(a) whether the actual adverse impact is caused only by the company, caused jointly by the company and its subsidiary or business partner, or whether it is caused only by the company's business partner in its chain of activities;**	
Article 8(-1), second subparagraph, point (b)				
187c			**(b) whether the actual adverse impact occurred in the operations of the subsidiary, direct business partner or indirect business partner; and**	
Article 8(-1), second subparagraph, point (c)				
187d			**(c) the ability of the company to influence the business partner causing the actual adverse impact.**	
Article 8(2)				
188	2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies	2. Where the adverse impact cannot ***immediately*** be brought to an end, Member States shall ensure that	2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies	

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	minimise the extent of such an impact.	companies ~~minimise~~***adequately mitigate*** the extent of such an impact***, while pursuing all efforts to bring the adverse impact to an end***.	minimise the extent of such an impact.	
188a		***2a. For the purposes of this Article, in cases where a company has caused an actual impact, appropriate measures shall be understood as measures which aim to mitigate the extent of an actual adverse impact, and remediate damage. In cases where a company has contributed to an actual adverse impact, appropriate measures shall be understood as measures which aim to mitigate the contribution to the impact, using or increasing the company's leverage with other responsible parties to mitigate the potential adverse impact and contribute to remediating damage, to the extent of the contribution. In cases where a company's operations, products or services are directly linked to an adverse impact through its relationships with other entities, appropriate measures shall be understood as measures which aim to use or increase the company's leverage with responsible parties to seek to mitigate the adverse impact. A company directly linked to an***		

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		adverse impact shall consider using its leverage with responsible parties to enable the remediation of any damage caused by an impact.		
188b		***2b. For the purposes of this Article, it shall be presumed that financial undertakings are directly linked to an adverse impact in their value chain without causing or contributing to it.***		
Article 8(3)				
189	3. Companies shall be required to take the following actions, where relevant:	3. Companies shall be required to take ***appropriate measures, including*** the following actions, where relevant:	3. Companies shall be required to take the following actions, where relevant:	
Article 8(3), point (a)				
190	(a) neutralise the adverse impact or minimise its extent, including by the payment of damages to the affected persons and of financial compensation to the affected communities. The action shall be proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact;	(a) ***in accordance with Article 8c,*** neutralise the adverse impact or ~~minimise~~***adequately mitigate*** its extent~~, including by the payment of damages to the affected persons and of financial compensation~~ ***by restoring the affected persons and/or the environment to a situation equivalent or as close as possible to their situation prior*** to the ~~affected communities~~***impact***. The	(a) neutralise the adverse impact or minimise its extent~~, including by the payment of damages to the affected persons and of financial compensation to the affected communities~~. The action shall be proportionate to the significance and ~~scale~~**scope** of the adverse impact and to the ~~contribution of the~~ company's ~~conduct to~~**implication in** the adverse impact;	

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		action shall be proportionate ***and commensurate*** to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact ***and to its resources and leverage***;		
Article 8(3), point (b)				
191	(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. Where relevant, the corrective action plan shall be developed in consultation with stakeholders;	(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, develop and implement a corrective action plan with reasonable and clearly defined timelines for ***the implementation of appropriate measures and*** action***,*** and qualitative and quantitative indicators for measuring improvement. ~~*Where relevant, the corrective*~~***The preventative action plan shall be applicable and accurately tailored to the context of companies' operations and value chain. Companies may develop their*** action ***plans in cooperation with industry initiatives. The development and implementation of a climate transition plan according to Article 15*** ~~*plan*~~ shall be ~~*developed in consultation with stakeholders*~~***considered an appropriate measure to minimise environmental adverse impacts related to climate change mitigation pursuant to paragraphs 1 and 2 of***	(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, **without undue delay** develop and implement a corrective action plan with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement. ~~Where relevant,~~ The corrective action plan shall be developed in consultation with stakeholders;	

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		this Article;		
Article 8(3), point (c)				
192	(c) seek contractual assurances from a direct partner with whom it has an established business relationship that it will ensure compliance with the code of conduct and, as necessary, a corrective action plan, including by seeking corresponding contractual assurances from its partners, to the extent that they are part of the value chain (contractual cascading). When such contractual assurances are obtained, paragraph 5 shall apply.	(c) ~~seek~~***choose to establish through*** contractual ~~assurances from a direct~~ ***provisions with a*** partner with whom it has ~~an established~~***a*** business relationship that it will ensure compliance with ~~the~~***a company's*** code of conduct***,*** and~~,~~ as necessary, a corrective action plan~~, including by seeking~~***. Partners with whom the company has a business relationship could be asked to establish*** corresponding ***reasonable, non-discriminatory and fair*** contractual ~~assurances from its~~***provisions with their*** partners, to the extent that they are part of the value chain~~ (contractual cascading)~~. When such contractual assurances are obtained, paragraph 5 shall apply~~.~~***:***	(c) seek contractual assurances from a direct ~~partner with whom it has an established~~ business ~~relationship~~**partner** that it will ensure compliance with the code of conduct and, as necessary, a corrective action plan, including by seeking corresponding contractual assurances from its partners, to the extent that they are part of the~~ value~~ chain **of activities** (contractual cascading). When such contractual assurances are obtained, paragraph 5 shall apply~~.~~**;**	
Article 8(3), point (d)				
193	(d) make necessary investments, such as into management or production processes and infrastructures to comply with paragraphs 1, 2 and 3;	(d) make necessary ***modifications, improvements to, withdrawals of or*** investments ***in, the company's own operations***, such as into management***, production or other operational*** ~~or production~~ processes***, facilities, products and product traceability, projects, services and***	(d) make necessary **financial or non-financial** investments, such as into management or production processes and infrastructures~~ to comply with paragraphs 1, 2 and 3~~;	

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		skills ~~*and infrastructures to comply with paragraphs 1, 2 and 3*~~;		
193a		***(da) adapt business models and strategies, including purchasing practices, including those which contribute to living wages and incomes for their suppliers, in order to bring to an end or mitigate actual adverse impacts, and develop and use purchase policies that do not encourage actual adverse impacts on human rights or the environment;***		
Article 8(3), point (e)				
194	(e) provide targeted and proportionate support for an SME with which the company has an established business relationship, where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME;	(e) provide targeted and proportionate ***financial and administrative*** support for an SME with which the company has ~~*an established*~~***a*** business relationship~~,~~ ~~*where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME*~~;	(e) provide targeted and proportionate support for an SME ~~with~~ which ~~the company has an established business relationship~~**is a business partner of the company**, where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME**. The targeted and proportionate support may take the form of financing, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing, or guidance, such as training or upgrading**	

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			management systems;	
194a		***(ea) engage with a business relationship about the company's expectations with regard to bringing to an end and mitigating actual adverse impacts, including by providing or enabling access to capacity-building, guidance, administrative and financial support such as loans or financing, taking into consideration the resources, knowledge and constraints of the business partner;***		
Article 8(3), point (f)				
195	(f) in compliance with Union law including competition law, collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end, in particular where no other action is suitable or effective.	(f) in compliance with Union law including competition law, collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end, in particular where no other action is suitable or effective.	(f) in compliance with Union law**,** including competition law, collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end **or minimise the extent of such impact**, in particular where no other action is suitable or effective~~.~~	
Article 8(3), point (g)				
195a			**(g) provide remediation to the affected persons and communities.**	

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195b		***(fa) when there is a direct linkage to impacts occurring in business relationships with other companies operating in the Union, appropriate measures can include notifying the relevant supervisory authority while continuing to make reasonable efforts to seek to bring the impact to an end or mitigate the impact.***		
195c		***3a. When distributing or selling a product or providing a service, companies shall take appropriate measures to ensure that the composition, design and commercialisation of a product or service is in line with Union law and does not lead to adverse impacts, be it individual or collective. In this regard, particular attention shall be paid to potential adverse impact on children.***		
Article 8(4)				
196	4. As regards actual adverse impacts that could not be brought to an end or adequately mitigated by the measures in paragraph 3, the company may seek to conclude a contract with a partner with whom it	*deleted*	4. As regards actual adverse impacts that could not be brought to an end or adequately mitigated by the measures in paragraph 3, the company may seek to conclude a contract with ~~a partner with whom it~~	

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	has an indirect relationship, with a view to achieving compliance with the company's code of conduct or a corrective action plan. When such a contract is concluded, paragraph 5 shall apply.		~~has~~ an indirect ~~relationship~~**business partner**, with a view to achieving compliance with the company's code of conduct or a corrective action plan.– When such a contract is concluded, paragraph 5 shall apply.	
Article 8(5), first subparagraph				
197	5. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.	5. The contractual ~~assurances or the contract~~***provisions*** shall be accompanied by ~~the appropriate~~ measures to ~~verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification~~***support carrying out due diligence***.	5. The contractual assurances or the contract shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable industry initiatives or independent third-party verification.	
Article 8(5), second subparagraph				
198	When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	When ~~contractual assurances are obtained from~~***provisions, including contractual, are established***, or a contract is entered into, with ~~an SME~~***a business relationship***, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification. ***SMEs may share the results of the verifications carried out in relation***	When contractual assurances are obtained from, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.	

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		to themselves with multiple companies.		
198a		***The contractual provisions sought in accordance with paragraph 3 shall not be such as to result in the transfer of responsibility for carrying out due diligence in accordance with this Directive and the liability for failing to do so.***		
198b		***In seeking such contractual provisions, companies shall assess whether the business partner can reasonably be expected to comply with those provisions.***		
Article 8(6), first subparagraph				
199	6. As regards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be minimised by the measures provided for in paragraphs 3, 4 and 5, the company shall refrain from entering into new or extending existing relations with the partner in connection to or in the value chain of which the impact has arisen and	6. As regards actual adverse impacts within the meaning of paragraph 1 that ***a company caused or contributed to, and that*** could not be brought to an end or the extent of which could not be ~~*minimised by the measures provided for in paragraphs 3, 4 and 5*~~***mitigated, and where there is no reasonable prospect of change***, the company shall ***be required to*** refrain from	6. As regards actual adverse impacts within the meaning of paragraph 1 that could not be brought to an end or the extent of which could not be minimised by the measures provided for in paragraphs 3, 4 and 5, the company shall **be required as a last resort to** refrain from entering into new or extending existing relations with the **business** partner in connection ~~to~~**with** or in the ~~value~~	

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	shall, where the law governing their relations so entitles them to, take one of the following actions:	entering into new or extending existing relations with the partner in connection to or in the value chain of which the impact has arisen and shall, where the law governing their relations so entitles them to, take one of the following actions ***as a last resort, in line with responsible disengagement***:	chain of **activities of** which the impact has arisen and shall, where the law governing their relations so entitles them to, take~~ one of~~ the following actions:	
Article 8(6), first subparagraph, point (a)				
200	(a) temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, or	(a) temporarily suspend commercial relationships with the partner in question, while pursuing ~~*efforts to bring to an end or minimise the extent of the adverse impact,*~~ ~~*or*~~***prevention and mitigation efforts***	(a) temporarily suspend ~~commercial relationships with the partner in question~~**the business relationship with respect to the activities concerned**, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, **if there is reasonable expectation that these efforts will succeed in the short term. If there is no such reasonable expectation or the efforts did not succeed in the short term, the company shall terminate the business relationship;** ~~or~~	
Article 8(6), first subparagraph, point (b)				
201	(b) terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe.	(b) terminate the business relationship with respect to the activities concerned, ~~*if the*~~***on account of the severity of the actual*** adverse impact***, or if the conditions for temporary suspension under***	(b) terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe.	

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		point (a) are not met ~~*is considered severe*~~.		
201a		***Prior to temporarily suspending commercial relations or terminating the business relationship, companies shall first be required to assess whether the adverse impacts of doing so would be greater than the adverse impact which is intended to be brought to an end or mitigated. Should that be the case, companies may refrain from temporarily suspending commercial relations or terminating the business relationship. Where companies do temporarily suspend commercial relations or terminate the business relationship, they shall take steps to prevent, mitigate or bring to an end the impacts of suspension or termination, provide reasonable notice to the business partner and keep that decision under review.***		
Article 8(6), second subparagraph				
202	Member States shall provide for the availability of an option to terminate the business relationship in contracts governed by their laws.	Member States shall provide for the availability of an option to ***suspend or*** terminate ~~*the*~~***a*** business relationship in contracts governed by their laws***, except for contracts***	Member States shall provide for the availability of an option to **temporarily suspend and** terminate the business relationship in contracts governed by their laws **in**	

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		where the parties are obliged by law to enter into them. Companies may refer to supervisory authorities to receive guidance on the course of action to take.	**accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them**.	
Article 8(7), first subparagraph				
203	7. By way of derogation from paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or other financial services, they shall not be required to terminate the credit, loan or other financial service contract, when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided.	7. By way of derogation from paragraph 6, point (b), when companies referred to in Article 3, point (a)(iv), provide ~~*credit, loan or other financial services*~~***financial services to entities that cause or contribute to actual adverse impacts in the meaning of paragraph 1***, they shall not be required to terminate the ~~*credit, loan or other*~~***financial service contract, if this is strictly necessary to prevent bankruptcy to the entity to whom that service is being provided. In addition to paragraph 6, second subparagraph, a decision to terminate the*** financial service contract ***in derogation from paragraph 6, point (b) may only be taken, as a last resort, if the leverage efforts of companies referred to in Article 3(1), point (a)(iv) have ultimately failed to influence*** ~~*, when this can be reasonably expected to cause substantial prejudice to*~~ the entity to whom that service is being provided ***to bring actual adverse impacts to an end or to minimise their extent***.	7. By way of derogation from paragraph 6, ~~point (b), when companies referred to in~~**when regulated financial undertaking within the meaning of** Article 3, point (a)(iv), provide ~~credit, loan or other financial~~**the** services~~, they shall not be required to terminate the credit, loan or other financial service contract, when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided~~ **as referred to in Article 3, point (g), they shall not be required to temporarily suspend or terminate the business relationship**.	

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Article 8(7), second subparagraph				
203a			**Where the regulated financial undertaking within the meaning of Article 3, point (a)(iv), decides not to temporarily suspend or terminate the business relationship in accordance with the first subparagraph, it shall monitor the actual adverse impact while pursuing efforts to bring to an end or minimise the extent of the adverse impact.**	
Article 8(8), first subparagraph				
203b			**8. By way of derogation from paragraph 6, the company shall not be required to terminate the business relationship in case where:**	
Article 8(8), first subparagraph, point (a)				
203c			**(a) there is a reasonable expectation that the termination would result in an adverse impact that is more severe than the actual adverse impact that could not be brought to an end or minimised; or**	
Article 8(8), first subparagraph, point (b)				

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203d			**(b) no available alternative to that business relationship, that provides a raw material, product or service essential to the company's production of goods or provision of services, exists and the termination would cause substantial prejudice to the company.**	
Article 8(8), second subparagraph				
203e			**Where the company decides not to terminate the business relationship in accordance with the first subparagraph, it shall report to the competent supervisory authority about the duly justified reasons of such decision.**	
Article 8(8), third subparagraph				
203f			**The company shall monitor the actual adverse impact, periodically reassess its decision not to terminate the business relationship and seek alternative business relationships.**	
Article 8(9)				
203g			**9. The obligation to temporarily**	

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			suspend or terminate the business relationship pursuant to paragraph 6 shall not apply to commercial agreements concluded by the company before the expiry of the transposition period in accordance with Article 30 of this Directive.	
203h		***Article 8a*** ***Appropriate measures by institutional investors and asset managers to induce their investee companies to bring actual adverse impacts caused by them to an end***		
203i		***1. Member States shall ensure that institutional investors and asset managers take appropriate measures as described in paragraph 3 of this Article to induce their investee companies to bring actual adverse impacts to an end that have been, or should have been identified pursuant to Article 6.***		
203j		***2. Where the adverse impact cannot be brought to an end,***		

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		Member States shall ensure that institutional investors and asset managers induce their investee companies to minimise the extent of such an impact.		
203k		***3. Where relevant, institutional investors and asset managers shall be required to engage with the investee company and exercise voting rights in line with Article 3g (1), point (a), of Directive 2007/36/EC [SRD2], in order to induce the management body of an investee company to bring the actual impact to and end or minimise its extent. The action sought from the investee company shall be proportionate to the significance and scale of the adverse impact and to the contribution of the investee company's conduct to the adverse impact. Likewise, the actions required from institutional investors and asset managers shall be proportionate and commensurate, and shall take due account of the degree of control they have over the investee company.***		

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203l		***Article 8b*** ***Prioritising actual and potential adverse impacts***		
203m		***1. In cases where it is not possible to prevent, bring to an end or mitigate all identified adverse impacts simultaneously through appropriate measures as outlined in Articles 7 and 8, companies may prioritise the order in which they take appropriate measures on the basis of the likelihood and severity of adverse impacts.***		
203n		***2. Companies shall be required to take appropriate measures as per paragraph 1 according to the severity and likelihood of impacts and taking into account risk factors.***		
203o		***3. Once the most severe and likely adverse impacts are addressed in accordance with Articles 7 or 8 in a reasonable time, the company shall address less severe and less likely***		

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		adverse impacts.		
203p		***Article 8c*** ***Remediation of actual adverse impacts***		
203q		***1. Member States shall ensure that where a company has caused or contributed to an actual adverse impact, that company shall take appropriate measures to remediate that adverse impact and the possible harm it has caused to people or the environment, or contribute to its remediation. The remediation may be proposed as a result of a non-judicial grievance procedure as laid down in Article 9.***		
203r		***2. Such remedial measures shall aim to restore the affected persons and groups or communities and/or the environment to a situation equivalent or as close as possible to their situation prior to the impact. They may include compensation, restitution, rehabilitation, public apologies, reinstatement or a***		

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		contribution to investigations. Companies shall prevent additional harm being caused.		
203s		***3. Member states shall ensure that the single helpdesk as designated pursuant to Article 14a acts as a contact point for due diligence mediation in order to assist companies and stakeholders in finding remedial solutions. In performing those duties, the single helpdesk shall be impartial, predictable and equitable.***		
203t		***4. Where a company is directly linked to an adverse impact, Member States shall encourage its voluntary participation in any remedial measures, where appropriate, and encourage companies to consider using their leverage with responsible parties to enable the remediation of any damage caused by an impact.***		
203u		***Article 8d*** ***Carrying out meaningful***		

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		engagement with affected stakeholders		
203v		***1. Member States shall ensure that companies take appropriate measures to carry out meaningful engagement with affected stakeholders that allows for genuine interaction and dialogue in their due diligence process. To this end, the engagement shall cover information and consultation of affected stakeholders and shall be comprehensive, structural, effective, timely and culturally and gender sensitive.***		
203w		***2. Where it is not possible to carry out meaningful engagement with affected stakeholders, or where engagement with additional expert perspectives is useful to allow the company to comply fully with the requirements of this Directive, in particular in the context of scoping and prioritisation decisions under Article 6, companies shall engage in a meaningful way with other relevant stakeholders, such as civil society organisations, or legal or natural persons defending human***		

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		rights or the environment in order to gain credible insights into potential or actual adverse impacts, in order to be able to comply with the requirements of this Directive.		
203x		***3. Companies shall, as appropriate, provide comprehensive, targeted and relevant information to affected stakeholders about their value chain and their actual or potential adverse impacts on the environment, human rights and good governance.***		
203y		***4. Affected stakeholders shall be allowed to request additional written information, which shall be provided by the company within a reasonable amount of time and in an appropriate and comprehensible format. Without prejudice to Directive (EU) 2016/943, if the company refuses a request for additional information, the affected stakeholder shall be entitled to written justification for that refusal. Member States shall ensure that supervisory or judicial authorities are entitled to order the disclosure of the information.***		

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203z		***5. Companies shall set up an appropriate framework for consulting affected stakeholders. Companies may decide to identify and consult different affected stakeholders depending on the context or adverse impact concerned. Companies shall in particular inform and consult workers and workers representatives as well as other relevant affected stakeholders when developing a due diligence policy in line with Article 5, when identifying adverse impacts in line with Article 6, when developing action plans or terminating a business relationship in line with Article 7 and 8, when prioritising their adverse impacts in line with Article 8b, when developing remedial measures in line with Article 8c, when establishing a notification or non-judicial grievance mechanism in line with Article 9 and when carrying out their obligations in line with Article 10.***		
203aa		***6. Workers and their representatives shall be informed by***		

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		their company on its due diligence policy and the implementation thereof, and engagement with them shall be without prejudice to existing Union and national legislation in the field of employment and social rights as well as collective agreements applicable.		
203ab		***7. In informing and consulting affected stakeholders, companies shall identify and address barriers to engagement and shall ensure that participants are not the subject of retaliation or retribution, including by maintaining confidentiality or anonymity. Companies shall pay particular attention to the needs of vulnerable stakeholders, and overlapping vulnerabilities and intersecting factors, ensure a gender-responsive approach, and fully respect the United Nations Declaration on the Rights of Indigenous Peoples.***		
Article 9				
204	Article 9 Complaints procedure	Article 9 ~~*Complaints procedure*~~***Notification and non-judicial grievance mechanism***	Article 9 Complaints procedure	

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Article 9(1)				
205	1. Member States shall ensure that companies provide the possibility for persons and organisations listed in paragraph 2 to submit complaints to them where they have legitimate concerns regarding actual or potential adverse human rights impacts and adverse environmental impacts with respect to their own operations, the operations of their subsidiaries and their value chains.	1. Member States shall ensure that companies provide ~~the possibility for~~***publicly available and effective notification and non-judicial grievance mechanisms at operational level, that can be used by*** persons and organisations listed in paragraph 2 to ~~submit complaints to them~~***notify them of or raise grievances and request remediation,*** where they have legitimate ***information or*** concerns regarding actual or potential adverse human rights ~~impacts and adverse~~***or*** environmental impacts with respect to ~~their~~***the companies'*** own operations, the operations of their subsidiaries and their value chains. ***Member States shall ensure that companies are able to provide such a possibility to submit notifications and grievances through collaborative arrangements, including industry initiatives, with other companies or organisations, by participating in multi-stakeholder grievance mechanisms or joining a global framework agreement.***	1. Member States shall ensure that companies provide the possibility for persons and organisations listed in paragraph 2 to submit complaints to them where they have legitimate concerns regarding actual or potential adverse ~~human rights impacts and adverse environmental~~ impacts with respect to their own operations, the operations of their subsidiaries and **the operations of** their ~~value~~**business partners in the companies'** chains **of activities**.	
Article 9(2)				
206				

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	2. Member States shall ensure that the complaints may be submitted by:	2. Member States shall ensure that the ~~*complaints*~~***grievances*** may be submitted by:	2. Member States shall ensure that the complaints may be submitted by:	
Article 9(2), point (a)				
207	(a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact,	(a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact, ***and the legitimate representatives of such individuals, or, in cases where there are no individuals, groups or communities affected by an adverse impact on the environment, credible and experienced organisations whose purpose includes the protection of the environment,***	(a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact~~,~~**;**	
Article 9(2), point (b)				
208	(b) trade unions and other workers' representatives representing individuals working in the value chain concerned,	(b) trade unions and other workers' representatives representing individuals working in the value chain concerned,	(b) trade unions and other workers' representatives representing individuals working in the ~~value chain~~**chain of activities** concerned~~,~~**; and**	
Article 9(2), point (c)				
209	(c) civil society organisations active in the areas related to the value chain concerned.	*deleted*	(c) civil society organisations active in the areas related to the ~~value chain concerned~~**human rights or environmental adverse impact that is the subject matter of the**	

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			complaint.	
209a		***2a. Member States shall ensure that notifications may be submitted by the persons and organisations listed in points (a) and (b) of paragraph 2, and in addition, in as far as they are not covered under those points, by the following:*** ***(a) legal or natural persons defending human rights or the environment;*** ***(b) civil society organisations active in the areas related to the value chain concerned.***		
Article 9(2a), first subparagraph				
210	3. Member States shall ensure that the companies establish a procedure for dealing with complaints referred to in paragraph 1, including a procedure when the company considers the complaint to be unfounded, and inform the relevant workers and trade unions of those procedures. Member States shall ensure that where the complaint is well-founded, the adverse impact that is the subject matter of the complaint is deemed to be identified	3. Member States shall ensure that the companies establish a procedure for dealing with ~~complaints~~***notifications and grievances*** referred to in paragraph 1, including a procedure when the company considers the ~~complaint~~***notifications or grievances*** to be unfounded, and inform the relevant ~~workers and trade unions~~***affected stakeholders, and their representatives where applicable, and other relevant***	~~3~~**2a**. Member States shall ensure that ~~the~~ companies establish a **fair, accessible, and transparent** procedure for dealing with complaints referred to in paragraph 1, including a procedure when the company considers the complaint to be unfounded, and inform the relevant workers and trade unions of ~~those procedures. Member States~~**that procedure. The procedure** shall ensure ~~that where the complaint is well-founded, the~~	

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	within the meaning of Article 6.	***persons or organisations covered by paragraphs 2 and 2a,*** of those procedures. Member States shall ensure that where the ~~complaint~~***notification or grievance*** is well-founded, the adverse impact that is the subject matter of the ~~complaint~~***notification or grievance*** is deemed to be identified within the meaning of Article 6.	~~adverse impact that is the subject matter of the complaint is deemed to be identified within the meaning of Article 6~~**the confidentiality of the identity of the person or organisation submitting the complaint, and the necessary measures to prevent any form of retaliation from the company and its subsidiaries**.	
Article 9(2a), second subparagraph				
210a			**Member States shall ensure that where the complaint is well-founded, the adverse impact that is the subject matter of the complaint is deemed to be identified within the meaning of Article 6 and the company shall take appropriate measures in accordance with Articles 7 and 8, including providing remediation where relevant.**	
210b		***3a. Member States shall ensure that when companies establish or participate in notification and grievance mechanisms, those mechanisms are legitimate, accessible, predictable, equitable, transparent, rights-compatible, gender- and culturally responsive,***		

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		and based on engagement and dialogue. Notification and grievance mechanisms shall be designed and operated in a manner that is informed by the perspectives of stakeholders and adapted to the needs of people who may be most vulnerable to adverse impacts. Companies shall adopt and implement policies and processes to maintain the independence of the notification and grievance mechanism.		
210c		***3b. Companies shall take measures to ensure that persons submitting notifications or grievances are free from retaliation or retribution, including by ensuring that notifications and grievances can be raised either anonymously or confidentially, in accordance with national law and adopt and implement policies to that effect. Where information needs to be shared, it shall be in a manner that does not endanger the stakeholders' safety, including by not disclosing their identity.***		
210d		***3c. Member States shall ensure***		

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		that persons submitting grievances under paragraph 2, where they do not do so anonymously, are entitled to receive timely and appropriate follow-up from the company with which they have filed a grievance pursuant to paragraph 1 and shall also be entitled: ***(a) to be provided with the reasoning as to whether a grievance has been considered founded or unfounded and provided with information on the steps and actions taken;*** ***(b) to engage with the company's representatives at an appropriate level to discuss potential or actual adverse impacts that are the subject matter of the grievance;*** ***(c) to request that companies remediate or contribute to the remediation of actual adverse impacts, in line with Article 8c.***		
Article 9(4)				
211	4. Member States shall ensure that complainants are entitled	4. Member States shall ensure that ~~complainants~~***persons submitting notifications under paragraph 2a, where they do not do so anonymously,*** are entitled ***to receive timely and appropriate follow-up from the company with which they***	4. Member States shall ensure that complainants are entitled**:**	

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		have filed a notification pursuant to paragraph 1.		
Article 9(4), point (a)				
212	(a) to request appropriate follow-up on the complaint from the company with which they have filed a complaint pursuant to paragraph 1, and	*deleted*	(a) to request appropriate follow-up on the complaint from the company with which they have filed a complaint pursuant to paragraph 1~~,~~ ~~and~~**; and**	
Article 9(4), point (b)				
213	(b) to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint.	*deleted*	*(b)* to meet with the company's representatives at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint.	
Article 9(5)				
213a			**5. Member States shall ensure that companies are allowed to fulfil the obligations laid down in paragraphs 1 and 3, first subparagraph, by participation in collaborative complaints procedures, including those established jointly by companies, through industry associations or multi-stakeholder initiatives, provided that the collective procedures meet the requirements set out in this Article.**	

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213b		***4a. Member States shall ensure that supervisory authorities are empowered to issue guidance to companies and other relevant actors responsible for developing and administering notification and grievance mechanisms, including in relation to their compliance with the criteria set out in this Article, and in line with relevant international standards.***		
213c		***4b. The submission of a notification or grievance under this Article shall not be a prerequisite for or preclude the persons submitting them from having access to the substantiated concerns procedure under Article 19 or to judicial or other non-judicial mechanisms, such as the OECD National contact points where they exist.***		
Article 10				
214	Article 10 Monitoring	Article 10 Monitoring ***and verifying***	Article 10 Monitoring	

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Article 10(1)				
215	Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the value chains of the company, those of their established business relationships, to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights and environmental adverse impacts. Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out at least every 12 months and whenever there are reasonable grounds to believe that significant new risks of the occurrence of those adverse impacts may arise. The due diligence policy shall be updated in accordance with the outcome of those assessments.	Member States shall ensure that companies ~~*carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the value chains of the company, those*~~***continuously verify the implementation and monitor the adequacy and effectiveness*** of their ~~*established business relationships, to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of human rights and environmental adverse impacts. Such assessments*~~***actions taken in accordance with this Directive. Monitoring and verification*** shall be based, where appropriate, on qualitative and quantitative indicators and be carried out ~~*at least every 12 months*~~***continuously, taking into account the nature, severity and likelihood of the adverse impacts in question*** and whenever there are reasonable grounds to believe that ~~*significant*~~ new risks of the occurrence of those adverse impacts may arise. ***Where appropriate,*** the due diligence policy***, the prevention action plan and the corrective action plan*** shall be ***reviewed and*** updated in accordance with the outcome of those assessments.	**1.** Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the ~~value~~ chains of **activities of** the company, those of their ~~established~~ business ~~relationships~~**partners**, to monitor the effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of ~~human rights and environmental~~ adverse impacts. Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out **without undue delay after a significant change occurs, but** at least every ~~12~~**24** months and whenever there are reasonable grounds to believe that significant new risks of the occurrence of those adverse impacts may arise. The due diligence policy shall be updated in accordance with the outcome of those assessments **and with due consideration of relevant information from stakeholders**.	

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Article 10, second paragraph				
215a			**2 By way of derogation from paragraph 1, when regulated financial undertakings within the meaning of Article 3, point (a)(iv), provide the services as referred to in Article 3, point (g), they shall in respect to their business partners carry out periodic assessments only to monitor the effectiveness of the prevention, mitigation, bringing to an end, and minimisation of the extent of adverse impacts identified in accordance with Article 6(3).**	
Article 11				
216	Article 11 Communicating	Article 11 Communicating	Article 11 Communicating	
Article 11, first paragraph				
217	Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a and 29a of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement in a language customary in the sphere of	***1.*** Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a***, 29a and 40a*** ~~*and 29a*~~ of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement in ~~*a language customary in the sphere of*~~	Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a and 29a of Directive 2013/34/EU report on the matters covered by this Directive by publishing on their website an annual statement **on the financial year** in a language customary in the	

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	international business. The statement shall be published by 30 April each year, covering the previous calendar year.	~~*international business*~~***at least one of the official languages of the Union***. The statement shall be published ~~*by 30 April each year, covering the previous calendar year*~~***no later than 12 months after the balance sheet date of the financial year for which the statement is drawn up. For non-EU companies the statement will include information on the way to contact the company's authorised representative as defined in Article 16***.	sphere of international business. The statement shall be published ~~by 30 April each year, covering the previous calendar year~~**within a reasonable period of time which shall not exceed 12 months after the balance sheet date of the financial year for which the statement is drawn up**.	
Article 11, first paragraph a				
217a			**Companies that are included in a consolidated management report and exempted from the obligations under Articles 19a or 29a of Directive 2013/34/EU in accordance with Articles 19a(7) and 29a(7) of that Directive shall be deemed to have fulfilled the obligation under this Article.**	
Article 11, second paragraph				
218	The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, specifying information on the description of due diligence, potential and actual adverse impacts	***2.*** The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, ***ensuring that it is consistent with the disclosure requirements for due diligence***	The Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for such reporting under paragraph 1, specifying information on the description of due diligence, potential and actual adverse impacts	

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	and actions taken on those.	***outlined in Article 40b of Directive 2013/34/EU, and*** specifying information on the description of due diligence, potential and actual adverse impacts and actions taken on those. ***This reporting should be sufficiently detailed to demonstrate it complied with the obligations under this Directive.*** ***When adopting delegated acts, the Commission shall ensure that there is no duplication in reporting requirements for companies referred to in Article 3, point (a)(iv), that are subject to reporting requirements and consider principal adverse impacts under Article 4 of Regulation (EU) 2019/2088 of the European Parliament and of the Council, while maintaining in full the minimum obligations stipulated in this Directive.*** ***For companies that do not have a website, Member States shall dedicate a website to the publication of the annual statement of the companies concerned.***	and actions taken ~~on~~**with respect to** those **impacts**.	
218a		***Article 11a*** ***Accessibility of information on the European Single Access Point***		

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		(ESAP)		
218b		***1. For the purposes of paragraph 1(b)(ii), Member States shall ensure that companies acquire a legal entity identifier as specified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation].***		
218c		***2. For the purposes of ensuring an efficient collection and administration of data submitted in accordance with paragraph 1, points (a) and (b), the Commission shall be empowered to adopt implementing measures to specify:*** ***(a) any other metadata to accompany the information;*** ***(b) the structuring of data in the information;*** ***(c) whether a machine-readable format is required and which machine-readable format is to be used.***		

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218d		***3. By [1 day before the obligation for companies to submit to the collection body enters into application], for the purposes of making accessible on ESAP the information referred to in paragraph 1, Member States shall designate one of the officially appointed mechanisms referred to in Article 21, point (2) of Directive 2004/109/EC as the collection body as defined in Article 2, point (2), of Regulation (EU) XX/XXXX [ESAP Regulation] and notify ESMA thereof.***		
218e		***4. Member States shall ensure that, when making public the annual statements drawn-up pursuant to Article 11(1) of this Directive, companies submit that information at the same time to the collection body referred to in paragraph 3 of this Article for accessibility on ESAP, as established under Regulation (EU) XX/XXXX [ESAP Regulation] of the European Parliament and of the Council[1a].*** ***That information shall comply with all of the following requirements:*** ***(a) the information shall be***		

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		prepared in a data extractable format as defined in Article 2, point (3), of Regulation (EU) XX/XXXX [ESAP Regulation] [1b] ***or, where required under Union law, in a machine-readable format, as defined in Article 2, point (13), of Directive (EU) 2019/1024 of the European Parliament and of the Council*** [1c]***;*** ***(b) the information shall be accompanied by all the following metadata:*** ***(i) all the names of the company to which the information relates;*** ***(ii) the legal entity identifier of the company, as specified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation];*** ***(iii) the size of the company by category, as specified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation];*** ***(iv) the type of information, as classified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation];*** ***(v) the specific period for which the information is to be made publicly available on ESAP, where relevant.*** _____ ***1a. Regulation (EU) XX/XXXX of the European Parliament and of the Council***		

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		establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability (OJ L [...], […], p. […]). ***1b. Directive (EU) 2019/1024 of the European Parliament and of the Council of 20 June 2019 on open data and the re-use of public sector information (OJ L 172, 26.6.2019, p. 56).*** ***1c. Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC (OJ L 257, 28.8.2014, p. 73)***		
Article 12				
219	Article 12 Model contractual clauses	Article 12 Model contractual clauses	Article 12 Model contractual clauses	
Article 12, first paragraph				
220	In order to provide support to companies to facilitate their compliance with Article 7(2), point (b), and Article 8(3), point (c), the Commission shall adopt guidance about voluntary model contract clauses.	In order to provide support to companies to facilitate their compliance with Article 7(2), point (b), and Article 8(3), point (c), the Commission shall***, in consultation with Member States and relevant stakeholders,*** adopt guidance***, tailored to the sector and size of companies,*** about voluntary model contract clauses ***by the application date of this Directive. Those model contractual clauses shall stipulate, as a minimum:***	In order to provide support to companies to facilitate their compliance with Article 7(2), point (b), and Article 8(3), point (c), the Commission**, in consultation with Member States and stakeholders,** shall adopt guidance about voluntary model ~~contract~~**contractual** clauses.	

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220a		***(a) the clear allocation of tasks between both contracting parties, in ongoing cooperation, and that contractual clauses shall not be such as to result in the transfer of responsibility for carrying out due diligence; and***		
220b		***(b) that without prejudice to Article 7 (5) and Article 8 (6), where contractual clauses are breached, companies shall first take appropriate measures in line with Article 7 (4) and Article 8 (5) and shall avoid terminating such clauses.***		
Article 13				
221	Article 13 Guidelines	Article 13 Guidelines	Article 13 Guidelines	
Article 13, first paragraph				
222	In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations,	***1.*** In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations,	In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations,	

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	the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, may issue guidelines, including for specific sectors or specific adverse impacts.	***including in relation to rights and protections enshrined in the Annex,*** the Commission, in consultation with Member States***, the European cross-industry and sectoral social partners and other relevant*** ~~and~~ stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, ***the European Labour Authority, the European External Action Service, the European Innovation Council and the Small and Medium-Sized Enterprises Executive Agency (EISMEA), the European Food Safety Authority,*** and where appropriate ~~with~~***the OECD and other*** international bodies having expertise in due diligence, ~~may~~***shall*** issue ***clear and easily understandable*** guidelines, including ~~for~~***general and sector-*** specific ~~sectors or specific adverse impacts~~***guidance, in order to facilitate compliance in a practical manner***.	the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, and where appropriate with international bodies having expertise in due diligence, ~~may~~**shall** issue guidelines, including for specific sectors or specific adverse impacts**, no later than after two years from the entry into force of this Directive**.	
222a		***2. The guidelines shall be made available no later than ... [1 year before the date of entry into force of obligations for companies under this Directive], in free of charge and easily accessible format, including digital, and in all the***		

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		official languages of the Union. The Commission shall periodically review the relevance of its guidelines and adapt them, including to new best practices.		
222b		***3. Country fact-sheets shall be updated regularly by the Commission and made publicly available in order to provide up-to-date information on the international Conventions and Treaties ratified by each of the Union's trading partners. The Commission shall collect and publish trade and customs data on origins of raw materials, and intermediate and finished products, and publish information on human rights, environmental and governance potential or actual adverse impacts risks associated with certain countries or regions, sectors and sub-sectors, and products.***		
222c		***4. In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the guidelines shall***		

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		include: ***(a) information on the implementation of the human rights and environmental standards applicable to businesses based on the OECD Guidelines for Multinational Enterprises as clarified in the OECD Due Diligence Guidance for Responsible Business Conduct as well as the UN Guiding Principles on Business and Human Rights;*** ***(b) lists of risk factors and accompanying guidance, including enterprise-level risk factors, geographic risk factors and sectoral risk factors;*** ***(c) sector specific guidance, in particular for the following sector, in line with current or future OECD guidelines:*** ***(i) the manufacture and the wholesale trade and retail of textiles, wearing apparel, fur, leather and related products (including footwear),*** ***(ii) agriculture, water supply, the management of land and resources, including nature conservation, forestry, fisheries (including aquaculture), the rubber industry, the manufacture of food products, marketing and advertising of food***		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		and beverages, and the wholesale trade and retail of agricultural raw materials, live animals, animal products, wood, food, and beverages, and waste management, (iii) mining and quarrying, the extraction, refining, transport and handling of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non-metallic minerals and quarry products), the manufacture of basic metal products, other non-metallic mineral products and fabricated metal products, (except machinery and equipment), and the wholesale trade of mineral resources, basic and intermediate mineral products, (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products), construction, energy sector, (iv) the provision of financial services, investment services and activities, and other financial services; ***(d) information on how to perform heightened, conflict-sensitive due diligence in conflict-affected areas;*** ***(e) information on how to share***		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		resources and information among companies and other legal entities for the purposes of preventing, mitigating and remediating adverse impacts in compliance with competition law; ***(f) information on how to take into account the specific needs of SMEs;*** ***(g) information on the establishment of a notification and non-judicial grievance mechanism,*** ***(h) information on responsible disengagement and an assessment and dynamic listing of contexts where adverse impacts are systemic state-sponsored;*** ***(i) practical guidance on how to identify and engage with affected stakeholders;*** ***(j) information on facilitation by Member States of access to justice for victims and prevention of retaliation of affected stakeholders;*** ***(k) practical guidance on the development and implementation of prioritisation strategies, including practical guidance on how proportionality and prioritisation, in terms of impacts, sectors and geographical areas, may be applied***		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		to due diligence obligations depending on the size and sector of the company; ***(l) information on responsible purchasing practices;*** ***(m) information on gender-responsive and culturally responsive due diligence, and measures that companies should take to address the challenges faced by smallholders, including access to a living income;*** ***(n) information on how to support safe participatory collection of independent data on human rights violations and environmental damages and on how to undertake necessary actions for the data to be considered;*** ***(o) information for Union export credit agencies to help Union and Member States' funds and export credits operate in line with the principles of this Directive.***		
Article 14				
223	Article 14 Accompanying measures	Article 14 Accompanying measures	Article 14 Accompanying measures	
Article 14(1)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
224	1. Member States shall, in order to provide information and support to companies and the partners with whom they have established business relationships in their value chains in their efforts to fulfil the obligations resulting from this Directive, set up and operate individually or jointly dedicated websites, platforms or portals. Specific consideration shall be given, in that respect, to the SMEs that are present in the value chains of companies.	1. ***Before the entry into force of this Directive,*** Member States ***with the support of the Commission*** shall ***develop and implement measures and toolboxes***, in order to provide information***, advice*** and support to companies and the partners with whom they have ~~*established*~~ business relationships in their value chains in their efforts to fulfil the obligations resulting from this Directive, ***and*** set up and operate individually or jointly dedicated ***user-friendly*** websites, platforms or portals. ~~*Specific consideration*~~***Such information, advice and support*** shall be ~~*given, in that respect, to the SMEs that are present in the value chains of companies*~~***practical and tailored to the specific needs of SMEs in particular. Member States shall also ensure that training on how to perform due diligence is made available for companies. In doing so, Member States shall ensure complementarity and coherence with similar measures already in existence, such as information and promotion provided by OECD National Contact Points***.	1. Member States shall, in order to provide information and support to companies and the ~~partners with whom they have established~~ business ~~relationships~~**partners** in their ~~value chains~~**chains of activities** in their efforts to fulfil the obligations resulting from this Directive, set up and operate individually or jointly dedicated websites, platforms or portals. Specific consideration shall be given, in that respect, to the SMEs that are present in the ~~value chains~~**chains of activities** of companies.	
224a		***1a. The Commission shall establish***		

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		a dedicated digital portal for companies to access free of charge all templates and information relating to all reporting requirements stemming from this Directive and other Union legislative instruments specific to a particular company based on its size, sector, product and service, risk exposure etc., as well as access to information on funding and tendering opportunities in order to implement, fulfil and profit from their due diligence obligations.		
224b		***1b. Member States shall provide information and support for stakeholders and their representatives to exercise their engagement in due diligence, for their capacity development, and provide them with information and assistance to facilitate their access to justice. This shall include legal counsel and setting up and operating individually or jointly dedicated websites, platforms or portals. Member States may also provide financial support to stakeholders for the purpose of raising their awareness and facilitating access to the rights provided to them by this Directive, as well as support and protection***		

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		for affected stakeholders in relation to potential or actual adverse impacts related to business operations.		
Article 14(2)				
225	2. Without prejudice to applicable State aid rules, Member States may financially support SMEs.	2. Without prejudice to applicable State aid rules, Member States ~~*may financially*~~***shall provide financial and other*** support ***to SMEs, where relevant***~~*SMEs*~~.	2. Without prejudice to applicable State aid rules, Member States may financially support SMEs.	
Article 14(3)				
226	3. The Commission may complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.	3. The Commission ~~*may*~~***shall establish advisors for due diligence under the scope of the Enterprise Europe Network and shall, including in view of ensuring consistency,*** complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.	3. The Commission may complement Member States' support measures building on existing Union action to support due diligence in the Union and in third countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.	
226a		***3a. The Commission and Member States shall ensure that the Union's cooperation and trade instruments***		

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		support the development of an enabling environment in third countries, as well as developing and strengthening cooperation and partnership mechanisms with third countries, and relying on existing instruments, to address the root causes of adverse impacts on human rights and the environment , and build the capacity of third country economic actors to respect the environment and human rights.		
Article 14(4)				
227	4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States may facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.	4. ***Without prejudice to Articles 18, 19 and 22,*** companies may ~~rely on~~***participate in*** industry ~~schemes~~ and multi-stakeholder initiatives to support the implementation of ***aspects of*** their ***due diligence*** obligations referred to in Articles 5 to 11 of this Directive to the extent that such ~~schemes and~~ initiatives are appropriate to support the fulfilment of ~~those~~***the relevant*** obligations. ~~The Commission and the Member States may facilitate the dissemination of information on such schemes or initiatives and their outcome~~***They may be particularly appropriate to support sector-wide risk identification, providing tools for mitigation of specific risks, coordinating the use of companies' leverage to enable remediation, and***	4. Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 ~~of this Directive~~ to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. The Commission and the Member States may facilitate the dissemination of information on such schemes or initiatives and their outcome. The Commission, in collaboration with Member States, ~~may~~**shall** issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.	

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		providing access to a grievance mechanism. The Commission, in collaboration with Member States, ~~*may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.*~~ ***the OECD, the OHCHR and relevant stakeholders, shall:***		
227a		***(a) issue guidance and a methodology for assessing the scope, alignment with this Directive, and credibility including with regard to transparency, governance, oversight mechanisms and accountability of participating companies, of individual industry and multi-stakeholder initiatives, building on the OECD's alignment assessment methodology;***		
227b		***(b) establish a centralised and public digital platform for companies, governments and other stakeholders to access free of charge independent third-party assessments of the scope, alignment, and credibility of individual industry and multi-stakeholder initiatives using the methodology developed by the***		

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		Commission under point (a). Independent third-party assessments may be carried out by Member States, the OECD or other independent third party assessors;		
227c		***(c) facilitate the dissemination of other relevant information on the scope, alignment and credibility of industry and multi-stakeholder initiatives and their outcomes. Member States shall foster the development of appropriate industry or multi-stakeholder initiatives to support companies in particular sectors or on particular issues that involve severe sustainability risks but lack such initiatives.***		
227d		***4a. Without prejudice to Articles 18, 19 and 22, companies may use independent third party verification to support the implementation of aspects of their due diligence obligations referred to in Articles 5 to 11 of this Directive to the extent that such verification is appropriate to support the fulfilment of the relevant obligations. The Commission shall adopt a delegated***		

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		act in accordance with Article 28 to specify the minimum standards, including transparency standards, for the independent third-party verification.		
227e		***4b. Relevant stakeholders may submit notifications and grievances pursuant to Article 9 through industry and multi-stakeholder initiatives that the company participates in.***		
227f		***Article 14a*** ***Single helpdesk***		
227g		***1. Each Member State shall designate one or more national helpdesks on corporate sustainability due diligence. Member States may assign this role to an existing authority such as National Contact Points where they exist but shall ensure that the single helpdesks are functionally independent from the tasks and role of the supervisory authorities.***		

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227h		***2. Companies may seek additional guidance and obtain further support and information about how best to fulfil their due diligence obligations through this point of contact, including on the role of collaborative industry and multi-stakeholder initiatives in supporting and assisting companies to meet specific aspects of their due diligence obligations.***		
227i		***3. The single helpdesks may also liaise with each other to ensure cross-border cooperation, and, where relevant, Member States shall ensure that single helpdesks coordinate with other implementation bodies or other relevant international instruments, such as OECD National Contact Points.***		
Article 15				
228	Article 15 Combating climate change	Article 15 Combating climate change	Article 15 Combating climate change	
Article 15(1)				
229				

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	1. Member States shall ensure that companies referred to in Article 2(1), point (a), and Article 2(2), point (a), shall adopt a plan to ensure that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. This plan shall, in particular, identify, on the basis of information reasonably available to the company, the extent to which climate change is a risk for, or an impact of, the company's operations.	1. Member States shall ensure that companies referred to in Article ~~2(1), point (a), and~~***2 develop and implement a transition plan in line with the reporting requirements in*** Article ~~2(2), point (a), shall adopt a plan~~***19a of Regulation (EU) 2021/0104 (CSRD),*** to ensure that the business model and strategy of the company are ~~compatible~~***aligned*** with the ***objectives of the*** transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement~~.~~ ~~This plan shall, in particular, identify, on the basis of information reasonably available to the company, the extent to which~~ ***and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119 (European Climate Law) as regards its operations in the Union, including its 2050*** climate ~~change is a risk for, or an impact of, the company's operations.~~***neutrality target and the 2030 climate target. This plan shall include a description of:***	1. Member States shall ensure that companies referred to in Article 2(1), point (a), and Article 2(2), point (a), shall adopt a plan**, including implementing actions and related financial and investments plans,** to ensure that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement **and the objective of achieving climate neutrality by 2050 as established in Regulation (EU) 2021/1119, and where relevant, the exposure of the undertaking to coal-, oil- and gas-related activities, as referred to in Articles 19a(2), point (a)(iii), and 29a(2), point (a)(iii), of Directive 2013/34/EU**. This plan shall, in particular, identify, on the basis of information reasonably available to the company, the extent to which climate change is a risk for, or an impact of, the company's operations.	
229a		***(a) the opportunities for the company related to climate matters;***		

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229b		***(b) where appropriate an identification and explanation of decarbonisation levers within the company's operations and value chain, including the exposure of the company to coal-, oil- and gas-related activities, as referred to in Articles 19a(2), point (a)(iii), and 29a(2), point (a)(iii), of Directive 2013/34/EU;***		
229c		***(c) how the company's strategy has been implemented and will be implemented with regard to climate matters, including related financial and investment plans;***		
229d		***(d) the time-bound targets related to climate change set by the company for scope 1, 2 and, where relevant, 3 emissions, including where appropriate, absolute emission reduction targets for greenhouse gas for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence, and a description of the progress the company has made towards achieving those targets;***		

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229e		***(e) a description of the role of the administrative, management and supervisory bodies with regard to climate matters.***		
229f		***(f) how the company's business model and strategy take account of the interests of the company's affected stakeholders and of the impacts of the company on climate change;***		
229g		***(g) the resilience of the company's business model and strategy to risks related to climate matters;***		
Article 15(2)				
230	2. Member States shall ensure that, in case climate change is or should have been identified as a principal risk for, or a principal impact of, the company's operations, the company includes emission reduction objectives in its plan.	*deleted*	2. Member States shall ensure that, in case climate change is or should have been identified as a principal risk for, or a principal impact of, the company's operations, the company includes **greenhouse gas** emission reduction objectives in its plan.	
Article 15(3)				

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231	3. Member States shall ensure that companies duly take into account the fulfilment of the obligations referred to in paragraphs 1 and 2 when setting variable remuneration, if variable remuneration is linked to the contribution of a director to the company's business strategy and long-term interests and sustainability.	3. Member States shall ensure that ~~companies duly take into account the fulfilment of the obligations referred to in paragraphs 1 and 2 when setting variable remuneration, if~~***directors are responsible for overseeing the obligations set out in this Article and that companies with more than 1000 employees on average have a relevant and effective policy in place to ensure that part of any*** variable remuneration ***for directors*** is linked to the ~~contribution of a director to the company's business strategy and long-term interests and sustainability~~***company's transition plan referred to in this Article. Such a policy shall be approved by the Annual General Meeting***.	*deleted*	
Article 16				
232	Article 16 Authorised representative	Article 16 Authorised representative	Article 16 Authorised representative	
Article 16(1)				
233	1. Member States shall ensure that each company referred to in Article 2(2) designates a legal or natural person as its authorised representative, established or domiciled in one of the Member	1. Member States shall ensure that each company referred to in Article 2(2) designates a legal or natural person as its authorised representative, established or domiciled in one of the Member	1. Member States shall ~~ensure that each~~**lay down rules to require that a** company ~~referred to in~~**within the meaning of** Article 2(2) **operating in a Member State** designates a legal or natural person as its	

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	States where it operates. The designation shall be valid when confirmed as accepted by the authorised representative.	States where it operates. The designation shall be valid when confirmed as accepted by the authorised representative.	authorised representative, established or domiciled in one of the Member States where it operates. The designation shall be valid when confirmed as accepted by the authorised representative.	
Article 16(2)				
234	2. Member States shall ensure that the name, address, electronic mail address and telephone number of the authorised representative is notified to a supervisory authority in the Member State where the authorised representative is domiciled or established. Member States shall ensure that the authorised representative is obliged to provide, upon request, a copy of the designation in an official language of a Member State to any of the supervisory authorities.	2. Member States shall ensure that the name, address, electronic mail address and telephone number of the authorised representative is notified to a supervisory authority in the Member State where the authorised representative is domiciled or established. Member States shall ensure that the authorised representative is obliged to provide, upon request, a copy of the designation in an official language of a Member State to any of the supervisory authorities.	2. Member States shall ~~ensure~~**lay down rules to require** that the **authorised representative or the company notifies the** name, address, electronic mail address and telephone number of the authorised representative ~~is notified~~ to a supervisory authority in the Member State where the authorised representative is domiciled or established. Member States shall ~~ensure~~**lay down rules to require** that the authorised representative ~~is obliged to provide~~**provides**, upon request, a copy of the designation in an official language of a Member State to any of the supervisory authorities.	
Article 16(3)				
235	3. Member States shall ensure that a supervisory authority in the Member State where the authorised representative is domiciled or established and, where it is different,	3. Member States shall ensure that a supervisory authority in the Member State where the authorised representative is domiciled or established and, where it is different,	3. Member States shall ~~ensure that~~ **lay down rules to require that the authorised representative or the company informs** a supervisory authority in the Member State where	

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	a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year are informed that the company is a company within the meaning of Article 2(2).	a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year are informed that the company is a company within the meaning of Article 2(2).	the authorised representative is domiciled or established and, where it is different, a supervisory authority in the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year ~~are informed~~ that the company is a company within the meaning of Article 2(2).	
Article 16(4)				
236	4. Member States shall ensure that each company empowers its authorised representative to receive communications from supervisory authorities on all matters necessary for compliance with and enforcement of national provisions transposing this Directive. Companies shall be required to provide their authorised representative with the necessary powers and resources to cooperate with supervisory authorities.	4. Member States shall ensure that each company empowers its authorised representative to receive communications from supervisory authorities on all matters necessary for compliance with and enforcement of national provisions transposing this Directive. Companies shall be required to provide their authorised representative with the necessary powers and resources to cooperate with supervisory authorities.	4. Member States shall ~~ensure~~**lay down rules to require** that each company empowers its authorised representative to receive communications from supervisory authorities on all matters necessary for compliance with and enforcement of national provisions transposing this Directive. Companies shall be required to provide their authorised representative with the necessary powers and resources to cooperate with supervisory authorities.	
Article 16(5)				
236a			**5. When the company within the meaning of Article 2(2) fails to comply with the obligations laid down in this Article, all Member States in which such company**	

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			operates should be competent to enforce the fulfilment of such obligations in accordance with the national law. The Member State intending to enforce the obligations laid down in this Article notifies the supervisory authorities through the European Network of Supervisory Authorities in accordance with Article 21 so that other Member States do not enforce them.	
Article 17				
237	Article 17 Supervisory Authorities	Article 17 Supervisory Authorities	Article 17 Supervisory Authorities	
Article 17(1)				
238	1. Each Member State shall designate one or more supervisory authorities to supervise compliance with the obligations laid down in national provisions adopted pursuant to Articles 6 to 11 and Article 15(1) and (2) ('supervisory authority').	1. Each Member State shall designate one or more supervisory authorities to supervise compliance with the obligations laid down in national provisions adopted pursuant to ~~*Articles 6 to 11 and Article 15(1) and (2)*~~***this Directive*** ('supervisory authority').	1. Each Member State shall designate one or more supervisory authorities to supervise compliance with the obligations laid down in national provisions adopted pursuant to Articles 6 to 11 and Article ~~15(1) and (2)~~**15** ('supervisory authority').	
Article 17(2)				
239	2. As regards the companies referred to in Article 2(1), the competent supervisory authority	2. As regards the companies referred to in Article 2(1), the competent supervisory authority	2. As regards the companies referred to in Article 2(1), the competent supervisory authority	

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	shall be that of the Member State in which the company has its registered office.	shall be that of the Member State in which the company has its registered office.	shall be that of the Member State in which ~~the~~**such** company has its registered office.	
Article 17(3), first subparagraph				
240	3. As regards companies referred to in Article 2(2), the competent supervisory authority shall be that of the Member State in which the company has a branch. If the company does not have a branch in any Member State, or has branches located in different Member States, the competent supervisory authority shall be the supervisory authority of the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year before the date indicated in Article 30 or the date on which the company first fulfils the criteria laid down in Article 2(2), whichever comes last.	3. As regards companies referred to in Article 2(2), the competent supervisory authority shall be that of the Member State in which the company has a branch. If the company does not have a branch in any Member State, or has branches located in different Member States, the competent supervisory authority shall be the supervisory authority of the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year before the date indicated in Article 30 or the date on which the company first fulfils the criteria laid down in Article 2(2), whichever comes last.	3. As regards companies referred to in Article 2(2), the competent supervisory authority shall be that of the Member State in which ~~the~~**such** company has a branch. If the company does not have a branch in any Member State, or has branches located in different Member States, the competent supervisory authority shall be the supervisory authority of the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year before the date indicated in Article 30 or the date on which the company first fulfils the criteria laid down in Article 2(2), whichever comes last.	
Article 17(3), second subparagraph				
241	Companies referred to in Article 2(2) may, on the basis of a change in circumstances leading to it generating most of its turnover in the Union in a different Member State, make a duly reasoned request to change the supervisory authority that is competent to regulate matters	Companies referred to in Article 2(2) may, on the basis of a change in circumstances leading to it generating most of its turnover in the Union in a different Member State, make a duly reasoned request to change the supervisory authority that is competent to regulate matters	Companies referred to in Article 2(2) may, on the basis of a change in circumstances leading to it generating most of its turnover in the Union in a different Member State, make a duly reasoned request to change the supervisory authority that is competent to regulate matters	

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	covered in this Directive in respect of that company.	covered in this Directive in respect of that company.	covered in this Directive in respect of that company.	
Article 17(3a), first subparagraph				
241a			**3a. Where the parent company fulfils the obligations resulting from this Directive on behalf of its subsidiaries in accordance with Article 4a, the competent supervisory authority for the parent company and its subsidiaries shall be that of the parent company pursuant to paragraph 2 or 3.**	
Article 17(3a), second subparagraph				
241b			**When the supervisory authority under the first subparagraph identifies a failure of the subsidiary to comply with the obligations provided for in Article 4a(2), it shall notify the supervisory authority that would be competent in respect of that subsidiary in accordance with paragraph 2 or 3, to carry out the powers in respect of that subsidiary in accordance with Articles 18 and 20.**	
Article 17(4)				
242				

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	4. Where a Member State designates more than one supervisory authority, it shall ensure that the respective competences of those authorities are clearly defined and that they cooperate closely and effectively with each other.	4. Where a Member State designates more than one supervisory authority, it shall ensure that the respective competences of those authorities are clearly defined and that they cooperate closely and effectively with each other.	4. Where a Member State designates more than one supervisory authority, it shall ensure that the respective competences of those authorities are clearly defined and that they cooperate closely and effectively with each other.	
Article 17(5)				
243	5. Member States may designate the authorities for the supervision of regulated financial undertakings also as supervisory authorities for the purposes of this Directive.	5. Member States may designate the authorities for the supervision of regulated financial undertakings also as supervisory authorities for the purposes of this Directive.	5. Member States may designate the authorities for the supervision of regulated financial undertakings also as supervisory authorities for the purposes of this Directive.	
Article 17(6)				
244	6. By the date indicated in Article 30(1), point (a), Member States shall inform the Commission of the names and contact details of the supervisory authorities designated pursuant to this Article, as well as of their respective competence where there are several designated supervisory authorities. They shall inform the Commission of any changes thereto.	6. By the date indicated in Article 30(1), point (a), Member States shall inform the Commission of the names and contact details of the supervisory authorities ***and, where applicable, the respective competences of those authorities,*** designated pursuant to this Article, as well as of their respective competence where there are several designated supervisory authorities. They shall inform the Commission of any changes thereto.	6. By the date indicated in Article 30(1), point (a), Member States shall inform the Commission of the names and contact details of the supervisory authorities designated pursuant to this Article, as well as of their respective competence where there are several designated supervisory authorities. They shall inform the Commission of any changes thereto.	
Article 17(7)				
245				

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	7. The Commission shall make publicly available, including on its website, a list of the supervisory authorities. The Commission shall regularly update the list on the basis of the information received from the Member States.	7. The Commission shall make publicly available, including on its website, a list of the supervisory authorities***, and, when a Member State has several supervisory authorities, the respective competences of those authorities***. The Commission shall regularly update the list on the basis of the information received from the Member States.	7. The Commission shall make publicly available, including on its website, a list of the supervisory authorities. The Commission shall regularly update the list on the basis of the information received from the Member States.	
Article 17(8)				
246	8. Member States shall guarantee the independence of the supervisory authorities and shall ensure that they, and all persons working for or who have worked for them and auditors or experts acting on their behalf, exercise their powers impartially, transparently and with due respect for obligations of professional secrecy. In particular, Member States shall ensure that the authority is legally and functionally independent from the companies falling within the scope of this Directive or other market interests, that its staff and the persons responsible for its management are free of conflicts of interest, subject to confidentiality requirements, and that they refrain from any action incompatible with their duties.	8. Member States shall guarantee the independence of the supervisory authorities and ~~*shall*~~ ensure that they, and all persons working for or who have worked for them and ~~*auditors or experts*~~***persons*** acting on their behalf, exercise their powers impartially, transparently and with due respect for obligations of professional secrecy. In particular, Member States shall ensure that the authority is legally and functionally independent from the companies falling within the scope of this Directive or other market interests, that its staff and the persons responsible for its management are free of conflicts of interest, subject to confidentiality requirements, and that they refrain from any action incompatible with their duties.	8. Member States shall guarantee the independence of the supervisory authorities and shall ensure that they, and all persons working for or who have worked for them and auditors or experts acting on their behalf, exercise their powers impartially, transparently and with due respect for obligations of professional secrecy. In particular, Member States shall ensure that the authority is legally and functionally independent from the companies falling within the scope of this Directive or other market interests, that its staff and the persons responsible for its management are free of conflicts of interest, subject to confidentiality requirements, and that they refrain from any action incompatible with their duties.	

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246a		***8a. Member States shall ensure that supervisory authorities recognise the role of implementation bodies of other relevant international instruments, such as OECD National Contact Points. The Commission, in consultation with relevant international bodies, may develop guidelines on the coordination between supervisory authorities and such implementation bodies.***		
246b		***8b. Member States shall ensure that supervisory authorities publish and make available on a website an annual report detailing their past activities, future work plan and priorities, and the most serious non-compliance issues.***		
Article 18				
247	Article 18 Powers of supervisory authorities	Article 18 Powers of supervisory authorities	Article 18 Powers of supervisory authorities	
Article 18(1)				
248	1. Member States shall ensure that the supervisory authorities have	1. Member States shall ensure that the supervisory authorities ***are***	1. Member States shall ensure that the supervisory authorities have	

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	adequate powers and resources to carry out the tasks assigned to them under this Directive, including the power to request information and carry out investigations related to compliance with the obligations set out in this Directive.	***independent and impartial and*** have adequate powers***, resources and expertise*** ~~*and resources*~~ to carry out the tasks assigned to them under this Directive, including the power to ~~*request*~~***require companies to provide*** information and carry out investigations***, which can include where appropriate on site inspections and the hearing of relevant stakeholders,*** related to compliance with the obligations set out in this Directive.	adequate powers and resources to carry out the tasks assigned to them under this Directive, including the power to request information and carry out investigations related to compliance with the obligations set out in ~~this Directive~~**Articles 6 to 11 and Article 15. As regards Article 15, Member States shall only require supervisory authorities to supervise that companies have adopted the plan**.	
Article 18(2)				
249	2. A supervisory authority may initiate an investigation on its own motion or as a result of substantiated concerns communicated to it pursuant to Article 19, where it considers that it has sufficient information indicating a possible breach by a company of the obligations provided for in the national provisions adopted pursuant to this Directive.	2. A supervisory authority may initiate an investigation on its own motion or as a result of substantiated concerns communicated to it pursuant to Article 19, where it considers that it has sufficient information indicating a possible breach by a company of the obligations provided for in the national provisions adopted pursuant to this Directive.	2. A supervisory authority may initiate an investigation on its own motion or as a result of substantiated concerns communicated to it pursuant to Article 19, where it considers that it has sufficient information indicating a possible breach by a company of the obligations provided for in the national provisions adopted pursuant to this Directive.	
Article 18(3)				
250	3. Inspections shall be conducted in compliance with the national law of the Member State in which the inspection is carried out and with prior warning to the company,	3. Inspections shall be conducted in compliance with the national law of the Member State in which the inspection is carried out and with prior warning to the company,	3. Inspections shall be conducted in compliance with the national law of the Member State in which the inspection is carried out and with prior warning to the company,	

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	except where prior notification hinders the effectiveness of the inspection. Where, as part of its investigation, a supervisory authority wishes to carry out an inspection on the territory of a Member State other than its own, it shall seek assistance from the supervisory authority in that Member State pursuant to Article 21(2).	except where prior notification hinders the effectiveness of the inspection. Where, as part of its investigation, a supervisory authority wishes to carry out an inspection on the territory of a Member State other than its own, it shall seek assistance from the supervisory authority in that Member State pursuant to Article 21(2).	except where prior notification hinders the effectiveness of the inspection. Where, as part of its investigation, a supervisory authority wishes to carry out an inspection on the territory of a Member State other than its own, it shall seek assistance from the supervisory authority in that Member State pursuant to Article 21(2).	
Article 18(4), first subparagraph				
251	4. If, as a result of the actions taken pursuant to paragraphs 1 and 2, a supervisory authority identifies a failure to comply with national provisions adopted pursuant to this Directive, it shall grant the company concerned an appropriate period of time to take remedial action, if such action is possible.	4. If, as a result of the actions taken pursuant to paragraphs 1 and 2, a supervisory authority identifies a failure to comply with national provisions adopted pursuant to this Directive, it shall grant the company concerned an appropriate period of time to take remedial action, if such action is possible.	4. If, as a result of the actions taken pursuant to paragraphs 1 and 2, a supervisory authority identifies a failure to comply with national provisions adopted pursuant to this Directive, it shall grant the company concerned an appropriate period of time to take remedial action, if such action is possible.	
Article 18(4), second subparagraph				
252	Taking remedial action does not preclude the imposition of administrative sanctions or the triggering of civil liability in case of damages, in accordance with Articles 20 and 22, respectively.	Taking remedial action does not preclude the imposition of administrative sanctions or the triggering of civil liability in case of damages, ***including*** in accordance with Articles 20 and 22, respectively.	Taking remedial action does not preclude the imposition of ~~administrative sanctions~~**penalties** or the triggering of civil liability in case of damages, in accordance with Articles 20 and 22, respectively.	
Article 18(5)				

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253	5. When carrying out their tasks, supervisory authorities shall have at least the following powers:	5. When carrying out their tasks, supervisory authorities shall have at least the following powers:	5. When carrying out their tasks, supervisory authorities shall have at least the following powers:	
Article 18(5), point (a)				
254	(a) to order the cessation of infringements of the national provisions adopted pursuant to this Directive, abstention from any repetition of the relevant conduct and, where appropriate, remedial action proportionate to the infringement and necessary to bring it to an end;	(a) to order the cessation of infringements of the national provisions adopted pursuant to this Directive, abstention from any repetition of the relevant conduct and, where appropriate, remedial action proportionate to the infringement and necessary to bring it to an end;	(a) to order ~~the cessation of infringements of the national provisions adopted pursuant to this Directive, abstention from any repetition of the relevant conduct and, where appropriate, remedial action proportionate to the infringement and necessary to bring it to an end;~~**:**	
Article 18(5), point (i)				
254a			**(i) the cessation of infringements of the national provisions adopted pursuant to this Directive;**	
Article 18(5), point (ii)				
254b			**(ii) the abstention from any repetition of the relevant conduct; and**	
Article 18(5), point (iii)				
254c			**(iii) where appropriate, to provide remediation proportionate to the**	

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			infringement and necessary to bring it to an end;	
Article 18(5), point (b)				
255	(b) to impose pecuniary sanctions in accordance with Article 20;	(b) to impose ~~*pecuniary*~~ sanctions in accordance with Article 20;	(b) to impose ~~pecuniary sanctions~~**penalties** in accordance with Article 20; **and**	
Article 18(5), point (c)				
256	(c) to adopt interim measures to avoid the risk of severe and irreparable harm.	(c) to adopt interim measures to avoid the risk of severe ~~*and*~~***or*** irreparable harm~~.~~***;***	(c) to adopt interim measures ~~to avoid the~~**in case of urgency due to** risk of severe and irreparable harm.	
256a		***(ca) to assess the validity of prioritisation strategies as foreseen under Article 8b and order a review if the requirements for such strategies have not been met.***		
Article 18(6)				
257	6. Where the legal system of the Member State does not provide for administrative sanctions, this Article and Article 20 may be implemented in such a manner that the sanction is initiated by the competent supervisory authority and imposed by the competent national courts,	6. Where the legal system of the Member State does not provide for administrative sanctions, this Article and Article 20 may be implemented in such a manner that the sanction is initiated by the competent supervisory authority and imposed by the competent national courts,	6. ~~Where the legal system of the Member State does not provide for administrative sanctions,~~**Supervisory authorities shall exercise the powers referred to in** this Article ~~and Article 20 may be implemented in such a manner that the sanction is initiated by the~~	

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	while ensuring that those legal remedies are effective and have an equivalent effect to the administrative sanctions imposed by supervisory authorities.	while ensuring that those legal remedies are effective and have an equivalent effect to the administrative sanctions imposed by supervisory authorities.	~~competent supervisory authority and imposed by the competent~~ **in accordance with the** national ~~courts, while ensuring that those legal remedies are effective and have an equivalent effect to the administrative sanctions imposed by supervisory authorities.~~**law:**	
Article 18(6), point (a)				
257a			**(a) directly;**	
Article 18(6), point (b)				
257b			**(b) in cooperation with other authorities; or**	
Article 18(6), point (c)				
257c			**(c) by application to the competent judicial authorities.**	
Article 18(7)				
258	7. Member States shall ensure that each natural or legal person has the right to an effective judicial remedy against a legally binding decision by a supervisory authority concerning them.	7. Member States shall ensure that each natural or legal person has the right to an effective judicial remedy against a legally binding decision by a supervisory authority concerning them***, in accordance with national law and without prejudice to Member State rules on companies'***	7. Member States shall ensure that each natural or legal person has the right to an effective judicial remedy against a legally binding decision by a supervisory authority concerning them.	

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		right to court appeal and other relevant safeguards.		
258a		***7a. Supervisory authorities shall publish and regularly update a list of all companies subject to this Directive under their jurisdiction, without containing any personal data within the meaning of Article 4(1) of Regulation (EU) 2016/679. The lists of companies subject to this Directive shall display links to access companies' due diligence statements where applicable.***		
258b		***7b. Decisions of supervisory authorities regarding a company's compliance with this Directive shall be without prejudice to the company's civil liability under Article 22. In the context of ongoing civil liability proceedings and upon request of a court, supervisory authorities shall share any information they may have at their disposal about a given company with the court before which the proceedings brought under Article 22 are to be heard.***		

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258c		***7c. Member States shall ensure that the supervisory authorities keep records of the investigations referred to in paragraph 1, indicating, in particular, their nature and result, as well as records of any notice of remedial action issued under paragraph 5.***		
Article 19				
259	Article 19 Substantiated concerns	Article 19 Substantiated concerns	Article 19 Substantiated concerns	
Article 19(1)				
260	1. Member States shall ensure that natural and legal persons are entitled to submit substantiated concerns to any supervisory authority when they have reasons to believe, on the basis of objective circumstances, that a company is failing to comply with the national provisions adopted pursuant to this Directive (‘substantiated concerns’).	1. Member States shall ensure that natural and legal persons are entitled to submit substantiated concerns to any supervisory authority when they have reasons to believe, on the basis of objective circumstances, that a company is failing to comply with the national provisions adopted pursuant to this Directive (‘substantiated concerns’).	1. Member States shall ensure that natural and legal persons are entitled to submit substantiated concerns to any supervisory authority when they have reasons to believe, on the basis of objective circumstances, that a company is failing to comply with the national provisions adopted pursuant to this Directive (‘substantiated concerns’).	
260a		***1a. Member States shall ensure that, where persons submitting substantiated concerns so request, the supervisory authority takes the***		

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		necessary measures for the appropriate protection of the identity of that person and their personal information, which, if disclosed, would be harmful to that person.		
Article 19(2)				
261	2. Where the substantiated concern falls under the competence of another supervisory authority, the authority receiving the concern shall transmit it to that authority.	2. Where the substantiated concern falls under the competence of another supervisory authority, the authority receiving the concern shall transmit it to that authority ***and inform the person that has submitted a substantiated concern as provided for in paragraph 1***.	2. Where the substantiated concern falls under the competence of another supervisory authority, the authority receiving the concern shall transmit it to that authority.	
Article 19(3)				
262	3. Member States shall ensure that supervisory authorities assess the substantiated concerns and, where appropriate, exercise their powers as referred to in Article 18.	3. Member States shall ensure that supervisory authorities assess the substantiated concerns and, where appropriate, exercise their powers as referred to in Article 18 ***within a reasonable period of time***.	3. Member States shall ensure that supervisory authorities assess the substantiated concerns **in an appropriate period of time** and, where appropriate, exercise their powers as referred to in Article 18.	
Article 19(4)				
263	4. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform	4. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform	4. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform	

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	the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and shall provide the reasoning for it.	the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and ***of its decision to accede to or refuse the request for action, and*** shall provide the reasoning for it***, and a description of the further steps and measures it will take. Supervisory authorities may allow for additional information to be provided by the person who has submitted the concern***.	the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and shall provide the reasoning for it.	
263a		***4a. Member States shall ensure that supervisory authorities establish easily accessible channels for receiving concerns. Procedures to submit substantiated concerns shall be fair, equitable, timely and free of charge. Member States shall ensure that practical information is made available to the public on access to administrative and judicial review procedures.***		
Article 19(5)				
264	5. Member States shall ensure that the persons submitting the substantiated concern according to this Article and having, in accordance with national law, a legitimate interest in the matter have	5. Member States shall ensure that the persons submitting the substantiated concern according to this Article ~~*and having, in accordance with national law, a legitimate interest in the matter*~~ have	5. Member States shall ensure that the persons submitting the substantiated concern according to this Article and having, in accordance with national law, a legitimate interest in the matter have	

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	access to a court or other independent and impartial public body competent to review the procedural and substantive legality of the decisions, acts or failure to act of the supervisory authority.	access to a court or other independent and impartial public body competent to review the procedural and substantive legality of the decisions, acts or failure to act of the supervisory authority.	access to a court or other independent and impartial public body competent to review the procedural and substantive legality of the decisions, acts or failure to act of the supervisory authority.	
Article 20				
265	Article 20 Sanctions	Article 20 Sanctions	Article 20 ~~Sanctions~~**Penalties**	
Article 20(1)				
266	1. Member States shall lay down the rules on sanctions applicable to infringements of national provisions adopted pursuant to this Directive, and shall take all measures necessary to ensure that they are implemented. The sanctions provided for shall be effective, proportionate and dissuasive.	1. Member States shall lay down the rules on sanctions applicable to infringements of national provisions adopted pursuant to this Directive, and shall take all measures necessary to ensure that they are implemented. The sanctions provided for shall be effective, proportionate and dissuasive.	1. Member States shall lay down the rules on ~~sanctions~~**penalties, including pecuniary penalties,** applicable to infringements of national provisions adopted pursuant to this Directive, and shall take all measures necessary to ensure that they are implemented. The ~~sanctions~~**penalties** provided for shall be effective, proportionate and dissuasive.	
Article 20(2)				
267	2. In deciding whether to impose sanctions and, if so, in determining their nature and appropriate level, due account shall be taken of the company's efforts to comply with any remedial action required of them	2. In deciding whether to impose sanctions and, if so, in determining their nature and appropriate level, due account shall be taken of ~~*the company's efforts to comply with any remedial action required of*~~	2. In deciding whether to impose ~~sanctions~~**penalties** and, if so, in determining their nature and appropriate level, due account shall be taken **in particular** of the company's efforts to comply with	

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	by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as collaboration with other entities to address adverse impacts in its value chains, as the case may be.	~~*them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as collaboration with other entities to address adverse impacts in its value chains, as the case may be.*~~***:***	any remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as collaboration with other entities to address adverse impacts in its ~~value chains~~**chain of activities**, as the case may be.	
267a		***(a) the company's efforts to comply with any remedial action required of them by a supervisory authority;***		
267b		***(b) any investments made and any targeted support provided pursuant to Articles 7 and 8;***		
267c		***(c) any collaboration with other entities to address adverse impacts in its value chains;***		
267d		***(d) the seriousness and duration of the company's infringement, or the severity of the impacts that have***		

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		occurred;		
267e		***(e) the extent to which prioritisation decisions were reasonable, credible and taken in good faith;***		
267f		***(f) any previous infringements by the company of national provisions adopted pursuant to this Directive;***		
267g		***(g) the financial benefits gained or losses avoided by the company due to the infringement, if the relevant data are available;***		
267h		***(h) penalties imposed in respect of similar infringements in other Member States;***		
267i		***(i) whether the company has effectively dealt with complaints or***		

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		proposals raised by persons or affected stakeholders, including pursuant to Article 9;		
267j		***(j) any other aggravating or mitigating factors applicable to the circumstances of the case.***		
267k		***2a. At least the following measures and sanctions shall be provided for:*** ***(a) pecuniary sanctions;*** ***(b) a public statement indicating that a company is responsible and the nature of the infringement;*** ***(c) the obligation to perform an action, including to cease the conduct constituting the infringement and to desist from any repetition of that conduct;*** ***(d) the suspension of products from free circulation or export.***		
Article 20(3)				
268	3. When pecuniary sanctions are imposed, they shall be based on the	3. When pecuniary sanctions are imposed, they shall be based on the	3. When pecuniary ~~sanctions~~**penalties** are imposed, they	

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	company's turnover.	company's ***net worldwide*** turnover. ***The maximum limit of pecuniary sanctions shall be not less than 5% of the net worldwide turnover of the company in the business year preceding the fining decision.***	shall be ~~based on~~**commensurate with** the company's **worldwide net** turnover.	
268a		***Member States shall ensure that, with regards to companies referred to in Article 2(1), point (b) and Article 2(2), point (b), administrative pecuniary sanctions are calculated taking into account the consolidated turnover reported by that company.***		
268b		***3a. Member States shall lay down rules so that companies which are formed in accordance with the legislation of a third country under Article 2(2) shall be excluded from public procurement processes if they fail to appoint an authorised representative under Article 16.***		
Article 20(4)				
269	4. Member States shall ensure that any decision of the supervisory authorities containing sanctions	4. Member States shall ***keep a record of sanctions that have been imposed and*** ensure that any	4. Member States shall ensure that any decision of the supervisory authorities containing	

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	related to the breach of the provisions of this directive is published.	decision of the supervisory authorities containing sanctions related to the breach of the provisions of this directive is published. ***The published decision shall not contain any personal data within the meaning of Article 4(1) of Regulation (EU) 2016/679.***	~~sanctions~~**penalties** related to the ~~breach~~**infringements** of the **national** provisions ~~of~~**adopted pursuant to** this Directive is published**, publicly available for at least 3 years and sent to the European Network of Supervisory Authorities. The published decision shall not contain any personal data within the meaning of Article 4(1) of Regulation (EU) 2016/679**.	
Article 21				
270	Article 21 European Network of Supervisory Authorities	Article 21 European Network of Supervisory Authorities	Article 21 European Network of Supervisory Authorities	
Article 21(1), first subparagraph				
271	1. The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall facilitate the cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of the supervisory authorities and, as appropriate, sharing of information among them.	1. The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall facilitate the cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of the supervisory authorities and, as appropriate, sharing of information among them***, as well as ensuring regular public communication on***	1. The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The Network shall facilitate the cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of the supervisory authorities and, as appropriate, sharing of information among them.	

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		the activities of the Network.		
Article 21(1), second subparagraph				
272	The Commission may invite Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.	The Commission ~~*may*~~***shall*** invite ***the European Agency for Fundamental Rights, the European Environment Agency, the European Labour Authority, the European Innovation Council and SMEs Executive Agency, and the European Securities and Markets Authority and other*** Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.	The Commission may invite Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.	
Article 21(1a)				
272a			**1a. The Commission shall set up a secured system of exchange of information regarding the net turnover generated in the Union by a company referred to in Article 2(2), that does not have a branch in any Member State or has branches located in different Member States. Member States shall regularly communicate information they have regarding the net turnover generated by those companies. The Commission shall analyse this information within a reasonable period of time**	

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			and notify the Member State where the company generated most of its net turnover in the Union in the financial year preceding the last financial year, that the company is a company within the meaning of Article 2(2) and the supervisory authority of the Member State is competent in accordance with Article 17(3).	
Article 21(2)				
273	2. Supervisory authorities shall provide each other with relevant information and mutual assistance in carrying out their duties and shall put in place measures for effective cooperation with each other. Mutual assistance shall include collaboration with a view to the exercise of the powers referred to in Article 18, including in relation to inspections and information requests.	2. Supervisory authorities shall provide each other with relevant information and mutual assistance in carrying out their duties and shall put in place measures for effective cooperation with each other. Mutual assistance shall include collaboration with a view to the exercise of the powers referred to in Article 18, including in relation to inspections and information requests.	2. Supervisory authorities shall provide each other with relevant information and mutual assistance in carrying out their duties and shall put in place measures for effective cooperation with each other. Mutual assistance shall include collaboration with a view to the exercise of the powers referred to in Article 18, including in relation to inspections and information requests.	
273a		***2a. Member States shall cooperate with the Network in order to identify the companies within their jurisdiction , in particular by providing all necessary information in order to assess whether a non-European company fulfils the criteria set in Article 2.***		

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Article 21(3)				
274	3. Supervisory authorities shall take all appropriate steps needed to reply to a request for assistance by another supervisory authority without undue delay and no later than 1 month after receiving the request. Such steps may include, in particular, the transmission of relevant information on the conduct of an investigation.	3. Supervisory authorities shall take all appropriate steps needed to reply to a request for assistance by another supervisory authority without undue delay and no later than 1 month after receiving the request. Such steps may include, in particular, the transmission of relevant information on the conduct of an investigation.	3. Supervisory authorities shall take all appropriate steps needed to reply to a request for assistance by another supervisory authority without undue delay and no later than 1 month after receiving the request. **When it is necessary due to the circumstances of the case, the period may be extended by a maximum of two months based on a proper justification.** Such steps may include, in particular, the transmission of relevant information on the conduct of an investigation.	
Article 21(4)				
275	4. Requests for assistance shall contain all the necessary information, including the purpose of and reasons for the request. Supervisory authorities shall only use the information received through a request for assistance for the purpose for which it was requested.	4. Requests for assistance shall contain all the necessary information, including the purpose of and reasons for the request. Supervisory authorities shall only use the information received through a request for assistance for the purpose for which it was requested.	4. Requests for assistance shall contain all the necessary information, including the purpose of and reasons for the request. Supervisory authorities shall only use the information received through a request for assistance for the purpose for which it was requested.	
Article 21(5)				
276	5. The requested supervisory authority shall inform the requesting supervisory authority of the results	5. The requested supervisory authority shall inform the requesting supervisory authority of the results	5. The requested supervisory authority shall inform the requesting supervisory authority of the results	

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	or, as the case may be, of the progress regarding the measures to be taken in order to respond to the request for assistance.	or, as the case may be, of the progress regarding the measures to be taken in order to respond to the request for assistance.	or, as the case may be, of the progress regarding the measures to be taken in order to respond to the request for assistance.	
Article 21(6), first subparagraph				
277	6. Supervisory authorities shall not charge each other fees for actions and measures taken pursuant to a request for assistance.	6. Supervisory authorities shall not charge each other fees for actions and measures taken pursuant to a request for assistance.	6. Supervisory authorities shall not charge each other fees for actions and measures taken pursuant to a request for assistance.	
Article 21(6), second subparagraph				
278	However, supervisory authorities may agree on rules to indemnify each other for specific expenditure arising from the provision of assistance in exceptional cases.	However, supervisory authorities may agree on rules to indemnify each other for specific expenditure arising from the provision of assistance in exceptional cases.	However, supervisory authorities may agree on rules to indemnify each other for specific expenditure arising from the provision of assistance in exceptional cases.	
Article 21(7)				
279	7. The supervisory authority that is competent pursuant to Article 17(3) shall inform the European Network of Supervisory Authorities of that fact and of any request to change the competent supervisory authority.	7. The supervisory authority that is competent pursuant to Article 17(3) shall inform the European Network of Supervisory Authorities of that fact and of any request to change the competent supervisory authority.	7. The supervisory authority that is competent pursuant to Article 17(3) shall inform the European Network of Supervisory Authorities of that fact and of any request to change the competent supervisory authority.	
Article 21(8)				
280	8. When doubts exist as to the attribution of competence, the	8. When doubts exist as to the attribution of competence, the	8. When doubts exist as to the attribution of competence, the	

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	information on which that attribution is based will be shared with the European Network of Supervisory Authorities, which may coordinate efforts to find a solution.	information on which that attribution is based will be shared with the European Network of Supervisory Authorities, which may coordinate efforts to find a solution.	information on which that attribution is based will be shared with the European Network of Supervisory Authorities, which may coordinate efforts to find a solution.	
Article 21(9)				
280a			**9. The European Network of Supervisory Authorities shall publish the decisions of the supervisory authorities containing penalties as referred to in Article 20(4).**	
280b		***8a. The European Network of Supervisory Authorities shall publish a register of non-EU companies and their compliance.***		
Article 22				
281	Article 22 Civil liability	Article 22 Civil liability	Article 22 Civil liability **of companies and a right to full compensation**	
Article 22(-1), first subparagraph				
282	1. Member States shall ensure that companies are liable for damages if:	1. Member States shall ensure that companies are liable for damages if:	-1. Member States shall ensure that ~~companies are~~**a company can be held** liable for ~~damages if~~**a damage**	

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			caused to a natural or legal person, provided that:	
Article 22(-1), first subparagraph, point (a)				
283	(a) they failed to comply with the obligations laid down in Articles 7 and 8 and;	(a) they failed to comply with the obligations laid down in ~~*Articles 7 and 8*~~***this Directive*** and;	(a) ~~they~~**the company intentionally or negligently** failed to comply with the obligations laid down in Articles 7 and 8**, when the right, prohibition or obligation listed in Annex I is aimed to protect the natural or legal person** ~~and~~; **and**	
Article 22(-1), first subparagraph, point (b)				
284	(b) as a result of this failure an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures laid down in Articles 7 and 8 occurred and led to damage.	(b) as a result of this failure ***the company caused or contributed to an actual*** ~~*an*~~ adverse impact that should have been identified, ***prioritised,*** prevented, mitigated, brought to an end***, remediated*** or its extent minimised through the appropriate measures laid down in ~~*Articles 7 and 8 occurred*~~***this Directive*** and led to damage.	(b) as a result of ~~this~~**a** failure ~~an adverse impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures laid down in Articles 7 and 8 occurred and led to damage~~**as referred to in point (a), a damage to the natural or legal person's legal interest protected under national law was caused**.	
Article 22(-1), second subparagraph				
284a			**A company cannot be held liable if the damage was caused only by its business partners in its chain of activities.**	

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Article 22(2), first subparagraph				
285	2. Notwithstanding paragraph 1, Member States shall ensure that where a company has taken the actions referred to in Article 7(2), point (b) and Article 7(4), or Article 8(3), point (c), and Article 8(5), it shall not be liable for damages caused by an adverse impact arising as a result of the activities of an indirect partner with whom it has an established business relationship, unless it was unreasonable, in the circumstances of the case, to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the extent of the adverse impact.	*deleted*	2. ~~Notwithstanding paragraph 1, Member States shall ensure that~~ Where ~~a~~**the** company ~~has taken the actions referred to in Article 7(2), point (b) and Article 7(4), or Article 8(3), point (c), and Article 8(5), it~~**was held liable in accordance with paragraph 1, a natural or legal person** shall ~~not be liable for damages caused by an adverse impact arising as a result of the activities of an indirect partner with whom it has an established business relationship, unless it was unreasonable, in the circumstances of the case, to expect that the action actually taken, including as regards verifying compliance, would be adequate to prevent, mitigate, bring to an end or minimise the extent of the adverse impact~~**have the right to full compensation for the damage occurred in accordance with national law. Full compensation under this Directive shall not lead to overcompensation, whether by means of punitive, multiple or other types of damages**.	
Article 22(2), second subparagraph				
286	In the assessment of the existence and extent of liability under this paragraph, due account shall be	In the assessment of the existence and extent of liability ~~under this paragraph~~, due account shall be	*deleted*	

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	taken of the company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as any collaboration with other entities to address adverse impacts in its value chains.	taken of the ***extent of the*** company's efforts, insofar as they relate directly to the damage in question, to ~~*comply with any remedial action*~~***take remedial action, including that*** required of them by a supervisory authority, any investments made and any targeted support provided pursuant to Articles 7 and 8, as well as any collaboration with other entities ***and affected stakeholders*** to address adverse impacts in its value chains.		
286a		***2a. Member States shall ensure that:*** ***(a) the limitation period for bringing actions for damages is at least ten years and measures are in place to ensure that costs of the proceedings are not prohibitively expensive for claimants to seek justice;*** ***(b) claimants are able to seek injunctive measures, including summary proceedings. These shall be in the form of a definitive or provisional measure to cease an action which may be in breach of this Directive, or to comply with a measure under this Directive;***		

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		(c) measures are in place to ensure that mandated trade unions, civil society organisations, or other relevant actors acting in the public interest can bring actions before a court on behalf of a victim or a group of victims of adverse impacts, and that these entities have the rights and obligations of a claimant party in the proceedings, without prejudice to existing national law; *(d) when a claim is brought, that a claimant provides elements substantiating the likelihood of a company's liability under this Directive and has indicated that additional evidence lies in the control of the company, courts are able to order that such evidence be disclosed by the company in accordance with national procedural law, subject to the Union and national rules on confidentiality and proportionality.*		
286b		*2b. Companies that have participated in industry or multi-stakeholder initiatives, multi-stakeholders initiatives, or used third-party verification or contractual clauses to support the implementation of specific aspects of their due diligence obligations*		

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		can still be held liable in accordance with this Article.		
Article 22(2a), first subparagraph				
287	3. The civil liability of a company for damages arising under this provision shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the value chain.	3. The civil liability of a company for damages arising under this provision shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the value chain. ***In such instances as where a subsidiary is under the scope of this Directive and has been dissolved by the parent company or has dissolved itself intentionally in order to avoid liability, the liability can be imputed to the parent company in case there is no legal successor.***	~~3~~**2a**. The civil liability of a company for damages arising under this provision shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the ~~value~~**company's** chain **of activities**.	
Article 22(2a), second subparagraph				
287a			**When the damage was caused jointly by the company and its subsidiary, direct or indirect business partner , they shall be liable jointly and severally, without prejudice to the provisions of national law concerning the conditions of joint and several liability and the rights of recourse.**	
Article 22(4)				
288				

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	4. The civil liability rules under this Directive shall be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive.	4. The civil liability rules under this Directive shall ~~be without prejudice to Union or national rules on civil~~***not limit companies'*** liability ~~related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter~~***under Union or national legal systems, including rules on joint and several*** liability ~~than this Directive~~.	4. The civil liability rules under this Directive shall be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive.	
Article 22(5)				
289	5. Member States shall ensure that the liability provided for in provisions of national law transposing this Article is of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State.	5. Member States shall ensure that the liability provided for in provisions of national law transposing this Article is of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State.	5. Member States shall ensure that the ~~liability provided for in~~ provisions of national law transposing this Article ~~is~~**are** of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State.	
Article 23				
290	Article 23 Reporting of breaches and protection of reporting persons	Article 23 Reporting of breaches and protection of reporting persons	Article 23 Reporting of breaches and protection of reporting persons	
Article 23, first paragraph				
291	Directive (EU) 2019/1937 shall apply to the reporting of all breaches	Directive (EU) 2019/1937 shall apply to the reporting of all breaches	Directive (EU) 2019/1937 shall apply to the reporting of all breaches	

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	of this Directive and the protection of persons reporting such breaches.	of this Directive and the protection of persons reporting such breaches.	of this Directive and the protection of persons reporting such breaches.	
Article 24				
292	Article 24 Public support	Article 24 Public support***, public procurement and public concessions***	*deleted*	
Article 24, first paragraph				
293	Member States shall ensure that companies applying for public support certify that no sanctions have been imposed on them for a failure to comply with the obligations of this Directive.	Member States shall ensure that ~~*companies applying for public support certify that no sanctions have been imposed on them for a failure to comply*~~***(non-)compliance with the obligations resulting from this Directive or their voluntary implementation qualifies as one of the environmental and social aspects to be taken into consideration in accordance*** with the ~~*obligations of this Directive*~~***rules applicable to the provision of public support or the award of public contracts and concessions***.	*deleted*	
Article 25				
294	Article 25 Directors' duty of care	Article 25 Directors' duty of care	*deleted*	
Article 25(1)				

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295	*1.* Member States shall ensure that, when fulfilling their duty to act in the best interest of the company, directors of companies referred to in Article 2(1) take into account the consequences of their decisions for sustainability matters, including, where applicable, human rights, climate change and environmental consequences, including in the short, medium and long term.	1. Member States shall ensure that, when fulfilling their duty to act in the best interest of the company, directors of companies referred to in Article 2(1) take into account the consequences of their decisions for sustainability matters, including, where applicable, human rights, climate change and environmental consequences, including in the short, medium and long term.	*deleted*	
Article 25(2)				
296	*2.* Member States shall ensure that their laws, regulations and administrative provisions providing for a breach of directors' duties apply also to the provisions of this Article.	2. Member States shall ensure that their laws, regulations and administrative provisions providing for a breach of directors' duties apply also to the provisions of this Article.	*deleted*	
Article 26				
297	Article 26 Setting up and overseeing due diligence	~~*Article 26*~~ *deleted*	*deleted*	
Article 26(1)				
298	*1.* Member States shall ensure that directors of companies referred to in Article 2(1) are responsible for putting in place and overseeing the	*deleted*	*deleted*	

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	due diligence actions referred to in Article 4 and in particular the due diligence policy referred to in Article 5, with due consideration for relevant input from stakeholders and civil society organisations. The directors shall report to the board of directors in that respect.			
Article 26(2)				
299	*2.* Member States shall ensure that directors take steps to adapt the corporate strategy to take into account the actual and potential adverse impacts identified pursuant to Article 6 and any measures taken pursuant to Articles 7 to 9.	*deleted*	*deleted*	
Article 27				
300	Article 27 Amendment to Directive (EU) No 2019/1937	Article 27 Amendment to Directive (EU) No 2019/1937	Article 27 Amendment to Directive (EU) ~~No 2019/1937~~**2019/1937**	
Article 27, first paragraph				
301	In Point E.2 of Part I of the Annex to Directive (EU) No 2019/1937, the following point is added:	In Point E.2 of Part I of the Annex to Directive (EU) No 2019/1937, the following point is added:	In Point E.2 of Part I of the Annex to Directive (EU) ~~No 2019/1937~~**2019/1937**, the following point is added:	
Article 27, first paragraph, amending provision, first paragraph				

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302	‘ (vi) [Directive … of the European Parliament and of the Council of … on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937[*1]] , _____ 1. [+] OJ: Please insert in the text the number and the date of the Directive contained in document ... and insert the OJ reference of that Directive in the footnote.	‘ (vi) [Directive … of the European Parliament and of the Council of … on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937[*1]] , _____ 1. [+] OJ: Please insert in the text the number and the date of the Directive contained in document ... and insert the OJ reference of that Directive in the footnote.	‘ (vi) ~~[~~Directive … of the European Parliament and of the Council of … on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 **(OJ L ..., ...)** [*1]~~]~~**.** _____ *** Directive … of the European Parliament and of the Council of … on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...).’.** , _____ 1. ~~[+]~~ OJ: Please insert in the text the number and the date of the Directive contained in document ... and insert the OJ reference of that Directive in the footnote.	
Article 28				
303	Article 28 Exercise of the delegation	Article 28 Exercise of the delegation	Article 28 Exercise of the delegation	
Article 28(1)				
304	1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.	1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.	1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.	
Article 28(2)				
305				

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	2. The power to adopt delegated acts referred to in Article 11 shall be conferred on the Commission for an indeterminate period of time.	2. The power to adopt delegated acts referred to in Article ***3(2), Article 11 and Article 14(4a)*** ~~11~~ shall be conferred on the Commission for ***a period of 5 years from … [date of entry into force of this Directive]. The Commission shall draw up a report in respect of the delegation of power no later than nine months before the end of the 5-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such an extension no later than three months before the end of each period***~~an indeterminate period of time~~.	2. The power to adopt delegated acts referred to in Article 11 shall be conferred on the Commission for an indeterminate period of time **from … [date of entry into force of this Directive]**.	
Article 28(3)				
306	3. The delegation of power referred to in Article 11 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.	3. The delegation of power referred to in Article ***3(2), and Article 11 or Article 14(4a)***~~11~~ may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.	3. The delegation of power referred to in Article 11 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.	

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Article 28(4)				
307	4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.	4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.	4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.	
Article 28(5)				
308	5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.	5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.	5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.	
Article 28(6)				
309	6. A delegated act adopted pursuant to Article 11 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the	6. A delegated act adopted pursuant to Article ***3(2), Article 11 or Article 14(4a)*** ~~11~~ shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the	6. A delegated act adopted pursuant to Article 11 shall enter into force only if no objection has been expressed either by the European Parliament or **by** the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. -That period shall be extended by two months at the	

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	European Parliament or of the Council."	European Parliament or of the Council.~~"~~	initiative of the European Parliament or of the Council.~~"~~	
Article 29				
310	Article 29 Review	Article 29 Review ***and reporting***	Article 29 Review	
Article 29, first paragraph				
311	No later than … [OP please insert the date = 7 years after the date of entry into force of this Directive], the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives and assess the following issues:	***1.*** No later than … [OP please insert the date = ~~7~~***6*** years after the date of entry into force of this Directive]***, and every 3 years thereafter***, the Commission shall submit a ***comprehensive*** report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives***, in particular regarding its effectiveness in preventing potential adverse impacts, bringing actual adverse impacts to an end or minimising their extent globally, derive recommendations for actions and shall be accompanied, if appropriate, by a legislative proposal. The report shall*** ~~and~~ assess ***in particular*** the following issues:	No later than … [~~OP please insert the date =~~ ***7 years after the date of entry into force of this Directive]***~~7 years after the date of entry into force of this Directive]~~, the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive. The report shall evaluate the effectiveness of this Directive in reaching its objectives and assess the following issues:	

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311a		***(-a) the impact of this Directive on SMEs, accompanied by an account and assessment of the effectiveness of the different measures and tools for support provided to SMEs by the Commission and the Member States;***		
311b		***(-aa) an assessment of the number of small and medium-sized undertakings voluntarily applying corporate sustainability and due diligence in line with this Directive;***		
311c		***(-ab) the effectiveness of this Directive in achieving its objectives, including the associated indirect costs and the economic, social and environmental benefits thereof as well as the effects on the competitiveness of European Union companies;***		
Article 29, first paragraph, point (a)				
312	(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be lowered;	(a) whether the thresholds regarding the number of employees and net turnover laid down in Article ~~*2(1)*~~***2*** need to be lowered***, in particular for***	(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be ~~lowered~~**revised**;	

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		certain sectors, whether the modalities for calculating thresholds are appropriate and whether significant loopholes need to be closed for the Directive to apply to all relevant legal forms of economic operators and complex corporate structures;		
312a		***(aa) the effectiveness of the enforcement mechanisms put in place at national level and of the sanctions and procedures for civil liability in particular;***		
312b		***(ab) the convergence and divergence between national laws of the Member States transposing this Directive;***		
Article 29, first paragraph, point (b)				
313	(b) whether the list of sectors in Article 2(1), point (b), needs to be changed, including in order to align it to guidance from the Organisation for Economic Cooperation and Development;	*deleted*	(b) whether the list of sectors in Article 2(1), point (b), needs to be changed, including in order to align it to guidance from the Organisation for Economic ~~Cooperation~~**Co-operation** and Development;	
Article 29, first paragraph, point (c)				

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314	(c) whether the Annex needs to be modified, including in light of international developments	*deleted*	(c) whether the Annex **I** needs to be modified, including in light of international developments**;**	
Article 29, first paragraph, point (d)				
315	(d) whether Articles 4 to 14 should be extended to adverse climate impacts.	(d) whether Articles 4 to 14 should be extended to ***additional*** adverse ~~climate~~***impacts, in particular to also encompass adverse*** impacts~~.~~ ***on good governance;***	(d) whether Articles 4 to 14 should be extended to adverse climate impacts **or Article 15 needs to be revised**.	
315a		***(da) whether a broad sustainability plan, dealing with other environmental impacts than climate, shall be developed;***		
315b		***(db) whether the definition of "value chain" as regards regulated financial undertakings should be extended to a wider range of companies;***		
Article 29, first paragraph, point (da)				
315c			**(da) whether the definition of 'chain of activities' in Article 3, point (g), needs to be revised,**	

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			including whether the provision of investment or the provision of services referred to in Article 3, point (g), by regulated financial undertakings within the meaning of Article 3, point (a)(iv), needs to be included; and	
Article 29, first paragraph, point (db)				
315d			**(db) whether Article 3, point (a) needs to be revised so that other legal persons constituted as different legal forms than those listed in Annex I of Directive 2013/34/EU or in a form comparable to those listed therein are covered;**	
Article 29, first paragraph, point (dc)				
315e			**(dc) whether Article 2 needs to be revised so that the number of employees and net turnover of subsidiaries of the company is included in the calculation of the number of employees and net turnover of the company;**	
Article 29, first paragraph, point (dd)				
315f			**(dd) whether the criterion of net turnover generated in the Union laid down in Article 2(2) and the**	

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			threshold of the net turnover therein need to be revised;	
315g		***2. The Commission shall initiate and coordinate an annual Union-wide assessment of the resilience of companies to adverse scenarios related to their value chains. The Commission shall provide this assessment to the European Parliament and the Council.***		
Article 30				
316	Article 30 Transposition	Article 30 Transposition	Article 30 Transposition	
Article 30(1), first subparagraph				
317	1. Member States shall adopt and publish, by … [OJ to insert: 2 years from the entry into force of this Directive] at the latest, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.	1. Member States shall adopt and publish, by … [OJ to insert: 2 years from the entry into force of this Directive] at the latest, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.	1. Member States shall adopt and publish, by … [~~OJ to insert:~~ ***2 years from the entry into force of this Directive]*** ~~2 years from the entry into force of this Directive]~~ at the latest, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.	
Article 30(1), second subparagraph				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
318	They shall apply those provisions as follows:	They shall apply those provisions ***from… [OJ to insert: 3 years from the entry into force of this Directive] as regards companies referred to in Article 2(1) which had more than 1000 employees on average and had a net worldwide turnover of more than EUR 150 million in the last financial year, or were the ultimate parent company of a group with such a number of employees and generating such a turnover, and Article 2(2) which generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year, or were the ultimate parent company of a group generating such a turnover.*** ***They shall apply those provisions from… [OJ to insert: 4 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), which had more than 500 employees on average and had a net worldwide turnover of more than EUR 150 million in the last financial year, or were the ultimate parent company of a group with such a number of employees and generating such a turnover.*** ***They shall apply those provisions from… [OJ to insert: 4 years from***	They shall apply those provisions as follows:	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		entry into force of this Directive] as regards companies referred to in Article 2(1) point (a), which had more than 250 employees on average and had a net worldwide turnover of more than EUR 40 million, and Article 2(2) which generated a net turnover of more than EUR 40 million in the Union and EUR 150 million worldwide in the financial year preceding the last financial year or were the ultimate parent company of a group generating such a turnover. ***By way of derogation from the fourth subparagraph of this paragraph, companies referred to in Article 2(1), point (a), which had more than 250 employees on average and had a net worldwide turnover of more than EUR 40 million but not more than EUR 150 million in the last financial year may decide not to fulfil the obligations under this Directive until [OJ to insert: 5 years from entry into force of this Directive]. In such cases, the company shall notify the supervisory authority, while providing a brief statement on why it is the case.~~as follows:~~***		
Article 30(1), second subparagraph, point (a)				
319	(a) from… [OJ to insert: 2 years		(a) from **… [3**~~… [OJ to insert: 2~~	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (a), and Article 2(2), point (a);	*deleted*	years from the entry into force of this Directive] as regards companies ~~referred to in Article 2(1), point (a), and Article 2(2), point (a)~~**which are formed in accordance with the legislation of the Member State and that had more than 1000 employees on average and generated a net worldwide turnover of more than EUR 300 million in the last financial year preceding … [3 years from the entry into force of this Directive] for which annual financial statements have been or should have been adopted**;	
Article 30(1), second subparagraph, point (b)				
320	(b) from … [OJ to insert: 4 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (b), and Article 2(2), point (b).	*deleted*	(b) from … [~~OJ to insert: 4~~**3** years from the entry into force of this Directive] as regards companies ~~referred to in Article 2(1), point (b), and Article 2(2), point (b).~~**which are formed in accordance with the legislation of a third country and that generated a net turnover of more than EUR 300 million in the Union, in the financial year preceding the last financial year preceding … [3 years from the entry into force of this Directive];**	
Article 30(1), second subparagraph, point (c)				
320a				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			(c) from… [4 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (a), and Article 2(2), point (a);	
Article 30(1), second subparagraph, point (d)				
320b			**(d) from … [5 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (b), and Article 2(2), point (b).**	
Article 30(1), third subparagraph				
321	When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.	When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.	When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.	
Article 30(2)				
322	2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.	2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.	2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.	
Article 31				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
323	Article 31 Entry into force	Article 31 Entry into force	Article 31 Entry into force	
Article 31, first paragraph				
324	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	
Article 32				
325	Article 32 Addressees	Article 32 Addressees	Article 32 Addressees	
Article 32, first paragraph				
326	This Directive is addressed to the Member States.	This Directive is addressed to the Member States.	This Directive is addressed to the Member States.	
Formula				
327	Done at Brussels,	Done at Brussels,	Done at ~~Brussels~~…,	
Formula				
328	For the European Parliament	For the European Parliament	For the European Parliament	
Formula				
329				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	The President	The President	The President	
Formula				
330	For the Council	For the Council	For the Council	
Formula				
331	The President	The President	The President	
Annex				
331.1	Annex	Annex	Annex **ANNEX I** This Annex is renumbered Annex I as the Council has added an Annex II in the text of the the Council's Mandate.	
Annex, Part I				
332	Part I Part I	Part I Part I	Part I Part I	
Annex, first paragraph				
333	Violations of rights and prohibitions included in international human rights agreements	~~*Violations of*~~ Rights and prohibitions included in international human rights agreements	~~Violations of rights and prohibitions included in international human rights agreements~~**1. HUMAN RIGHTS AS REFERRED TO IN ARTICLE 3, POINT (C)** This is the 1st subheading of Part I of	

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			the Annex.	
Annex, point 1.				
334	1. Violation of the people's right to dispose of a land's natural resources and to not be deprived of means of subsistence in accordance with Article 1 of the International Covenant on Civil and Political Rights;	1. ~~*Violation of*~~ The people's right to dispose of a land's natural resources and to not be deprived of means of subsistence in accordance with Article 1 of the International Covenant on Civil and Political Rights;	*deleted*	
Annex, point 2.				
335	*2.* Violation of the right to life and security in accordance with Article 3 of the Universal Declaration on Human rights;	2. ~~*Violation of*~~ The right to life and security in accordance with Article 3 of the Universal Declaration on Human rights;	2. ~~Violation of~~ The right to life**, including private or public**~~ and~~ security **guards protecting the company's resources, facilities or personnel causing death of a person due to a lack of instruction or control by the company, interpreted in line**~~in accordance~~ with Article ~~3~~**6(1)** of the ~~Universal Declaration on Human~~**International Covenant on Civil and Political** Rights;	
Annex, point 3.				
336	3. Violation of the prohibition of torture, cruel, inhuman or degrading treatment in accordance with Article 5 of the Universal Declaration of Human Rights;	3. ~~*Violation of*~~ The prohibition of torture, cruel, inhuman or degrading treatment in accordance with Article 5 of the Universal Declaration of Human Rights;	3. ~~Violation of the prohibition of~~**The prohibition of torture, cruel, inhuman or degrading treatment, including private or public security guards protecting the**	

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			company's resources, facilities or personnel subjecting a person to torture~~,~~ **or** cruel, inhuman or degrading treatment **due to a lack of instruction or control by the company, interpreted in line**~~in accordance~~ with Article ~~5~~**7** of the ~~Universal Declaration of Human~~**International Covenant on Civil and Political** Rights;	
Annex, point 4.				
337	4. Violation of the right to liberty and security in accordance with Article 9 of the Universal Declaration of Human Rights;	4. ~~*Violation of*~~ The right to liberty and security in accordance with Article 9 of the Universal Declaration of Human Rights;	4. ~~Violation of~~ The right to liberty and security**, interpreted in line** ~~in accordance~~ with Article ~~9~~**9(1)** of the ~~Universal Declaration of Human~~**International Covenant on Civil and Political** Rights;	
Annex, point 5.				
338	5. Violation of the prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and attacks on their reputation, in accordance with Article 17 of the Universal Declaration of Human Rights;	5. ~~*Violation of*~~ The prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and attacks on their reputation, in accordance with Article 17 of the Universal Declaration of Human Rights;	5. ~~Violation of~~ The prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and **unlawful** attacks on their **honour or** reputation, **interpreted in line**~~in accordance~~ with Article 17 of the ~~Universal Declaration of Human~~**International Covenant on Civil and Political** Rights;	
Annex, point 6.				

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339	6. Violation of the prohibition of interference with the freedom of thought, conscience and religion in accordance with Article 18 of the Universal Declaration of Human Rights;	6. ~~*Violation of*~~ The prohibition of interference with the freedom of thought, conscience and religion in accordance with Article 18 of the Universal Declaration of Human Rights;	6. ~~Violation of~~ The prohibition of interference with the freedom of thought, conscience and religion**, interpreted in line** ~~in accordance~~ with Article 18 of the ~~Universal Declaration of Human~~**International Covenant on Civil and Political** Rights;	
Annex, point 7.				
340	7. Violation of the right to enjoy just and favourable conditions of work including a fair wage, a decent living, safe and healthy working conditions and reasonable limitation of working hours in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;	7. ~~*Violation of*~~ The right to enjoy just and favourable conditions of work including ~~*a fair wage,*~~***remuneration that provides for*** a decent living, safe and healthy working conditions and reasonable limitation of working hours***. This includes both the right to a living wage for employees and the right to a living income for self-employed workers and smallholders*** in accordance with Article 7 of the International Covenant on Economic, Social and Cultural ***Rights and Article 23(3) of the Universal Declaration of Human*** Rights;	7. ~~Violation of~~ The right to enjoy just and favourable conditions of work**,** including a fair wage **and an adequate living wage**, a decent living, safe and healthy working conditions and reasonable limitation of working hours**, interpreted in line** ~~in accordance~~ with Article 7 of the International Covenant on Economic, Social and Cultural Rights;	
Annex, point 7a.				
340a		***7a. The right of everyone to an adequate standard of living for themselves and their family,***		

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		including adequate food, clothing and housing, and to continuous improvement of living conditions in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights and Article 25 of the Universal Declaration of Human Rights;		
Annex, point 8.				
341	8. Violation of the prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate food, clothing, and water and sanitation in the work place in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	8. ~~*Violation of*~~ The prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate food, clothing, and water and sanitation in the ~~*work place*~~***workplace*** in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	8. ~~Violation of~~ The prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate food, clothing, and water and sanitation in the ~~work place in accordance~~**workplace, interpreted in line** with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	
Annex, point 9.				
342	9. Violation of the right of the child to have his or her best interests given primary consideration in all decisions and actions that affect children in accordance with Article 3 of the Convention of the Rights of the Child; violation of the right of the child to develop to his or her full	9. ~~*Violation of*~~ The right of the child to have his or her best interests given primary consideration in all decisions and actions that affect children in accordance with Article 3 of the Convention of the Rights of the Child; ~~*violation of*~~ the right of the child to develop to his or her full	*deleted*	

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	potential in accordance with Article 6 of the Convention of the Rights of the Child; violation of the right of the child to the highest attainable standard of health in accordance with Article 24 of the Convention on the Rights of the Child; violation of the right to social security and an adequate standard of living in accordance with Article 26 and 27 of the Convention on the Rights of the Child; violation of the right to education in accordance with Article 28 of the Convention on the Rights of the Child; violation of the right of the child to be protected from all forms of sexual exploitation and sexual abuse and to be protected from being abducted, sold or moved illegally to a different place in or outside their country for the purpose of exploitation, in accordance with Articles 34 and 35 of the Convention of the Rights of the Child;	potential in accordance with Article 6 of the Convention of the Rights of the Child; ~~*violation of*~~ the right of the child to the highest attainable standard of health in accordance with Article 24 of the Convention on the Rights of the Child; ~~*violation of*~~ the right to social security and an adequate standard of living in accordance with Article 26 and 27 of the Convention on the Rights of the Child; ~~*violation of*~~ the right to education in accordance with Article 28 of the Convention on the Rights of the Child; ~~*violation of*~~ the right of the child to be protected from all forms of sexual exploitation and sexual abuse and to be protected from being abducted, sold or moved illegally to a different place in or outside their country for the purpose of exploitation, in accordance with Articles 34 and 35 of the Convention of the Rights of the Child;		
Annex, point 10.				
343	*10.* Violation of the prohibition of the employment of a child under the age at which compulsory schooling is completed and, in any case, is not less than 15 years, except where the law of the place of employment so provides in accordance with Article 2 (4) and Articles 4 to 8 of the International Labour Organization	10. ~~*Violation of*~~ The prohibition of the employment of a child under the age at which compulsory schooling is completed and, in any case, is not less than 15 years, except where the law of the place of employment so provides in accordance with Article 2 (4) and Articles 4 to 8 of the International Labour Organization	10. ~~Violation of~~ The prohibition of the employment of a child under the age at which compulsory schooling is completed and, in any case, is not less than 15 years, except where the law of the place of employment so provides in accordance with Article ~~2 (4) and~~**2(4) of the International Labour Organization Minimum**	

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	Minimum Age Convention, 1973 (No. 138);	Minimum Age Convention, 1973 (No. 138);	**Age Convention, 1973 (No. 138), interpreted in line with** Articles 4 to 8 of the International Labour Organization Minimum Age Convention, 1973 (No. 138);	
Annex, point 11.				
344	11. Violation of the prohibition of child labour pursuant to Article 32 of the Convention on the Rights of the Child, including the worst forms of child labour for children (persons below the age of 18 years) in accordance with Article 3 of the of the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:	11. ~~*Violation of*~~ The prohibition of child labour pursuant to Article 32 of the Convention on the Rights of the Child, including the worst forms of child labour for children (persons below the age of 18 years) in accordance with Article 3 of the of the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:	11. ~~Violation of~~ The prohibition of ~~child labour pursuant to Article 32 of the Convention on the Rights of the Child, including~~ the worst forms of child labour ~~for children~~ (persons below the age of 18 years)**, interpreted in line** ~~in accordance~~ with Article 3 ~~of the~~ of the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:	
Annex, point 11.(a)				
345	(a) All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, as well as forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflicts,	(a) All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, as well as forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflicts,	(a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, as well as forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflicts~~,~~**;**	
Annex, point 11.(b)				
346				

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	(b) The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances,	(b) The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances,	(b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances~~,~~**;**	
Annex, point 11.(c)				
347	(c) The use, procuring or offering of a child for illicit activities, in particular for the production of or trafficking in drugs,	(c) The use, procuring or offering of a child for illicit activities, in particular for the production of or trafficking in drugs,	(c) the use, procuring or offering of a child for illicit activities, in particular for the production ~~of~~ or trafficking ~~in~~**of** drugs~~,~~**; and**	
Annex, point 11.(d)				
348	(d) Work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children;	(d) Work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children;	(d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children;	
Annex, point 12.				
349	12. Violation of the prohibition of forced labour; this includes all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered himself or herself voluntarily, for example as a result of debt bondage or trafficking in human beings; excluded from forced labour are any work or services that comply with Article 2 (2) of International Labour Organization Forced Labour	12. ~~*Violation of*~~ The prohibition of forced labour; this includes all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered himself or herself voluntarily, for example as a result of debt bondage or trafficking in human beings; excluded from forced labour are any work or services that comply with Article 2 (2) of International Labour Organization Forced Labour	12. ~~Violation of~~ The prohibition of forced **or compulsory** labour~~; this includes~~**, which means** all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered himself or herself voluntarily, ~~for example as a result of debt bondage or trafficking in human beings; excluded from~~**interpreted in line with Article 2(1) of the International Labour Organization Forced**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Convention, 1930 (No. 29) or with Article 8 (3) (b) and (c) of the International Covenant on Civil and Political Rights;	Convention, 1930 (No. 29) or with Article 8 (3) (b) and (c) of the International Covenant on Civil and Political Rights;	**Labour Convention, 1930 (No. 29).** Forced **or compulsory** labour ~~are~~**shall not mean** any work or services that comply with Article ~~2 (2)~~**2(2)** of International Labour Organization Forced Labour Convention, 1930 (No. 29) or with Article ~~8 (3) (b)~~**8(3)(b)** and (c) of the International Covenant on Civil and Political Rights;	
Annex, point 13.				
350	13. Violation of the prohibition of all forms of slavery, practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation in accordance with Article 4 of the Universal Declaration of Human Rights and Art. 8 of the International Covenant on Civil and Political Rights;	13. ~~*Violation of*~~ The prohibition of all forms of slavery, practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation in accordance with Article 4 of the Universal Declaration of Human Rights and Art. 8 of the International Covenant on Civil and Political Rights;	13. ~~Violation of~~ The prohibition of all forms of slavery **and slave-trade, including** ~~,~~ practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation**, or human trafficking, interpreted in line with Article** ~~in accordance with Article 4 of the Universal Declaration of Human Rights and Art.~~ 8 of the International Covenant on Civil and Political Rights;	
Annex, point 14.				
351	14. Violation of the prohibition of human trafficking in accordance with Article 3 of the Palermo Protocol to Prevent, Suppress and Punish Trafficking in Persons	14. ~~*Violation of*~~ The prohibition of human trafficking in accordance with Article 3 of the Palermo Protocol to Prevent, Suppress and Punish Trafficking in Persons	*deleted*	

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	Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;	Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;		
Annex, point 15.				
352	*15.* Violation of the right to freedom of association, assembly, the rights to organise and collective bargaining in accordance with Article 20 of the Universal Declaration of Human Rights, Articles 21 and 22 of the International Covenant on Civil and Political Rights Article 8 of the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the International Labour Organization Right to Organise and Collective Bargaining Convention, 1949 (No. 98), including the following rights:	15. ~~*Violation of*~~ The right to freedom of association, assembly, the rights to organise and collective bargaining in accordance with Article 20 of the Universal Declaration of Human Rights, Articles 21 and 22 of the International Covenant on Civil and Political Rights Article 8 of the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the International Labour Organization Right to Organise and Collective Bargaining Convention, 1949 (No. 98), including the following rights:	15. ~~Violation of~~ The right to freedom of association, assembly, the rights to organise and collective bargaining**, interpreted in line with** ~~in accordance with Article 20 of the Universal Declaration of Human Rights,~~ Articles 21 and 22 of the International Covenant on Civil and Political Rights**,** Article 8 of the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)**,** and the International Labour Organization Right to Organise and Collective Bargaining Convention, 1949 (No. 98)~~,~~ ~~including~~**. This includes** the following rights:	
Annex, point 15.(a)				
353	(a) workers are free to form or join trade unions,	(a) workers are free to form or join trade unions,	(a) workers are free to form or join trade unions~~,~~**;**	
Annex, point 15.(b)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
354	(b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation,	(b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation,	(b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation~~,~~**;**	
Annex, point 15.(c)				
355	(c) workers' organisations are free to operate in accordance with applicable in line with their constitutions and rules without interference from the authorities;	(c) workers' organisations are free to operate in accordance with applicable in line with their constitutions and rules without interference from the authorities;	(c) ~~workers' organisations~~**trade unions** are free to operate in ~~accordance with applicable in~~ line with their constitutions and rules without interference from the authorities; **and**	
Annex, point 15.(d)				
356	(d) the right to strike and the right to collective bargaining;	(d) the right to strike and the right to collective bargaining;	(d) the right to strike and the right to collective bargaining;	
Annex, point 16.				
357	16. Violation of the prohibition of unequal treatment in employment, unless this is justified by the requirements of the employment in accordance with Article 2 and Article 3 of the International Labour Organisation Equal Remuneration Convention, 1951 (No. 100), Article 1 and Article 2 of the International Labour Organisation Discrimination (Employment and Occupation)	16. ~~*Violation of*~~ The prohibition of unequal treatment in employment, unless this is justified by the requirements of the employment in accordance with Article 2 and Article 3 of the International Labour Organisation Equal Remuneration Convention, 1951 (No. 100), Article 1 and Article 2 of the International Labour Organisation Discrimination (Employment and Occupation)	16. ~~Violation of~~ The prohibition of unequal treatment in employment, unless this is justified by the requirements of the employment**, interpreted in line with Articles** ~~in accordance with Article~~ 2 and ~~Article~~ 3 of the International Labour Organisation Equal Remuneration Convention, 1951 (No. 100), ~~Article~~**Articles** 1 and ~~Article~~ 2 of the International Labour Organisation	

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	Convention, 1958 (No. 111) and Article 7 of the International Covenant on Economic, Social and Cultural Rights; unequal treatment includes, in particular, the payment of unequal remuneration for work of equal value;	Convention, 1958 (No. 111) and Article 7 of the International Covenant on Economic, Social and Cultural Rights; unequal treatment includes, in particular, the payment of unequal remuneration for work of equal value;	Discrimination (Employment and Occupation) Convention, 1958 (No. 111)**,** and Article 7 of the International Covenant on Economic, Social and Cultural Rights~~; unequal treatment~~**. This** includes, in particular~~, the payment of unequal remuneration for work of equal value;~~**:**	
Annex, point 16.(a)				
357a			**(a) the payment of unequal remuneration for work of equal value; and**	
Annex, point 16.(b)				
357b			**(b) the discrimination on grounds of national extraction or social origin, race, colour, sex, religion, political opinion;**	
Annex, point 17.				
358	17. Violation of the prohibition of withholding an adequate living wage in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;	17. ~~*Violation of*~~ The prohibition of withholding an adequate living wage in accordance with Article 7 of the International Covenant on Economic, Social and Cultural Rights;	*deleted*	
Annex, point 18., first subparagraph				

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359	*18.* Violation of the prohibition of causing any measurable environmental degradation, such as harmful soil change, water or air pollution, harmful emissions or excessive water consumption or other impact on natural resources, that	18. ~~*Violation of*~~ The prohibition of causing any ~~*measurable*~~ environmental degradation, such as harmful soil change, water or air pollution, harmful emissions, or excessive water consumption or other impact on natural resources, that	18. ~~Violation of~~ The prohibition of causing ~~any measurable environmental degradation, such as~~ harmful soil change, water or air pollution, harmful emissions or excessive water consumption or other impact on natural resources, ~~that~~ **such as deforestation, that:**	
Annex, point 18., first subparagraph, point (a)				
360	(a) impairs the natural bases for the preservation and production of food or	(a) impairs the natural bases for the preservation and production of food ***and feed*** or	(a) **substantially** impairs the natural bases for the preservation and production of food**;** ~~or~~	
Annex, point 18., first subparagraph, point (b)				
361	(b) denies a person access to safe and clean drinking water or	(b) denies a person access to safe and clean drinking water or	(b) denies a person access to safe and clean drinking water ~~or~~**;**	
Annex, point 18., first subparagraph, point (c)				
362	(c) makes it difficult for a person to access sanitary facilities or destroys them or	(c) makes it difficult for a person to access sanitary facilities or destroys them or	(c) makes it difficult for a person to access sanitary facilities or destroys them ~~or~~**;**	
Annex, point 18., first subparagraph, point (d)				
363	(d) harms the health, safety, the normal use of property or land or the normal conduct of economic activity of a person or	(d) harms the health, safety, the normal use of property or land or the normal conduct of economic activity of a person or	(d) harms the health~~, safety, the normal use of property or land or the normal conduct of economic activity~~ of a person**,** ~~or~~	

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363a		***(da) impairs health, such as causing epidemics, taking into account the One Health approach or***		
Annex, point 18., first subparagraph, point (e)				
364	(e) affects ecological integrity, such as deforestation,	(e) affects ecological integrity, such as deforestation, ***in accordance with Article 3 of the Universal Declaration of Human Rights, Article 5 of the International Covenant on Civil and Political Rights and Article 12 of the International Covenant on Economic, Social and Cultural Rights,***	*deleted*	
Annex, point 18, second paragraph				
365	in accordance with Article 3 of the Universal Declaration of Human Rights, Article 5 of the International Covenant on Civil and Political Rights and Article 12 of the International Covenant on Economic, Social and Cultural Rights;	*deleted*	**interpreted in line**~~in accordance~~ with Article ~~3 of the Universal Declaration of Human Rights, Article 5~~**6(1)** of the International Covenant on Civil and Political Rights and ~~Article~~**Articles 11 and** 12 of the International Covenant on Economic, Social and Cultural Rights;	
Annex, point 19.				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
366	19. Violation of the prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise use land, forests and waters, including by deforestation, the use of which secures the livelihood of a person in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	19. ~~*Violation of*~~ The prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise use land, forests and waters, including by deforestation, the use of which secures the livelihood of a person in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;	19. ~~Violation of~~ The prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise ~~use~~**using** land, forests and waters, including by deforestation, the use of which secures the livelihood of a person **interpreted in line**~~in accordance~~ with Article 11 of the International Covenant on Economic, Social and Cultural Rights~~;~~**.**	
Annex, point 19a.				
366a		***19a. The rights of indigenous peoples to self-determination in accordance with Article 1 of the International Covenant on Civil and Political Rights, Article 1 of the International Covenant on Economic, Social and Cultural Rights, and Article 5 of the International Convention on the Elimination of All forms of Racial Discrimination, and their right to give, modify, withhold or withdraw their free, prior, and informed consent to interventions, decisions and activities that may affect their lands, territories, resources and rights, in accordance with Article 27 of the International Covenant on Civil and Political Rights and Article 15 of the International Covenant on Economic, Social and***		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		Cultural Rights and Articles 2 and 5 of the International Convention on the Elimination of All Forms of Racial Discrimination;		
Annex, point 20.				
367	20. Violation of the indigenous peoples' right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired in accordance with Article 25, 26 (1) and (2), 27, and 29 (2) of the United Nations Declaration on the Rights of Indigenous Peoples;	20. ~~*Violation of*~~ The indigenous peoples' right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired in accordance with ~~*Article 25, 26 (1) and (2), 27, and 29 (2)*~~***Articles 1 and 27 of the International Covenant on Civil and Political Rights and Articles 1, 2 and 15 of the International Covenant on Economic, Social and Cultural Rights and Article 5*** of the ~~*United Nations Declaration*~~***International Convention*** on the ~~*Rights of Indigenous Peoples;*~~***Elimination of All Forms of Racial Discrimination***	*deleted*	
Annex, point 21.				
368	*21.* Violation of a prohibition or right not covered by points 1 to 20 above but included in the human rights agreements listed in Section 2 of this Part, which directly impairs a legal interest protected in those agreements, provided that the company concerned could have	21. ~~*Violation of*~~ A prohibition or right not covered by points 1 to 20 above but included in the human rights agreements listed in Section 2 of this Part, ~~*which directly impairs a legal interest protected in those agreements, provided that the company concerned could have*~~	*deleted*	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the obligations referred to in Article 4 of this Directive taking into account all relevant circumstances of their operations, such as the sector and operational context.	~~*reasonably established the risk of such impairment and any appropriate measures to be taken in order to comply with the obligations referred to in Article 4 of this Directive taking into account all relevant circumstances of their operations, such as the sector and operational context*~~***where there is a foreseeable risk that such a prohibition or right may be affected***.		
Annex, Part I, subheading 2				
369	Human rights and fundamental freedoms conventions	***2.*** Human rights and fundamental freedoms conventions ***and instruments***	~~Human rights and fundamental freedoms conventions~~**2. HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS INSTRUMENTS** This is the 2nd subheading of Part I of the Annex.	
Annex, Part 1, subheading 2, indent 1				
370	- The Universal Declaration of Human Rights;	- The Universal Declaration of Human Rights;	*deleted*	
Annex, Part 1, subheading 2, indent 2				
371	- The International Covenant on Civil and Political Rights;	- The International Covenant on Civil and Political Rights;	- The International Covenant on Civil and Political Rights;	
Annex, Part 1, subheading 2, indent 3				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
372	- The International Covenant on Economic, Social and Cultural Rights;	- The International Covenant on Economic, Social and Cultural Rights;	- The International Covenant on Economic, Social and Cultural Rights;	
Annex, Part 1, subheading 2, indent 4				
373	- The Convention on the Prevention and Punishment of the Crime of Genocide;	- The Convention on the Prevention and Punishment of the Crime of Genocide;	*deleted*	
Annex, Part 1, subheading 2, indent 5				
374	- The Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment;	- The Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment;	*deleted*	
Annex, Part 1, subheading 2, indent 6				
375	- The International Convention on the Elimination of All Forms of Racial Discrimination;	- The International Convention on the Elimination of All Forms of Racial Discrimination;	*deleted*	
Annex, Part 1, subheading 2, indent 7				
376	- The Convention on the Elimination of All Forms of Discrimination Against Women;	- The Convention on the Elimination of All Forms of Discrimination Against Women;	*deleted*	
Annex, Part 1, subheading 2, indent 8				
377				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	- The Convention on the Rights of the Child;	- The Convention on the Rights of the Child;	*deleted*	
Annex, Part 1, subheading 2, indent 9				
378	- The Convention on the Rights of Persons with Disabilities;	- The Convention on the Rights of Persons with Disabilities;	*deleted*	
Annex, Part 1, subheading 2, indent 10				
379	- The United Nations Declaration on the Rights of Indigenous Peoples;	- The United Nations Declaration on the Rights of Indigenous Peoples;	*deleted*	
Annex, Part 1, subheading 2, indent 11				
380	- The Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;	- The ***United Nations*** Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;	*deleted*	
Annex, Part 1, subheading 2, indent 11a				
380a		***- The United Nations Declaration on the Rights of Peasants and Other People Working in Rural Areas;***		
Annex, Part 1, subheading 2, indent 12				
381	- United Nations Convention against Transnational Organised Crime and the Palermo Protocol to	- United Nations Convention against Transnational Organised Crime and the Palermo Protocol to	*deleted*	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;	Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;		
Annex, Part 1, subheading 2, indent 12a				
381a		***- United Nations Convention against Corruption, 2003;***		
Annex, Part 1, subheading 2, indent 12b				
381b		***- OECD Anti-Bribery Convention, 1997;***		
Annex, Part 1, subheading 2, indent 13				
382	- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work;	- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work;	*deleted*	
Annex, Part 1, subheading 2, indent 14				
383	- The International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;	- The International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;	*deleted*	
Annex, Part 1, subheading 2, indent 14a				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
383a		***- The International Labour Organisation's Indigenous and Tribal Peoples' Convention, 1989 (No. 169);***		
Annex, Part 1, subheading 2, indent 15				
384	- The International Labour Organization's core/fundamental conventions:	- The International Labour Organization's core/fundamental conventions:	- The International Labour Organization's core/fundamental conventions:	
Annex, Part 1, subheading 2, indent 15, subindent 1				
385	- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)**;**	
Annex, Part 1, subheading 2, indent 15, subindent 2				
386	- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)**;**	
Annex, Part 1, subheading 2, indent 15, subindent 3				
387	- Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol;	- Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol;	- Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol;	
Annex, Part 1, subheading 2, indent 15, subindent 4				
388	- Abolition of Forced Labour	- Abolition of Forced Labour	- Abolition of Forced Labour	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Convention, 1957 (No. 105)	Convention, 1957 (No. 105)	Convention, 1957 (No. 105)**;**	
Annex, Part 1, subheading 2, indent 15, subindent 5				
389	- Minimum Age Convention, 1973 (No. 138)	- Minimum Age Convention, 1973 (No. 138)	- Minimum Age Convention, 1973 (No. 138)**;**	
Annex, Part 1, subheading 2, indent 15, subindent 5a				
389a		***- ILO Occupational Safety and Health Convention, 1981 (No. 155)***		
Annex, Part 1, subheading 2, indent 15, subindent 5b				
389b		***- ILO Promotional Framework for Occupational Safety and Health, 2006 (No 187)***		
Annex, Part 1, subheading 2, indent 15, subindent 6				
390	- Worst Forms of Child Labour Convention, 1999 (No. 182)	- Worst Forms of Child Labour Convention, 1999 (No. 182)	- Worst Forms of Child Labour Convention, 1999 (No. 182)**;**	
Annex, Part 1, subheading 2, indent 15, subindent 7				
391	- Equal Remuneration Convention, 1951 (No. 100)	- Equal Remuneration Convention, 1951 (No. 100)	- Equal Remuneration Convention, 1951 (No. 100)**;**	
Annex, Part 1, subheading 2, indent 15, subindent 8				
392	- Discrimination (Employment and	- Discrimination (Employment and	- Discrimination (Employment and	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Occupation) Convention, 1958 (No. 111)	Occupation) Convention, 1958 (No. 111)	Occupation) Convention, 1958 (No. 111)**.**	
Annex, Part 1, subheading 2, indent 15a				
392a		***- The International humanitarian law instruments as laid out in the Geneva Conventions and additional protocols***		
Annex, Part 1, subheading 2, indent 15b				
392b		***- Council of Europe Convention on preventing and combating violence against women and domestic violence.***		
Annex, Part II				
393	Part II Part II	Part II Part II	Part II Part II	
Annex, Part II, title				
394	violations of internationally recognized objectives and prohibitions included in environmental conventions	~~violations of~~***Union and*** internationally recognized objectives and prohibitions included in environmental ***and climate*** conventions ***and Union legislation***	~~violations of internationally recognized objectives and prohibitions included in environmental conventions~~**PROHIBITIONS AND OBLIGATIONS RELATED TO THE PROTECTION OF THE ENVIRONMENT AS REFERRED TO IN ARTICLE 3, POINT (B)**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Annex, Part II, point -1				
394a		***-1. The obligation to identify and prevent, mitigate or bring to an end an adverse impact on one of the following environmental categories:*** ***a) climate change;*** ***b) biodiversity loss;*** ***c) air, water and soil pollution;*** ***d) degradation of land, marine and freshwater ecosystems;*** ***e) deforestation;*** ***f) overconsumption of material, water, energy and other natural resources;*** ***g) harmful generation and mismanagement of waste, including hazardous substances;***		
Annex, Part II, point 1				
395	22. Violation of the obligation to take the necessary measures related to the use of biological resources in order to avoid or minimize adverse impacts on biological diversity, in line with Article 10 (b) of the 1992 Convention on Biological Diversity and [taking into account possible amendments following the post 2020 UN Convention on Biological Diversity], including the obligations of the Cartagena Protocol on the development, handling, transport,	*deleted*	~~22~~**1**. ~~Violation of~~ The obligation to ~~take the necessary measures related to the use of biological resources in order to~~ avoid or ~~minimize~~**minimise** adverse impacts on biological diversity, **interpreted** in line with Article ~~10 (b)~~**10(b)** of the 1992 Convention on Biological Diversity and ~~[taking into account possible amendments following the post 2020 UN Convention on Biological Diversity]~~**applicable law in the relevant jurisdiction**, including the	

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	use, transfer and release of living modified organisms and of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity of 12 October 2014;		obligations of the Cartagena Protocol on the development, handling, transport, use, transfer and release of living modified organisms and of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity of 12 October 2014; The numbering of the numbered paragraphs in Part II of the Annex appears wrong in the Commission's column, as in the Commission's proposal the points under this section start with point 1. The numbering has been corrected in the Council's Mandate column.	
Annex, Part II, point 2				
396	23. Violation of the prohibition to import or export any specimen included in an Appendix of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March 1973 without a permit, pursuant to Articles III, IV and V;	~~23~~2. ~~*Violation of*~~ The prohibition to import or export any specimen included in an Appendix of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March 1973 without a permit, pursuant to Articles III, IV and V;	~~23~~2. ~~Violation of~~ The prohibition to import**, export, re-export or introduce from the sea**~~ or export~~ any specimen included in ~~an Appendix~~**the Appendices I to III** of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March 1973 without a permit, ~~pursuant to~~**interpreted in line with** Articles III, IV and V **of the Convention**;	

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Annex, Part II, point 3				
397	24. Violation of the prohibition of the manufacture of mercury-added products pursuant to Article 4 (1) and Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention);	~~24~~3. ~~Violation of~~ The prohibition of the manufacture of mercury-added products pursuant to Article 4 (1) and Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention);	~~24~~3. ~~Violation of~~ The prohibition of the manufacture**, import and export** of mercury-added products ~~pursuant to Article 4 (1) and~~**listed in** Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention)**, interpreted in line with Article 4(1) of the Convention**;	
Annex, Part II, point 4				
398	25. Violation of the prohibition of the use of mercury and mercury compounds in manufacturing processes within the meaning of Article 5 (2) and Annex B Part I of the Minamata Convention from the phase-out date specified in the Convention for the respective products and processes;	~~25~~4. ~~Violation of~~ The prohibition of the use of mercury and mercury compounds in manufacturing processes within the meaning of Article 5 (2) and Annex B Part I of the Minamata Convention from the phase-out date specified in the Convention for the respective products and processes;	~~25~~4. ~~Violation of~~ The prohibition of the use of mercury ~~and~~**or** mercury compounds in **the** manufacturing processes ~~within the meaning of Article 5 (2) and~~**listed in** Annex B Part I of the Minamata Convention ~~from~~**after** the phase-out date specified in the Convention for the ~~respective products and processes~~**individual processes, interpreted in line with Article 5(2) of the Convention**;	
Annex, Part II, point 5				
399	26. Violation of the prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;	~~26~~5. ~~Violation of~~ The prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;	~~26~~5. ~~Violation of~~ The prohibition of the **unlawful** treatment of mercury waste**, interpreted in line with Article 11(3) of the Minamata Convention and Article 13 of**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			Regulation (EU) 2017/852~~contrary to the provisions of Article 11 (3)~~ of the ~~Minamata Convention~~**European Parliament and of the Council**[1]; **1. Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury, and repealing Regulation (EC) No 1102/2008 (OJ L 137, 24.5.2017, p. 1).**	
Annex, Part II, point 6				
400	27. Violation of the prohibition of the production and use of chemicals pursuant to Article 3 (1) (a) (i) and Annex A of the Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants (POPs Convention), in the version of Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169 of 25 June 2019 pp. 45-77;	~~27~~**6**. ~~*Violation of*~~ The prohibition of the production and use of chemicals pursuant to Article 3 (1) (a) (i) and Annex A of the Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants (POPs Convention), in the version of Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169 of 25 June 2019 pp. 45-77;	~~27~~**6**. ~~Violation of~~ The prohibition of the production and use of chemicals ~~pursuant to Article 3 (1) (a) (i) and~~**listed in** Annex A of the Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants (POPs Convention), **interpreted in line with Article 3(1)(a), point (i) of the Convention and**~~in the version of~~ Regulation (EU) 2019/1021 of the European Parliament and of the Council~~of 20 June 2019 on persistent organic pollutants (OJ L 169 of 25 June 2019 pp. 45-77~~[1]; **1. Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169, 25.6.2019, p. 45).**	
Annex, Part II, point 7				
401				

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	28. Violation of the prohibition of the handling, collection, storage and disposal of waste in a manner that is not environmentally sound in accordance with the regulations in force in the applicable jurisdiction under the provisions of Article 6 (1) (d) (i) and (ii) of the POPs Convention;	~~28~~7. ~~*Violation of*~~ The prohibition of the handling, collection, storage and disposal of waste in a manner that is not environmentally sound in accordance with the regulations in force in the applicable jurisdiction under the provisions of Article 6 (1) (d) (i) and (ii) of the POPs Convention;	~~28~~7. ~~Violation of~~ The prohibition of the **unlawful** handling, collection, storage and disposal of waste ~~in a manner that is not environmentally sound in accordance with the regulations in force in the applicable jurisdiction under the provisions of~~ **, interpreted in line with** Article ~~6 (1) (d)~~**6(1)(d), points** (i) and (ii) of the POPs Convention **and Article 7 of Regulation (EU) 2019/1021**;	
Annex, Part II, point 8				
402	29. Violation of the prohibition of importing a chemical listed in Annex III of the Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO), adopted on 10 September 1998, as indicated by the importing Party to the Convention in line with the Prior Informed Consent (PIC) Procedure;	*deleted*	~~29~~8. ~~Violation of~~ The prohibition of importing **or exporting** a chemical listed in Annex III of the **Rotterdam** Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO)~~,~~ ~~adopted on~~ **of** 10 September 1998, ~~as indicated~~**interpreted in line with Articles 10(1), 11(1)(b) and 11(2) of the Convention and indication** by the importing **or exporting** Party to the Convention in line with the Prior Informed Consent (PIC) Procedure;	
Annex, Part II, point 9				
403	30. Violation of the prohibition of the production and consumption of specific substances that deplete the	~~30~~9. ~~*Violation of*~~ The prohibition of the production and consumption of specific substances that deplete the	~~30~~9. ~~Violation of~~ The prohibition of the ~~production and consumption of specific~~**unlawful import and**	

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	ozone layer (i.e., CFCs, Halons, CTC, TCA, BCM, MB, HBFCs and HCFCs) after their phase-out pursuant to the Vienna Convention for the protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer;	ozone layer (i.e., CFCs, Halons, CTC, TCA, BCM, MB, HBFCs and HCFCs) after their phase-out pursuant to the Vienna Convention for the protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer;	**export of controlled** substances ~~that deplete the ozone layer (i.e., CFCs, Halons, CTC, TCA, BCM, MB, HBFCs and HCFCs) after their phase-out pursuant~~**in Annexes A, B, C and E of the Montreal Protocol on substances that deplete the Ozone Layer** to the Vienna Convention for the protection of the Ozone Layer**, interpreted in line with Article 4B of the**~~ and its~~ Montreal Protocol ~~on substances that deplete the Ozone Layer~~**and licensing provisions under applicable law in relevant jurisdiction**;	
Annex, Part II, point 10				
404	31. Violation of the prohibition of exports of hazardous waste within the meaning of Article 1 (1) and other wastes within the meaning of Article 1 (2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention) and within the meaning of Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190 of 12 July 2006 pp. 1-98) (Regulation (EC) No 1013/2006), as last amended by Commission Delegated Regulation (EU)	~~31~~***10***. ~~*Violation of*~~ The prohibition of exports of hazardous waste within the meaning of Article 1 (1) and other wastes within the meaning of Article 1 (2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention) and within the meaning of Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190 of 12 July 2006 pp. 1-98) (Regulation (EC) No 1013/2006), as last amended by Commission Delegated Regulation (EU)	~~31~~**10**. ~~Violation of~~ The prohibition of exports of hazardous **or other** waste**, interpreted in line with** ~~within the meaning of~~ Article ~~1 (1) and other wastes within the meaning of Article 1~~**1(1) and** (2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention) and ~~within the meaning of~~ Regulation (EC) No 1013/2006 of the European Parliament and of the Council~~ of 14 June 2006 on shipments of waste (OJ L 190 of 12 July 2006 pp. 1-98) (Regulation (EC) No 1013/2006), as last~~	

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	2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)	2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)	~~amended by Commission Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)~~[1]**:** _____ **1. Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190, 12.7.2006, p. 1).**	
Annex, Part II, point 10, point (a)				
405	(a) to a party that has prohibited the import of such hazardous and other wastes (Article 4 (1) (b) of the Basel Convention),	(a) to a party that has prohibited the import of such hazardous and other wastes (Article 4 (1) (b) of the Basel Convention),	(a) to a party **to the Convention** that has prohibited the import of such hazardous and other wastes**, interpreted in line with Article 4(1)(b)** ~~(Article 4 (1) (b)~~ of the Basel Convention~~),~~**;**	
Annex, Part II, point 10, point (b)				
406	(b) to a state of import as defined in Article 2 no. 11 of the Basel Convention that does not consent in writing to the specific import, in the case where that state of import has not prohibited the import of such hazardous wastes (Article 4 (1) (c) of the Basel Convention),	(b) to a state of import as defined in Article 2 no. 11 of the Basel Convention that does not consent in writing to the specific import, in the case where that state of import has not prohibited the import of such hazardous wastes (Article 4 (1) (c) of the Basel Convention),	(b) to a state of import ~~as defined in Article 2 no. 11 of the Basel Convention~~ that does not consent in writing to the specific import, in the case where that state of import has not prohibited the import of such hazardous wastes**, interpreted in line with Article 4(1)(c)** ~~(Article 4 (1) (c)~~ of the Basel Convention~~),~~**;**	
Annex, Part II, point 10, point (c)				
407	(c) to a non-party to the Basel Convention (Article 4 (5) of the	(c) to a non-party to the Basel Convention (Article 4 (5) of the	(c) to a non-party to the Basel Convention**, interpreted in line**	

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	Basel Convention),	Basel Convention),	**with** ~~(~~Article ~~4 (5)~~**4(5)** of the Basel Convention~~)~~**;**	
Annex, Part II, point 10, point (d)				
408	(d) to a state of import if such hazardous wastes or other wastes are not managed in an environmentally sound manner in that state or elsewhere (Article 4 (8) sentence 1 of the Basel Convention);	(d) to a state of import if such hazardous wastes or other wastes are not managed in an environmentally sound manner in that state or elsewhere (Article 4 (8) sentence 1 of the Basel Convention);	(d) to a state of import if such hazardous wastes or other wastes are not managed in an environmentally sound manner in that state or elsewhere**, interpreted in line with** ~~(~~Article ~~4 (8)~~**4(8) the first** sentence ~~1~~ of the Basel Convention~~)~~;	
Annex, Part II, point 11				
409	32. Violation of the prohibition of the export of hazardous wastes from countries listed in Annex VII to the Basel Convention to countries not listed in Annex VII (Article 4A of the Basel Convention, Article 36 of Regulation (EC) No 1013/2006);	~~32~~***11***. Violation of the prohibition of the export of hazardous wastes from countries listed in Annex VII to the Basel Convention to countries not listed in Annex VII (Article 4A of the Basel Convention, Article 36 of Regulation (EC) No 1013/2006);	~~32~~**11**. ~~Violation of~~ The prohibition of the export of hazardous wastes from countries listed in Annex VII to the Basel Convention to countries not listed in Annex VII ~~(~~**for operations listed in Annex IV to the Basel Convention, interpreted in line with** Article 4A of the Basel Convention~~,~~ **and** Article **34 and** 36 of Regulation (EC) No 1013/2006~~)~~;	
Annex, Part II, point 12				
410	33. Violation of the prohibition of the import of hazardous wastes and other wastes from a non-party to the Basel Convention (Article 4 (5) of the Basel Convention).	~~33~~***12***. Violation of the prohibition of the import of hazardous wastes and other wastes from a non-party to the Basel Convention (Article 4 (5) of the Basel Convention).	~~33~~**12**. ~~Violation of~~ The prohibition of the import of hazardous wastes and other wastes from a non-party **that has not ratified** to the Basel Convention**, interpreted in line with Article 4(5)** ~~(Article 4 (5)~~ of	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			the Basel Convention~~).~~;	
Annex, Part II, point 12a				
410a		***12a. The obligation to achieve reductions in greenhouse gas emissions interpreted in line with Article 2 (1)(a), Article 4 (1), Article 4 (2), and Article 5 (1) of the Paris Agreement under the United Nations Framework on Climate Change, the European Climate Law, and the Global Methane Pledge.***	**13. The obligation to avoid or minimise adverse impacts on the properties delineated as natural heritage as defined in Article 2 of the Convention Concerning the Protection of the World Cultural and Natural Heritage of 16 November 1972 (the World Heritage Convention), interpreted in line with Article 5(d) of the World Heritage Convention and applicable law in the relevant jurisdiction;**	
Annex, Part II, point 12b				
410b		***12b. The obligation to take all measures consistent with the UN Convention on the Laws of the Sea (UNCLOS) that are necessary to prevent, reduce and control pollution of the marine environment from any source, using for this purpose the best practicable means at their disposal and in accordance with their capabilities, in line with Article 194(1) of UNCLOS, including Article 194 (3)(a), Article 194 (3)(b), Article 194 (3)(c), and Article 194 (3)(d) of UNCLOS.***	**14. The obligation to avoid or minimise adverse impacts on wetlands as defined in Article 1 of the Convention on Wetlands of International Importance especially as Waterfowl Habitat of 2 February 1971 (Ramsar Convention), interpreted in line with Article 4(1) of the Ramsar Convention and applicable law in the relevant jurisdiction;**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Annex, Part II, point 12c				
410c		***12c. The rights of access to information, public participation in decision making and access to justice in environmental matters in accordance with, in particular, Articles 4, 6, and 9 of the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention)***	**15. The obligation to prevent the pollution from ships, interpreted in line with the International Convention for the Prevention of Pollution from Ships of 2 November 1973, as amended by the Protocol of 1978 (MARPOL 73/78). This includes:**	
Annex, point 36.(a)				
410d			**(a) the prohibition to discharge into the sea:**	
Annex, point 36.(a)(i)				
410e			**(i) oil or oily mixtures as defined in Regulation 1 of Annex I of MARPOL 73/78, interpreted in line with Regulations 9 to 11 of Annex I of MARPOL 73/78;**	
Annex, point 36.(a)(ii)				
410f			**(ii) noxious liquid substances as defined in Regulation 1(6) of Annex II of MARPOL 73/78,**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			interpreted in line with Regulations 5 and 6 of Annex II of MARPOL 73/78; and	
Annex, point 36.(a)(iii)				
410g			**(iii) sewage as defined in Regulation 1(3) of Annex IV of MARPOL 73/78, interpreted in line with Regulations 8 and 9 of Annex IV of MARPOL 73/78;**	
Annex, point 36.(b)				
410h			**(b) the prohibition of unlawful pollution by harmful substances carried by sea in packaged form as defined in Regulation 1 of Annex III of MARPOL 73/78, interpreted in line with Regulations 1 to 7 of Annex III of MARPOL 73/78; and**	
Annex, point 36.(c)				
410i			**(c) the prohibition of unlawful pollution by garbage from ships as defined in Regulation 1 of Annex V of MARPOL 73/78, interpreted in line with Regulations 3 to 6 of Annex V of MARPOL 73/78;**	
Annex, Part II, point 12d				
410j				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		12d. The obligation to ensure that persons, groups and organizations that promote and defend human rights in environmental matters relating to a company's value chain are able to act free from threat, restriction and insecurity and are not penalized, persecuted or harassed in any way for their involvement, in accordance with Article 3 (8) of the Aarhus Convention.		
Annex, Part II, point 12e				
410k		***12e. The obligation to take all appropriate measures to prevent, control and reduce any transboundary impact on transboundary waters in line with the 1992 Convention on the Protection and Use of Transboundary Watercourses and International Lakes.***	**16. The prohibition of unlawful pollution of the marine environment by dumping as defined in Article 1(1) of the United Nations Convention on the Law of the Sea of 10 December 1982 (UNCLOS), interpreted in line with Article 210 of UNCLOS and applicable law in the relevant jurisdiction.**	
Annex II				
410l			**ANNEX II ANNEX II**	
410m				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
410n				
410o				
410p				
Annex, title				
410q			**LIST OF STATISTICAL CLASSIFICATION OF ECONOMIC ACTIVITIES DEFINED IN ANNEX IV TO REGULATION (EC) No 1893/2006 REFERRED TO IN ARTICLE 2(1), POINT (b)** The Council's Mandate has introduced a new Annex II in the form of a table. As it is not technically possible to introduce a table in the TTE tool, the rows of the table have been set out in successive rows in this 4 column document.	
Annex, -a paragraph a				
410r			**Article - Sector - Corresponding NACE code**	
Annex, -a paragraph b				
410s				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			2(1)(b), point (i) - Manufacture of textiles, leather and related products (including footwear) - Section C, Division 13-15	
Annex, -a paragraph c				
410t			**2(1)(b), point (i) - Wholesale trade of textiles, clothing and footwear - Section G, Division 46, Group 46.4, Class 46.41-46.42**	
Annex, -a paragraph d				
410u			**2(1)(b), point (ii) - Agriculture, forestry, fisheries (including aquaculture) - Section A**	
Annex, -a paragraph e				
410v			**2(1)(b), point (ii) - Manufacture of food products and beverages - Section C, Division 10-11**	
Annex, -a paragraph f				
410w			**2(1)(b), point (ii) - Wholesale trade of agricultural raw materials, live animals, wood,**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			food and beverages - Section G, Division 46, Group 46.1, Class 46.11-46.13 and 46.16-46.17 - Section G, Division 46, Group 46.2 - Section G, Division 46, Group 46.3	
Annex, -a paragraph g				
410x			**2(1)(b), point (iii) - The extraction of mineral resources regardless from where they are extracted (including crude petroleum, natural gas, coal, lignite, metals and metal ores, as well as all other, non- metallic minerals and quarry products) - Section B**	
Annex, -a paragraph h				
410y			**2(1)(b), point (iii) - The manufacture of basic metal products, other non-metallic mineral products and fabricated metal products (except machinery and equipment) - Section C, Division 23-25**	
Annex, -a paragraph i				
410z			**2(1)(b), point (iii) - The wholesale trade of mineral**	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products) - Section G, Division 46, Group 46.7, Class 46.71-73 and 46.75-76	