

SUSTAINABLE CORPORATE GOVERNANCE

Adopted on Dec 17th, 2020.
MEP rapporteur: Pascal Durand.

Reporting requirements:

- Widen the **Non-Financial Reporting Directive (NFRD)** scope to **all large undertakings** established in the EU, incl. non-EU companies operating in the Union & **SMEs** operating in **high-risk** sectors.
- Target investments & sectors often linked to **illegal business activities** (environmental crimes, illegal wildlife trade, corruption, or financial crime).
- Set up a **mandatory** EU framework to cover a full array of sustainability issues related to non-financial reporting.

Directors' duties:

- Companies should make a more **active contribution** to sustainability as their long-term performance, resilience, and survival may depend on the adequacy of their response to environmental and social matters.
- Ensure that directors' duties include the **long-term interest** of the company and **broader societal interests**, as well as that of employees and other relevant stakeholders.
- Ensure that administrative, management, and supervisory bodies have the **legal duty** to define, disclose and monitor a corporate **sustainability strategy**.
- Stress that companies should be **responsible for informing & consulting** relevant stakeholders when defining and monitoring their sustainability strategies.
- The future duties of company boards should apply to **all large undertakings** established in the EU, including non-EU companies operating in the Union + **SMEs** operating in **high-risk** sectors.

Full resolution on Sustainable Corporate Governance available at: https://www.europarl.europa.eu/doceo/document/TA-9-2020-0372_EN.pdf.

CORPORATE DUE DILIGENCE & CORPORATE ACCOUNTABILITY

Adopted on March 10th, 2021.
MEP rapporteur: Lara Wolters.

Due diligence requirements:

- Set up **binding** due diligence **rules** obliging companies to identify, assess, prevent, cease, mitigate, monitor, communicate, account for, address & remediate potential and/or actual adverse impacts on **human rights**, the **environment** and **good governance** in their value chain.
- Due diligence should not be a 'box-ticking' exercise but should consist of an **ongoing process** and assessment of **risks and impacts**.

Scope:

- Due diligence should apply to **the whole value chain** although this obligation should be made subject to a **prioritization** policy and to the principles of reasonableness and proportionality according to the capabilities of the company.
- The future legislation's scope should cover **all large undertakings** established in the EU, including non-EU companies operating in the Union + **listed SMEs** and **SMEs** operating in **high-risk** sectors.

Liability and access to remedies:

- Guarantee effective **reparations** for **victims**, making companies held liable for their actions and be fined for causing harm or contributing to it, unless they can prove that they have set up a **robust** due diligence exercise and taken **appropriate** measures.
- Guarantee access to **justice** and legal **remedies** for victims in **third countries**.